

# How to Target Enforcement at Scale? Evidence from Tax Audits in Senegal

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## Abstract

Developing economies are characterized by limited compliance with government regulation, such as taxation. Resources for enforcement are scarce and audit cases are often selected in a discretionary manner. We study whether the increasing availability of digitized data help improve audit targeting. Leveraging a field experiment at scale in Senegal, we compare tax audits selected by inspectors to audits selected by a risk-scoring algorithm. We find that inspector-selected audits are more likely to be conducted, to uncover tax evasion and detect a similar amount of evasion as algorithm-selected cases. On the other hand, algorithm-selected audits are faster and require less manpower. Selection on observables cannot explain the lower execution rate of algorithm-selected audits.