**Blues of Trust for Higher Tax Revenues in the Dwarf Countries**



The outbreak of Global Pandemic has unveiled the existing traditional mores in the institutional framework of developing countries. In many Dwarf countries, tax collection system has remained in the grey zones despite the several efforts at the governmental level. Tax revenues have observed far below levels that were needed to provide basic services to citizens to minimize the shocks of COVID-19.

According to the World Bank Report, Governments in developing countries, where look to strengthen tax collection system need to adopt a pragmatic approach to conceal the developed cracks that includes restoration and revival of citizens’ trust.

The collaboration of International Centre for Tax and Development (ICTD), Bill Gates and Melinda Gates Foundation and Global Tax Program (World Bank Group) for the launch of a new book, **“Innovations in Tax Compliance: Building Trust, Navigating Politics, and Tailoring Reforms”** has brought forth a multidimensional aspects of Tax revenues and strategies. It focuses on the prior fact to develop an integrated model for improving tax systems based on three fundamentals: Enforcement, Facilitation and Trust.

Moreover, it highlights the centrality of renovating reform strategies to place greater emphasis on the development and revival of trust, shave off political resistance and jaws of endless exploitation of institutions, and tailor reforms to unique domestic circumstances. By hammering the concept of Raison de Tate through improved tax strategies and enforced facilitation, the world will witness increased trust between taxpayers and tax collectors that eventually can lead to higher rates of compliance and build a foundation of public support for effective taxation that will spread as a geometric fashion.

**Tax apocalypse needs to defeat the shadows in Dwarf states.**



Recent research has highlighted that absence of trust among citizens has proved to be a major barrier in the tax collection. The state’s role as both tax collector and service provider remains an important deterrent for many would-be taxpayers to take step into the formal economy or pay their full taxes and undermines broader political evangelism to initiate tax reforms.

Tax Reforms have transformed the tax structure by leaning heavily towards strengthening tax enforcement and facilitating compliance, with sanctions for citizens and corporations that violate their legal obligation or avoid paying their taxes. Such mechanisms pave the ways for taxpayers to identify their obligations and to adopt the proper channel to strengthen the tax regime.

However, the jaws of exploitation and negligence could not be eradicated despite important successes across the globe. The efforts to establish an accountable, effective, responsive and transparent tax system have shivered to deliver consistently. Taxation of wealthy has failed to speak above the mortal mouth and remained highly ineffective in many Giant as well as Dwarf states. The political adventurism has appeared to be a root cause to establish an effective taxation system that eventually leads to low trust and cooperation, and the difficulties posed by wealth held offshore.

The embryonic states need to adopt feasible, clear-cut paths to achieve trust building in real world. With detailed research on successful models across the world, the reformers and innovators need to focus on implementing successful strategies to local contexts and constraints. In Freetown, Sierra Leone, for example, successful property tax reform followed significant public education programs and new forums for engagement between taxpayers and the city.

Developing states need to reconstruct the tax system to protect people and economies from the further shocks wrought by the pandemic in future. Fiscal pressures are increasing immensely due to record-high levels of debt in lower and middle income countries, rapidly growing global crisis and the need to transition to a green economy. Therefore, states needs to sketch a stable financial system based on developed tax system, monetary awareness, mobilize public trust and raise extra resources to heal the wounded economies.