Literature review

Communicating taxes: a review of the literature

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Abstract

Tax compliance is quasi-voluntary – influenced not just by enforcement incentives, but also by ease of paying, social norms and expectations of reciprocity. How governments communicate tax-related information to taxpayers can influence all these determinants, as well as potentially shape state-society relations. This paper reviews the literature on tax communication in low- and middle-income countries.

Governments use a range of channels to relay tax-related information, from direct communications to broader education initiatives. The effectiveness of these channels depends on the extent to which they reach intended taxpayers and can tailor messages to different groups.

The evidence on effective messaging in direct communications is inconclusive, although deterrence approaches appear less universally effective than in higher-income contexts. Some tax communication campaigns have successfully prioritised taxpayer engagement and facilitation. Taxpayer education initiatives lack rigorous evaluation.

The paper concludes by suggesting contextual variables that influence the optimal communication strategy: revenue potential; state legitimacy; existing levels of tax compliance; and quality and availability of taxpayer records.

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Acronyms

KCCA	Kampala Capital City Authority
LIRS	Lagos State Internal Revenue Service
LMIC	low- and middle-income country
OECD	Organisation for Economic Co-operation and Development
RCT	randomised controlled trial
RRA	Rwandan Revenue Authority
SMS	Short Message Service

1 Introduction

Government administrations employ a variety of methods to get in touch with taxpayers to convey tax-related information. These range from Short Message Service (SMS) messages with reminders of deadlines to training sessions in schools and television shows. These methods are variously referred to as tax communication, education and sensitization,[1] and all are gaining prominence: the Organisation for Economic Co-operation and Development (OECD)'s 2015 'Global Source Book' on taxpayer education documents 140 initiatives in 59 countries.

The evidence as to when, why and what forms of tax communication are effective is more patchy, especially in low- and middle-income countries (LMICs). The main conclusion of Mascagni and Santoro (2018: 10) is that, while the number of tax education initiatives has increased, the levels of evaluation have not kept up – in fact, there is an 'almost complete lack of rigorous evaluation in this field'.

The purpose of this paper is to synthesise the evidence available on tax communication in low- and middle-income contexts. It is part of a UN Capital Development Fund project to support municipal governments in 'rebuilding local fiscal space' following the Covid-19 pandemic, and is written with municipal governments in mind. But it also covers a broader range of evidence and more general lessons. It is not a systematic evidence review, but instead an attempt to disaggregate different types of communication initiatives; synthesise what has been learnt about when, where and how to communicate taxes effectively; and provide suggestions on developing tax communication strategies in different contexts.

The remainder of this introduction explores why governments invest in tax communication. It sets out the evidence, both theoretical and empirical, on the multiple determinants of tax compliance, and the resulting role that tax communication might play in a strategy to improve tax compliance (and perhaps contribute to a broader governance-focused tax reform agenda). It also describes the methodology for this literature review. When and where to communicate: different communication channels describes common channels for tax communication, and lessons on what channels are more effective and when. How to communicate: lessons on

[1] In this paper, we use 'tax communication' broadly to incorporate the variety of methods that government administrations use to get in touch with taxpayers to convey tax-related information, and 'tax education' to refer to the subset of these communications that primarily serve an educational purpose.

messaging turns to the content of communication: exploring effective messaging in both direct communication to taxpayers and broader education initiatives. This includes a review of the most substantial related literature, namely experiments to ‘nudge’ taxpayers to comply through changes to the wording and framing of communications. Examples of tax communication strategies expands from individual communication initiatives to offer short case studies of three broader tax communication strategies at national, state and city levels respectively. Implications: what does a successful tax communication strategy look like in different contexts? concludes by summarising findings and suggesting relevant contextual variables that shape effective communication strategies.

1.1 The rationale behind taxpayer communication

The primary motivation for tax communication is encouraging tax compliance. Many features beyond traditional enforcement incentives influence decisions to comply with tax regulations (Torgler, 2007). Initially, studies modelled tax compliance using a basic rational choice cost-benefit theory, where taxpayers balance the risk and severity of fines – or other enforcement – against the potential benefits of non-compliance. But more recent theoretical advances have highlighted the importance of both the ease of complying (in terms of how straightforward and low-cost the tax system is) and social considerations (Alm et al., 2010; Alm, 2018; Dom et al., 2022).

These various determinants of tax compliance also have empirical backing. Countries with similar tax, audit and fine rates have differing rates of compliance (see Alm, 2018: 366). Summaries of the empirical evidence conclude that individual compliance decisions are a combination of financial considerations (e.g. audits, penalties), non-financial considerations (e.g. guilt or sympathy) and perceived social norms (Alm, 2018; Hofmann et al., 2015). Whether individuals perceive compliance as the norm is influential (Alm, 2018; Levi, 1998; Torgler, 2007). Knowledge and understanding of the tax system also appear to play a role, but the impact is less clear. Richardson’s (2006) regression analysis across 45 countries finds that the lower the complexity of tax regulations the higher the compliance, and similar results have been found in laboratory experiments (Alm et al. 2010). More complicated tax systems can also encourage taxpayers to rely more on tax professionals, which can increase the likelihood of tax avoidance (Alm, 2018).

This understanding of the broader determinants of tax compliance decisions suggests that tax communication could play a fruitful role in influencing citizens to comply. Communication can be used to reinforce traditional enforcement, e.g. agencies may remind taxpayers that they will be subject to scrutiny or audits or deliberately choose to publicise tax evasion convictions to deter others (Alm, 2018). But beyond enforcement, tax communication can be used to simplify the process of tax payment by providing information or assistance to taxpayers, so that they can more easily navigate the tax system (Dom et al., 2022). Alm (2018) describes this as the ‘service paradigm’ – making taxpaying more customer-friendly. Finally, tax communication may seek to strengthen trust in the tax system or build tax morale – the ‘nonpecuniary motivations for tax compliance’ (Luttmer and Singhal, 2014: 150; Torgler, 2007). To this end, media can be leveraged to promote a social expectation of tax compliance as the ethical, and normal, thing to do (Alm, 2018). Communications can also aim to make taxpayers feel like they are treated fairly, including by making tax obligations clearer and emphasising the reciprocity between paying taxes and service delivery (Dom et al., 2022).

Increased compliance is not necessarily the only objective of tax communication; there is also potential for further positive spillover effects. A substantive literature has documented the ways in which tax collection may contribute to incentivising citizens to participate in political processes and demand benefits in return for taxes, ultimately building more accountable states (see, for example, Dom, 2018; Dom et al., 2022; Moore, 2004; Weigel, 2020). However, the links between expanding taxation and increased accountability are not automatic (Prichard, 2016). Improved tax communication, especially focused on the reciprocity between taxation and spending, may play a role in building a ‘governance-focused tax reform agenda’ (Dom et al., 2022; Prichard, 2016).

In sum, tax communication is increasingly seen by policy-makers and researchers as an important complement to traditional enforcement methods for increasing tax compliance. Studies in various contexts, such as Kira (2017), Nalishebo and Halwampa (2014) and Tanui (2016), all conclude that there is a need for more effective tax communication. Such communication has the potential to enhance enforcement incentives, but also facilitate easier payment of taxes and highlight the benefits of tax compliance. It might also have spillover benefits on government accountability. Some, albeit relatively few, studies have documented examples in practice of communication initiatives improving compliance and revenue outcomes in LMICs (e.g. Cruces et al., 2022; Mascagni et al., 2019; and the tax ‘nudge’ literature discussed in Experiments with tax nudges). The rest of this paper explores the evidence on what makes such communication strategies effective.

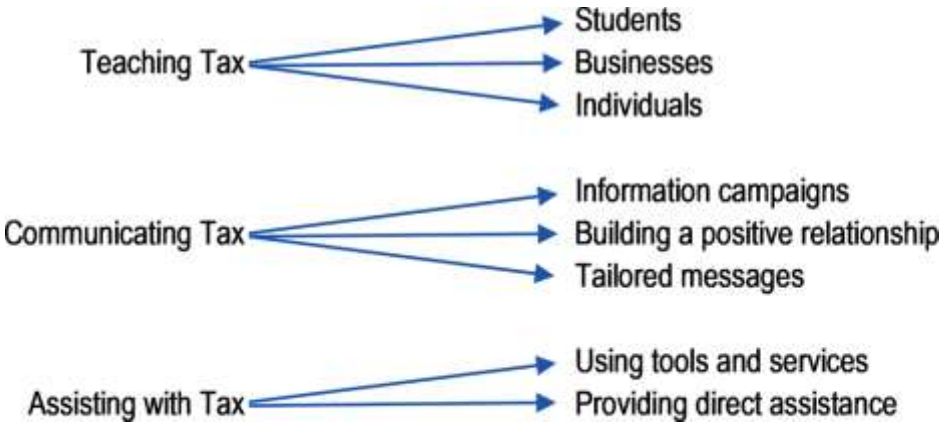
1.2 Methodology

We used Google Scholar to identify relevant literature on tax communication, searching for the following terms: ‘tax communication’; ‘tax education’; ‘tax sensitization’; ‘tax morale’; ‘tax compliance’ and ‘taxpayer engagement’. We prioritised literature in LMICs, but drew on broader literature where relevant. We limited our search to articles published after 2000, reviewed at least the first five pages and then kept examining until one page yielded no relevant results. We also reviewed the databases of the International Centre for Tax and Development and the Tax Administration Research Centre at the University of Exeter. We employed a ‘snowballing’ approach to identify further literature from the above sources.

2 When and where to communicate: different communication channels

The OECD (2021) provides a useful typology for disaggregating different tax education efforts.

Figure 1: Taxpayer education classification



Source: OECD (2021)

Various channels have been used to reach groups of taxpayers for more educational communication efforts. For example:

- **National taxpayer days** tend to be more general moral appeals for tax compliance, and strengthen links between taxation and national development, often led by senior political figures. Sometimes, these have been combined with more specific educational inputs to improve tax literacy and familiarity with tax legislation and processes (Mascagni and Santoro, 2018; OECD, 2015).

- **Education in schools and universities**, intended to support a ‘positive tax culture’ among younger people (Mascagni and Santoro, 2018; OECD, 2015).

- **‘Edu-tainment’ through radio or television programmes**. For example, the Nigerian tax soap opera ‘Binding Duty’ has been watched by 80 million people, and Rwanda has broadcast a weekly tax radio programme since 2010 (OECD, 2015).

- Using **social media**. For example, the Kenya Revenue Authority has run a Twitter/X campaign, with stories from taxpayers aiming to de-mystify the taxpaying process and introductions to Revenue Authority officials (Mascagni and Santoro, 2018).
- **Tax training and seminars** are often used to target specific groups of taxpayers (Mascagni and Santoro, 2018).
- **Mobile tax units** have been used to bring educational services to local areas, offering assistance with the submission of tax returns, explaining the processes involved and responding to general queries (Mascagni and Santoro, 2018).

Other methods of communication are more directly targeted at individuals, such as notifications about revenue discrepancies or upcoming deadlines through letters, SMS, email or personal visits (Carrillo et al., 2017; Brockmeyer et al., 2019). These are often focused on enforcement but can serve broader purposes (see How to communicate: lessons on messaging). Annual tax summaries also provide an opportunity to communicate to individual taxpayers – the UK, for example, has reworked these summaries by utilising data visualisations to emphasise the links between taxpaying and expenditure (Bramall and Stanley, 2018).

2.1 Lessons on effective channels of tax communication

First, there is some evidence that in-person communication is more effective than impersonal letters or emails. Ortega and Scartascini’s (2015) randomised study in Colombia concludes that ‘a personal visit by a tax inspector is more effective than a physical letter or an email, conditional on delivery’. In Slovenia, Doerrenberg and Schmitz (2015) found that tax officials hand-delivering letters to companies was more effective than letters received by post. The substantial positive impacts (increases of profit tax payable by over 30%) seen in Shimeles et al.’s (2017) randomised controlled trial (RCT) in Ethiopia also came from tax officials hand-delivering letters to businesses in Addis Ababa. In Balán et al.’s (2022) RCT in the Democratic Republic of the Congo, compliance visits by local chiefs raised property tax revenue by 44%, five times the increase from enforcement messages on tax notices. These studies suggest that personal visits convey a more credible threat of prosecution from non-compliance. However, the likely trade-off from the added cost of in-person visits needs to be considered. In the Colombia study, the marginal cost of a visit was estimated at $8 compared to $0.50 for a letter (nonetheless, in-person visits collected enough additional revenue that they remained the most cost-effective).

Second, the extent to which direct communications reach the intended recipient is clearly important. Accurate contact information may vary across email addresses, phone numbers and physical addresses (Ortega and Scarascini, 2015; Santoro et al., 2020). In Ortega and Scarascini's (2015) study, in-person visits were more effective but emails reached their target more often. Dedicating resources to improving the accuracy of taxpayer contact information may thus prove an effective investment in increasing the quality of communication strategies.

Third, partnerships with trusted organisations can be effective. This can include working with schools, religious or business organisations and civil society groups (Dom et al., 2022). These can both expand the reach of communication efforts to broader parts of the population and increase trust in the messages conveyed (van den Boogaard et al., 2022). Fjeldstand and Heggstad (2012) report that churches are effective partners for tax workshops in Tanzania, thanks to their ability to communicate effectively with the public. In some cases, messages can be bolstered by high-level political support. For example, 'in Rwanda the president himself gives out annual taxpayer awards, while Turkey's minister of finance spoke directly to taxpayers on YouTube' (Dom et al., 2022: 44; OECD, 2015).

Finally, communications efforts (both direct communications and education initiatives) benefit from being tailored to different groups. It could be prudent to focus on communication channels that effectively segment the population into target groups (e.g. reaching the young through schools; farmers or traders; or workshops for newly registered taxpayers) as opposed to more open education sessions or direct communication drives (Mascagni and Santoro, 2018). Some channels might also be better at targeting those with a greater propensity to comply. For example, Balán et al. (2022) compared the effectiveness of state officials and local city chiefs as tax collectors in the Democratic Republic of the Congo. Local chiefs were more effective, primarily because they had local knowledge that state officials lacked, which enabled them to target households more likely to pay.

3 How to communicate: lessons on messaging

While increased tax communication is often recommended to encourage compliance, there is less information on how to communicate and what messages to portray (Onu and Oats, 2016). Different ideologies can underpin communication with taxpayers. One focuses more on deterrence and, according to Moore's (2019) critique, is intended 'to preach at taxpayers: to tell them that it is their duty to pay taxes, and threaten them with punishment if they fail'.

Other approaches take a more encouraging tone, aiming to explain the benefits of paying taxes using state-building narratives and information about what taxpayers can expect to receive in return. These efforts stem from the broader determinants of tax compliance (beyond a simple rational cost-benefit analysis of non-compliance) discussed in Introduction. In Rwanda, for example, text messages were used to highlight the links between income tax and public services (Mascagni et al., 2017). Communication may also attempt to convey and utilise social norms (Dom et al., 2022). For example, there have been attempts to publicly shame large corporate taxpayers who are not complying (Chetty et al., 2014) or praise those that are (Slemrod et al., 2019). The extent to which reputational concerns will actually weigh on corporate taxpayers will, of course, depend on broader norms of tax compliance. Van den Boogaard et al. (2022) argue that taxpayer communication initiatives should incorporate discussions of how revenues are used and broader accountability demands on government.

3.1 Experiments with tax nudges

The majority of evidence on the most effective approaches to communication comes from the increasing number of tax 'nudge' experiments. These studies have stemmed from the growing influence of behavioural science insights in the design and optimisation of tax communication efforts. Behavioural science studies have shown how seemingly marginal changes, such as the wording, framing and timing of communications, can influence compliance decisions (Hallsworth, 2014).

Table 1 provides an example of the different forms these messages can take, from Mascagni et al.'s (2017) study in Rwanda.

Table 1: An example of the content of treatment messages

Treatment (1)	Subject line (2)	Message (3)	Image (4)
Reminder	Tax filing period open until 31st March 2016	*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).*	No image
Deterrence	Pay your taxes on time and avoid fines and penalties	Reminder as above, plus: *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.*	
Fiscal exchange	Pay taxes. Build Rwanda. Be proud.	Reminder as above, plus: *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.*	
Control group	No message	No message	No message

Source: Mascagni et al. (2017: 14)

These experiments have been concentrated in high-income countries (HICs). Two reviews of studies on communication field experiments and nudging approaches (Antinyan and Asatryan, 2020; Hallsworth, 2014) find overall positive results for deterrence approaches to communication. While this is the common trend, it is not universal: Ariel (2012) finds no impact of deterrence letters on corporate taxpayers in Israel. The evidence with regard to moral persuasion messages is more mixed (Hallsworth, 2014; Santoro et al., 2020).

In more recent years, there have been some studies of a similar nature in LMICs, especially in Latin America. Field experiments in LMICs have begun to directly compare deterrence communication to other approaches. Here, the evidence is even less conclusive. Some studies (e.g. Castro and Scartascini, 2015; Kettle et al., 2016; Shimeles et al., 2017) find, as with the majority of studies in HICs, deterrence messaging to be effective. However, others cast doubt on this: Mascagni and Nell's (2022) RCT in Rwanda found that 'friendly approaches – especially a simple reminder of deadlines – are more effective than deterrence'. It is also difficult to determine whether it is the content of a message that has an impact. It could be the act of receiving a letter that encourages a taxpayer to comply (e.g. if they feel it indicates they are under scrutiny) rather than the moral appeals the letter contains (Shimeles et al., 2017). Table 2 summarises findings from these experiments on tax communication in LMICs.

Table 2: Summary of experimental studies on tax nudges in LMICs

Country	Experiment	Messaging	Channels	Key result(s)	Sources
Rwanda, 2016	9,000 taxpayer messages to encourage compliance	Deterrence, fiscal exchange or reminder	Letter, email or SMS	• Simple, friendly reminder of deadlines more effective than deterrence messages • Suggest deterrence messages backfire with higher-income taxpayers • SMS and email more effective than letters	Mascagni and Nell (2022); Mascagni et al. (2017)
Rwanda, 2017	SMS messages sent to about 7,000 income tax nil-filers	Deterrence, facilitation/service-orientation or simple reminder	SMS	• Deterrence and facilitation messages both only have small impact on nil-filers • Reminder of deadline most effective in reducing nil-filing	Mascagni et al. (2022)
Ethiopia, 2014	Letters hand-delivered to 3,120 businesses one month before tax returns were due for filing	Deterrence or tax morale	Letter	• Both types of messages increase compliance, but appeals to tax morale less so than audit threats	Shimeles et al. (2017)
Eswatini, 2019	Nationwide letters to (over 20,000) income taxpayers, including non-filers and nil-filers as well as active filers	Deterrence, assistance on filing, assistance on deregistering, reciprocity or social norms	Letter	• Non-filers respond to the nudges, whereas nil-filers and active filers do not • Taxpayer assistance and deterrence nudges are most effective • Messages backfire with large companies	Santoro et al. (2020)
Guatemala, 2013	Nationwide (43,387) RCT targeting non-filing income taxpayers with tax reminder letters	Standard reminder, social norms, non-declaration as a deliberate choice or emphasising national pride	Letter	• Framing non-declaration as a deliberate choice (rather than an oversight) and emphasising social norms were the most effective messages	Kettle et al. (2016)
Ecuador, 2011–2012	Emails to about 10,000 corporate income taxpayers on discrepancies in their income tax return	Deterrence	Email	• Most notified firms (80–90%) did not alter tax returns, and many of those that did also reported higher costs, meaning increases in tax collection were minimal	Carrillo et al. (2017)
Costa Rica, 2014	Emails to 33,279 non-filing firms requesting they submit income tax declaration, supplemented with third-party information and follow-up calls	Deterrence	Email, telephone call	• Emails sent to non-filers tripled their rate of income tax filing compared to a control group	Brockmeyer et al. (2019)

Argentina, 2011	23,000 individual taxpayers received messages in their tax bill relating to different determinants of compliance	Deterrence (enforcement and fines), equity (about other taxpayers' behaviour) or fairness (about the use of revenue by government)	Letter (directly on tax bill)	• Most effective message was deterrence (focused on fines and legal consequences). No effect found for messaging around equity and fairness of system	Castro and Scartascini (2015)
Uruguay, 2015	Letters to 20,440 small- and medium-sized firms	Deterrence (information on probability of audit or on how evasion increases likelihood of audit) or public good	Letter	• All letters have significant positive effects on tax compliance, but the effect of the deterrence messages is larger and more persistent	Bérgolo et al. (2017)
Peru, 2013	7,500 randomly selected Lima residents received official letters about property tax enforcement and/or compliance	Deterrence, social norms or simple reminder	Letter	• Social norm messaging – informing taxpayers of the average rate of compliance – was the most effective • The reminder also improved compliance (by less). Deterrence messaging had no effect above that of the reminder	Del Carpio (2013)

Taken together, the results of these tax experiments are varied and it is difficult to draw general conclusions. However, there are some lessons worth highlighting:

- While it can still be impactful, **deterrence messaging seems less universally effective in LMICs** than in HICs, perhaps due to the threat of audits being seen as less credible.
- **Nudges can backfire and result in less compliance, especially with higher-income taxpayers or larger companies**. The studies that saw backfiring effects (Mascagni and Nell, 2020; Santoro et al., 2020) were not able to identify precise mechanisms, but found these responses concentrated in higher-income taxpayers or larger companies. Backfiring was most common in response to deterrence messaging, with the backfiring response among larger taxpayers sometimes cancelling out positive effects from the broader population. One posited explanation elsewhere in the literature is that high-income taxpayers respond to enforcement threats defiantly, taking additional measures to avoid taxation (Mascagni and Nell, 2020; Mukama et al., 2017; Slemrod et al., 2001). Onu and Oats (2016: 31) find similar reactions to enforcement efforts in their study of how taxpayers organically communicate online: individuals tend to respond to tax authority coercion with defiance, but are more amenable to 'more subtle forms of influence, such as highlighting benefits of paying tax or stating general taxpaying norms'.

Santoro et al. (2020) also find a backfiring effect with fiscal exchange messaging among active companies (but not with non-filers), suggesting it is due to dissatisfaction with how tax money is spent.

- More generally, there are **heterogeneous effects across different types of taxpayer**, and hence it is important, where possible, to target nudges to specific sub-groups of taxpayers. Santoro et al. (2020: 12) summarises studies in Latin America: 'heterogeneous impacts are highly common in these studies, and dimensions such as past filing behaviour, income level and peer compliance rates tend to differently influence taxpayers' responses'.
    - Santoro et al. (2020: 46)'s study in Eswatini provides the most comprehensive implications for communicating to heterogeneous taxpayers. They suggest: '(i) implementing more incisive interventions for both perpetual and newly-registered taxpayers, such as direct contact from the authority for the former and workshops and training for the latter, which also proved to be effective in similar contexts (Mascagni et al. 2019); (ii) exploiting more standard deterrent messages in rural areas, while appealing to moral factors in more urbanised settings; (iii) targeting top income tax payers with more sophisticated deterrent measures, such as deploying the most qualified auditors'.
- **Simple reminders of deadlines** might be a cost-effective approach, described by Santoro et al. (2020) as a 'form of friendly deterrence'.
- **Non-filers can be a potential 'easy target'** for increases in filing with simple nudges.

Despite the inconclusive results on the most effective messaging, many studies do illustrate the potential for communication nudges to have substantial revenue benefits beyond their costs. For example, Kettle et al. (2016: 1) estimate that, if the social norms letter had been sent to their whole sample in Guatemala, it would have generated additional tax revenues of $760,000, 36 times the cost. The increased attention to nudging-centred tax communication should, however, come with some caution, and raises two main concerns. One is that the effects on compliance from 'nudges' might be short-term and insufficient to encourage consistently higher compliance (Dom et al., 2022; Kettle et al., 2016; Manoli and Turner, 2014). Nudges may have to be repeated year-on-year, which leads to a second concern: Dom et al. (2022) report an anecdotal account of how tax administrations may be overloading individuals with low-cost communications (e.g. texts, letters and emails), with potentially diminishing returns.

3.2 How to communicate in tax education efforts

Effective messaging in broader tax education efforts – not just direct communication nudges – receives much less attention in the literature. Mascagni et al. (2019) provide the first rigorous evaluation of a tax education effort in an LMIC. The study explores the Rwandan Revenue Authority's yearly education programme for newly registered businesses. This is not just a one-off information nudge but designed to improve longer-term tax knowledge. Overall, they find that the programme has a large impact on tax knowledge and probability of declaration in the first year since registration, with the knowledge gains smaller among larger taxpayers 'consistent with the fact that they have more resources to navigate the tax system (e.g. dedicated accountants, consultants)' (Mascagni et al. 2019: 16).

The study provides tentative support for replicating a similar training programme for newly registered taxpayers in other LMIC contexts (see The Rwandan Revenue Authority's Tax Communication Strategy for more detail on the content of the programme). However, beyond this it does not offer extensive detail on the most effective type of messaging in tax education efforts. The most relevant insight is that 'the main objective of taxpayer education programmes should not necessarily be only immediate revenue gains, but also a change in taxpayer habits' (Mascagni et al. 2019: 27), in particular targeting new taxpayers to inculcate a habit of filing taxes accurately and consistently.

4 Examples of tax communication strategies

The previous sections have attempted to draw lessons from the more rigorous (albeit somewhat limited) evaluations of what channels and messages proved effective in individual tax communication initiatives. This section provides some further detail on three broader tax communication strategies, combining various approaches, that have been better documented in existing literature.

4.1 The Rwandan Revenue Authority's Tax Communication Strategy

Sources: Mascagni and Santoro (2018); Mascagni et al. (2019); Mascagni and Nell (2022); Mukama et al. (2017)

The Taxpayer Service Department of the Rwandan Revenue Authority (RRA) has an extensive scheme of tax education training sessions. One of its elements is year-round training sessions targeted specifically at newly registered taxpayers. The half-day class covers the basics of taxpaying, including duties, deadlines, processes and services that the RRA can provide. The content is 'more focused on providing practical information on taxpaying, rather than taking a broader approach based on accountability and citizen engagement' (Mascagni et al., 2019: 10). These sessions are held throughout the country and the year. After registering for income taxes, new taxpayers are invited to the first available session in their district.

The RRA has a variety of other education initiatives, including training sessions on specific sectors or issues; a National Taxpayer Appreciation Day, often attended by the President; tax clubs in schools for students to discuss tax; tax lectures in universities; and the various experiments with 'nudges' in direct tax communication outlined in the previous section. The RRA has also run a weekly radio programme since 2010.

Lessons:

- Target taxpayer education at building habits of taxpaying rather than just immediate revenue gains. Taxpayers that file a declaration in their first year are more likely to continue doing so. Building habits from a younger age and among newer taxpayers could see lasting compliance gains (Mascagni et al., 2019).

- Even large-scale programmes like RRA struggle with reach. Although the training sessions are open to all new taxpayers, practical difficulties and administrative constraints limit attendance. More resources would be beneficial (Mascagni et al., 2019).
- Modern ways of communicating through SMS and email were more effective than letters (Mascagni and Nell, 2022).

4.2 Kampala Property Tax Reform, Uganda

Source: Kopanyi and Franzsen (2018)

Kopanyi and Franzsen (2018: 1) assess Kampala's property tax reform as a successful effort to 'improve tax administration, coverage and collection', led by the municipal government without requiring action at the national level. They identify 'pragmatic and steady communication with taxpayers and key stakeholders' as one of the key factors in its success.

Over different phases of property tax reform, the Directorate of Revenue Collection at the Kampala Capital City Authority (KCCA) gradually improved and prioritised its taxpayer education and communication. A dedicated team developed a systematic annual communication plan and framework, held events with taxpayers to inform them of changes, and placed announcements in the radio and print media.

According to Kopanyi and Franzsen (2018), the focus on communication helped the KCCA understand that viewing taxpayers as clients was key to successful rax reform. The Directorate also established a team under the Research and Business Analysis section with responsibility for tax communication. Team members were dedicated directly to large taxpayers, 'informing them about changes in a timely manner, and seeking their feedback – which has become a standard business procedure' (Kopanyi and Franzsen, 2018: 39).

Lessons:

- Investing in a dedicated team for taxpayer education and communication was a valuable contribution to successful tax reform. Establishing such a team also helped institutionalise taxpayer communication as standard practice within the Revenue Collection Directorate.
- The case study also encourages an approach that views taxpayers as clients, communicating changes regularly with a particular emphasis on engagement with larger taxpayers.

4.3 Lagos State's Advocacy and Enlightenment Education Programme, Nigeria

Source: Gatt and Owen (2018)

The Advocacy and Enlightenment Education Programme consists of two successive Lagos State Internal Revenue Service (LIRS) state-wide campaigns to inform taxpayers on their obligations, utilising a combination of education initiatives, information provision and public mobilisation. These campaigns reflected a shift away from pure enforcement towards a 'communications-based approach to tax compliance'.

The two campaigns were run by a private sector advertising agency. Gatt and Owen (2018: 15–16) describe the range of education and entertainment approaches used:

> Through TV advertisements, social media (LIRS has Facebook, Twitter and YouTube accounts), a website and billboards next to major public works, LIRS actively linked completed government projects to taxes, encouraging the public to contribute to Lagos' development through [Personal Income Tax]. LIRS' campaign also engaged with the public through religious leaders, adverts featuring Nollywood stars, radio and TV appearances, the distribution of pamphlets and CDs, YouTube videos, and even a tax theme and DVD dance drama explaining the history and importance of tax. A Citizen's Budget, listing the amount earmarked annually for different sectors and specific projects, was created and distributed. Additionally, a team of 50 LIRS representatives went out daily to markets, garages and public functions, distributing promotional material and talking to the public.

Lessons:

- LIRS's communication efforts attempted to: demonstrate why taxpayers should pay; humanise tax collectors; and ultimately 'get taxpayers on their side' (Gatt and Owen, 2018: 15). There is some tentative evidence that an emphasis on engagement and facilitation, rather than enforcement, encouraged quasi-voluntary compliance and shifted perceptions of the state government.

- This case also illustrates the potential of a varied, atypical approach to taxpayer communication, combining 'entertainment, information and public mobilization' (Gatt and Owen, 2018: 15). Again, this was well-resourced: a private sector advertising agency managed the campaign and LIRS staff were regularly deployed on public engagement.

5 Implications: what does a successful tax communication strategy look like in different contexts?

This short paper concludes by drawing together some of the key considerations for municipal governments in LMICs aiming to develop their own tax communication strategies.

For broader attempts at tax education, Mascagni and Santoro's (2018) reflections on OECD's (2015) survey of tax education efforts provide a useful starting point. They summarise several elements of successful tax education:

- Creating easily understandable, actionable content.
- Providing personalised and timely training, including training tailored to different groups of taxpayers, as also recommended by Amaeshi et al.'s (2020) survey of small-business owners in Nigeria.
- Involving informal public authorities who are closer to taxpayers than government officials.
- Targeting young people.
- Making education efforts complementary (e.g. coupling tax training with financial training).
- Expanding content beyond technical issues to the developmental role of taxes, and linking with expenditure.

It is difficult to draw generalisable conclusions from the varied experimental literature on direct tax communications. There is no settled conclusion on the optimum balance between communication focused on enforcing regulations, facilitating taxpaying or promoting trust in the tax process (Dom et al., 2022). While deterrence or enforcement messages still commonly see success, it appears this is less likely in contexts where the threat of enforcement is less credible. And heavy-handed enforcement efforts can also have unintended negative effects on compliance from certain groups.

It is likely that an effective municipal tax communication strategy will include a balance of approaches – deterrence, facilitation and moral persuasion. Santoro et al. (2020) tentatively suggest that, in lower-income contexts, deterrence approaches might be better targeted at companies, and facilitation approaches at individual taxpayers. Simple reminders of deadlines can also be a powerful tool. Regardless of this balance, communication can most usefully be aimed towards not just influencing short-term compliance behaviour, but also changing taxpayer habits in the long term (Mascagni et al., 2019).

If tax administrations are aiming not just to increase tax compliance, but also to utilise the tax arena as a space for greater engagement from citizens and an opportunity to increase the accountability of government, then there are further considerations. Van den Boogaard et al. (2022) suggest that an enabling environment for tax bargaining requires the information provided on the links between tax revenue and expenditure to relate to taxpayers' priorities – i.e. highlighting specific links rather than just general revenue data. Additionally, taxpayers need to perceive forums for engagement as 'safe, secure and sincere'.

The overarching recommendation is that tax communication strategies should be tailored to individual contexts. But while calls for context-specific framings are well heeded, a declaration that 'context is everything' can be unhelpful for policy-makers. What elements of context are important, and why? The literature is not sufficient to develop full mid-level theories, but does provide insight into some of the relevant variables and their implications for effective communication strategies. These include:

- **Revenue potential.** Van den Boogaard et al.'s (2022) study of local tax collection in Sierra Leone and Ghana highlights that the revenue collected is relatively marginal, and never enough to support broader public investments. This makes it more difficult to communicate around the reciprocal elements of tax collection and public service provision.
- **State legitimacy.** Similarly, public confidence in a government's ability to improve service delivery might influence the effectiveness of communication that tries to link tax compliance to its public benefits. If legitimacy is low, simple deterrence-based or fiscal exchange direct communications might be especially likely to face backlash (Santoro et al., 2020). In this situation, one might consider a broader taxpayer engagement campaign, as in Lagos State (Lagos State's Advocacy and Enlightenment Education Programme, Nigeria).

- **Existing levels of tax compliance.** The degree to which tax compliance is a social norm influences the extent to which not complying is a reputational risk, and thus the extent to which communication can amplify that social pressure.
- **Quality of taxpayer records and administration.** Much of the effectiveness of communication appears to stem from the ability to tailor different messages and different approaches to different sub-groups of taxpayers. The ability to identify and reach such sub-groups in turn depends on the quality and extent of demographic and contact information held by the Revenue Authority, and/or the ability to work with different trusted organisations or individuals to target taxpayers (e.g. churches or local chiefs).

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