

An Evaluation of the Challenges Facing Tra on Revenue Collection in Tanzania: A Case of Kariakoo Tax Region

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Abstract:- World's Entire Government, As Well As Tanzania, Need Financial On Behalf Of Numerous Progress Activities. Revenue Collection Has Above The Years Remained The Foremost Foundation Of Financial For The Governments To Realize Their Expenditure Requirements. The Tanzania Revenue Authority Is The Government Agency With The Authority To Make An Assessment And Collection Of Taxes In Tanzania. For Many Years, The Government Reports Show That, Tanzania Revenue Authority Has Failed Completed The Collection Goals For Domestic Taxes Per Financial Year. This Has Made The Government To Majorly Depend On Financial Transfers Which Is Insufficient To Afford Financing Development Projects. This Article Centred To An Evaluation Of The Challenges Facing Tanzania Revenue Authority (Tra) On Revenue Collection In Tanzania. In This Study, The Most Of The Issues On The Challenges Facing Tra On Revenue Collection Was Addressed And Analyses. In This Regard, The Author Finds That Non-Voluntary Tax Compliance, Tax Assessment Objection, Administrative Inefficiencies, Political Interference, And Corruption Are Amongst The Challenges Facing Tra On Revenue Collection In Tanzania. This Article Contends That In Order To Improve Tax Compliance, The Tanzania Revenue Authority Must Become Conversant With The Laws Controlling Taxes And Uphold Their Basic Principles. The Research Also Recommends That Tax Regulations Be Changed To Make Them Far More User-Friendly For Taxpayers To Encourage Compliance. Establishing The Link Between Culture And Voluntary Tax Compliance Will Likely Require More Study.

Keywords: An Evaluation, Challenges, Tanzania Revenue Authority, Revenue Collection.

I. INTRODUCTION

This Article Is About An Evaluation Of The Challenges Facing Tanzania Revenue Authority On Revenue Collection In Tanzania. Revenue Collection Plays An Important Role In Fiscal Decentralization In Every Country.¹ Thus, Tanzania, Like Other Low-Income

¹Casey, P., & Castro, P. (2012). *Electronic Fiscal Devices, An Empirical Study of Their Impact on Taxpayer Compliance and Administrative Efficiency*. Geneva.: IMF Working Papers.

Countries, Must Intensify Its Tax Revenue Collection. In Tanzania, Revenue Collection Is Assessed And Controlled By Tanzania Revenue Authority, Which Came Into Operation In 1996 After Being Established By Act Of Parliament No. 11 Of 1995.²

Since 1996 To 2023, The Government Of Tanzania Has Comprehended Various Sources And Ways Which Including But Not Limit Enacted Tax Laws And Policies, Introduction Of Vat, A Task Force, And Efd's Machines, For The Intention Of Amassed Revenue Collection In Tanzania. Regardless Of Above Government Efforts, Tra Still Regularly Reports On The Number Of Challenges Leading Failure To Complete The Collection Goals For Domestic Taxes.³ Therefore, This Article Centred To An Evaluation Of The Challenges Facing Tanzania Revenue Authority In Revenue Collection In Tanzania. Specifically, The Article Evaluates Tax Laws And Policies Governing Tanzania Revenue Authority Processes, Practice And The Relationship With Its Essential Values In Rising Revenue Collections And Upholding Tax Compliance.

In This Article, The Most Of Issues On Challenges Facing Tra In Revenue Collection Was Addressed And Analyses. The Data Was Collected From The First Hand Observations, Interviews, Questionnaires And Documents From 2020 To 2023 In Demand To Estimate A Current Tanzania Taxation Model. At The End Of This Article Outbuildings Light On Another Researchers' Evolvement.

Every Nation Including Tanzania Needs Financial For Its National Development Activities. Revenue Collection Has Above The Years Remained The Foremost Foundation Of Fund For The Governments To Realize Their Expenditure Requirements. The Tanzania Revenue Authority Is The Government Agency With The Authority To Control Taxation System In Tanzania.⁴ For Many Years, The Government Reports Show That, Tanzania Revenue Authority (Tra) Has Failure Completed The Revenue Collection Expectation For The Domestic Taxes. This Has Made The Country To Majorly Depend On Financial

² Tanzania revenue authority act, no 11 of 1995 R.E 2019

³Clive, G. (2011). Enhancing Transparency in Tax Administration in Madagascar and Tanzania. *International Journal of Belfer Centre for Science and International Affairs*, 12-15.

⁴ Ibid

Transfers Which Is Insufficient To Afford Financing Development Projects. Therefore, The Article Sought To Make An Evaluation On The Number Of Challenges Leading Tra Failure To Completed Revenue Collection Expectation For The Domestic Revenue Or Taxes.

The Aim Of This Study Is To Evaluate The Challenges Facing Tanzania Revenue Authority (Tra) In Revenue Collection In Tanzania. Recognising These Challenges Will Help To Reform And Improve The Revenue Collection System In Tanzania, At The End The Country To Majorly Autonomous On Financial Transfers Which Is Sufficient To Afford Financing Development Plans.

The General Objective Of The Article Is To Evaluate The Challenges Facing Tra On Revenue Collection In Tanzania While The Specific Objectives Are To Identify The Revenue Collection Legal Framework In Tanzania, Explore The Practice On Revenue Collection In Tanzania, And Recommend Strategies To Control The Challenges On Revenue Collection. This Work Was Expected Useful To The Management Such As Government, Institutions And General Public As Well. Additionally, This Research Is Give Theoretically Knowledge To The Tax Management On Their Responsibilities, The Article Is Deliver Useful Theoretical Knowledge On Motives Behind For Challenges Facing Tanzania Revenue Authority In Revenue Collection, This Article Is Help Tra Officers And Taxpayers To Comprehending The Bad Side Of Corruption And Tax Avoidance, And The Article Findings Is An Advantage To The Other Researchers And General Public As Well.

An Evaluation Of The Challenges Facing Tra In Revenue Collection In Tanzania Is Not A New Phenomenon To Be Researched. There Many Literatures That Have Been Written As Far As An Evaluation Of The Challenges Facing Tra In Revenue Collection Is Concerned. However, Little Have Written On The Aspect Of An Evaluation Of The Challenges Facing Tra In Revenue Collection. Regardless Of The Facts Those Literature Address The Aspect Of An Evaluation Of The Challenges Facing Tra In Revenue Collection, The Methodology Consideration, Case Study, And Limitation For Which They Have Been Written Are Different From What This Article Shall Concentration. This Particular Article Was Involved An Evaluation Of The Challenges Facing Tra In Revenue Collection; A Case Study Of Kariakoo Tax Region.

Further, Several Other Papers Have Examined Different Zone Of Revenue Collection. These Papers Used Dissimilar Approaches And Means, Even If Some Of Which Have Been Accepted By This Article. Nevertheless, These Papers Unsuccessful To Demonstrate Practical Aspect On Revenue Collection And Its Challenges, Which Is The Intention Of This Article. Also, Some Of These Papers Used Descriptive Figures Like Occurrence Delivery To Analyse Data. Nevertheless, Papers Do Not Show The Taxation System And The Connection Between Tanzania Revenue Authority And Taxpayers, Which Is Necessary When One Evaluate The Challenges Facing Tra On Revenue Collection.

Kibuta,⁵ The Author Gave The Reasons For Opposition To The Assessment Some Thought. In Her Argument, She Points Out That The Grounds For Tax Assessment Objections Include Important Issues Like Improper Application Of Laws And Procedures, Delivery Of The Assessment Outside Of The Legal Window, Errors In The Calculation Of The Tax Due, Improper Support For The Assessment, And The Assessment's Omission Of Tax Already Paid In Relation To The Same Liability.

Further, Researcher Point Out That, The Reasons For Objection Can Also Include Technical Points Such As The Tax Assessment Was Not Served Upon The Respondent Properly, The Tax Assessment Is Through On The Wrong Taxpayer Or Wrong Entity. Therefore, According To The Research, All Of Those Are Among The Challenges Facing Tra In Accomplishment Their Responsibility. Her Research Was Creates A Gap From What Will Expecting Address And Analyses From This Research; The Author Was Based On Tax Dispute Resolution On The Point Of Objection To The Tax Assessment.

Germino,⁶ The Person Who Studies Tax Avoidance. He Claimed That One Of The Challenges The Tanzania Revenue Authority Faces In Obtaining Income Is Tax Avoidance. Tanzania Is One Of The Active Regions Where Tax Evasion Has Been Frequently Recorded, It Should Be Added. He Asserts That The Tanzanian Government Has Been Concentrating On Managing And Earning Money From A Variety Of Scarce Resources, Such As Taxes On Fuel, Cigarettes, And Buildings. Exact Research Was Needed To Evaluate The Accountability For Revenue Collection. He Came To The Conclusion That Tax Evasion In Tanzania Was Caused By Corruption's Impact On Tax Revenue Collection And By Staff Ethics' Disparate Impact On Education. The Study Was Carried Out In The Temeke Tax Region, Hereafter There Is A Need To Conduct Study From Kariakoo Tax Region Where It Is Core Of The Business Activities In Tanzania.

II. METHODOLOGY CONSIDERATION

The Article Was Conducted Kariakoo Tax Region, Ilala District, And Dar Es Salaam City In Tanzania. The Tanzania Revenue Authority (Tra) Staff And Taxpayers Were Considered As Part Of Analysis From Which The Sample Was Design. The Study Working Empirical Lawful Evaluation, Doctrinal Legal Method And Proportional Study To Evaluate The Challenges Facing Tra In Revenue Collection In Tanzania. A Methodical Evaluation Approach Was Used To Study The Current Literature Review, And Awareness On The Matter In Order To Realise Current

⁵Kibuta, O, Tax Dispute Resolution, Mkuki na Nyota Publishers Ltd, Dar es Salaam, 2015 p.37 &38.

⁶Germino ,S., 'Assessment of Tax Evasion Practice in Tanzania: The case Temeke Municipal, MSc. PSCM dissertation, Mzumbe University. Tanzania, 2014.

Details.⁷ The Methods Were Joint To Take Visions For Evaluation Of Data Using The Normative Practical Aspect. An Information Of Legal Issues And Contributory Attractiveness Was Arrived At Complete Combined Legal Research Methods.

In Additional On Doctrinal Technique, Empirical Analysis Is Utilized To Determine How The Law Affects Tanzania Revenue Authority And Taxpayers As A Whole. This Technique Assisted In Determining The Impact Of Tax Law As It Is Applied By Tanzania Revenue Authority (Tra) And How It Interacts With Taxpayers’ Fundamental Belief. Field Observations In Kariakoo And In Person Interviews With Taxpayers Were Used To Gather The Empirical Data. An Information Gathered Using An Empirical Technique Was Assessed In Light Of Legislative Provision, And Recommendations And Conclusions Were Made.

III. RESULTS AND DISCUSION

The Article Interviewed 270 Respondents Whereby 30 Respondents Are Tanzania Revenue Authority Staffs, And 240 Are Taxpayers. The Results Got From the Questionnaire, Or Interview Are Shows On The Table As The Following;

Type of Challenge	Number of Respondents	Agreed	Disagreed
Political Pressure	270	75%	25%
Corruption	270	78%	22%
Tax Evasion And Avoidance	270	80%	20%
Lack Of Awareness From Taxpayers	270	20%	80%
Lack Of Skills From Authority	270	75%	25%
Tax Assessment Objection	270	85%	15%
Tax Exemption	270	28%	72%
Lack Of Working Equipment’s	270	40%	60%
Lack Of Motivated Staff	270	35%	65%

Those Result Mean That A Large Part Of The Challenges Facing Tanzania Revenue Authority In Revenue Collection Are Corruption, Skills And Expertise In Some Of The Tax Areas, Tax Assessment Objection, Political Pressure, Tax Avoidance And Evasion. Tax Exemption And Lack Of Awareness From Taxpayers Are Slight Challenges Facing Tra In Revenue Collection.

IV. CONCLUSION AND RECOMMENDATIONS

➤ *Conclusion*

The Results Of This Article Demonstrate How Widely Dispersed The Problems Confronting Tanzania Revenue Authority Revenue Collection In Tanzania Are. The Findings’ Summary Reveals That The Research’s Major And Particular Goals Were Successfully Attained. The Study’s Major Goals Are To Evaluate The Challenges Facing Tanzania Revenue Authority On Revenue Collection In Tanzania Through A Case Study Of The Kariakoo Tax Region. More Specifically, It Wants To Know What Kinds Of Taxes The Kariakoo Tax Region Collects, What Challenges It Encounters On Collecting Taxes, And What Solutions It Has Found. Numerous Issues, Including But Not Limit To Tax Evasion And Lack Of Transparency, Have Had A Significant Negative Impact On Tanzania’s Ability To Collect Taxes. The Fact That There Are Many Instances Of Tax Evasion, There Is A Lack Of Openness, And There Is A High Degree Of Corruption In Tanzania Should Worry The Government And The Tax System.

The Challenges Faced By Tanzania Revenue Authority (Tra) In Tanzanian Revenue Collection Can Be Attributed To A Number Of Factors, Including A Lack Of Employee Motivation, Tax Education, And Tax Payment Sensitization. The Tax Payment Sensitization Is Not The Best Way To Solve The Problems Since Some Individuals Would Still Try To Avoid Paying Taxes Even If They Were Aware Of The Benefits. As A Result, The Fundamental Problem Should Entirely Lie In Just And Comprehensive Tax Legislation. The Three Components, Which Have Their Roots In The Taxation Cannons, Must Be Reflected In A Noble Tax System.

First, Taxation Aims To Raise Revenue For The Public Service Where By The Cost Of Collection And Administration Should Not Exceed 5% Of The Amount Revenue Collected, Second That People Must Pay According To Their Ability And The Last Tax Should Not Be Discriminatory In Any Aspect, Where All Taxpayers Bear A Proportionally Equal Burden In Taxes.⁸ The Strong Means To Advance Revenue Collection In Tanzania Is To Bring Accountability And Transparency Of Public Funds, Heavy Punishment, Sufficiency Of Taxation System And The Quality Of Service In Return For Taxes.

Lastly, Record For Taxpayers Or Tax Management At Wholly Stages Of Rule Would Be Punctually Onscreen To Safeguard That The Scheme Of Statistics Storing Processing And Recovery Is Well-Organized.⁹

⁷Francis, M. (2018). *Tax Dispute Settlement Procedures in Tanzania* - GRIN" at <https://www.grin.com/document/438898>, (accessed 26/9/2018)

⁸Simon, O., Equality before the law; presidential tax liabilities; effects of exemptions on voluntarily compliance, LLM Dissertation, The Open University of Tanzania, Dar es salaam, 2016.

⁹Rup, K., *The East African Tax System*, Mkuki na Nyota Publishers Ltd, Dar es Salaam, 2015, p. 65.

➤ *Recommendations*

The Suggestions Mentioned Below Can Serve A Starting Point For Conversations That Can Result In The Construction Of A Long Lasting, Tax Friendly System That Might Potentially Broaden The Tax Base And Encourage More Individuals To Pay Taxes. The Research Has Made A Number Of Suggestions, Including The Following For The Central Government, The Tanzania Revenue Authority (Tra), Taxpayers, And To The General Public.

➤ *Recommendation to Central Government*

It Is Advised That Taxation Be A Constitutional Matter And That All Unfavourable Laws And Policies Related To Taxation Be Examined In Order To Create A Sufficient Taxation System. When Taxation Is A Constitutional Matter, It Ensures, Among The Things, Equality, Certainty, Convenience, And Economic Rights.

Also, The Central Government Has Mandate To Broad Cast Laws That Will Guide The Administration Of Tax, Particularly The Tanzania Revenue Authority. In That, If Taxation System Is Clear And Responsibility, There Are Accountability And Transparency Of Public Funds, Strict On Corruption And Provides The Quality Of Service To The People In Return For Taxes It Will Definitely The Best Ways To Curb The Challenges Facing Tanzania Revenue Authority On Revenue Collection In Tanzania. Lack Of Accountability And Transparency Of Public Funds, Corruption Scandals And Poor Basic Needs And Services, Citizen May Not Willing To Pay Taxes.

➤ *Recommendation to Tanzania Revenue Authority*

It Has Been Advised That Tanzania Revenue Authority (Tra) Avoid Applying Separate Local Governments With Varying Tax Administration Standard. While The Same Goods Are Sold Without Receipts In Other Local Governments, It Is Completely Forbidden To Sell Any Commodities In The Kariakoo Tax Region. While All Local Governments Operations Continue As Usual, The Usage Of Efd Machines In Kariakoo Tax Region Appears To Be Illegal.

Consider The Fact That These Taxpayers For Kariakoo Tax Region Are From These Local Government; When They Assess The Situation, They Certainly Lose Motivation. It Is Also Advised To Adhere To And Behave In Accordance With The Tanzania Revenue Authority And Other Tax Rules.

Officials In The Tanzania Revenue Authority (Tra) Are Required To Act In The National Interest Rather Than Their Own Interests Or Profits. Unmoral Actions Of Tax Collectors, Such As Unjust Tax Assessments, Corruption, Excessive Fines And Penalties, Uncompetitive Tax Rates, And The Use Of Excessive Force During Tax Collection, Have A Detrimental Impact On Taxpayers. Additionally, Tanzania Revenue Authority (Tra) Employees Should Conduct Technical Staff Training On Accounting, Tax Legislation And Business Exchange Trips With Other Nations To Expose Participants To Real World Business Situations, And Taxpayer Sensitization And Education,

Particularly For Small Company Owners, On The Significance Of Taxes. Additionally, Encourage Administrative Effectiveness By Offering Better Tools Like Laptops, Transportation Options, Etc.

➤ *Recommendation to Taxpayers*

The Taxpayers Are Once Again Advised To Consider The State Attentiveness In Addition Uphold The Primacy And Positivism Of The Law. The Majority Of Taxpayers Unnecessarily Violate Their Duties By Claiming Fictitious Income, Engaging In Unlawful Activity, And Encouraging A Culture Of Tax Avoidance. A Few Dishonest Taxpayers In The Kariakoo Tax Region Are On The Front Lines Of Teaching Foreign Investors, Particularly Chinese Ones, How To Avoid Taxes Or Create Fictitious Receipts. They Are Attempting To Develop A Culture Among Taxpayers That Supports Tax Avoidance. The Taxpayers Are Encouraged To Take Social Action To Ensure That Their Returns Are Filed, Submitted, And Actual Payments Are Made On Time. In This Section, Social Intervention Is Crucial To Supporting One Another And Fostering A Cultural Climate That Upholds The Idea Of Paying Taxes Among Taxpayers.

➤ *Recommendation to the General Public*

Here, It Is Advised That The General Public Support Government Programs Aimed At Address In Problems. One Of The piece Of Advice To The Community Is To Noise Every Action Of Levy Fraud, Corruption, Or Associated Tax Malpractice To The Appropriate Authorities. Additionally, By Requiring Genuine Efd's When Buying Commodities, The Taxpayers Will Be Reminded of their Responsibility To Have A Plan To Deal With Problems. Another Recommendation To The General Public Is That Anyone Conducting Business Without Being Registered As A Taxpayer, As Well As Anyone Who Has Already Been Issued A Street Hawkers Smart Card But Whose Capital Investment Is Outside The Allowed Maximum Amount, Is Stimulated To Record Their Trade With The Tra In Order To Ratify Their Operation And Comply With Tax Laws.

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