

Pay your taxes promptly or stop lamenting

PUBLIC SERVICE



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It's in the toughest of times that our greatest weaknesses come into play, and so it is for Kenya as 2020 closes with our agenda the same, but more so: resilience in the face of a crippling imbalance.

To whit, we are now spending 68 percent of our tax take on debt servicing. A remarkably high proportion of that debt has been for infrastructure, but having overspent on roads and railways, we then started grabbing at extra loans to cover the debt servicing and routine public sector cash flow.

Because Kenya is a tale of two worlds.

There are the taxpayers, which is less than one in 10 of all adult Kenyans. And there is the informal sector, which means everyone who does business illegally and illegitimately, not paying taxes, or anything else either, from NHIF to NSSF contributions and onwards.

Thus, the United Nations estimates our population at 53 million, half under 18, meaning somewhere more than 26 million adults. Of these, just 2.5 million pay taxes, and over half a million of those are civil servants on the public payroll.

We pay indirect taxes too, our VAT, and sometimes very high customs and import duties. And then there is the cor-

porate and withholding taxes from our relatively few formal sector businesses.

But the sum is a tax take that is only around 17 percent of GDP, compared with 30 percent or more in other countries, delivered by one of the narrowest bases of payers of any country.

And here lies the core of the inequity in our society that is set to take us down, backwards and keep us struggling. For everyone uses the new roads. Many use the public hospitals and schools. But few pay for them.

And yet we almost hero-worship and admire the principles of illegal business, so much so that we even call it informal, which is such a nice word.

What if we called it the parasite sector? Notice your own little shock as you read that – what an extreme statement, to call everyone who drives on the roads our taxes and debt built without paying PAYE, parasites.

Genuinely, we don't find it unacceptable that people duck paying for a business licence, or their higher education loans: we are a country of heroic default. And yet we are the first to clamour when the government doesn't send out Sh78 billion to counties.

Where do we all think the government gets its money from? How many of the people complaining about that unpaid Sh78 billion have contributed their one-in-26m share to it, which would be Sh3,000 per adult just to cover that one sum?

We have 19 million registered voters, compared to our 2.5

million taxpayers – but why on earth do we let people vote if they are not registered to pay their dues: any social scientist knows that the 'contract' of society is that we pay and the government delivers.

Yet in Kenya, the conversation is wholly on how the government is failing to deliver, and literally not a soul is discussing the fact that Kenyans are not paying their way for public services.

So, yes, it's shocking to suggest that informal isn't informal, but exploitative, unfair, cheating and destructive. But it's true too.

For sure, it's not how people feel about it, and my one column will not change a single thing. But here's a fact to face our 2021 on: until we move our dial and see government delivery as contingent upon our tax payments and eradicating the informal (parasite) sector, we are going nowhere forwards now, and into public sector collapse.

The answer is not to strain to bankruptcy the fewer than 250,000 businesses still paying taxes. Instead, add road tolls that everyone must pay to use, and find every other possible way, too, to address the vast majority who are taking without contributing. It's just that simple.

Today, we are a harambee where we congratulate 90 percent for never giving. It's 'not just there' now, our civil servants' salaries and pensions, because we are a land of non-payers.

And it's our dialogue and mindset that need the first change of all.

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