Aminata Niang July 18th, 2025

Should Côte d'Ivoire introduce a digital service tax?

Taxing the digital economy has proved challenging everywhere. Aminata Niang looks at whether a digital service tax could be the answer for Côte d'Ivoire.

Côte d'Ivoire is becoming a digital economy hub. But the country does not fully benefit from the financial spin-offs of this status. Many of the companies operating in the country escape direct corporate taxation. A Digital Services Tax (DST) can help reclaim fiscal justice and reshape the future of digital taxation in the country.

Côte d'Ivoire is one of West Africa's fastest growing economies. In 2023, the country doubled its GDP per capita to around £1,860. Its poverty rate fell from 55 per cent in 2011 to 37.5 per cent in 2021. The development of the digital economy is a key element of this growth. Despite this rapid and important growth, taxing the digital economy remains a significant challenge in Côte d'Ivoire and beyond.

Many foreign companies operating in Côte d'Ivoire's digital services sector, such as Google (with an estimated 94.79 per cent market share as of June 2025) and Facebook (7 million users, 23.9 per cent of the population), generate significant revenues but contribute very little to the local economy. The social media advertising market alone is projected to be £33.6 million in 2025. But with a tax rate of just 3 per cent, the resulting tax revenue will amount to less than 1per cent of the country's total tax revenues. This raises critical questions related to tax fairness and economic sustainability.

The digital economy and its taxation challenges

The World Bank valued the global digital economy at over £9 trillion in 2013. It is expected to reach £13 trillion by 2028. One notable characteristic of the digital economy is the concentration of power among big corporations with online services dominated by multinationals essentially based in the US (Alphabet, Amazon, Apple, Meta, Microsoft, etc.) and Asia (Alibaba, Tencent, etc.).

So far, digital companies mostly comply with VAT. This indirect tax shifts the tax burden to consumers. To overcome this, several countries around the world have unilaterally introduced DST, a legislative tool that allows for taxing digital companies that operate without a physical presence but generate significant revenue in a given country. For a more coordinated solution, the OECD proposed a two-pillar solution to address tax avoidance and reallocate the profits. It estimates its two pillars to be able to increase global corporate tax revenues by 1.9 per cent to 3.2 per cent. In addition, £70 billion could be raised and reallocated from 78 companies among the top 500 that would qualify under the OECD framework. This shows the potential of the DST and how it could help to capture the real revenue potential within the digital economy.

Côte d'Ivoire and the digital economy

Côte d'Ivoire, a large West African economy with a promising digital hub, presents a compelling case study of this taxation imbalance within the digital economy and the challenges that can be faced when trying to tackle it.

The digital economy has shown significant growth in Côte d'Ivoire over the years. This has mainly been driven by an increase in internet penetration and mobile activity. In 2024, the country had 11 million internet users at the beginning of the year, representing a 38.4 per cent penetration rate. For mobile connectivity, it is more widespread with 44 million mobile connections, which is equivalent to 150 per cent of the population. In terms of economic contribution, the World Bank estimates the contribution of the digital economy to Côte d'Ivoire's GDP to exceed 10 per cent by 2050.

Despite this digital boom, until 2024, there was no clear framework for taxing non-resident digital service providers in Côte d'Ivoire. It is only from April 2024 that foreign providers of digital services are required to pay an 18 per cent VAT on commissions. While the introduction of these VAT measures represents a positive step towards better taxing the digital economy, it remains insufficient. The introduction of a DST would be more efficient in capturing the revenues from international digital companies. Unlike VAT, which is ultimately on consumers, a DST directly targets the revenues of large multinational digital companies. This makes it a more effective tool for Côte d'Ivoire to capture a fairer share of the value generated within its digital market and strengthen fiscal equity.

The challenges of DST

Implementing a DST in Côte d'Ivoire would face several challenges due to legal, economic and administrative hurdles, as well as predictable stakeholder resistance from international digital companies. At the legal level, one important barrier is the lack of well-established laws for the taxation of digital services companies, making it difficult to effectively regulate the sector.

From the administrative perspective, the Ivoirian tax authorities may struggle with enforcement due to limited monitoring tools such as digital transaction reporting systems and data analytics tools. Administrative capacity challenges are common on the continent.

Finally, implementing the DST could lead to trade investigations and retaliatory tariffs from countries such as the US, where most of the digital services companies originate. When France and the UK introduced their DST, this led to tensions with the US.

For a successful implementation of DST in Côte d'Ivoire, the country should prioritise short-term actions focusing on a legal framework, stakeholder engagement, enforcement strategies and human capital investment (including training and capacity building to equip staff with the skills needed for effective tax administration and enforcement). This includes developing a clear and realistic legal framework, engaging actively with all relevant parties (including government, businesses, and civil society), anticipating and managing lobbying pressure, promoting compliance, reinforcing the digital infrastructure and the enforcement capabilities and finally, investing in human capital with well-trained staff.

In the long run, strategies should focus on investing in digital tax capacity-building, implementing policy evaluations and periodic reviews and strengthening regional and international tax cooperation.

Drawing on regional experiences can provide valuable insights for Côte d'Ivoire. Examples from Zimbabwe and Tunisia can offer valuable lessons in designing DST for Côte d'Ivoire. Zimbabwe's threshold-based approach targeting companies with significant revenues and Tunisia's complementary royalty tax alongside VAT demonstrate different effective methods to capture digital service revenues through DST. Understanding these models is essential to elaborate a DST policy that suits the Ivorian economic context and enforcement capacities.

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About the author

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