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Review Article

Deferred Until Distribution: Assessing the Viability of the Distributed Profit Tax Model for Corporate Taxation in Sub-Saharan Africa

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Abstract

Sub-Saharan African corporate income tax systems collect revenue well below their statutory potential, constrained by a narrow formal-sector base, extensive informality, and limited transfer-pricing enforcement capacity. A small number of jurisdictions, Estonia, Georgia, Latvia, and Moldova among them, have addressed a related but distinct problem by taxing corporate profit only at the point of distribution rather than annually, a design known as the distributed profit tax (DPT). The paper examines whether DPT could function as a viable replacement for conventional corporate income tax across Sub-Saharan Africa. It sets out the theoretical case for DPT as a tax on economic rent, surveys its adoption and design variation across the four jurisdictions above, and maps the structural features of Sub-Saharan African CIT regimes that any replacement would have to accommodate. A comparative analysis then weighs DPT's investment-incentive and administrative benefits against its revenue-timing risk and its dependence on anti-avoidance capacity that most Sub-Saharan African administrations have not yet built. The paper concludes that wholesale replacement is not currently defensible, but that a staged, segment-limited adoption, beginning with small and medium enterprises and expanding only as administrative capacity develops, offers a more realistic path, and one that could replace part of the region's existing, discretionary tax-holiday apparatus with a more transparent, rule-based alternative.

Keywords: Distributed Profit Tax, Corporate Income Tax, Sub-Saharan Africa, Tax Administration, Estonia, Georgia, Latvia, Moldova

1. Introduction

Sub-Saharan African tax administrations have spent two decades chasing revenue targets that domestic resource mobilisation strategies keep resetting upward. Corporate income tax remains one of the least productive instruments in that effort. Statutory rates across the region cluster between 25% and 35%, yet actual CIT collection remains modest relative to GDP, a gap that outpaces comparable shortfalls in personal income tax or VAT (OECD/AUC/ATAF, 2025). Part of the explanation lies in base erosion through transfer mispricing by multinational affiliates. Part of it lies in the narrowness of the formal corporate sector itself, where informality absorbs most of the economic activity and leaves revenue authorities with a small, heavily audited pool of large taxpayers carrying most of the burden.

A small but growing set of jurisdictions has moved away from taxing corporate profit at the point it is earned and toward taxing it only at the point it leaves the firm. Estonia pioneered the design in 2000. Georgia adopted a close variant in 2017, applying it economy-wide except to banks, insurers, and a handful of other regulated sectors carved out at the start. Latvia followed in 2018, and Moldova has run two separate experiments with the model: an economy-wide pilot between 2008 and 2011, and a narrower reinvestment regime for small and medium enterprises currently in force. Ukraine has studied the design without adopting it. The recurring label for this family of reforms is distributed profit tax (DPT): a system that taxes the distribution event rather than the accounting period.

A tax that falls only on distribution would, in principle, reward reinvestment in exactly the firms Sub-Saharan African governments most want to grow: manufacturers building capacity, agribusinesses expanding output, service firms hiring beyond the informal margin, which explains much of the design’s appeal for a capital-starved region. Masso, Meriküll, and Vahter (2013) found measurable effects on Estonian firm behaviour following the reform, and a recent International Monetary Fund assessment of Estonia's tax system treats the DPT experience as a live reference point for further corporate tax redesign (Bunda & Hanappi, 2025). None of that literature, however, asks whether the model travels. Estonia, Georgia, Latvia, and Moldova built their systems on administrations with far deeper digital filing infrastructure and formal-sector concentration than most of Sub-Saharan Africa can currently claim.

The paper asks whether a distributed profit tax, as designed and operated across its current adopters, could function as a viable replacement for conventional corporate income tax across Sub-Saharan Africa, and if not in full, what a viable partial adoption would require. The argument proceeds in four stages. The next section sets out the DPT model in detail, tracing its mechanics and the rent-tax rationale offered in its defence. The following section maps the structural features of the CIT regimes DPT would have to replace across the region. A comparative section then weighs the two systems against each other on investment incentive, administrative burden, and revenue timing risk. The final analytical section asks what Sub-Saharan African tax administrations would need to have in place before adoption became defensible policy, and whether a hybrid model offers a more realistic path than wholesale replacement.

2. The Distributed Profit Tax Model

2.1 Mechanism

A distributed profit tax removes the annual assessment that defines conventional corporate income tax. Under CIT, a firm calculates taxable income each accounting period by subtracting allowable deductions from gross income, and the resulting liability falls due regardless of what the firm does with its after-tax profit. Under DPT, the firm carries no annual profit-tax liability at all. Retained earnings sit outside the tax base for as long as they remain inside the company. A charge arises only when value leaves the firm in the form of a dividend, a share buyback, a capital reduction, a liquidation payment, or a transaction the tax authority treats as an economic equivalent of distribution.

Every jurisdiction that has adopted DPT has needed a "deemed distribution" schedule to stop the reform from becoming a base-erosion vehicle, and this category of deemed transactions does most of the structural work in practice. Estonia taxes non-business expenses, gifts, donations, and expenses unrelated to business activity as if they were profit distributions, alongside the ordinary 22% charge on genuine dividends (KPMG Baltics, 2026). Georgia's regime treats a comparable set of transactions as deemed distributions, including non-documented expenses, payments to entities in preferential-tax jurisdictions, and interest paid above an annual rate ceiling set by the Ministry of Finance (PwC, 2026a). Without provisions of this kind, a DPT system creates an obvious incentive to disguise distributions as deductible costs, and the credibility of the entire model rests on how tightly the deeming rules are drafted and enforced.

2.2 The theoretical case

The economic argument for DPT draws on an older debate in public finance about how corporate tax timing affects investment decisions. Conventional CIT taxes the normal return to capital alongside any economic rent a firm earns, because both are folded into the same annual profit figure. A tax that falls only on distribution changes that calculus by leaving the normal return untaxed as long as it stays inside the firm, which under the "new view" of dividend taxation (the position that a tax on distributions does not distort the marginal investment decision of a firm financing growth from retained earnings) approximates a tax on rent rather than a tax on the return to capital itself. DPT shares this feature with two other reform families that public finance economists treat as close relatives: the Allowance for Corporate Equity (ACE), which achieves a similar neutrality by granting a notional interest deduction on equity rather than deferring tax on distribution, and the cash-flow corporate tax proposed by the Meade Committee, which achieves it by allowing full expensing of investment against an otherwise conventional tax base (Institute for Fiscal Studies, 1978). All three designs converge on the same target: a corporate tax base that falls on economic rent and leaves the ordinary return to investment untouched.

A firm reinvesting its profit pays no tax on that profit today, and the government's claim on it is deferred rather than forgiven, since the charge is triggered whenever a future distribution occurs. Deferral, not exemption, is what drives the effect, and it compounds in a way similar to full expensing: the firm effectively earns a return on capital that would otherwise have been paid out in tax, which lowers its cost of capital for internally financed investment relative to a conventional CIT system charging tax on profit in the year it arises, whether or not that profit is reinvested.

Hazak (2008) captures the same intuition in more concrete terms specific to DPT, modelling the design as analytically equivalent to the state extending companies an interest-free loan: the government forgoes revenue in the period profit is earned and receives, in effect, a deferred claim that only crystallises once the company distributes. That framing clarifies what the reform actually transfers to firms: not a tax exemption, but the time value of a deferred liability, compounding in the firm's favour for as long as retention continues. Kantšukov and Sander (2018) extend the logic to firm valuation, showing theoretically that the fundamental equity value of a company should be higher under a distributed profit system than under a traditional profit tax system, all else equal, since the deferred liability functions as a standing subsidy to the firm's cost of capital.

2.3 What DPT does not resolve

The rent-taxation argument for DPT applies specifically to investment financed from retained earnings. It says less about investment financed through new equity issuance or debt, and it does nothing to correct the debt-equity bias that most conventional CIT systems carry through interest deductibility: a firm can still deduct interest paid on borrowed capital under

DPT, while equity returns are only ever taxed on distribution, so the relative tax treatment of debt and equity is not equalised by the reform on its own. That bias is not a minor technicality in the developing-country context this paper is concerned with. Abramovsky, Klemm, and Phillips (2014), examining corporate tax structures across a broad panel of developing economies, found a strong tax advantage of debt finance over equity finance that becomes more pronounced in high-inflation environments, a condition considerably more common in Sub-Saharan Africa than in the Baltic states. DPT does not disturb that advantage, and a region already prone to inflation volatility would carry the distortion forward largely unchanged. DPT also does not address international profit shifting through mechanisms other than distribution timing; a multinational group can still relocate taxable profit to a low-tax jurisdiction through transfer pricing before the domestic distribution question ever arises, which is precisely why deeming provisions have become as central to DPT design as the deferral mechanism itself.

3. The Conventional Corporate Income Tax Regime in Sub-Saharan Africa

3.1 Statutory design

Most Sub-Saharan African countries tax corporate profit at rates that cluster tightly around 30%. Kenya, Nigeria, and Ethiopia all anchor their systems at that benchmark, and statutory rates elsewhere in the region mostly fall within the 25–35% band. Statutory rates of that size sit above the OECD average and closer to the top end of global emerging-market norms, which is one reason CIT reform in the region has historically focused on rate competition and investment incentives rather than base redesign.

3.2 Revenue performance and structural dependence

Revenue performance has not tracked the rate level, however. The average tax-to-GDP ratio across African countries rose for a third consecutive year in 2023, reaching 16.1%, still well below the averages recorded in Asia, Latin America, and OECD countries (OECD/AUC/ATAF, 2025). Within that total, taxes on goods and services remained the largest single source of tax revenue in Africa, accounting for just over half of total tax revenue in 2023 at 51.2%, with VAT alone contributing roughly a quarter at 26.6%, while taxes on income and profits made up 40% of total tax revenue, split between 16.5% from personal income tax and 21.4% from corporate income tax and related categories (OECD/AUC/ATAF, 2025). Trade taxes still carried real weight in the mix as well, at an estimated 13.3% of total tax revenue across a sample of 28 African countries in 2021 (OECD/AUC/ATAF, 2025), a dependence that most high-income tax systems abandoned decades ago.

Africa's economies carry a large informal sector, with an estimated one-third of economic output generated informally and more than 80% of workers in the average African country engaged in informal employment (OECD/AUC/ATAF, 2025), and the revenue structure above reflects a deliberate administrative response to that reality. Tax administrations have adapted to it by leaning on instruments that do not require a firm to self-assess annual profit at all: withholding taxes and presumptive taxes have become common tools for reaching informal economic activity. Formal-sector CIT, by contrast, ends up concentrated on a comparatively small pool of large, already-compliant taxpayers who carry a disproportionate share of the assessed liability, while a much larger population of informal and semi-formal enterprises sits mostly outside the annual profit-tax net altogether. That concentration has produced its own puzzle in the literature: Keen (2010), examining revenue trends across Sub-Saharan Africa between 1980 and 2005, found that corporate tax revenues generally held up even as statutory rates fell and evidence of base-narrowing accumulated, a pattern he described as difficult to explain fully, and one that suggests the region's formal-sector CIT base, though narrow, has been more resilient in aggregate than the rate cuts alone would predict. That resilience does not resolve the structural weaknesses this section identifies, but it is a reminder that the revenue effects of any reform to the base, DPT included, are harder to forecast in Sub-Saharan Africa than the theory alone suggests.

3.3 Structural weaknesses

These weaknesses matter directly for any comparison with DPT. The CIT base itself is narrow by construction: high statutory rates apply nominally across the economy but fall in practice on a concentrated large-taxpayer segment, since informal firms rarely file annual profit computations and small formal firms are frequently routed into presumptive regimes instead. That concentration also creates volatility, because a substantial share of revenue in several countries derives from extractive industries specifically flagged in national revenue classifications (OECD/AUC/ATAF, 2025), tying corporate tax performance to commodity price cycles rather than broad-based economic activity. And the compliance infrastructure most Sub-Saharan African revenue authorities have built is oriented around auditing a small number of large filers and collecting withholding taxes at source, not around the kind of real-time distribution monitoring and related-party transaction surveillance that deeming provisions under a DPT system would require to function without becoming a base-erosion channel.

4. Comparative Analysis: DPT Against the Sub-Saharan African Baseline

4.1 Investment incentive effects

The evidence for DPT's investment effect comes from more than one adopter, and it points the same direction in each case. Firm-level analysis of the earliest DPT reform found increased liquid asset holdings and reduced reliance on debt financing among affected firms, consistent with businesses substituting untaxed retained profit for borrowed capital (Masso, Meriküll, & Vahter, 2013). Macroeconomic estimates of the same reform found a positive effect on steady-state output and consumption (Masso & Meriküll, 2011). Georgia's version of the model produces a comparable effect by design: a company retaining its full profit for reinvestment carries no tax liability at all, and only the portion withdrawn as a dividend is taxed at the point of withdrawal (PwC, 2026a). Moldova's narrower SME variant, running since 2023, reports similar uptake, with more than 7,000 companies reported to have used the reinvestment deferral by late 2025 (Moldpres, 2025).

Hazak's (2009) firm-level analysis of roughly 26,000 Estonian companies observed between 1995 and 2004 found that the reform reduced dividend payouts, increased profit retention, and lowered firms' reliance on external financing, consistent with the liquidity effect the theoretical literature predicts. But the same study found that a meaningful share of the retained profit was held as surplus cash rather than channelled into long-term productive assets, concluding that the reform supported firm liquidity and balance-sheet resilience while leaving the efficiency of the resulting capital allocation genuinely in doubt. Staehr (2014), reviewing the reform's first fourteen years against developments in Latvia and Lithuania, reached a similarly qualified verdict: firm-level liquidity improved and debt financing fell, with some evidence of higher investment and productivity at that level, but Estonia's corporate tax revenue as a share of GDP remained persistently low even through the pre-crisis boom years, and the reform produced no clearly identifiable effect on aggregate labour productivity or GDP growth. Staehr's conclusion was that the switch to distributed profit taxation had not, on the macroeconomic evidence available, improved Estonia's overall economic performance despite the easing of financing conditions it delivered at firm level.

Whether even the qualified, firm-level version of that effect would repeat at the scale needed to matter in Sub-Saharan Africa is a separate question from whether the mechanism works. All examples surveyed here come from economies where the firms best positioned to benefit (capital-intensive, already-formal, already-banked businesses) sit closer to the median firm than they do in Sub-Saharan Africa, where that same profile describes a narrow elite layer above a much larger informal base. A tax cut aimed at that layer is a tax cut for firms already inside the formal net, and it does nothing for the base-width problem identified in Section 3. The Hazak and Staehr findings raise a further concern specific to the region: if a reform can produce cash-hoarding rather than productive investment even in an economy with Estonia's depth of capital markets and investment opportunities, the risk is plausibly larger where formal firms face thinner domestic capital markets and a narrower set of bankable investment opportunities to redeploy retained cash into, conditions that describe much of Sub-Saharan Africa's formal sector more than they describe the Baltic states.

4.2 Administrative burden

DPT removes several compliance obligations that conventional CIT carries: annual computation of taxable profit, the deduction schedule that computation requires, and the loss-carryforward tracking that follows from it, since a firm that never turns a distributable profit never triggers a filing event. For a revenue authority stretched thin on audit capacity, that is a genuine simplification on the annual-assessment side of the ledger.

That saving comes with an offsetting cost, however. A DPT regime is only as sound as its deemed-distribution rules, and building those rules well requires exactly the administrative sophistication Section 3 found Sub-Saharan African tax authorities generally lack: real-time or near-real-time visibility into related-party transactions, benchmarked interest rates to catch disguised distributions through excessive debt service, and the capacity to distinguish a genuine reinvestment from a distribution dressed up as a deductible cost. Every adopter examined here needed a detailed deeming schedule to prevent the reform from becoming a base-erosion vehicle, whether through non-business expense rules, gift and fringe-benefit provisions, or interest-rate benchmarks for related-party loans. Sub-Saharan African administrations built their compliance architecture around auditing a concentrated set of large filers and collecting withholding tax at source, a different skill set from the continuous distribution-monitoring DPT assumes, and one that would need to be built rather than repurposed.

4.3 Revenue timing risk

Moldova supplies the clearest evidence of this risk. Its Ministry of Finance proposed in 2026 to expand the country's reinvestment deferral from small and medium enterprises to all companies economy-wide, styled as part of a broader fiscal policy package, and the economy-wide expansion for large companies was delayed within weeks, and reporting on the episode linked the retreat directly to Moldova's budget deficit and to conditions attached to its IMF programme requiring new revenue to be identified before other fiscal commitments, including planned public-sector wage increases, could proceed (Smith, 2026). A government already under fiscal pressure found that widening the deferral was a harder commitment to sustain than narrowing it to a protected SME segment where the revenue cost was smaller and easier to forecast.

Even after adopting the model in 2018, Latvia introduced a 20% annual surcharge on credit institutions and consumer credit providers from 2024, charged on the prior year's financial results regardless of whether profit was distributed (PwC, 2026b), a related pattern and an implicit acknowledgment that leaving an entire sector's tax liability contingent on a distribution decision created more revenue uncertainty than the government was willing to carry for that segment specifically. Estonia's own experience adds a further data point: the government raised its distribution tax rate from 20% to 22% in 2025 and introduced an additional levy on distributed profits from 2026, with IMF staff attributing part of the pressure to a revenue base less diversified than comparator countries (Bunda & Hanappi, 2025).

For Sub-Saharan Africa, the lesson these cases point to is not that DPT inevitably fails on revenue, but that every adopter examined here has needed some form of carve-out, surcharge, or scope limitation to keep the deferral's revenue cost within what the state could tolerate. None has run the model economy-wide with zero protective adjustment. A region already collecting CIT from a narrow, already-strained taxpayer base has less room than any of these adopting governments had to absorb the deferral before building in equivalent protections.

4.4 Interaction with existing base-erosion exposure

Multinational subsidiaries operating in Sub-Saharan Africa are a well-documented channel for profit shifting through transfer mispricing under conventional CIT, and DPT does nothing to close that channel; it runs in parallel to it, since a firm can still relocate taxable profit offshore through related-party pricing before the domestic distribution question ever arises. DPT's dependence on deeming rules therefore intersects poorly with a weakness these tax systems already carry: layering deemed-distribution rules on top of transfer-pricing rules that are already inconsistently enforced does not necessarily strengthen protection against value extraction; it multiplies the number of anti-avoidance provisions an under-resourced administration must police at once.

4.5 Net comparative picture

DPT's investment incentive and administrative-simplification benefits accrue to a narrow segment of already-formal, capital-intensive taxpayers, largely bypassing the informal economy that constitutes Sub-Saharan Africa's deeper revenue problem, while its costs (revenue deferral risk, the need for sophisticated deeming and anti-avoidance capacity, and continued exposure to international profit shifting) land hardest on administrations with the least capacity to absorb them. The trade-off resolves unevenly, in other words, and the case for DPT in Sub-Saharan Africa, on this analysis, is stronger as a targeted instrument than as a wholesale CIT replacement, a distinction the next section develops directly.

5. Viability Assessment for Sub-Saharan African Tax Administrations

5.1 What adoption would require

A tax administration considering DPT would need, at minimum, four capabilities already in place before the reform could function without becoming a revenue or enforcement liability, a specific set of preconditions rather than a blanket yes-or-no answer. It would need reliable, largely digital tracking of corporate distribution events, since a system built around taxing dividends and deemed distributions is only as strong as the authority's ability to see when they occur. It would need a related-party transaction monitoring regime sophisticated enough to police the deeming rules that every adopter examined in Section 4 found necessary. It would need a revenue base diversified enough to absorb a multi-year deferral of CIT receipts from the formal sector without destabilising the budget, given that Moldova's own government retreated from full adoption specifically because it lacked that buffer. And it would need transfer-pricing enforcement capacity at least at parity with what conventional CIT already demands, since DPT adds a second anti-avoidance regime rather than replacing the first.

Measured against these four conditions, most Sub-Saharan African tax administrations are not there yet. Section 3 established a compliance architecture built around large-taxpayer audit and source withholding rather than continuous transaction monitoring. Section 4 established that CIT revenue in the region is already concentrated and comparatively fragile, with less capacity to absorb deferral than any of the adopting governments examined had. Neither of these is a permanent condition, and both are addressable through investment in digital filing infrastructure and transfer-pricing capacity that several Sub-Saharan African revenue authorities are already pursuing for reasons unrelated to DPT. But they describe the present state accurately, and a reform premised on capabilities the region has not yet built is a reform premised on the wrong starting point.

5.2 Wholesale replacement versus a targeted instrument

The region already runs one of the heaviest concentrations of profit-based investment incentives in the developing world, so Sub-Saharan Africa is not approaching this question from a blank slate: tax holidays, reduced sectoral CIT rates, and investment allowances appear across nearly every Sub-Saharan African jurisdiction (Institute for Fiscal Studies, 2025; OECD, 2022). That existing apparatus is also its own cautionary tale. Analysis of these incentive regimes has found them complex, opaque, and difficult to administer, frequently granted through discretionary approval processes that create room for inconsistent treatment and rent-seeking, with limited evidence that the revenue foregone is matched by additional investment that would not have happened anyway (Institute for Fiscal Studies, 2025).

DPT's core mechanism is a general rule: reinvested profit goes untaxed until distributed, with no ministerial discretion, no sector-specific carve-out, and no case-by-case approval. That design is in some respects a cleaner instrument than what much of the region already runs, and it argues for treating DPT less as a replacement for conventional CIT and more as a candidate to replace the discretionary tax-holiday apparatus Sub-Saharan African governments already use for the same stated purpose of encouraging reinvestment. A rule-based deferral available to any qualifying firm, rather than a negotiated exemption available to whichever firm secures ministerial sign-off, would address the same investment objective through a mechanism that is harder to manipulate and easier to audit.

5.3 A defensible path forward

The evidence assembled across this paper does not support wholesale CIT replacement anywhere in Sub-Saharan Africa in the near term. It does support a narrower, staged approach, and the precedent for staging this kind of reform already exists in the DPT-adopting countries themselves: Moldova ran its current model as an SME-only regime for several years before even proposing an economy-wide expansion, and pulled back from that expansion when the fiscal conditions were not right. A Sub-Saharan African administration could adopt a comparable strategy: introduce DPT-style deferral for a defined segment, most plausibly small and medium enterprises where informality pressure is highest and the existing incentive apparatus is thinnest, build the deeming-rule and distribution-monitoring infrastructure the segment requires, and treat expansion to larger taxpayers as a second-stage decision contingent on demonstrated administrative capacity rather than a starting commitment.

That sequencing would let a tax administration test the reform's investment effects against the concentrated revenue risk in a segment where the fiscal exposure is smaller and more forecastable, while replacing part of the discretionary incentive regime that already narrows the effective CIT base without full transparency about its cost. It falls well short of the question the paper's title poses at face value. It is, on the evidence gathered here, the version of that question Sub-Saharan African tax administrations can actually answer yes to.

6. Conclusion and Recommendation

The question this paper set out to answer was whether a distributed profit tax, as adopted across several jurisdictions since 2000, could function as a viable replacement for conventional corporate income tax in Sub-Saharan Africa. The answer the evidence supports is no, not as a wholesale replacement, and not under present administrative conditions. The case for DPT rests on a rent-taxation logic that is sound in theory and has produced measurable investment effects where it has been tried, but the region's central CIT weakness is not primarily an investment-disincentive problem. It is a base-narrowness and administrative-capacity problem, concentrated in a small formal sector sitting alongside a much larger informal economy that DPT does nothing to bring into the tax net. A reform aimed at encouraging reinvestment among firms already inside the formal system addresses a real but secondary constraint while leaving the larger structural weakness untouched. The investment case itself also carries a caveat the paper's evidence base makes explicit: even in Estonia, a portion of the profit DPT induces firms to retain has ended up as idle cash rather than productive investment, and Estonia's own macroeconomic performance following the reform shows no clear productivity or growth dividend to match the firm-level liquidity gains. That caveat does not defeat the case for DPT, but it does mean the reform's benefits cannot be assumed; they depend on firms having genuine investment opportunities to redeploy retained cash into, a condition that is not guaranteed anywhere and is less certain in Sub-Saharan Africa's thinner capital markets than in the jurisdictions examined here.

None of that makes DPT irrelevant to the region, however. Every jurisdiction examined needed deeming rules, sector carve-outs, or scope limitations to keep the model's revenue exposure within tolerable bounds, and Sub-Saharan Africa's own experience with profit-based investment incentives suggests an appetite for exactly the kind of reinvestment relief DPT offers, currently delivered through discretionary tax holidays and negotiated allowances that the literature has found opaque and difficult to administer. A staged, segment-limited adoption offers a more defensible path than either full adoption or outright rejection. It would begin with small and medium enterprises, build the administrative capacity a narrower rollout requires, and expand only as that capacity proves itself. It would let Sub-Saharan African tax administrations replace part of an existing incentive apparatus with a more transparent, rule-based mechanism, without exposing the wider revenue base to the deferral risk a full-economy rollout would carry.

The analysis carries clear limitations. It is a doctrinal and comparative paper, not an empirical one, and its conclusions about revenue and investment effects in Sub-Saharan Africa are inferences from adopter experience elsewhere rather than direct estimates from African data. It treats the region at a general level, without country-specific modelling of how a given administration's existing capacity would interact with a DPT-style reform. Both limitations point toward the natural next step: an empirical study, using panel data from a set of Sub-Saharan African revenue authorities, estimating what a segment-limited DPT adoption would likely cost in near-term revenue and what investment response it might realistically produce, calibrated against the administrative capacity constraints this paper has identified rather than assumed away.

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