Examining Tax Structures: A Comparative Study of Botswana and Selected Countries

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Abstract

This study aims to provide a detailed comparative analysis of Botswana's tax system relative to those of Denmark, Finland, France, South Africa, Seychelles, and Australia. The objective is to identify and elucidate similarities and differences in tax structures among these diverse economies. Employing a qualitative comparative research methodology, this study examines tax policies, rates, and ratios using data from official government publications, international databases, and peer-reviewed academic sources. Key variables analysed include Value-Added Tax (VAT), personal income tax (PIT), tax-to-GDP ratios, and corporate tax rates. The analysis reveals that Botswana's tax system shows notable alignment with the mature tax systems of Denmark, Finland, and France. However, significant variations in tax ratios highlight Botswana's unique economic and developmental context, influenced by factors such as resource dependency and economic diversification efforts. The study's insights provide valuable benchmarks for policymakers and tax administrators in Botswana and other comparable economies. Understanding these comparative variations can guide strategic reforms aimed at improving tax efficiency, revenue adequacy,

and economic resilience. This study contributes to the literature by presenting a nuanced comparative analysis of Botswana's tax system in the context of mature tax systems. It enhances understanding of global tax policy dynamics and provides actionable insights for policymakers addressing the challenges of economic diversification and sustainable resource management in resource-rich economies.

Keywords: *Income tax, Mature tax systems, Developed countries, Tax structure*

Introduction

Taxation is a fundamental element of economic systems, serving as a critical mechanism for financing public expenditures, mitigating fiscal deficits, promoting economic freedom, and fostering sustainable socio-economic development globally (Muleya, Mumba, & Chilalika, 2022). Driven by shifts in economic priorities and international fiscal policies, the global tax landscape has undergone significant transformation in recent decades. In the wake of declining external financial inflows—including international donor support and President Donald Trump's 'America First' foreign policy, many developing countries, such as Botswana, have increasingly turned to taxation as a pivotal domestic fiscal strategy (OECD/AUC/ATAF, 2023).

Despite the well-documented significance of tax systems in enhancing economic stability and equitable wealth distribution (Kapoor & Singh, 2023; York, Durante, & Muresianu, 2022; Zhou, 2022), there is a notable scarcity of empirical studies comparing the tax structures of Botswana with those of developed economies such as Denmark, Finland, France, and Australia, as well as regional counterparts like Seychelles and South Africa. Existing literature frequently fails to address Botswana's distinct socio-economic context and the subsequent implications of its tax policies and diversification efforts (World Bank, 2020). For instance, Botswana, a middle-income democracy rich in diamonds, reports a tax-to-GDP ratio of 12.1%, which is significantly lower than the African average and markedly behind developed countries like Denmark, which has a tax-to-GDP ratio exceeding 46% (OECD, 2022). This disparity highlights substantial differences in tax revenue generation and policy effectiveness that warrant further examination.

Addressing this research gap is crucial for both advancing academic understanding and informing policy reforms aimed at optimising Botswana's tax system to better align with global best practices and achieve sustainable economic development goals. This study aims to

bridge this gap through a qualitative comparative analysis of tax structures in Botswana and selected countries. The main objective of this study is to compare the existing tax structure of Botswana to other selected tax jurisdictions. The main objective is supported by the following sub-objectives:

- To understand Botswana's tax system
- To assess the guiding principle of an effective tax system

The anticipated findings of this study are expected to provide empirically grounded insights into enhancing Botswana's fiscal resilience and advancing its economic development agenda within a global comparative framework. The remainder of this paper is organised as follows: Section II reviews the relevant literature, Section III outlines the empirical methodology, Section IV presents the results, and Section V discusses the findings and concludes the study.

Literature Review
An understanding of the tax system

The tax structure is defined as the composition of "a country's tax revenue across different tax types" (OECD/AUC/ATAF, 2023: 44), and it is a vital variable of tax burden, as unique taxes have different socioeconomic impacts. The literature shows that the tax structure varies across tax jurisdictions, denoting their unique policy options, level of economic structures and conditions, tax administration capacities and historical factors (Munjeyi & Schutte, 2024).

The tax system is defined as a set or a combination of tax policy, tax administration, tax revenue collection, and tax laws/legislation at a given time (EY, 2023; Munjeyi & Fourie, 2024). Tax policy provides processes and procedures and outlines the principles and goals to be achieved by tax jurisdiction through natural and juristic persons (Bunn & Weigel, 2023). Conversely, tax law (legislation) mandates the types and rates of taxes to be imposed and recommends their corresponding magnitude (Appah, 2019). Tax administration involves assessing data, collecting tax revenue and accounting for collected tax revenue (Mengden, 2023). Previous studies have demonstrated that the tax system influences tax compliance behaviour (Zhang, 2019). Essentially, a good tax system maximises tax revenue and minimizes leakage; therefore, tax authorities depend heavily on its efficacy to achieve optimal revenue collection and combat noncompliance (Pomeranz, 2018).

Different taxes levied on taxpayers, including businesses, such as social security contributions, payroll taxes and tax reporting and commitments, are major drivers of the informal economy (Radulovic, 2018; Medina & Schneider, 2018). High tax burdens affect the profitability of businesses; hence, individuals join the hard-to-tax informal economy (Hoa, 2019) to remain functional and profitable. Gracia-Murillo and Velez-Ospina (2017) dismiss the notion that high taxes influence high informality. Developed countries have higher taxes than developing countries but have relatively larger informal economies (Medina & Schneider, 2018).

Theory of Taxation

Theoretical frameworks have been pivotal in elucidating the factors influencing tax compliance behaviour among taxpayers. These frameworks include the Benefit Theory (BT), Ability-to-Pay Theory (APT), Cost-of-Service Theory (CST), and Sociopolitical Theory (SPT), each offering distinct perspectives on taxation. The BT posits that taxpayers' contributions should correspond to the benefits they receive from government services (George, 2020). According to this theory, individuals who derive greater benefits from government activities are expected to contribute more to taxes. However, this principle may disproportionately burden marginalised and economically disadvantaged groups, who may benefit more from public services yet have limited capacity to contribute (Capelle & Liu, 2023).

In contrast, the APT advocates for tax equity based on individuals' financial capacity, suggesting that those with higher wealth should pay more taxes, thereby aligning tax obligations with one's economic capability (Crouzet & Mehrotra, 2020). This theory emphasises progressive taxation as a means to ensure that wealthier individuals bear a greater share of the tax burden, thus promoting fairness (Chauke, 2023). The CST contends that taxpayers should directly finance the services and benefits they receive from the government, rejecting the notion of free public services (Appah & Ebiringa, 2012). This theory underscores a transactional view of taxation, where the state provides services in exchange for payment, supporting the argument that fairness entails a reciprocal relationship between the government and its citizens (Bala, Enock, & Yakubu, 2021).

Finally, SPT asserts that tax policy should be driven by social and political objectives, considering the broader economic and societal

context rather than individual circumstances (Akapelwa & Mwange, 2023). This approach promotes a tax system designed to address social equity and income distribution, with the ultimate goal of fostering wealth and income fairness. Collectively, these theories offer valuable insights into the design and implementation of tax systems, highlighting the multifaceted nature of taxation and its impact on equity and compliance.

Guiding principle of an effective tax system

A sustainable and robust tax system is fundamentally guided by principles, namely equity, certainty, convenience, efficiency, and neutrality (Beer, Griffiths, & Klemm, 2023). The principle of equity asserts that tax liabilities should be distributed in a manner that reflects taxpayers' ability to pay (Smith, 2015). The principle of certainty emphasises the need for taxpayers to clearly understand their tax obligations well in advance, including the timing and amount of their payments.

This requires that tax laws be transparent and accessible, ensuring that taxpayers are well-informed of their rights and responsibilities (Pistone et al., 2019). Simplicity and convenience pertain to the administration of taxes, positing that tax payment processes should be straightforward and accessible to taxpayers, thereby facilitating compliance (ACCA, 2023). According to the OECD (2023), effective tax systems require the incorporation of modern tools such as electronic filing and self-assessment mechanisms to assist tax collectors and streamline processes. Evaluating the effectiveness and efficiency of a tax system involves assessing its productivity and user-friendliness, its impact on economic stability and growth, its redistributive effects, and its influence on resource allocation (Somuah, 2011).

Methodology

This study deploys a descriptive qualitative design, focusing on a comparative analysis of tax systems of selected countries: Seychelles, South Africa, Finland, Denmark, France, Botswana, and Australia. The selection of these countries was strategically informed by their relevance to the study's objectives, considering their economic status, tax system complexity, and governance structures (Australian Government, 2006). South Africa and Seychelles were included due to their status as upper-middle-income economies with stable and rapidly developing the tax

systems, which offer valuable comparative insights into tax structures and anti-avoidance measures. Developed countries such as Denmark, Finland, France, and Australia were selected for their advanced tax systems, high tax-to-GDP ratios, and notable rankings in international indices like the International Competitiveness Index (ICI), GDP, and the Corruption Perceptions Index (CPI) (Strauss et al., 2020). Furthermore, middle income-economies and high-income economies were included to provide a balanced representation of both peer economies and those with contrasting tax models. This selection of countries facilitated a comprehensive examination of tax system gaps and similarities across diverse economic contexts. This approach allowed for meaningful comparative insights that highlight both shared challenges and divergent policy outcomes within similar socio-economic contexts.

Data for the analysis were sourced from reputable secondary sources, including peer-reviewed journal articles, official documents, OECD websites, and the World Bank. The primary datasets utilised were derived from the OECD Revenue Statistics 2023, IMF, and the World Bank, with specific data for Botswana obtained from the Government of Botswana and the OECD. In line with qualitative research principles, data triangulation was employed to enhance the credibility and reliability of the findings (Bowen, 2009:28). This involved cross-checking information from multiple sources, including government reports, academic literature, international tax databases (e.g., OECD, IMF), and expert interviews. Where discrepancies arose, further validation was sought through document analysis and consultation with tax policy experts. This multi-source approach ensured that the interpretations and comparisons presented in this study are grounded in verified and contextually appropriate evidence.

Thematic analysis was employed to interpret the data, focusing on identifying patterns and themes related to the effectiveness of tax systems. Themes emerged from a detailed comparison of key indicators such as tax structures, tax rates, and legislative frameworks, highlighting both commonalities and divergences across the selected countries. This methodological approach yielded a nuanced understanding of the drivers and enhancers of effective tax systems, thus offering a robust foundation for actionable insights and policy recommendations

Findings
Comparison based on key variables (or indicators)

This section provides a broad comparison of the overall tax systems of Botswana and selected industrial countries with which Botswana can be neatly compared. This paper starts by highlighting the history and basic structure of the tax structure.

Rate structure comparison
Although there are several taxes, the comparison of tax systems focuses only on the main tax rates or forms that are found in all the selected countries. The major sources of revenue in the selected countries are PIT, CIT and VAT. This paper excluded SSC because it was not common in countries such as Botswana and Seychelles.

(i)   Personal income taxes (PIT) and rates
Table 1 shows PIT rates across selected countries. Denmark and Austria, with top marginal PIT rates of 55% to 56%, implement highly progressive tax systems aimed at generating significant revenue from high-income brackets. This approach aligns with empirical findings indicating that high PIT rates are effective in income redistribution and funding extensive public services (Slemrod & Bakija, 2008). Conversely, France and South Africa, with upper marginal rates of 45%, exhibit high tax progressivity but less aggressively than Denmark and Austria, supporting Piketty and Saez's (2003) observation that such rates are typical in countries with robust welfare systems.

Finland, while having lower rates than Denmark and Austria, still shows relatively high PIT rates compared to Botswana and Seychelles, which have significantly lower rates at 25% and 15%, respectively. This trend reflects the broader pattern of higher-income countries using more progressive tax systems to strategically balance revenue collection with income redistribution (Atkinson & Piketty, 2010). Botswana's simplified PIT structure with a maximum rate of 25% aligns with its developmental stage and focus on fostering economic growth (Tanzi, 2000). The lower rates in Botswana and Seychelles are consistent with studies indicating that developing nations often adopt simpler tax structures to reduce administrative burdens and enhance compliance (Bird & Zolt, 2005). This analysis underscores how tax policies are shaped by a country's economic development, fiscal needs, and social objectives, aligning with

existing literature on the relationship between tax policy design and economic outcomes.

(i)   Corporate income taxes (CIT)

CIT is a tax levied on the company's profits.

Table 2 provides a comparative analysis of corporate income tax (CIT) rates across seven countries: Austria, Botswana, Denmark, France, Finland, Seychelles, and South Africa, ranging from 20% to 30%. With the highest Corporate Income Tax (CIT) rate at 30%, followed closely by South Africa's 28%, Seychelles imposes a relatively high tax burden compared to other nations. Conversely, Finland and France have lower CIT rates of 20%, while Botswana and Austria each maintain a rate of 25%. Denmark reports the lowest CIT rate at 22%, reflecting a distinct taxation strategy. Notably, France's significant CIT rate reduction by 8.4% from the previous year diverges from the stability trend in other countries' CIT rates for 2023, highlighting a periodic adjustment in response to economic conditions and fiscal policies.

Empirical literature supports these findings by demonstrating the impact of CIT rates on economic performance and investment. Higher CIT rates, as in Seychelles and South Africa, may deter investment (Devereux & Griffith, 2003), whereas lower rates, as in Finland and Denmark, are often used to enhance competitiveness (Haufler & Schjelderup, 2000). Botswana's moderate rate reflects a strategy that balances investment attraction with necessary revenue generation, consistent with Klemm and Van Parys (2009). France's CIT rate reduction aligns with the broader trend of periodic tax adjustments to stimulate economic activity or address fiscal pressures (Pomerleau, 2016). This analysis underscores the diverse national tax policies and strategic objectives shaping CIT rates across these countries.

Table 1: PIT brackets in selected countries

Country	Rate	Threshold
France	0%	Up to EUR11 294
	11%	Over EUR11 294 up to EUR28 797
	30%	Over EUR 28,797 up to 82,341
	41%	Over EUR 82,341 up to 177,106
	45%	Over EUR 177,106
Seychelles	0%	SCR8 555.50
	15%	Over SCR 8 555.50 up to SCR10 000
	20%	Over SCR10 000 up to SCR83 333
	30%	Over SCR83 333
Botswana	0%	Up to P36 000
	5%	Over 36 001 up to P72 000
	12.5%	Over P72 001 up to P108 000
	18.75%	Over P108 001 up to P144 000
	25%	Over P144 001
Finland	12.64%	up to EUR 20,500
	19.0%	Over EUR20 500 up to EUR30 500
	30.25%	Over EUR 30,500 up to 50,400
	34.0%	Over EUR 50,400 up to 88,200
	42.0%	Over EUR 88,200 up to 150,000
	44%	Over EUR 150,000
Denmark	0-56%	
South Africa	18%	Up to R237 100
	26%	Over R237 100 up to R370 500
	31%	Over R370 500 up to R512 800
	36%	Over R512 800 up to R673 000
	39%	Over R673 000 up to R857 900
	41%	Over R857 900 up to R1 817 000
	45%	Over R1 817 000
	5%	up to P84 000
	12.5%	Over P84 000 up to P120 000
	18.75%	Over P120 000 up to P156 000
	25%	Over P156 000
Austria	0%	up to EUR 12,465
	20%	EUR 12,465 to 20,397
	30%	EUR 20,397 to 34,192
	40%	EUR 34,192 to 66,178
	48%	EUR 66,178 to 99,266
	50%	EUR 99,266 to 1,000,000
	55%	over EUR 1,000,000

Source: Authors' compilation (2024)

Table 2: CIT rates in selected countries

Country	ranking	Rate for 2024	Rate for 2023	Low or High CIT rate
Austria	2	25%	25%	moderate
Botswana	2	25%	25%	moderate
Denmark	3	22%	22%	lowest
France	4	20%	28.4%	moderate
Finland	4	20%	20%	moderate
Seychelles	1	30%	30%	High
South Africa	2	28%	28%	High

Source: Authors' compilation (2024)

(ii)   VAT

A comparative analysis of standard VAT rates across seven selected countries, as shown in Table 3, reveals a range from 14% to 25%. Denmark and Finland have the highest standard VAT rates, at 25% and 24%, respectively, indicating their relatively high tax burdens on consumption. In contrast, Austria and France maintain a standard VAT rate of 20%, while South Africa and Seychelles both apply a rate of 15%.

Table 3: VAT rates for selected countries

Country	Ranking	Rates for 2024	Rates for 2023	Minimum registration threshold
Austria	3	20%	20%	No minimum threshold
Botswana	4	14%	up to 31 March 2023	P500 000 (voluntary) P1 000 000
Denmark	1	25%	25%	DKK50 000
France	3	20%	20%	EUR35 000
Finland	2	24%	24%	€15 000
Seychelles	5	15%	15%	SR2 000 000
South Africa	5	15%	15%	R50 000 (voluntary) R1 million

Source: Authors' compilation (2024) based on OECD (2023) data.

Botswana has the lowest standard VAT rate among the selected countries at 14%, although this rate has recently increased from 12% as part of a revenue-enhancing strategy following a decline attributed to the COVID-19 pandemic. Notably, Botswana's VAT system includes three rate categories: a standard rate of 14%, zero-rated supplies (0%), and specific exemptions. South Africa also has a dual-rate system, with a standard rate of 15% and zero-rated supplies, while Austria applies reduced rates of 12% and 10% for specific goods like wine and food. Denmark features two VAT rates, 25% and a reduced rate of 0%, while France employs a more complex rate structure with four categories: a

standard rate of 20%, and reduced rates of 10% (for certain food supplies), 5.5% (for water), and 2.1% (for public television and newspapers). This inherent complexity underscores the diverse approaches to VAT implementation and the essential role of reduced rates in meeting varied economic needs. Additionally, there is considerable variation in VAT registration thresholds, with Denmark and France having relatively low thresholds, while Seychelles and South Africa have higher thresholds (OECD, 2023). Botswana's VAT registration threshold is set at P1, 000,000, with an option for registration for those with taxable income between P500,000 and P1,000,000. Austria, uniquely, does not impose a minimum threshold for VAT registration. These variations reflect differing national policies on VAT administration, influenced by economic conditions and fiscal policies, and underscore the broader context of VAT as a crucial component of tax systems globally.

Empirical research supports these findings by highlighting the role of VAT in shaping national tax policies and economic impacts. For instance, studies by Slemrod (2019) emphasise that higher VAT rates, as observed in Denmark and Finland, correlate with higher tax revenues but can also impact consumer spending and economic behaviour (Keen & Smith, 2021). The variation in VAT registration thresholds reflect broader economic strategies: balancing comprehensive tax collection (via lower thresholds in high-income countries) against the protection of small businesses (via higher thresholds in developing countries, which may limit revenue growth) (Hines, 2019). Thus, the comparative VAT rates and thresholds highlight diverse approaches to VAT implementation and their implications for national tax systems, reaffirming the complex relationship between VAT policies and economic outcomes.

Basic structure (mix) of the tax system

Figure 2 illustrates the breakdown of tax revenues into direct taxes such as personal income tax (PIT), corporate income tax (CIT), and other direct taxes and indirect taxes, including value-added tax (VAT). In 2023, income taxes, particularly PIT, constitute the largest component of tax revenues in France, Australia, Denmark, and South Africa, though their overall contribution varies, with France and Seychelles reporting lower shares (21% and 13.52%, respectively). Conversely, PIT contributes

significantly to total tax revenues in Denmark, Australia, South Africa, and Finland, at 52.8%, 39%, 34.55%, and 29.8%, respectively.

Table 4 Average tax structure of the selected SADC and OECD countries

		Australia	Botswana	Denmark	Finland	France	Seychelles	South Africa
Tax revenue as % of total revenue	PIT	39	0.0	52.8	29.8	21.0	13.52	34.55
	CIT	22.5	0.0	8.3	6.3	5.6	19.28	15.24
	SSC	0.0	0.0	0.1	27.9	32.8	2.91	1.35
	PT	10.9	0.3	3.9	3.5	8.5	1.70	5.80
	VAT	11.1	31.15	20.1	21.7	16.4	34.92	22.91
	OCT	12.2	3.81	8.8	10.7	10.7	27.69	16.76
	Other	4.3	64.75	5.8	0.1	5.0	0.00	3.39

Note: PIT= Personal income taxes, CIT=Corporate income taxes, SSC=Social security contribution, VAT=Value added taxes, OCT=Other consumption taxes.

Source: OECD (2023)

Notably, data for Botswana's PIT contribution were not available from the OECD (2023). Property taxes (PT) contribute between 0.3% and 10.9% of total tax revenues across the selected countries, with the highest shares in Denmark, France, and South Africa (10.9%, 8.5%, and 5.8%, respectively), while Botswana's contribution is markedly low at 0.3%. CIT contributions to total revenue are also varied: Australia reports 22.5%, Seychelles 19.28%, South Africa 15.24%, Denmark 8.3%, and Finland and France 6.3% and 5.6%, respectively, with Botswana not meeting the criteria for CIT computation according to OECD data. Social security contributions (SSC) show significant disparities, with France at 32.8%, Finland at 27.9%, and Seychelles at 2.91%, while Denmark and South Africa report much lower contributions (0.1% and 1.35%, respectively), and Australia and Botswana do not levy SSC. The share of other taxes ranges dramatically, from 0.1% to 64.75%, with Botswana having the highest share at 64.75% and Finland the lowest at 0.1%, though data for Seychelles were incomplete. VAT is a notable revenue source, contributing 30% in Botswana and Seychelles, compared to less than 27.5% in Austria, with Austria and Seychelles being major utilisers of VAT. Denmark and Finland also report substantial VAT contributions, above 20%, while Australia's VAT contribution is less than 11.1%. Other consumption taxes range from 3.8% to 27.69%, with Seychelles, South Africa, and Australia having higher shares (27.69%, 16.76%, and 12.2%, respectively), and Botswana reporting the lowest share at 3.81%.

Tax-to-GDP ratios

This ratio is crucial for evaluating a country's capacity to sustain its expenditures through tax revenues and to finance sustainable economic development (Ndlovu, 2020; OECD, 2023; Karavelic et al., 2021). A higher tax-to-GDP ratio generally signifies more robust tax collection, potentially reflecting greater governmental capacity to fund development without unduly burdening taxpayers (Okunogbe & Santoro, 2023).

Table 5: Taxes as a share of GDP for selected countries

Country	Tax-to-GDP ratio
Austria	42.44%
Botswana	12.1%
Denmark	46.3%
France	45.4%
Finland	42.19%
Seychelles	32.4%
South Africa	29.1%

Source: Authors' compilation (2024) based on OECD (2023) data

Table 5 details the tax-to-GDP ratios for Austria, Botswana, Denmark, Finland, France, South Africa, and Seychelles, using the latest 2022 data from OECD databases. The analysis reveals that Austria, Denmark, France, and Finland have high tax-to-GDP ratios exceeding 40%, with Denmark leading at 46.3%, followed by France, Finland, and Austria with ratios ranging from 42% to 45.4%. In contrast, Botswana and South Africa exhibit lower tax-to-GDP ratios, at 12.1% and 29.1%, respectively, with Botswana's ratio significantly below the average of 15% observed in Africa (UNU-WIDER Government Revenue Dataset, 2021). This stark disparity highlights Botswana's considerable challenge in achieving its Vision 2036 goal of becoming a high-income nation. According to Bird (2008), developed countries typically have a tax-to-GDP ratio between 25% and 30%, emphasising Botswana's relatively low performance in this metric. Botswana's low ratio suggests systemic flaws in tax revenue collection, possibly due to limited capacity or significant challenges in addressing tax noncompliance. This is consistent with findings by Karavelic et al. (2021), which indicate that developed nations typically exhibit higher tax-to-GDP ratios compared to their developing counterparts.

Discussion

This study elucidates the pivotal role of tax system structure in augmenting tax revenue, a finding corroborated by Minh Ha, Tan Minh, and Binh (2022). It is well-documented that tax rates serve as critical determinants of tax compliance, with elevated rates potentially incentivising tax evasion or income underreporting. However, our analysis challenges this conventional wisdom. Despite imposing higher Personal Income Tax (PIT) rates of 55% to 56%, high-income nations such as Denmark and Finland exhibit superior compliance rates compared to Botswana, which levies a considerably lower PIT rate of 25%. This observation implies that the influence of tax rates on taxpayer behaviour is nuanced and varies across different economic contexts.

The analysis further demonstrates that while there are commonalities in tax structures among the countries studied, significant discrepancies arise due to varying stages of economic development, tax administration practices, and historical and economic contexts. Specifically, Global North countries predominantly rely on PIT and Social Security Contributions (SSC) for revenue, whereas Global South nations tend to rely more heavily on VAT, CIT, and PIT. This variance highlights the multifaceted factors influencing tax structure and revenue composition.

In other words, Botswana's tax system exhibits considerable alignment with the mature tax systems of Denmark, Finland, and France. Nonetheless, significant divergences, particularly in tax ratios, underscore the necessity for comprehensive tax reforms in Botswana. These reforms should aim to bolster revenue generation and modernise the tax system to foster inclusive and sustainable development. Although Botswana's tax structure heavily relied on indirect tax, based on the findings, Botswana's tax structure depicts a mature tax framework. This means that the government of Botswana should continue prioritising transformative changes in tax administration to enhance revenue collection and mitigate noncompliance.

Conclusion and recommendations

This study elucidates the pronounced disparities in the tax systems of Botswana, Denmark, Australia, South Africa, Seychelles, Finland, and France, revealing that these differences are largely attributable to factors such as geographical location, tax policy frameworks, economic development levels, administrative practices, and reform initiatives.

Botswana's revenue structure is significantly generated from indirect taxes, a sharp contrast to the predominant reliance on income and corporate taxes observed in selected OECD countries.

To address these imbalances and further its economic development agenda, Botswana's Botswana Unified Revenue Service (BURS) should consider a comprehensive redesign of its tax system, incorporating the "revenue-maximising and tax base-broadening model" proposed by Ndlovu (2020). This model emphasises expanding the tax base and optimising revenue collection, which is critical for Botswana's goal of achieving high-income status as outlined in the Vision 2036 framework (The Vision 2036 Presidential Task Team, 2016). Furthermore, Botswana should enforce enforcement both punitive and non-sanction measures to improve compliance level on direct tax heads to increase her tax-to-GDP ratios.

To facilitate this transition, Botswana should bolster its tax enforcement strategies, integrate advanced digital tools into its tax administration processes, and cultivate voluntary tax compliance through effective taxpayer education and streamlined procedures. Additionally, the implementation of robust anti-evasion policies is essential to mitigate tax fraud and other forms of noncompliance, thereby enhancing the overall efficacy and fairness of the tax system.

The study presents several limitations. The conclusion of this research was based on document analysis, and as such, results cannot be validated. Furthermore, while the results of this study were derived from secondary sources, more objective findings could have been reached using sequential exploratory methods.

The views expressed in this paper are those of the authors. The authors are responsible for this article's results and consent.

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