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Management and Improvement of Non-Oil Revenues in South Sudan

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Abstract

Purpose: The study looked at the management and improvement of non-oil revenue collection band mobilization on public financial management, as well as the obstacles that non-oil revenue collection faces in South Sudan. Non-oil revenues face several challenges, ranging from ineffective service delivery due to non-oil revenue collection. The key goal was to determine the management of non-oil revenue collection, develop public financial control and examine mechanisms for dealing with non-oil revenue collection issues, and ensure effective and consistent management of non-oil resources under South Sudan government policies and objectives. The study aimed at eliminating or minimizing to a bare minimum, the issues associated with non-oil revenue generation, non-oil revenue administration, tax base penetration, and difficulties in recognizing non-oil revenue mobilization.

Methodology: The study used random sampling technique to determine a sample size of 150 respondents. Qualitative data was obtained from interviews using interview guides which were coded into themes and interpreted. Further data was analyzed to give it a broader and more meaningful picture of the sample. The study looked at the difficulties that come with collecting non-oil revenue.

Findings: It was revealed that the National revenue authority does not keep a complete or accurate record of all taxable events or levies in its jurisdiction. There was no mechanism in place for keeping track of invoices and payments. Data on utilities, equipment, levies, and other items were done manually, making it vulnerable to manipulation and hence a major non-oil revenue loss.

Unique Contribution to Theory, Policy and Practice: The study recommends digitalization and computerized systems of all forms of non – oil revenues to improve non-oil revenue leakage along with property rate administration. The study further recommended for a non-oil revenue database method for capturing non-oil revenue, as well as a computerized non-oil revenue system to improve revenue capture and mitigate leakages. In addition, policymakers should enact policies that support non-oil revenue management to maintain improved government financial efficiency in South Sudan.

Keywords: *Non- Oil Revenues, Tax Payers, Collections, Management, Mobilization*

Introduction

South Sudan (SS) is politically fragile and experiencing a severe economic and humanitarian crisis. Over the past years and especially 2013 and 2016, the country was entrenched in conflict. Oil revenues, upon which the country's economy depends, have collapsed following the decline in prices since July 2014, leading to a fiscal deficit of 30% of GDP in 2015. The outbreak of war in Sudan has worsened situation especially in areas where the oil pipe line passes through to Port Sudan for export.

Immediate measures to reduce dependency on oil revenues, bolster non-oil revenue sector and strengthen expenditure control have urgently been required to achieve short-term fiscal austerity objectives. Meanwhile, the current revenue collection systems are characterized by weak human resource capacity, poor performance of badly-designed systems, misaligned skills and staff placements, split responsibility of oversight responsibilities in revenue administration, and limited capacity human resource and systems to adapt to new changes. The establishment of a National Revenue Authority in 2016 was considered as critical towards improving domestic revenue mobilization. The expenditure side was mired in long-drawn processes characterized by loose procurement systems, IFMIS in-built controls that are not being utilized or bypassed, parallel manual systems, idle core modules like budgeting and bank reconciliation, accumulation of arrears and inability to close end-year annual accounts have characterized the revenue authority. One of the benefits of establishing the NRA was to consolidate fiscal responsibilities under the oversight of the Ministry of Finance and Economic Planning (MoFP).

Currently, revenue administration activities are split between the Ministry of Finance and Economic Planning (MoFP) Taxation Directorate, and the Ministry of Interior, Customs Directorate. The Directorate of Taxation (DT) is responsible for collecting non-oil revenues from Corporate Income Tax, Personal Income tax, Withholding Taxes on royalties and dividends, Excise, Duty and Sales Tax. Customs administration discharges oversight over the collection of import duties.

Whereas, the collection and accounting of Excise Duties falls under the DT, the value of excisable goods is determined by Customs Directorate, at import level. Government officials recognize that there is significant revenue loss from undervaluation and under-declaration of goods at import (customs) level. Furthermore, Government continues to lose significant customs and excise revenues through a combination of adverse factors, including use of an outdated and simplified valuation regime for imported goods, as well as rampant illegal trade across the country's border points. Moreover, there is hardly any exchange of information between the two directorates that would lead to recovery of some of the evaded taxes

Background of the Study

Revenue in terms of taxes collected by any government is very essential in every aspect of the economy and it therefore forms significant part of state revenue source for development. However, tax revenue collected in developing economies tend to be a bit low due to the fact that these economies are characterized by insufficient income for citizens as well as lack of modern tax collection systems. According to OECD, (2013) industrialized nations have perfected the art of revenue collection efficiency due to organizational internal design and the resources are channeled in terms of priority. Further they utilize online government innovations and ICT to minimize costs. On the same note Gaalya, (2015) acknowledged that in the event where authorities tasked with tax administration issues manage their overall activities well, such agencies are likely to improve on the overall tax performance particularly as a result of reduced tax administration costs. However, McClellan (2013), emphasized that corrupt or ineffective tax administration agency tend to diminish state revenue by creating an environment that makes it possible for tax evaders to work freely, hence, negatively affecting the state economic development. Conversely, considering the fact that tax avoidance is illegal, the authorities can therefore tightened tax enforcements with its administration leading to more people complying hence more collection achieved in the process.

According to Bird (2015), there were key parameters that were assumed but had significant impact in revenue collection potential. This research highlights that for Tax Administration to expand revenue collection, it need to have well trained personnel and should be well organized. Moreover, it is noted that though latest technology can serve great purpose in revenue collection it cannot work in isolation. In many countries, the task of working out the right mix as well as setting strategies to advance their information technology as well as human resources with regards to administration of tax has proved difficult (Bird and Zolt, 2008). As a result of this, individuals well trained on latest technological advancements with sufficient political backing are very essential in ensuring effective tax administration. Additionally, tax agencies need to establish suitable provisions in regards to training and retaining experienced tax administrators

Many countries face challenges in tax collection (Muller & Kolk, 2015) and South Sudan is not an exceptional. This has resulted in a struggle to fulfill her pledge to people due to huge deficit in the budget. The budget deficit can be attributed to ineffective taxation system adopted, laws, policies, administration of tax and overreliance on oil as the source of revenue. Also the volatility of oil market has highly hit South Sudan hard as well as over reliance on grants and loans (South Sudan Statistics, 2015).

Collection of revenue is entirely for the economic development of any given state (Borcan, Olsson & Putterman, 2018). The key objective why governments collect revenue is to meet their budgetary needs. To be considered effective, tax collection must meet the purpose of both revenue agency as well as that of the state. However, political domination by civil leaders tends to hinder effective tax collection in their respective areas. Tax agency should improvise a way that balances between oil as well as non-oil revenue collection in country through revenue diversification (Kale, 2016). This would allow the country to realize high income and focus on developing other sectors of the economy. GDP of the country is dominated by the oil sector, the value added of which accounts for about 60% of total GDP. Value added by the petroleum sector was on average about \$7.9

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billion a year in the past three years. According to report by IMF (2016), non-oil revenue to Gross Domestic Product in South Sudan rose from 1 percent after independence in 2011 to almost 4 percent in 2016. However, the political instability that still exist in the country has largely hindered non-oil revenue collection.

Problem Statement

Most developing countries including South Sudan face the problem of raising tax revenue to carry out public sector spending. Tax revenue is necessary for economic growth and development (Aggrey, 2011). Despite the efforts made South Sudan has always recorded a falling trend in revenue collection from the time it became independent from the Sudan (Wel, 2019). A study by Kenyi, (2016) noted that the collection of revenue formed nearly 4% GDP of South Sudan. Whenever there is no peace many things are affected. This is the scenario in South Sudan where constant fights has hindered oil production which is the backbone of the economy due to destruction of the facilities hence heavily affecting her economy (Moro, 2018). Furthermore, due to the lack of well-organized system to collect tax from other sources apart from oil has negatively affected the country to the point of struggling to provide the basic needs of the citizens such as roads, affordable health services and even clean and safe water (James, 2015; Bird & Eric Zolt, 2016; Bestoyin, 2018; Moro, 2018). Due to porous nature of the tax systems, South Sudan has been struggling to collect more revenue from non-oil sources (Wight, 2017). However, non-compliance, tax evasion, incompetent staff and corruption have been on the rise. Compared to other countries within the region, the average tax collection when compared to gross revenue collected stands at 2.6 percent. When this is equated to her neighbors like Rwanda that has 13.4 percent, Kenya got 17.2 percent and Uganda recorded 13.0 percent during the same time period (Wel, 2019). This high disparity in non-oil revenue sector when compared to oil and the aggregate GDP, has prompted an investigation into possible challenges and management that might be facing the government in resource mobilization. This study therefore intends to examine the management and improvement strategies of non- oil revenue collection in South Sudan with view of offering alternatives in its management.

Objective

The major objective of this study was to examine the management and improvement of non - oil revenues in south Sudan.

Research Questions

The study shall be guided by the following questions

i) To what extent does the management of non -oil revenue affect service delivery in South Sudan?

ii) What are the factors that affect non- oil revenue collection in South Sudan

iii) What measures should South Sudan put in place in improvement of non- oil revenue collection?

Related literature Review

Governments as averred by Kedir et al (2017) raise revenue using tax and nontax instruments, where non-tax sources include any revenues that do not come from taxes. Non-tax revenue is an important but often under-tapped source of public revenue that is all the more vital in Africa today as countries face declining official development assistance, rising indebtedness, limited domestic resource mobilization capabilities, poor financial management and systemic corruption, among other challenges. Projections indicate that high levels of financing will be required to bring about Africa's structural transformation and to achieve the 2030 Agenda for Sustainable Development and Agenda 2063 (UNDP, 2018)**.** Non-tax revenue can address some of the structural challenges in revenue collection. For example, most of the practical problems involved in taxing the informal economy do not affect nontax revenue collection. Non-tax revenue can be collected as readily from economic agents in the informal sector as from those in the formal sector.

Non-tax revenue has the potential to become a much greater source of revenue. Its diversity opens opportunities to both increase revenue and achieve other policy objectives. For instance, countries like South Sudan can impose levies on environment-damaging production and consumption and use the revenue to reduce environmental degradation or mitigate its impact. Non-tax revenue can also advance inclusive decentralization by allowing subnational authorities to collect and use non-tax revenue for development. Furthermore, the flexibility of non-tax revenue instruments may circumvent some of the entrenched structural challenges of tax collection, such as taxing multinational firms, by applying more direct levies (ECA, 2018)

Theoretical Review

This study was grounded on the Control theory and Revenue Diversification theory.

Control Theory

The Control Theory was put forward by Kalman (1960). It was utilized by Brian (2013) and Maisiba & Atambo (2016) on exploring revenue collection efficiency. The theory was described as an interdisciplinary branch of engineering and mathematics that deals with the behaviour of dynamical systems with inputs. The external input of a system was called the reference. When one or more output facets of a system is required to follow a certain reference over time, a controller influences the inputs to a system to get the estimated effect on the output of the system (Branicky, Borkar & Mitter, 1998). The role of a control theory was to calculate solutions for the accurate corrective action from the controller that result in system stability, that is, the system will hold the set point and not oscillate around it (Goodwin, Graebe & Salgado, 2001). Systems have inputs and outputs to bring a product after processing and so inputs and outputs of a control system are generally linked by differential equations. Setting objectives, budgets, plans and other expectations establish criteria for control. Control itself in this case exists to maintain performance or a state of affairs within what is anticipated, allowed or accepted in a revenue collection body (Ajzen, 1985).

Control built within a process is internal in nature. It takes place with a combination of interrelated components such as social environment effecting behavior of employees, information necessary in control, and policies and procedures (Porter, Bigley & Steers, 2003). Internal control structure is a plan determining how internal control consists of these elements. Thus controls enhanced staff competency and easy application can make tax registration, filing and payment easy for the taxpayers. This theory aids the study to answer the question; to what extent management affect the collection of non-oil revenues in South Sudan?

Revenue Diversification Theory (RDT)

The study adopted a revenue diversification strategy that originated from the Financial Modern Portfolio Theory, and applied as the potential revenue strategy for South Sudan Government. Bernelot (2013), acknowledged that having well diversified and balanced revenue portfolio resulted to improved financial stability for the new nation hence minimizing revenue volatility that often resulted in reduction of government public expenditures. The diversification revenue theory focuses on whether well diversified and balanced revenue portfolio improves financial stability for the new Nation through capping volatility in revenue that often resulted in reduction of government public expenditures. The diversification strategies embraced have positive effects that ensures improved revenues for the government incomes. In order to test the effect on revenue collection performance commercial and market oriented revenue strategy was utilized fully. Similarly Bernelot,(2013) argued that to have continuous revenue it must come from a variety of sources which must embrace equity in multiple incomes sources in the said revenue portfolio on the profit organization that often improve financial stability. This theory links the revenue volatility that often resulted in reduction of government expenditures to non-revenue collection in South Sudan.

Effects of political instability on tax collection

Political instability creates situations of high insecurity due to barriers in the flow of information, as well as increased strife and animosity between the people, leading to destruction of food and other resources and as a result, food shortages and inflation of prices; high levels of unemployment, thus increased poverty and reduced economic growth; high barriers to trade and unfair competition leading to high levels inflation; and decreased provision of public goods, leading to further inequality in the distribution of public resources and increased poverty levels; pulling out of investors (Kamande 2014)

Political Instability result in uncertainty about the future course of the tax rates, provision or availability of goods and services, exchange rates policies, inflation policies, financial aid, among other defining economic laws and policies. The political environment describes the level of stability or instability of the political situation of a country; and any change in the political environment of a region has great implications on the socio-economic systems (Mutascu, Estrada and Tiwari, 2011). Kamande (2014) observed that, sudden modifications of the economic policy and extreme political disturbance resulted in shocks and breaks in the economy and unavailability of public resources and thus, inefficiency in provision of public amenities and difficulty in revenue collection

According to Kamande (2014), political instability results in low revenue collection efficiency levels in government due to short-sightedness in an attempt to correct crises. This result in high levels of government borrowing as well as high levels of non-compliance of economic policies put in place. Carmignani (2003) reiterated that, political instability negatively correlates to economic growth and efficiency in revenue collection, as well as provision of public goods. Aizenman and Jinjarak (2005) found that the efficiency of tax collection was a product of political stability. In other words, reduced political stability and higher levels of polarization bring about low levels of efficiency of tax collection**.**

In this economic situation in South Sudan financial pressure is increasingly, demanding an alternative way for the government to raise financial resources, despite numerous challenges. The main challenge facing public sector revenue generation is the issue of tax evasion and avoidance. This problem is exacerbated by the presence of complex tax laws and loopholes that allow individuals and corporations to exploit the system for their gain. As a result, governments are unable to collect the full amount of tax revenue owed to them, leading to budget deficits and a lack of funds for essential public services. Additionally, the globalization of the economy has made it easier for businesses to shift profits to low-tax jurisdictions, further reducing the tax base of many countries. To address these challenges, governments must strengthen tax enforcement mechanisms, close loopholes in tax laws, and cooperate internationally to combat tax evasion and avoidance effectively. Without addressing these issues, public sector revenue generation will continue to be undermined, hindering the ability of governments to provide for the welfare of their citizens (Bargatuny 2024)

Information Technology in Tax Collection

Robust adoption of technology was the route designed to move tax administration from manual systems characterised by tax official discretion across taxpayers, tedious and error-prone data entry and case-by-case detection of evasion to a reliance on electronic systems, where there is a more consistent and predictable experience across taxpayers, timely data for decision making and automated detection of suspicious activity. Using the framework developed in Okunogbe and Santoro (2022), this paper examines how technology may help to improve core tax administration functions for the main tax types: consumption taxes, property real estate taxes, trade taxes and income taxes personal income, corporate income and payroll taxes. In order to tax, the government must be able to identify the tax base. Tax authorities can use technology-based tools to collect information to identify taxable entities such as individuals or property during registration drives as well as to collect information on the tax liability that may otherwise be concealed by the taxpayer. For example, tax authorities may require firms to use electronic billing machines (EBMs) that record sales transactions, or they may collect information from third-party sources like employers, vendors, customers or financial institutions. Technology can also help the tax authority detect evasion when it occurs. Technology provides tools for collecting and analysing large amounts of data to automatically detect inconsistencies, such as mismatches between self-reported and third party–reported tax liability. Analysing different indicators of evasion allows a tax authority to have a data-centric approach to targeting audits by building a risk profile for each taxpayer and prioritising those with higher risk of evasion.

Technology can be used further to simplify procedures and improve service delivery to taxpayers. Services like electronic filing and payment can make the taxpaying experience less time consuming and more consistent across taxpayers. EBMs reduce the costs of compiling and submitting information. Electronic modes of communication such as email and SMS provide a timely and cost-effective way of providing information to taxpayers. These technologies also reduce the level of in-person interactions between taxpayers and tax officials, thus reducing opportunities for extortion and collusion.

Besides these three core functions, technology may also improve the ability of tax administrations to make timely and data-based decisions such as forecasting revenues, measuring progress and monitoring staff performance.

Institutional challenges in non- oil collections

Inefficient collection of non-tax revenue and its misallocation are common in some African countries including South Sudan, reflecting a lack of systematic, transparent, accountable, coordinated and regularly monitored data compilation (Hodler and Raschky, 2015). This results in a lack of clarity about the amount of revenue collected and its allocation and increases the potential for misuse and corruption, thus weakening incentives to better report non-tax revenue. Resource-rich economies, in particular, often suffer from bad governance and low tax revenue because they can rely on their natural resources for non-tax sources of revenue. A severe weakness in many non-tax revenue systems is the failure of some agencies to report all the non-tax revenue they collect. In Sudan, where non-tax revenue accounted for just 3 per cent of government revenue in 2017, a government-commissioned report found that the major constraint affecting the proceeds of fees, royalties and other charges was revenue retention within collecting units (ECA, 2018). The report recommended levying heavy penalties on government units and individuals that abuse their position and mishandle revenue. A lack of efficient and standardized oversight and an absence of well-coordinated public financial systems mean that the revenue contributions of the more than 40 public corporations are negligible.

Considerable empirical works by (Fitzgerald; Erol, 2024) Government of France faces bankruptcy, budget constraints, talent management, skills gaps, digital transformation, and the financial impact of recent strike action because of funding pressure. Similarly, (IMF, 2015) argues that there was plenty of illegal tax evasion in many developing countries. As evidenced by (Zaini, 2023) weak financial rules and regulations that require improvement from time to time hinder revenue collections and the capacity to mobilize resources by public servants. Further, (Bargatuny 2024) asserts that weak linkages between the central and local government tax systems lead to double taxation and inconsistencies between tax policies in the government. Furthermore, (Bartle et al., 2011) maintain that the economic situation of a country brings about changes volatility of sales taxes making revenue predictions difficult. The authors further assert that self-interested political behavior affects public sector revenue in that political agents choose tax structures to minimize the political costs or expected net loss in votes associated with raising a budget of a given size. This means that self-interested politicians will advocate for a tax structure that favors them politically. Similarly, (Eteng; Agbor, 2018) argument about the inadequacy of real productive sector investments for sustainable internal revenue generation. Further, the authors articulate the fact inadequacy of inclusiveness at the local level of development decreases the availability of a strong revenue base that is capable of providing the ground for structural changes and fulfilling the expectations of the citizens in a short duration

Decentralization

There is a lack of coherence, coordination and commitment to the smooth and efficient administration and management of non-tax revenue among levels of government (national, State and County), as the country case studies and the literature show (Burgess et al., 2015; Hodler and Raschky, 2015; Ilorah, 2009). The relationships among these centres of power are often warped by nepotism and favouritism along political party lines, ethnic affiliation, commercial ties and the like. There are also inefficiencies due to capacity constraints, lack of regulatory frameworks and failures in policy direction. For instance, there are often delays in sending funds to other levels of government, disturbing budgetary processes and service delivery at the subnational level, which relies heavily on transfers from the central government to finance infrastructure and services. There are also communication and coordination failures between government departments at the same level. The lack of clarity, consultation and cooperation erodes trust in public institutions and thus weakens their authority. Lack of clarity about the degree of autonomy granted to local government authorities exacerbates the arbitrariness of non-tax revenue collection. Absent sound management structures, local governments have used multiple fees, fines and charges almost at will, opening up opportunities for mismanagement and arbitrary action by corrupt bureaucrats. Thus, in addition to building institutional, administrative and regulatory mechanisms for the efficient collection and allocation of non-tax revenue, governments need to establish a strong legal framework to work against corruption.

Methodology

The study used random sampling technique to determine a sample size of 150 respondents. Qualitative data was obtained from interviews using interview guides which were coded into themes and interpreted. Further data was analyzed to give it a broader and more meaningful picture of the sample. These included; 30 Officials from the Ministry of Finance,20 from the South Sudan National Revenue Authority, 30 Members of Parliament, 40 business operators, 15 civil society organizations and 15 local government representatives of the citizens. The above categories of respondents were expected to be more knowledgeable on issues on management and improvement of the non- oil revenues collection in South Sudan. Qualitative research methodology was used through face to face interviews, focused group discussion and telephone interviews. The interviews provided in-depth data, were more flexible and yielded more information by using probing questions. They also provided opportunity to observe non-verbal behaviour and to record spontaneous answers. The data was collected, analyzed by arranging the data into different themes and by source of information. Data was then coded to generate a description of the setting as well as categories of themes for analysis. An interpretation of the data was made in accordance with the study variables and study objectives**.**

Findings

In light of this this study, below are the overall findings

i) Although the Constitution provides for various sources of revenues at state level, taxes are not being collected in a systematic manner due to several factors including the lack of a harmonized tax system and low capacity of the taxation officials on collection processes. In the absence of any significant revenue transfers from the centre and sub-optimal revenue collection, the states are financially strapped and unable to meet their basic developmental mandates and expectations of citizens. Thus, state level tax structures need to be strengthened to raise the assigned revenues to meet service delivery requirements as part of statutory obligations of the states, which in turn contributes to trust building by the citizens in a fragile and conflict-prone environment

ii) Problems with operating modern public financial management systems have emerged, as very limited effort had been made at establishing an in-house capacity for maintaining and operating these systems. While RoSS has a financial management information system (FMIS) running on Free-balance software, its control functions are largely being circumvented and access to the system is limited to MoFP officials. A large number of its core modules are not being used for example, Budget, Bank reconciliation. There are serious weaknesses in the current systems for the collection, recording and remittance of revenues. Government cash holdings in local currencies are spread across 603 different accounts in the Bank of South Sudan. Whilst in-year financial reporting is an area where considerable effort has been made to maintain system of regular reporting, annual financial statements have not been produced since 2010/11. This situation seriously compromises the ability of internal and external auditors to do their work to ensure government progressively meets good international practices in financial reporting. Both the internal and external audit functions have a critical role in ensuring accountability of Government and towards restoring integrity of the financial system

Discussion of findings

The researcher sought to find out whether the respondents knew what non - oil revenues were. All respondents were knowledgeable of non- oil revenues. They gave all varying experiences in revenues collected from the financial sector thus banking and insurance, health, agriculture, tourism, hospitality, Rates, mining and general wholesale and retail trade. This was only to ascertain the knowledge ability of my respondents in relation to the subject of investigation.

Management of non – oil revenues and its effects on service delivery

The study sought to find out the extent of management of non – oil revenue in relation to service delivery. Majority, 70% of the respondents were of the opinion that there were management issues in non- oil revenue collections. On further probing of the real management issues, majority attributed it to corruption riddled with multiple taxes, weak institution with low capacity of honest workers, tribalism resulting to tax avoidance. 30% who were mainly ministry of finance officers averred that the non- oil revenues were on the increase despite many challenges including incentives and amnesties.

These findings are in concurrence with the findings of Bargatuny (2024) that inefficient collection of non-tax revenue and its misallocation are common in some African countries including South Sudan, reflecting a lack of systematic, transparent, accountable, coordinated and regularly monitored data compilation (Hodler and Raschky, 2015). This results in a lack of clarity about the amount of revenue collected and its allocation and increases the potential for misuse and corruption, thus weakening incentives to better report non-tax revenue. This is further alluded to by Kedir et al (2017) that, Governments can raise revenue using tax and nontax instruments, where non-tax sources include any revenues that do not come from taxes. Non-tax revenue is an important but often under-tapped source of public revenue that is all the more vital in Africa today as countries face declining official development assistance, rising indebtedness, limited domestic resource mobilization capabilities, poor financial management and systemic corruption, among other challenges.

Projections indicate that high levels of financing will be required to bring about Africa's structural transformation and to achieve the 2030 Agenda for Sustainable Development and Agenda 2063 (UNDP, 2018)**.** Non-tax revenue can address some of the structural challenges in revenue collection. For example, most of the practical problems involved in taxing the informal economy do not affect nontax revenue collection. Non-tax revenue can be collected as readily from economic agents in the informal sector as from those in the formal sector

Non – Oil Regulatory framework

90% of the respondents opined that there was no legal framework policy on non- oil revenue collections until June 2024 when the NORMAII appraisal report by African Development Bank whose objective was to build South Sudan Revenue Authority information Technology (SSRA IT) systems to further enhance tax administration including tax collection and to promote voluntary tax payer compliance. Further the report was to enhance tax audits including tax payer perceptions views while exploring opportunities for new areas to widen tax net for example value added tax (VAT), hotel and property taxes and finally staff training. 10% were not aware whether there was a policy or not**.** These findings are in line with Bernelot (2013) who acknowledged that having well diversified and balanced revenue portfolio and policy resulted into improved financial stability for the new nation hence minimizing revenue volatility that often resulted in reduction of government public expenditures. The diversification revenue theory therefore focuses on whether well diversified and balanced revenue portfolio improves financial stability for the new Nation through capping volatility in revenue that often resulted in reduction of government public expenditures. The diversification strategies embraced have positive effects that ensures improved revenues for the government incomes.

Similarly Bernelot,(2013) argued that to have continuous revenue it must come from a variety of sources which must embrace equity in multiple incomes sources in the said revenue portfolio on the profit organization that often improve financial stability. This theory links the revenue volatility that often resulted in reduction of government expenditures to non-revenue policy collection in South Sudan. Furthermore, due to the lack of well-organized system to collect tax from other sources apart from oil has negatively affected the country to the point of struggling to provide the basic needs of the citizens such as roads, affordable health services and even clean and safe water (James, 2015; Bird & Eric Zolt, 2016; Bestoyin, 2018; Moro, 2018). In addition to porous nature of the tax systems, South Sudan has been struggling to collect more revenue from non-oil sources (Wight, 2017).

However, non-compliance, tax evasion, incompetent staff and corruption have been on the rise. In conclusion as evidenced by (Zaini, 2023) weak financial rules and regulations that require improvement from time to time hinder revenue collections and the capacity to mobilize resources by public servants.

Identification of tax base

The study sought to find out how to improve tax collection. Many of the respondents 100 (67%) felt that the regulatory body should increase the tax base where almost everyone pays tax than piling many taxes on the same tax payers. About 33% said that unless corruption is dealt with even if the tax base is expanded there may never be success. On the same note Gaalya, (2015) acknowledged that in the event where authorities tasked with tax administration issues manage their overall activities well, such agencies are likely to improve on the overall tax performance particularly as a result of reduced tax administration costs. However, McClellan (2013), emphasized that corrupt or ineffective tax administration agency tend to diminish state revenue by creating an environment that makes it possible for tax evaders to work freely, hence, negatively affecting the state economic development. Conversely, considering the fact that tax avoidance is illegal, the authorities can therefore tightened tax enforcements with its administration leading to more people complying hence more collection achieved in the process.

Tax coordination management.

The study sought to find out how tax coordination and management could improve service delivery Majority 80% of the respondents opined that tax coordination was important for the tax body in order to avoid multiple taxations which led to tax payers to evasion and corruption. These views were in line with Burgess et al., 2015; Hodler and Raschky, 2015; Ilorah, 2009 who averred that there was lack of coherence, coordination and commitment to the smooth and efficient administration and management of non-tax revenue among levels of government (national, State and County). The relationships among these centres of power were often warped by nepotism and favouritism along political party lines, ethnic affiliation, commercial ties and the like.

Besides,there were also inefficiencies due to capacity constraints, lack of regulatory frameworks and failures in policy direction. For instance, there are often delays in sending funds to other levels of government, disturbing budgetary processes and service delivery at the subnational level, which relies heavily on transfers from the central government to finance infrastructure and services. There are also communication and coordination failures between government departments at the same level. The lack of clarity, consultation and cooperation erodes trust in public institutions and thus weakens their authority. Lack of clarity about the degree of autonomy granted to local government authorities exacerbates the arbitrariness of non-tax revenue collection. Absent sound management structures, local governments have used multiple fees, fines and charges almost at will, opening up opportunities for mismanagement and arbitrary action by corrupt bureaucrats. .

One of the benefits of establishing the NRA was to consolidate fiscal responsibilities under the oversight of the Ministry of Finance and Economic Planning (MoFP). Currently, revenue administration activities are split between the Ministry of Finance and Economic Planning (MoFP) Taxation Directorate, and the Ministry of Interior, Customs Directorate. The Directorate of Taxation (DT) is responsible for collecting non-oil revenues from Corporate Income Tax, Personal Income tax, Withholding Taxes on royalties and dividends, Excise, Duty and Sales Tax. Customs administration discharges oversight over the collection of import duties. Whereas, the collection and accounting of Excise Duties falls under the DT, the value of excisable goods is determined by Customs Directorate, at import level. Government officials recognize that there is significant revenue loss from undervaluation and under-declaration of goods at import (customs) level.

Furthermore, Government continues to lose significant customs and excise revenues through a combination of adverse factors, including use of an outdated and simplified valuation regime for imported goods, as well as rampant illegal trade across the country's border points. Moreover, there is hardly any exchange of information between the two directorates that would lead to recovery of some of the evaded taxes

Peace and political stability in non- oil tax collection

The study sought to get the views of the respondents if peace and political stability could improve non -oil tax revenues. This was unanimously agreed by all the respondents that conflicts and violence due to political instability have contributed a lot to lack of service delivery. Taxes cannot be collected in volatile areas hence constraining government expenditures. These findings are in agreement with Kamande, (2014) views that political instability creates situations of high insecurity due to barriers in the flow of information, as well as increased strife and animosity between the people, leading to destruction of food and other resources and as a result, food shortages and inflation of prices; high levels of unemployment, thus increased poverty and reduced economic growth; high barriers to trade and unfair competition leading to high levels inflation; and decreased provision of public goods, leading to further inequality in the distribution of public resources and increased poverty levels; pulling out of investors.

Kamande, (2014) and other scholars note that political instability results in low revenue collection efficiency levels in government due to short-sightedness in an attempt to correct crises. This result in high levels of government borrowing as well as high levels of non-compliance of economic policies put in place. Carmignani (2003) reiterated that, political instability negatively correlates to economic growth and efficiency in revenue collection, as well as provision of public goods. Aizenman and Jinjarak (2005) found that the efficiency of tax collection was a product of political stability. In other words, reduced political stability and higher levels of polarization bring about low levels of efficiency of tax collection**.**

Furthermore, (Bartle et al., 2011) maintains that the economic situation of a country brings about changes volatility of sales taxes making revenue predictions difficult. The authors further assert that self-interested political behavior affects public sector revenue in that political agents choose tax structures to minimize the political costs or expected net loss in votes associated with raising a budget of a given size. This means that self-interested politicians will advocate for a tax structure that favors them politically**.**

Information technology to enhance non- oil revenues

Majority of the respondents 90% were of the view that the tax authority should adopt a modern technology that cannot be manipulated in all the tax obligations and transactions to seal leakages, tax avoidance and corruption. 10% were against information technology system as many people would lose their jobs. These views were in agreement with the findings of Santoro (2022) that robust adoption of technology was the route designed to move tax administration from manual systems characterised by tax official discretion across taxpayers, tedious and error-prone data entry and case-by-case detection of evasion to a reliance on electronic systems, where there is a more consistent and predictable experience across taxpayers, timely data for decision making and automated detection of suspicious activity.

This is further relates to the RDT theory which asserts that Systems have inputs and outputs to bring a product after processing and so inputs and outputs of a control system are generally linked by differential equations. Setting objectives, budgets, plans and other expectations establish criteria for control. Control itself in this case exists to maintain performance or a state of affairs within what is anticipated, allowed or accepted in a revenue collection body (Ajzen, 1985). Control built within a process is internal in nature. It takes place with a combination of interrelated components such as social environment effecting behavior of employees, information necessary in control, and policies and procedures (Porter, Bigley & Steers, 2003). Internal control structure is a plan determining how internal control consists of these elements. Thus controls enhanced staff competency and easy application can make tax registration, filing and payment easy for the taxpayers.

Recommendations

Further progress to modernize tax administration is also needed. The government should prepare and publish a medium-term strategy for reforming the customs and tax administrations and improving service delivery. These reforms should focus on modernizing human resource management, implementing a results-based management system, and increasing transparency and reducing corruption. In addition, the formalization of a framework for consultation and collaboration with the private sector, civil society, and international development partners can also play a useful role to ensure broader understanding and ownership of tax reform efforts

Tax Policy

The expansion of the tax base should be at the top of the government's reform agenda. It is a pre-requisite to create space for possible reductions in rates and tax simplification that could help the business environment and the development of the non-oil economy. The most critical reform area would be to address without further delay the challenges associated with the proliferation of tax exemptions that are currently eroding the tax base and limiting potential revenue mobilization.

There is evidence that improving tax administration practices, particularly in relation to compliance risk management and use of third-party data, is associated with growth in revenue collected, after controlling for tax policy changes (Chang and others 2020). Moreover, when mobilizing additional revenue, the choice between improvements in tax administration practices or interventions and policy changes is not trivial and deserve more attention than it is usually given, especially when countries operate under low administrative capacity (Keen and Slemrod 2017).

One key method to enhance tax collection efficiency in the Ministry of Finance through the National Revenue Authority is through the implementation of technology-driven solutions. By leveraging digital tools such as advanced data analytics, artificial intelligence, and block chain technology, tax authorities can streamline processes, improve data accuracy, and detect tax evasion more effectively. For example, digital platforms can automate tax filing processes for taxpayers, reducing the likelihood of errors and ensuring timely payments. Additionally, data analytics can help identify high-risk taxpayers for targeted audits, increasing compliance rates and overall revenue collection. By harnessing the power of technology, the National Revenue Authority can modernize its tax collection methods, enhance transparency, and ultimately improve public sector revenue generation. This strategic approach aligns with global trends in tax administration and can position South Sudan as a leader in adopting innovative solutions for effective fiscal management.

Resource and Governance

Revenue administrations need sufficient funding to ensure adequate professional human and ICT resources. Better human resource management correlates positively with a higher rate of on-time filing of core taxes and lower collection costs. Attracting and retaining the best staff, with the highest integrity standards, lies at the heart of an effective revenue administration. AEs benefit from experienced staff who fits the profile of long staff tenure in specialized technical work areas and that tax administrations operate at arm's length from political interference reduces opportunities for rent-seeking behavior. For example, to ensure autonomy, some countries have chosen that the head of the revenue authority reports to the ministry responsible for finance through an independent governing Board of Directors. Balancing this necessary independence, the government should ensure accountability and transparency, a foundation of the public's trust in a fair tax system. Effective oversight, including internal and external auditing, is vital to the governance of revenue administrations.

South Sudan Revenue Authority

The tax body should have autonomous authority of all tax obligations of the country. The ministry of interior should be excluded from any forms of tax collections. The coordination of the tax compliances should be a designate of the tax body. This will fence off the possibilities of revenues being collected and not accounted for. It is the Tax authority that should harmonize all the taxes in the country between all levels of government.

Conclusion

The government should step up revenue mobilization as a key component of their medium-term fiscal strategy. This will require a well-sequenced structure of reforms that includes three key elements. First, the newly created Tax Policy Unit in the Ministry of Finance should reduce institutional fragmentation and facilitate the design, coordination and implementation of a medium-term revenue strategy. Second, the government should urgently address the erosion of the tax base generated by an excessive and discretionary use of tax exemptions that do not comply with existing laws and regulations. Finally, the government should continue to focus on rationalizing the tax code, and increasing administrative efficiency to recover tax arrears, including through the modernization of existing IT systems.

Tax officials are a crucial factor in the successful deployment of technology for taxation. If they lack adequate training or if their incentives are not well aligned, they may avoid or circumvent the new technology. Tax authorities need to provide ongoing training to tax officials to be able to effectively use IT systems, as well as specialised training to use the electronic tax data generated for sophisticated analyses to help monitor compliance. Further, the highest levels of leadership need to establish and enforce standards of conduct and performance for tax officials to comply with the deployment of the new technology.

In conclusion, the Ministry of Finance and the National Revenue Authority faces significant challenges in enhancing public sector revenue. Despite implementing various strategies such as tax reforms, digitalization, and capacity building, there is still room for improvement to achieve optimal revenue generation. One key aspect that requires attention is better enforcement mechanisms to combat tax evasion and corruption within the public sector. By strengthening compliance measures and adopting advanced technologies for data analytics, the Ministry can enhance transparency and accountability in revenue collection processes. Additionally, improving taxpayer education and engagement can help increase voluntary compliance and reduce tax avoidance practices. Moving forward, collaboration between the government, private sector, and international partners will be crucial in developing innovative solutions to address revenue challenges and promote sustainable economic growth in South Sudan.

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