

TJN in Africa

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At a recent workshop in Dodowa, Ghana, Tax Justice advocates and experts expressed worry over the situation where the tax burden in Africa is weighed heavily on workers while multinationals are handed tax incentives.

In the opinion of the tax justice advocates, the trend portrays an injustice in taxation. They also drew attention to many instances where national experiences and researches have pointed to the fact that tax incentives are only a microcosm of the factors that drive FDIs.

The trend has been that from Accra through Ouagadougou, Niamey, and Nouakchott to Lagos and Yaounde, the tax burden on workers has been steadily rising whereas that of multinationals has been decreasing.

The truth is that tax incentives do not necessarily result in an improved foreign direct investment as many African governments have been made to believe.

A case in point was shared by Dr David McNair, Senior Economic Justice Advisor, Christian Aid, who disclosed that, in the not too long past, Ireland used tax incentives to attract investors. The immediate effect was positive but the long term effect was undesirable.

Ghana now has a president who is a tax expert and Public Agenda is aware that President Mills is not an enthusiast of the "over generous tax incentives" enjoyed by multinationals operating in the country. The president made no secret his abhorrence of the situation when members of the Institute of Taxation called on him at the Osu Castle recently.

Public Agenda is equally aware that the Tax Policy Unit of the Ministry of Finance is undertaking a Tax policy review in the natural resource sector of the national economy.

The paper takes this opportunity to urge government to ensure that the review results

in fairness and equity in tax administration in the country. We must not overlook the fact that every cedi handed over in tax incentives is a cedi loss in potential revenue for development financing.

This means, that international conglomerates, like mining firms, whose activities leave a scar on the country, are made to pay the right taxes on the profit they earned.

That is what we want. And we think it's an entirely reasonable thing to expect.