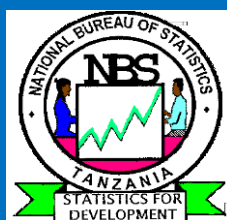




The United Republic of Tanzania

# TAX STATISTICS REPORT 2017/18

## TANZANIA MAINLAND



National Bureau of Statistics  
June, 2019

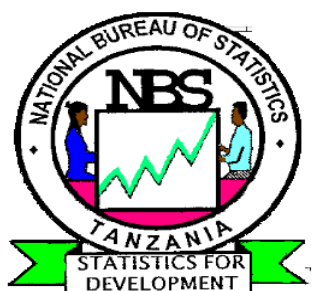




**The United Republic of Tanzania**

# **TAX STATISTICS REPORT 2017/18**

## **TANZANIA MAINLAND**



*Published by the National Bureau of Statistics*  
June , 2019



**Abbreviations and Acronyms**

ACV	-	Agreement on Customs Valuation
BOS	-	Bureau of Statistics
CIT	-	Company Income Tax
CRMS	-	Computerized Risk Management System
DSI	-	Destination Inspection Scheme
EPZ	-	Export Processing Zone
GFS	-	Government Finance Statistics
IMF	-	International Monetary Fund
LGAs	-	Local Government Authorities
MDAs	-	Ministries, Departments and Agencies
MoFP	-	Ministry of Finance and Planning
NBS	-	National Bureau of Statistics
NSS	-	National Statistical System
NSGRP	-	National Strategy for Growth and Reduction of Poverty
PAYE	-	Pay As You Earn
PIT	-	Personal Income Tax
SDL	-	Skills Development Levy
SS	-	Statistics Section
TRA	-	Tanzania Revenue Authority
TSMP	-	Tanzania Statistical Master Plan
TZS	-	Tanzanian Shilling
VAT	-	Value Added Tax
OGL	-	Other Government Loans
NBC	-	National Bank of Commerce
NSOs	-	National Statistical Offices
UNSD	-	United Nations Statistics Division
WB	-	World Bank
OECD	-	Organization for Economic Cooperation and Development

**Preface**

The production of this report is a continuation of National Bureau of Statistics (NBS) responsibilities in implementing the Tanzania Statistical Master Plan (TSMP). The aim of this publication is to reveal the Government's economic performance through tax revenue collections from various sources in the economy for the period from 2006/07 to 2017/18. This is the sixth publication on Tax Statistics Reports for Tanzania Mainland produced by the NBS since it has become an Executive Agency in March, 1999.

Generation and compilation of tax statistics published in this report is a result of collaborative efforts of institutions including Ministry of Finance and Planning (MoFP), Tanzania Revenue Authority (TRA), the President's Office – Regional Administration and Local Government (PO-RALG) and the Bank of Tanzania (BOT). While the Ministry of Finance and Planning and the Bank of Tanzania provided general government revenue and other fiscal data, data on tax revenues are largely collected from TRA. On the other hand, revenue statistics collected by local government authorities were centrally obtained from PO-RALG. Although each institution has a mandate to produce statistics in its area of jurisdiction, the custodianship of all official statistics in the country is entrusted to NBS vide the Statistics Act No.9 of 2015.

Statistics on revenue collected by local government authorities are also reported in a nutshell in this report. Additional tax items such as tax rate by type, individual and company income tax and ratios of tax items to GDP are also compiled to meet the current demand by researchers and the community in general. Recommended guidelines for producing official tax and revenue statistics are published by the IMF and OECD including the Government Finance Statistics Manual 2014, and SNA 2008.

Indicators provided in this report, can be used to sharpen policy debates and enhance fact-based decision-making. NBS trusts that users will continue to engage with us so as to improve future editions of the Tax Statistics Report.

Preparation of this report has been a long complex endeavor involving a number of institutions. Special thanks should be extended to the Ministry of Finance, Tanzania Revenue Authority and the PO – RALG for their generous supports in supplying us with the requested information. The NBS is looking forward to their continuing support in future. I wish to explicitly express my sincere gratitude to all NBS staff who participated in one way or the other to make this report a success. In particular I thank Mr. Ephraim E. Kwesigabo, Director for Population Census and

Social Statistics and Mr. Fred E. Matola, Manager for Tax Statistics Department, for supervising this exercise with cordial technical support from Mr. Bakilla H. Bakilla, Mr. Ludovick G. Materu both Statisticians and Mr. Elienea A. Mnguruta, Senior Statistical Officer both from the Tax Statistics Department. Lastly, I wish to commend invaluable editorial remarks from the NBS Editorial Board for shaping the report to a readable document.

Dr. Albina Chuwa,  
**Statistician General**  
**NATIONAL BUREAU OF STATISTICS**

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**About this Publication**

The Tax Statistics Report 2017/18 builds and expands on the previous editions. This publication provides an overview of tax revenue collections and information for the fiscal years 2006/07 to 2017/18. The objective of this publication is to present comprehensive information on tax revenue in order to inform decision making processes. In addition, the report will help the contextualization of economic and demographic information provided by other publications. Feedback from a variety of sources indicates that tax statistics also provide valuable insights into socio-economic trends.

The Tax Statistics Report 2017/18 is the sixth edition in the series of NBS tax statistics reports. Since 2001/02 NBS has been producing the tax and Government finance statistics which covered selected tax lines from TRA and some general government revenues as extracted from the Annual Economic Survey publication. Revenue is defined by the IMF as being an increase in net worth resulting from a transaction. Taxation is a form of revenue, but excludes grants (e.g. foreign aid), returns on government market investments, rents on the extraction of resources from public lands, sales of government-produced goods and services, and the collection of fines and forfeits.

The term ‘taxes’ is confined to compulsory, unrequited payments to general government. The OECD/IMF methodology classifies tax according to its base as follows: income, profits and capital gains (under heading 111 in the Government Finance Statistics Manual of OECD/IMF); payroll (112); property (113); goods and services (114); and other taxes (116). Compulsory social security contributions paid to the general government are also treated as taxes (IMF). Non-tax revenue includes all general government revenue that does not meet the OECD/IMF definition of taxation. It includes certain compulsory transfers such as fines, penalties, and most social security contributions; grants; property income; sales of goods and services and miscellaneous revenues. This report examines changes in the level and composition of taxation plus the attribution of tax revenues by level of government from 2006/07 to 2017/18. The difference between this edition and the last four editions is that, in this edition, indicators have been expanded throughout to cover other tax items and ratios including tax to GDP ratios, tax rates, tax payer’s registration by tax year and the elaborated revenue statistics from LGAs as shown in their main aggregates.

Data used to compile the 2017/18 Tax Statistics Report were obtained from Tanzania Revenue Authority (TRA), the Ministry of Finance and Planning (MoFP), the Presidents’ Office – Regional Administration and Local Government (PO-RALG) and the National Bureau of Statistics (NBS). Some of the data used are provisional and may be updated. Beside 2017/18, the report gives information of earlier years since 2006/07.

**Introduction**

Tax revenue grew by an average annual growth of 17.6 percent from 2006/07 to 2017/18. The effect of the 2008 Global Financial Crisis caused relatively low growth of 9.8 percent in 2009/10 fiscal year. However, tax revenues recovered quickly and the annual growth rate of tax revenue was 19.5 percent in 2010/11. It remained high up to 2013/14 before it fluctuated to 7.2 percent in 2017/18 which was below the magnitude observed during the global crisis. A long term average of tax-to-Gross Domestic Product (GDP) ratio from 2006/07 to 2017/18 was 12.2 percent.

**Methodology**

In this report, trends of various tax items over the 2006/07 to 2017/18 period are discussed. This report is for Tanzania Mainland and all figures are reported into Tanzania shillings. All data are reported on fiscal year basis up to a preceding year of the reporting period. Tax statistics are produced according to international guidelines for comparison purposes. National Statistics Offices (NSOs) and other producers of official statistics try to follow guidelines normally provided by UN agencies such as the United Nations Statistics Division (UNSD), the International Monetary Fund (IMF) and the World Bank (WB) when compiling these statistics.

These agencies prepare guidelines and manuals for production of official statistics. These statistics must meet the criteria of fundamental principles of official statistics that were endorsed by United Nations' General Assembly in 2014. Tax statistics classifications follow the Government Finance Statistics Manual 2014 as prepared by the IMF whereby tax items fall under revenue classification. Tax are broadly classified as Tax on income, profits and capital gains (111), Taxes on payroll and workforce (112), Taxes on property (113), Taxes on goods and services (114), Taxes on international trade and transactions (115) and Other taxes (116).

The role of Tanzania Revenue Authority is to assess, collect and account for Government revenue through administering effectively and efficiently all revenue laws of the Central Government among others. The role of NBS is to coordinate production of official statistics within the National Statistics System to ensure that quality official statistics are produced. In this view, NBS collaborates with tax statistics stakeholders to make sure that fundamental principles of producing official statistics are followed and that tax information are disseminated.

### **In brief**

- All statistics are based on the income, expenses, deductions and items as reported by taxpayers and traders in tax returns and assessment documents.
- Nominal data are reported in fiscal year throughout this publication.
- Some figures have been rounded so discrepancies may occur between the numbers of the component items and the totals in the tables.
- Total revenue collected by Central Government (which excludes revenue by LGAs) grew by 7.6 percent from TZS 19,829.0 billion in 2016/17 to TZS 21,343.7 billion in 2017/18. Looking at table 1.1, it is realized that the revenue from domestic resources have changed because the domestic borrowing values have been incorporated since 2005/06. However, these values for domestic borrowing were not included in the previous publications.
- Tax revenue contributed 83.8 percent of total domestic resources in 2017/18 which is low compared to that in 2016/17.
- Collection of tax revenue increased from TZS. 14,221.9 billion in 2016/17 to TZS 15,249.5 billion in 2017/18 which is an equivalent of annual growth of 7.2 percent.
- From the two major sources of government resources, domestic resources dominated the share for about a decade and contributed 81.5 percent in 2017/18.
- The tax-to-GDP ratio slightly decreased to 12.8 percent in 2017/18 from 13.3 percent in 2016/17 but exceeding the long-term average of 12.2 percent. This however remains below the peak of 13.6 percent achieved in 2015/16.
- About 98.2 percent of total government revenue from external sources in 2017/18 were in terms of grants, project loans and non-concessional loans.
- Magnitude of revenue collected by Local Government Authorities shows an annual increasing trend from TZS 240,909 million in 2012/13 to TZS 553,390 million in 2017/18.

## CHAPTER ONE

### GOVERNMENT REVENUE COLLECTION

#### 1.1 Introduction

This chapter presents overall government revenue collections in line with Government Finance Statistics (GFS) methodology prepared by the International Monetary Fund (IMF). The GFS was designed to provide statistics that would enable policy makers and analysts to study developments in the financial operations, fiscal position, and liquidity situation of the general public sector in a consistent and systematic manner.

#### 1.2 Government Resources

In this report, government resources are divided into two broad categories namely domestic and external resources. Domestic resources refer to revenue collected domestically (tax revenue, non-tax revenue and borrowing from domestic markets while external resources cover all grants, concessional and non-concessional loans.

Table 1.1 shows that government resources increased from TZS 4,696.1 billion in 2006/07 to TZS 9,641.5 billion in 2010/11 and reached TZS 21,343.7 billion in 2017/18. The largest change was observed in 2007/08 when an increase of 27.4 percent was recorded, followed by 23.5 percent in 2015/16. There was a decrease by 1.5 percent in government resources in 2014/15 due to shortfall in grants and concessional loans. The revenue collection increased by 9.5 percent from TZS 18,101.3 billion in 2015/16 to TZS 19,829.0 billion in 2016/17 where there is an increase at a decrease marginal return by 7.6 recorded in 2017/18.

**Table 1. 1: Government Resources (TZS Billion) by Source, Tanzania Mainland, 2006/07 – 2017/18**

Year	Domestic Resources (excluding LGAs)		External Resources		Total Government Revenue	Change in Government Revenue between Years	
	Amount	Percent	Amount	Percent		Amount	Percent
2006/07	2,977.0	63.4	1,719.1	36.6	4,696.1		
2007/08	3,634.6	60.8	2,348.2	39.2	5,982.8	1,287	27.4
2008/09	4,506.8	66.9	2,229.0	33.1	6,735.8	753	12.6
2009/10	5,221.3	64.7	2,853.0	35.3	8,074.3	1,338	19.9
2010/11	6,822.3	70.8	2,819.2	29.2	9,641.5	1,567	19.4
2011/12	7,360.8	66.7	3,670.9	33.3	11,031.7	1,390	14.4
2012/13	9,361.6	72.6	3,528.4	27.4	12,890.0	1,858	16.8
2013/14	10,843.9	72.9	4,040.0	27.1	14,883.9	1,994	15.5
2014/15	11,397.5	77.8	3,257.5	22.2	14,655.0	-229	-1.5
2015/16	15,921.4	88.0	2,179.9	12.0	18,101.3	3,446	23.5
2016/17	16,128.1	81.3	3,700.9	18.7	19,829.0	1,728	9.5
2017/18	17,403.4	81.5	3,940.3	18.5	21,343.7	1,515	7.6
<b>Total</b>	<b>111,578.6</b>	<b>72.3</b>	<b>36,286.4</b>	<b>27.7</b>	<b>147,865.0</b>		

*Source: Ministry of Finance and Planning, 2018*

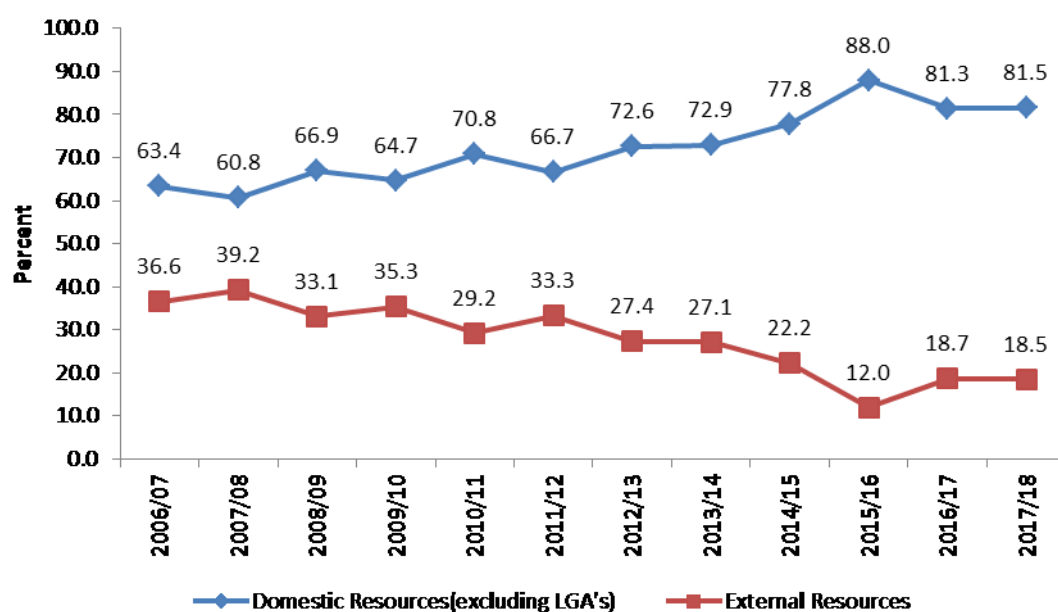
Note: Funds for amortisation are also included in external resources.



Generally, about three quarters of total government revenue from 2006//07 to 2017/18 has been collected through internal sources. The share of internal revenue to total government resources has been increasing while that of external revenue has been decreasing overtime. Figure 1.1 presents the shares of internal and external revenues to total government resources.

**Indication;** this indicates that, the economy is getting better from domestic government resource than before.

**Figure 1. 1: Percentage Contribution of Domestic and External Resources to Total Government Resources, Tanzania Mainland, 2006/07 – 2017/18**



### 1.2.1 Domestic Resources

Domestic Government resources consists of tax revenue, non-tax revenues and domestic borrowings. Revenue collected by local government authorities are analyzed separately in chapter six.

Table 1.2 shows government resources collected from domestic sources from year 2006/07 to 2017/18 in Tanzania Mainland. The table shows that domestic resources increased from TZS 16,128.1 billion in 2016/17 to TZS 18,002.0 billion in 2017/18, but the growth between these consecutive years was low as compared to the growth from 2014/15 to 2015/16. Out of the total domestic revenue collected in 2017/18, TZS 15,091.8 billion (83.8 percent) was tax revenue and TZS 2,311.6 billion (12.8 percent) was non- tax revenue.

From 2006/07 to 2017/18, the largest share of tax revenue to total domestic resources was observed in 2007/08 with 92.4 percent.

It also shows that, the Government domestic resources has been increasing at a compounded average growth of 18.3 percent each year from 2006/07 to 2017/18. The highest growth rate of

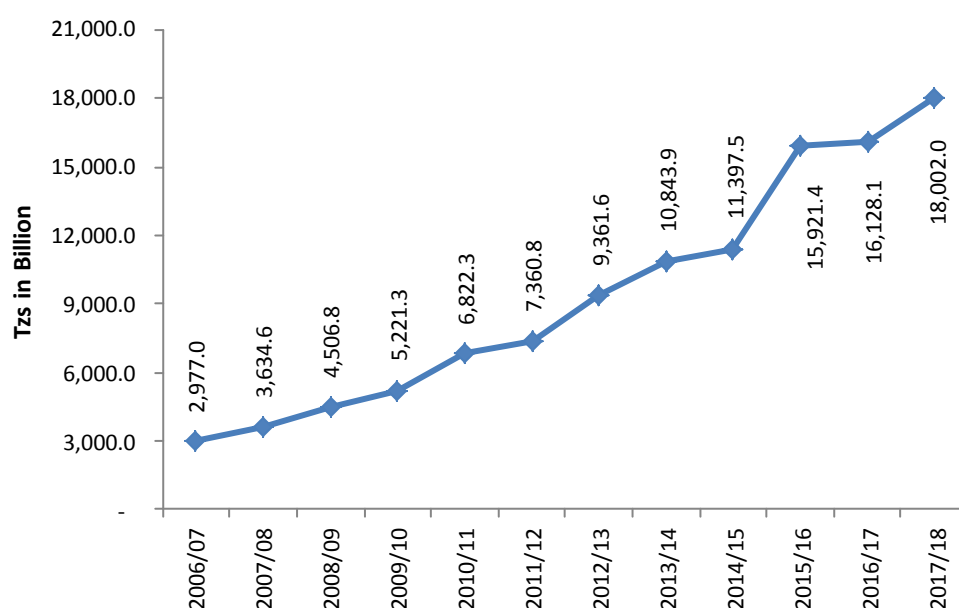
39.7 percent in 2015/16 has been attributed to increased in both tax and non – tax revenue. The improvement in Government resources enables the government to cover its expenditure including debt servicing. There has been an overall increasing trend in Government resources over the 2006/07 to 2017/18 period (figure 1.2).

**Table 1. 2: Domestic Resources (TZS Billion) by Type of Revenue, Tanzania Mainland, 2006/07 – 2017/18**

Year	Tax Revenue (excluding TRA Non Tax)		Non-Tax Revenue (excluding revenue for LGAs)		Domestic Borrowing		Total Government Domestic Resources	Change in Government Domestic Resources between Years	
	Amount	Percent	Amount	Percent	Amount	Percent		Amount	Percent
2006/07	2,529.4	85.0	209.6	7.0	238.0	8.0	2,977.0		
2007/08	3,359.3	92.4	275.3	7.6	0.0	0.0	3,634.6	657.6	22.1
2008/09	4,043.7	89.7	249.4	5.5	213.7	4.7	4,506.8	872.2	24.0
2009/10	4,427.8	84.8	233.7	4.5	559.8	10.7	5,221.3	714.5	15.9
2010/11	5,293.3	77.6	284.7	4.2	1,244.3	18.2	6,822.3	1,601.1	30.7
2011/12	6,480.5	88.0	545.4	7.4	334.9	4.5	7,360.8	538.4	7.9
2012/13	7,730.0	82.6	562.3	6.0	1,069.3	11.4	9,361.6	2,000.9	27.2
2013/14	9,294.4	85.7	572.8	5.3	976.7	9.0	10,843.9	1,482.3	15.8
2014/15	10,097.9	88.6	499.8	4.4	799.8	7.0	11,397.5	553.6	5.1
2015/16	12,525.4	78.7	1,096.8	6.9	2,299.2	14.4	15,921.4	4,523.9	39.7
2016/17	14,055.2	87.1	2,072.9	12.9	0.0	0.0	16,128.1	206.8	1.3
2017/18	15,091.8	83.8	2,311.6	12.8	598.6	3.3	18,002.0	1,873.9	11.6
<b>Total</b>	<b>94,928.7</b>	<b>85.3</b>	<b>8,914.3</b>	<b>7.0</b>	<b>8,334.3</b>	<b>7.6</b>	<b>112,177.3</b>		

Source: Ministry of Finance and Planning, 2018

**Figure 1. 2: Trend of Government Domestic Resources (TZS Billion), Tanzania Mainland, 2006/07 – 2017/18**



### **1.2.2 External Resources**

In Tanzania, Government revenue from external sources consists of grants and loans. During the period from 2006/07 to 2017/18, the Government continued to receive grants and loans from Development Partners, Multilateral Financial Institutions and International Commercial Banks. The purpose of these loans and grants is to complement Government financing efforts in the implementation of the Second Five Year Development Plan (FYDP II). Table 1.3 showing the contributions of external government resources in (TZS billion) by sources in Tanzania Mainland from 2006/07 to 2017/18.

Table 1. 3: External Government Resources in (TZS Billion) by Source, Tanzania Mainland, 2006/07 – 2017/18

Year	Grants		Concessional Loans						Non - Concessional Loans		Total External Resources	Changes in Revenue between Years	
			Basket Support		Import Support		Project Loans					Amount	Percent
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent			
2006/07	971.6	56.5	47.3	2.8	267.0	15.5	433.2	25.2	0.0	0.0	1,719.1		
2007/08	1,573.2	67.0	200.6	8.5	365.0	15.5	209.4	8.9	0.0	0.0	2,348.2	629.1	36.6
2008/09	1,257.3	56.4	151.4	6.8	331.5	14.9	488.8	21.9	0.0	0.0	2,229.0	-119.2	-5.1
2009/10	1,405.2	49.3	194.0	6.8	558.3	19.6	695.5	24.4	0.0	0.0	2,853.0	624.0	28.0
2010/11	1,627.4	57.7	220.7	7.8	173.8	6.2	643.4	22.8	153.9	5.5	2,819.2	-33.8	-1.2
2011/12	1,855.1	50.5	172.2	4.7	246.8	6.7	595.4	16.2	801.3	21.8	3,670.8	851.6	30.2
2012/13	1,521.5	43.1	211.0	6.0	358.8	10.2	374.1	10.6	1,063.0	30.1	3,528.4	-142.4	-3.9
2013/14	1,587.6	39.3	207.7	5.1	526.2	13.0	524.0	13.0	1,194.5	29.6	4,040.0	511.6	14.5
2014/15	1,024.1	31.4	163.2	5.0	374.7	11.5	640.7	19.7	1,054.8	32.4	3,257.5	-782.5	-19.4
2015/16	495.4	22.7	161.8	7.4	291.4	13.4	777.8	35.7	453.5	20.8	2,179.9	-1077.6	-33.1
2016/17	1,092.5	29.5	105.0	2.8	152.5	4.1	1,124.2	30.4	1,226.8	33.1	3,700.9	1521.0	69.8
2017/18	930.6	23.6	71.1	1.8	-	0.0	1,464.3	37.2	1,474.3	37.4	3,940.3	239.4	6.5
Total	15,341.5	43.9	1,906.0	5.5	3,646.0	10.9	7,970.8	22.2	7,422.0	17.6	36,286.3		

Source: Ministry of Finance and Planning, 2018

## CHAPTER TWO

### TAX REVENUES

#### 2.1 Direct and Indirect Taxes

Direct and Indirect taxes form a general taxation system in Tanzania. Direct taxes include taxes on payroll and workforce Pay As You Earn (PAYE), Basic Skills and Development Levy, Taxes on profits (corporate tax), Taxes on income (Individual or Personal income Tax), Withholding Taxes, Rental Tax, Gaming tax and other income taxes. Indirect taxes in Tanzania are paid as consumption taxes, international trade taxes and other domestic taxes and charges when they are broadly categorized.

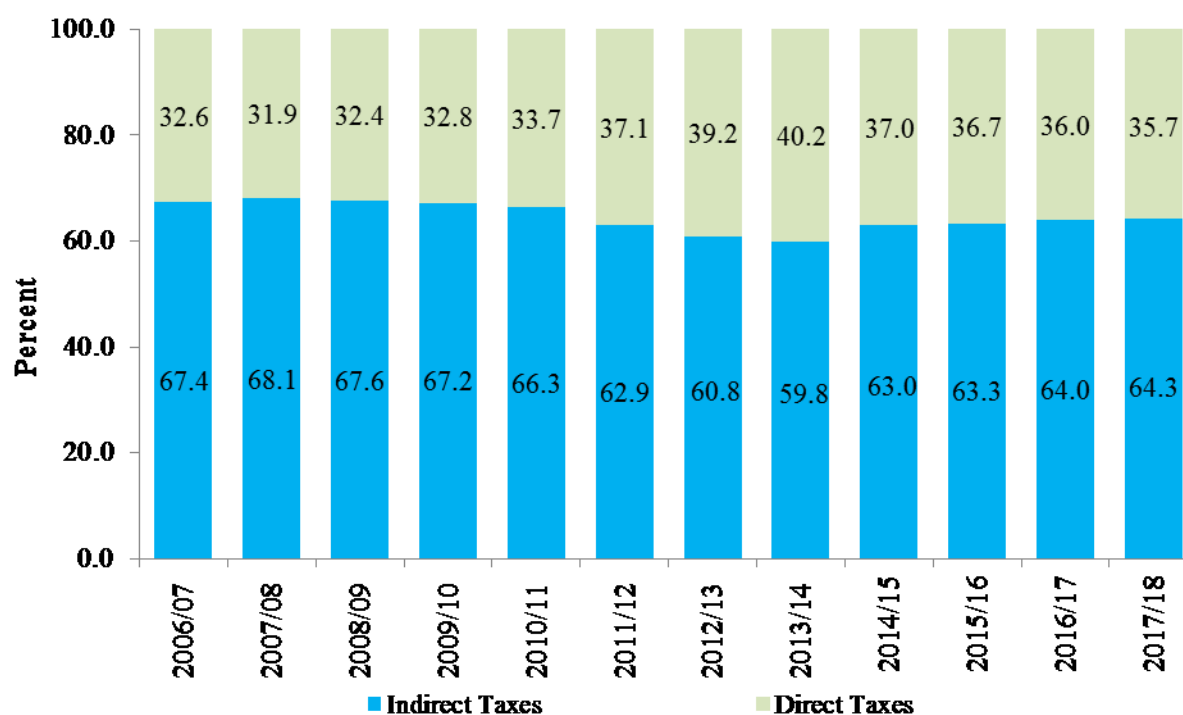
Table 2.1 shows collection of direct and indirect taxes in Tanzania Mainland. From 2006/07 to 2011/12, the amount of indirect taxes collected was almost twice the amount of direct taxes. It is as well reveals that, revenue collection increased from TZS 14,221.9 billion in 2016/17 to TZS 15,249.5 billion in 2017/18 which is equivalent to 7.2 percent increase which also show to be a minimum growth. The highest percentage increase of 32.3 percent in revenue collection was attained in 2007/08 where tax collection increased by TZS 845.7 billion.

**Table 2. 1: Collection of Direct and Indirect Taxes (TZS Billion), Tanzania Mainland, 2006/07 – 2017/18**

Year	Direct Taxes		Indirect Taxes		Total Taxes	Changes in Taxes between Years	
	Amount	Percent	Amount	Percent		Amount	Percent
2006/07	853.5	32.6	1,764.4	67.4	2,617.9		
2007/08	1,105.7	31.9	2,357.9	68.1	3,463.6	845.7	32.3
2008/09	1,349.8	32.4	2,811.8	67.6	4,161.6	698.0	20.2
2009/10	1,498.0	32.8	3,072.5	67.2	4,570.5	408.9	9.8
2010/11	1,839.9	33.7	3,620.2	66.3	5,460.1	889.6	19.5
2011/12	2,471.5	37.1	4,197.1	62.9	6,668.6	1,208.5	22.1
2012/13	3,149.4	39.2	4,881.7	60.8	8,031.1	1,362.5	20.4
2013/14	3,968.3	40.2	5,911.8	59.8	9,880.1	1,849.0	23.0
2014/15	3,940.8	37.0	6,724.3	63.0	10,665.1	785.0	7.9
2015/16	4,865.1	36.7	8,381.0	63.3	13,246.1	2,581.0	24.2
2016/17	5,121.0	36.0	9,100.9	64.0	14,221.9	975.8	7.4
2017/18	5,437.0	35.7	9,812.5	64.3	15,249.5	1,027.6	7.2
<b>Total</b>	<b>35,600.0</b>	<b>36.2</b>	<b>62,636.1</b>	<b>63.8</b>	<b>98,236.1</b>		

*Source: Tanzania Revenue Authority, 2018*

**Figure 2. 1: Contribution of Direct and Indirect Taxes to Total Domestic Tax Revenue, Tanzania Mainland, 2006/07 – 2017/18**



The gap between shares of direct and indirect taxes is narrower in 2013/14 where the direct taxes did better compared with years before and after. This is an indication of improved collection of direct taxes in the recent years. Furthermore, observation of Figure 2.1 shows that indirect taxes were increasing at a decreasing rate of marginal return while the trend in direct taxes was increasing gradually.

### 2.1.1 Direct Taxes

This is a major source of government revenue collected in the form of tax on gains and profits from business, employment and investment of individuals, corporate and other entities. It is charged as direct tax on individual income, corporate profit, employee's income, provisional and final withholding and capital gains taxes. All these are part of a coherent income tax system.

Direct taxes include taxes on payroll and workforce (PAYE), Basic Skills and Development Levy, Taxes on profits (Corporate tax), Taxes on income (Individual or Personal income Tax), Withholding Taxes, Rental Tax, Gaming tax and other income taxes.

Table 2. 2: Direct Taxes Collected by Tax Type (TZS Billion) , Tanzania Mainland, 2006/07 – 2017/18

Year	Type of Tax								Total Direct Taxes	Change in Collection between Years	
	P.A.Y.E	B. Skills & Dev. Levy	Individuals	Corporate Taxes	Withholding Taxes	Rental	Gaming	Others		Amount	Percent
2006/07	408.6	61.1	31.2	267.2	68.0	12.1	n.a	5.3	853.5		
2007/08	512.2	76.5	36.3	374.6	81.1	16.9	n.a	8.2	1,105.8	252.3	29.6
2008/09	662.3	91.7	42.1	414.7	105.3	23.9	2.7	7.2	1,349.9	244.1	22.1
2009/10	743.4	110.2	48.6	418.3	137.7	29.0	3.2	7.5	1,497.9	148.0	11.0
2010/11	928.5	120.0	58.4	537.6	142.1	33.0	4.1	16.3	1,840.0	342.1	22.8
2011/12	1,129.5	138.9	65.8	779.9	279.4	57.4	3.3	17.4	2,471.6	631.6	34.3
2012/13	1,395.6	155.3	69.9	1,039.7	382.9	68.9	8.9	28.2	3,149.4	677.8	27.4
2013/14	1,626.5	168.7	87.4	1,483.9	514.6	61.4	7.2	18.5	3,968.2	818.8	26.0
2014/15	1,750.8	216.1	101.9	1,182.7	592.9	64.4	10.2	21.7	3,940.7	-27.5	-0.7
2015/16	2,246.8	261.7	141.8	1,379.7	704.6	83.6	19.0	27.9	4,865.1	924.4	23.5
2016/17	2,278.1	280.1	178.7	1,450.3	760.0	91.1	26.5	56.2	5,121.0	255.9	5.3
2017/18	2,344.7	282.8	213.4	1,660.2	722.4	94.5	75.5	43.3	5,437.0	316.0	6.2

Source: Tanzania Revenue Authority, 2018

Table 2.2 shows different types of items from direct taxes. Revenue collected as direct taxes increased by 6.2 percent in 2017/18 compared to a growth of 5.3 percent in 2016/17. The highest growth was 34.3 percent in 2011/12 which was above the average growth of 17.3 percent in the period of 2006/07 to 2017/18. However, tax collection was unfavourable in 2014/15 when the growth declined to 0.7 percent, this might be attributed to drop of Corporate Taxes collections.

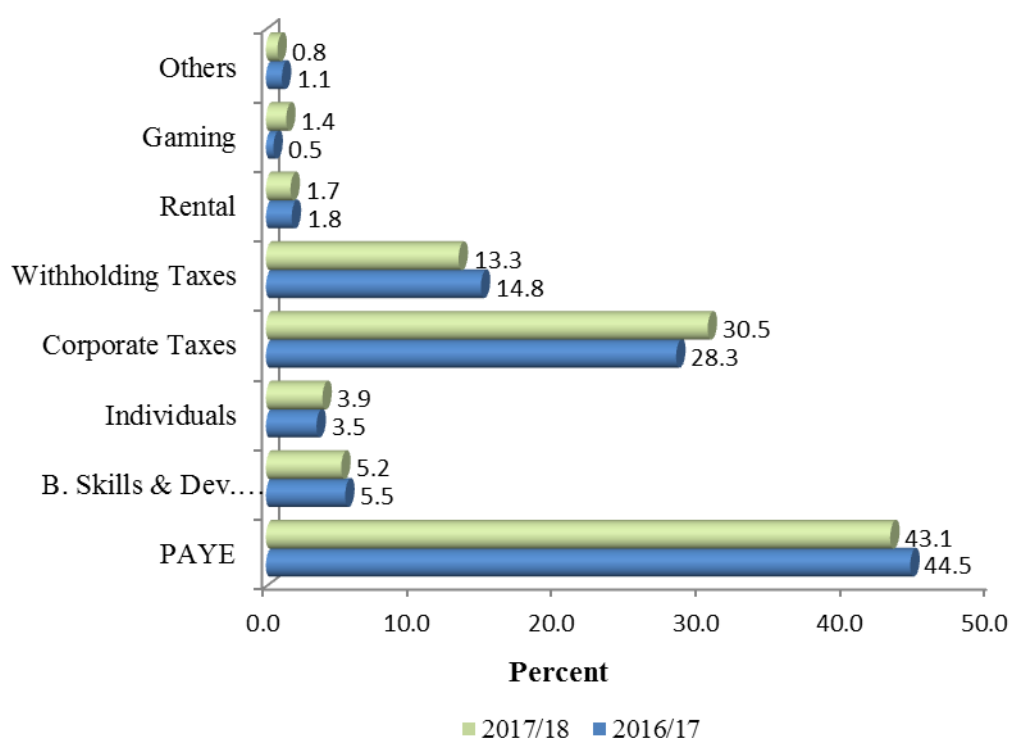
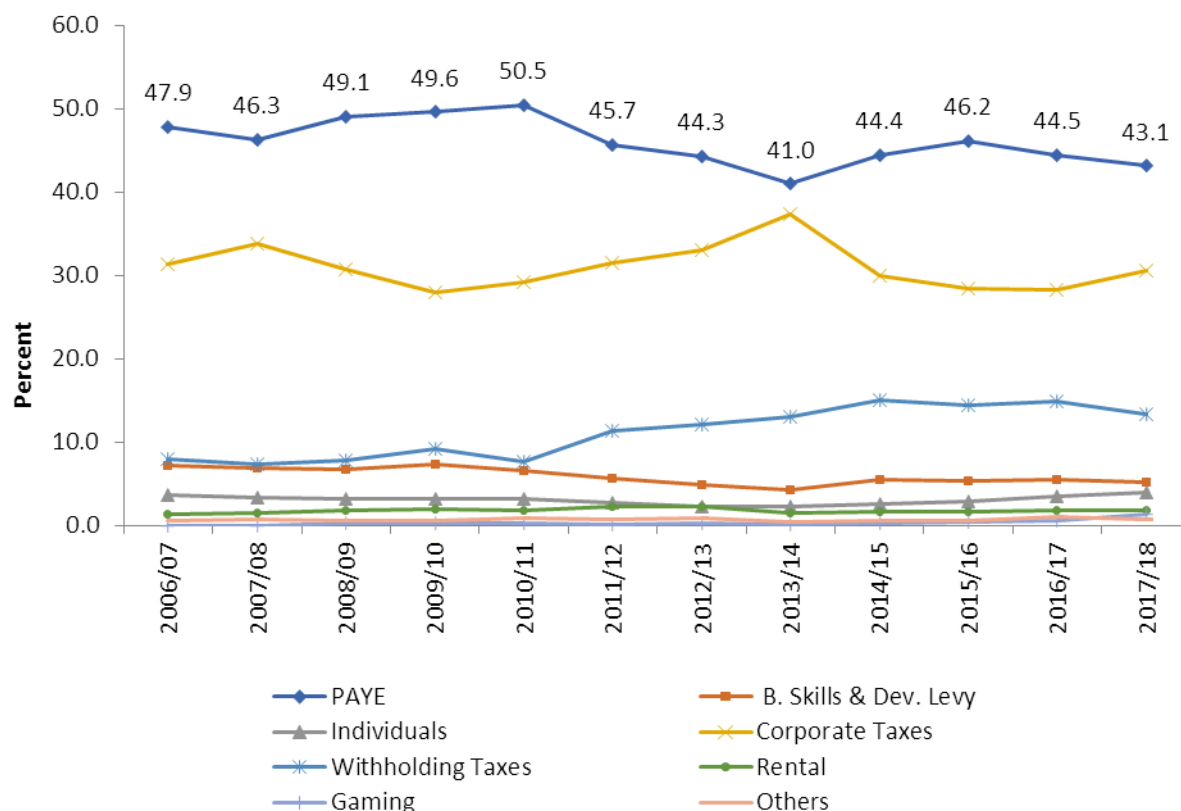
**Figure 2. 2: Contributions of Individual Taxes to Total Direct Taxes, Tanzania Mainland, 2016/17 – 2017/18**

Figure 2.2 shows that PAYE taxes dominated the share of all direct taxes though it has slightly decrease from 44.5 in 2016/17 to 43.1 percent in 2017/18. Revenue from gaming contributed the least 0.5 percent in 2016/17 and 1.4 percent in 2017/18.

Figure 2.3 shows the shares of various direct taxes from 2006/07 to 2017/18. PAYE and corporate taxes have been contributing more than three quarters of total direct taxes. An average of 48.7 share of PAYE was recorded from 2006/07 to 2010/11 which was below the highest 50.5 percent share recorded in 2010/11. However, the average share dropped to 44.2 percent for the seven years after the highest peak observed in 2010/11.



**Figure 2. 3: Contribution of Various Taxes to Total Direct Taxes, Tanzania Mainland, 2006/07 - 2017/18**

### 2.1.2 Indirect Taxes

Broadly, indirect taxes in Tanzania consist of consumption taxes, international trade taxes and other domestic taxes and charges.

Table 2.3 shows different types of indirect taxes collected during the period under review. Indirect taxes increased by 7.8 percent from TZS 9,100.9 billion in 2016/17 to TZS 9,812.5 billion in 2017/18 which is an increase of TZS 711.6 billion. The highest growth rate was 33.6 percent recorded in 2007/08 while the current growth marks the lowest in the period under review. International trade taxes made the largest contribution to total indirect taxes during the period of 2006/07 to 2017/18. However, its share slightly increased to 62.7 percent in 2017/18 from 62.3 percent in 2016/17.

**Table 2. 3: Indirect Taxes (TZS Billion) Collected by Broad Category, Tanzania Mainland, 2006/07 – 2017/18**

Year	Consumption Taxes		Other Domestic Taxes and Charges		International Trade Taxes		Total Indirect Taxes	Change in Collection between Years	
	Amount	Percent	Amount	Percent	Amount	Percent		Amount	Percent
2006/07	595.6	33.8	36.3	2.1	1,132.5	64.2	1,764.4		
2007/08	768.5	32.6	74.0	3.1	1,515.4	64.3	2,357.9	593.5	33.6
2008/09	979.3	34.8	83.8	3.0	1,748.7	62.2	2,811.8	453.9	19.3
2009/10	1,031.6	33.6	97.4	3.2	1,943.4	63.3	3,072.4	260.6	9.3
2010/11	1,152.1	31.8	131.7	3.6	2,336.4	64.5	3,620.2	547.8	17.8
2011/12	1,429.0	34.0	151.8	3.6	2,616.3	62.3	4,197.1	576.9	15.9
2012/13	1,715.8	35.1	194.1	4.0	2,971.8	60.9	4,881.7	684.6	16.3
2013/14	2,064.3	34.9	220.2	3.7	3,627.3	61.4	5,911.8	1,030.1	21.1
2014/15	2,337.7	34.8	248.2	3.7	4,138.5	61.5	6,724.4	812.6	13.7
2015/16	2,709.3	32.3	295.5	3.5	5,376.2	64.1	8,381.0	1,656.6	24.6
2016/17	3,095.1	34.0	337.9	3.7	5,667.9	62.3	9,100.9	719.9	8.6
2017/18	3,486.2	35.5	171.4	1.7	6,154.9	62.7	9,812.5	711.6	7.8
<b>Total</b>	<b>21,364.5</b>	<b>33.8</b>	<b>2,042.3</b>	<b>3.3</b>	<b>39,229.3</b>	<b>62.9</b>	<b>62,636.1</b>		

Source: Tanzania Revenue Authority, 2018

## 2.2 Consumption Taxes

Consumption taxes form a kind of indirect taxes comprised of domestic excise and VAT on domestic goods and services. Table 2.4 shows that revenue collected increased by 12.6 percent from TZS. 3,095.1 billion in 2016/17 to TZS. 3,486.2 billion in 2017/18 compared to the growth of 14.2 percent recorded between 2015/16 and 2016/17. However, the growth in the 2017/18 was below the average growth of 17.6 percent attained in the entire period.

The largest annual growth was 29.0 percent recorded in 2007/08 and the least annual growth was 5.3 percent observed in 2009/10. The share of Domestic VAT increased from 67.9 percent in 2015/16 to 69.7 percent in 2016/17 with most of the share coming from VAT on domestic services whose share increased from 50.9 percent in 2015/16 to 54.9 percent in 2016/17 and slightly dropped to 69.6 percent in 2017/18.

Table 2. 4: Consumption Taxes by Tax Type (TZS Billion), Tanzania Mainland, 2006/07 – 2017/18

Year	Domestic Excise Taxes		Aggregate VAT						Total Consumption Taxes	Changes in Collection between Years	
	Amount	Percent	VAT on Domestic Products		VAT on Domestic Services		Total			Amount	Percent
			Amount	Percent	Amount	Percent	Amount	Percent			
2006/07	176.0	29.6	191.4	32.1	228.2	38.3	419.6	70.4	595.6		
2007/08	220.6	28.7	199.7	26.0	348.2	45.3	547.9	71.3	768.5	172.9	29.0
2008/09	286.7	29.3	243.7	24.9	448.9	45.8	692.6	70.7	979.3	210.8	27.4
2009/10	303.8	29.4	252.4	24.5	475.4	46.1	727.8	70.6	1,031.6	52.3	5.3
2010/11	326.3	28.3	304.9	26.5	520.9	45.2	825.8	71.7	1,152.1	120.5	11.7
2011/12	450.0	31.5	383.8	26.9	595.3	41.7	979.1	68.5	1,429.1	277.0	24.0
2012/13	560.5	32.7	302.3	17.6	853.0	49.7	1,155.3	67.3	1,715.8	286.7	20.1
2013/14	747.1	36.2	343.2	16.6	974.0	47.2	1,317.2	63.8	2,064.3	348.5	20.3
2014/15	825.8	35.3	405.2	17.3	1,106.7	47.3	1,511.9	64.7	2,337.7	273.4	13.2
2015/16	868.6	32.1	460.7	17.0	1,380.0	50.9	1,840.7	67.9	2,709.3	371.6	15.9
2016/17	936.6	30.3	459.9	14.9	1,698.6	54.9	2,158.5	69.7	3,095.1	385.8	14.2
2017/18	1,059.9	30.4	560.6	16.1	1,865.7	53.5	2,426.3	69.6	3,486.2	391.1	12.6
Total	6,761.9	31.7	4,107.8	19.2	10,494.9	49.1	14,602.7	68.3	21,364.6		

Source: Tanzania Revenue Authority, 2018

Figure 2.4 also depicts that Domestic VAT (mostly from services) has been contributing largely the increase in Consumption taxes for the entire period under review.

**Figure 2. 4: Collected Consumption Tax Revenue (TZS. Billion) by Tax Type, Tanzania Mainland, 2006/07 – 2017/18.**

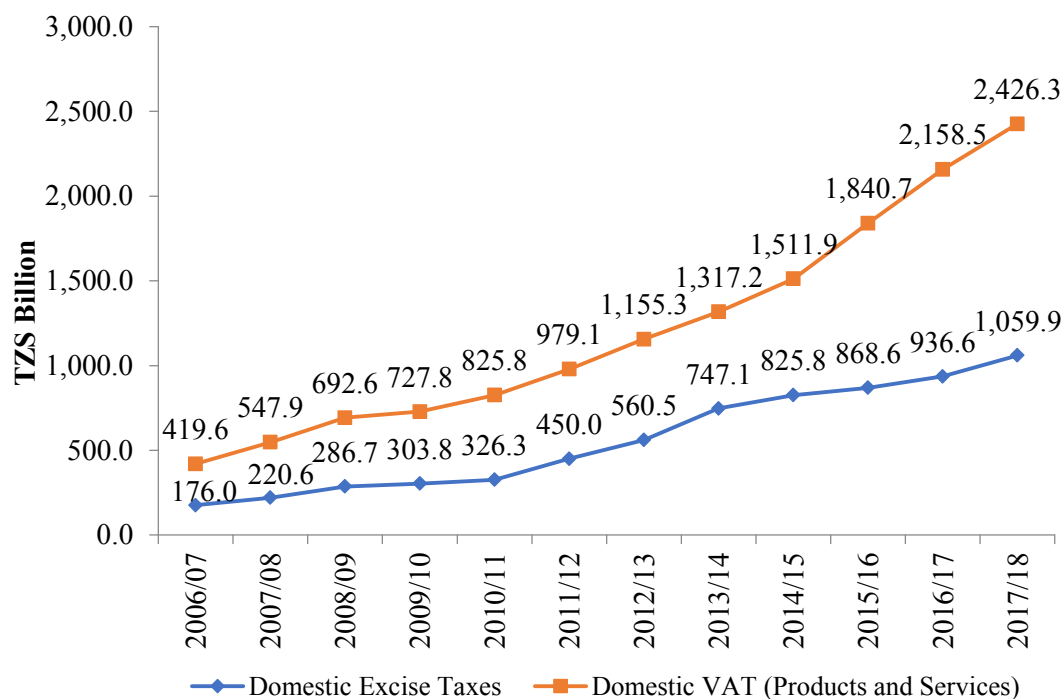


Table 2.5 shows revenue collected through different domestic excise taxes. Among others, items with significant contribution include beer, spirit, soft drinks, bottled water, mobile phones and cigarettes. Revenue from domestic excise tax grew by 13.2 percent in 2017/18 compared to a growth of 7.8 percent in 2016/17 with excise on beer and other domestic excise taxes being responsible for most of the increase. The largest annual growth remained at 38.0 percent marked in 2011/12. From 2006/07 to 2017/18, the average annual growth of revenue from domestic excise taxes was 18.3 percent.

In 2017/18, most revenue from domestic excise taxes came from mobile phones with a share of 29.4 percent followed by beer (28.9%) and Cigarette (14.8 %). However, revenue from beer contributed the highest share of 29.3 percent to total Domestic Exice from 2006/07 to 2017/18.

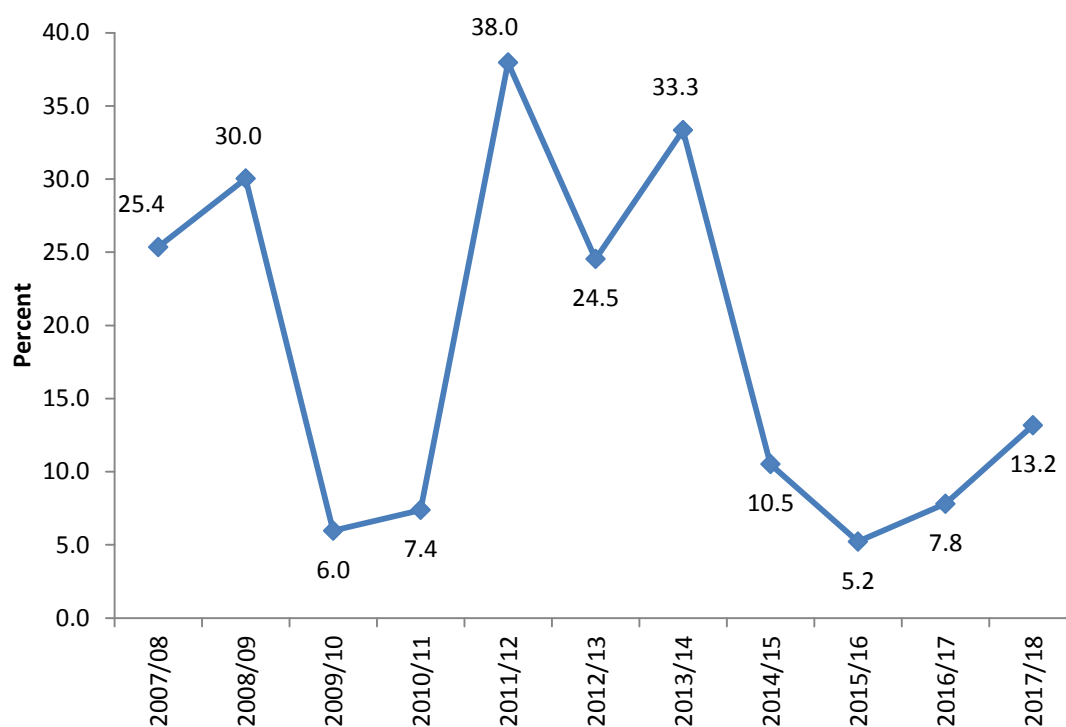
Table 2. 5: Domestic Excise Taxes (TZS Billion) by Type of Product, Tanzania Mainland, 2006/07 – 2017/18

Year	Mobile Phone	Cigarettes	Beer	Spirits	Soft Drinks	Bottled Water	Other Domestic Excise Taxes	Total Domestic Excise Taxes	Changes in Collection between Years	
									Amount	Percent
2006/07	32.3	43.3	73.6	9.1	15.0	n.a	2.6	175.9		
2007/08	40.2	54.2	91.5	11.1	17.3	n.a	6.2	220.5	44.6	25.4
2008/09	67.7	58.5	106.7	17.5	21.4	n.a	14.9	286.7	66.2	30.0
2009/10	85.6	55.2	105.4	24.0	24.3	n.a	9.3	303.8	17.1	6.0
2010/11	90.2	62.1	115.6	29.4	26.7	n.a	2.2	326.2	22.4	7.4
2011/12	114.6	78.5	150.5	52.7	34.3	5.2	14.2	450.0	123.8	38.0
2012/13	150.0	87.3	179.7	69.9	43.1	0.8	29.6	560.4	110.4	24.5
2013/14	217.5	99.6	186.3	78.7	52.	10.3	102.8	747.2	186.8	33.3
2014/15	250.9	133.9	202.5	118.1	37.3	14.8	68.2	825.7	78.5	10.5
2015/16	246.6	135.9	216.6	101.0	41.7	15.3	111.7	868.8	43.1	5.2
2016/17	263.3	145.5	244.8	84.5	45.9	15.6	137.0	936.6	67.8	7.8
2017/18	311.3	157.3	306.7	69.3	48.0	19.5	147.8	1,059.9	123.3	13.2
<b>Total</b>	<b>1,870.2</b>	<b>1,111.3</b>	<b>1,979.9</b>	<b>665.3</b>	<b>407.0</b>	<b>81.5</b>	<b>646.5</b>	<b>6,761.7</b>		
<b>Percent</b>	<b>27.7</b>	<b>16.4</b>	<b>29.3</b>	<b>9.8</b>	<b>6.0</b>	<b>1.2</b>	<b>9.6</b>	<b>100</b>		

Source: Tanzania Revenue Authority, 2018.

Figure 2.5 depicts the fluctuating trend in growth of revenue collected through domestic excise taxes from 2007/08 to 2017/18. The growth increased from 5.2 percent in 2016/17 to a growth of 7.8 in 2017/18. Highest growth of 38.0 percent occurred in 2012.

**Figure 2. 5: Trend in the Growth of Domestic Excise Taxes, Tanzania Mainland, 2007/08 – 2017/18**



## CHAPTER THREE

### Value - Added Tax

#### 3.1 Introduction

Valued Added Tax (VAT) is the amount payable on the supply of goods and services within Tanzania as well as goods and services imported into the country. The Tanzanian VAT system is destination based where only the domestic consumption of goods and services is subjected to VAT. It is broad-based tax on consumption rather than a tax on specific products. Tanzanian tax legislation enforces qualifying businesses to register and to charge and collect VAT on their supply of goods and services. VAT continues to be a significant source of revenue for the Government and contributed on average around 30.9 percent of total tax revenue for the past decade. The standard rate of VAT for Tanzania has remained at 18% for the past eight years. VAT is levied at each stage of the production and distribution chain as value added. A VAT refund occurs when a VAT Registered Taxpayers input tax exceeds its output tax.

#### 3.2 Taxpayers and VAT Registered Taxpayers

According to the Tanzania VAT Act No.5 of 2014, it is mandatory for a business that produces taxable supplies at a threshold of TZS 100 million for 12 month period to register for VAT. Any person who carries on an economic activity involving the supply of professional services and Government entity or institution which carries on economic activity shall be required to be registered for value added tax.

Table 3.1 shows the number of registered taxpayers increased by 9.5 percent from 2.5 million in 2016/17 to 2.7 million in 2017/18. The largest growth of registered taxpayers was 55.6 percent in 2012/13 which surpassed the average growth of 21.7 percent in the period from 2006/07 to 2017/18. The following table shows the trend registered taxpayers from 2006/07 to 2017/18.

**Table 3. 1: The Number of Registered Taxpayers, Tanzania Mainland, 2006/07 - 2017/18**

Year	2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18
Taxpayers ('000')	335	398	488	618	846	1,036	1,612	1,784	1,990	2,200	2,501	2,739
Growth (Percent)		18.9	22.6	26.6	36.9	22.4	55.6	10.7	11.6	10.5	13.7	9.5

Table 3.2 indicates that the number of registered VAT taxpayers increased by 8.7 percent from 29,561 in 2016/17 to 32,141 in 2017/18. The trend also depicts that the number of VAT registers has been progressively increasing in the entire period. The trend however, showed fluctuations in the rate of annual growth increase registered VAT taxpayers from 2011/12 to 2017/18.

**Table 3. 2: The Number of VAT Registered Taxpayers Tanzania Mainland, 2006/07 - 2017/18**

Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Registered Taxpayers	7,723	9,036	10,844	13,253	16,848	17,860	21,362	24,346	25,908	27,235	29,561	32,141
Growth (Percent)		17.0	20.0	22.2	27.1	6.0	19.6	14.0	6.4	5.1	8.5	8.7

### 3.3 Domestic VAT Revenue

Domestic VAT revenue are collected from domestic goods and services. Significant domestic goods and services that are charged in Tanzania include beer, cigarettes, cement, electricity and telephones. Table 3.3 shows VAT revenue collected from various goods and services in the period from 2006/07 to 2017/18. Total Domestic VAT revenues collected increased by 12.4 percent from TZS 2,158.5 billion in 2016/17 to TZS 2,426.3 billion in 2017/18, which is less than the average annual growth of 17.5 percent recorded in the period under review. The highest rate of growth recorded during this period was 30.6 percent attained in 2007/08. This growth was higher than the average growth of 17.5 in the same period.

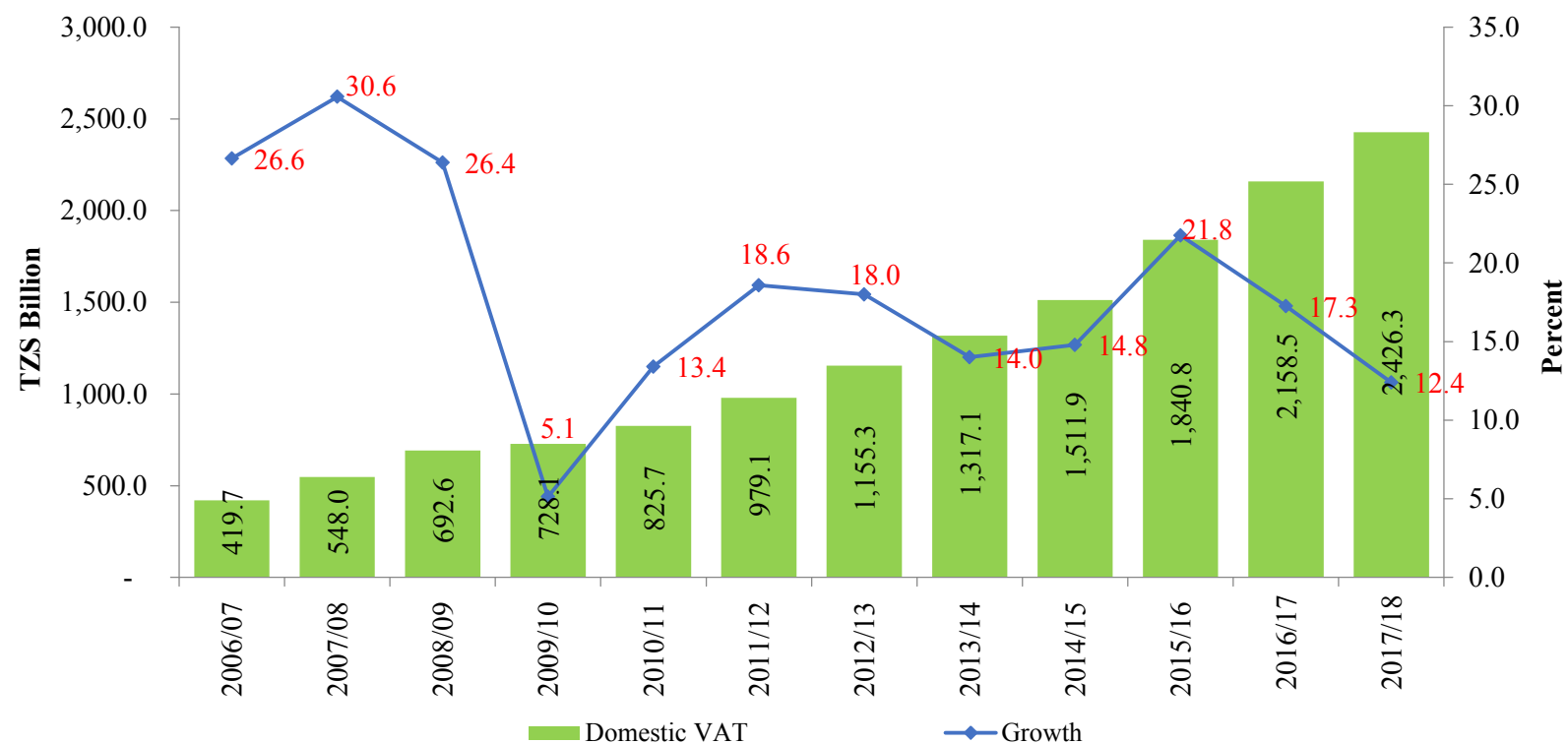
**Table 3. 3: Domestic VAT Revenue (TZS Billion) Collected by Type of Goods and Services, Tanzania Mainland, 2006/07 – 2017/18**

Type of VAT	Product/Service	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
VAT on Products	Beer	47.6	56.3	66.9	66.2	80.5	90.1	105.6	118.6	136.3	141.8	138.2	160.7
	Cigarettes	20.8	23.5	33	29.1	33.9	39.1	45.7	37.6	46.1	48.7	40.2	45.8
	Soft Drinks	10.4	13.7	20	19.5	25.9	27.2	34.7	41.4	48	41.6	37.7	37.9
	Cement	-	19.8	24	20.6	34.2	31	32	23.7	23.2	22.3	13.5	23.5
	Sugar	-	13.9	24.9	24.9	24.9	38.2	24	23.9	36.5	44.9	71.0	76.3
	Other products	112.7	72.5	74.8	92.2	105.5	158.3	60.3	97.9	115.1	161.5	159.3	216.3
	Electricity	20.8	31.2	42.5	56	31.5	27.3	78.5	97.1	137.6	106.9	79.6	99.2
VAT on services	Telephones	63.3	105.6	128.8	123.1	139.4	190.4	224	168.8	219	203.6	191.6	72.7
	Retailers	10.3	13.4	14.8	16.1	19.9	39.5	42.1	39.7	18.6	23.9	19.2	26.4
	Wholesalers	9.2	10.9	13.5	14.5	17.3	17.2	26.3	24.6	25.4	33.3	33.3	45.2
	Transport	16.7	26.7	62.3	67	67.5	19.9	26.9	39.9	37.1	48.8	49.4	51.1
	Hotel Services	19.2	26.1	26.1	27.5	36.1	45.1	41.3	45.5	47.7	45.6	58.6	73.2
	Other services	88.7	134.4	161	171.4	209.1	255.8	413.9	558.4	621.3	917.9	1,266.8	1,497.8
<b>Total VAT</b>		<b>419.7</b>	<b>548.0</b>	<b>692.6</b>	<b>728.1</b>	<b>825.7</b>	<b>979.1</b>	<b>1,155.3</b>	<b>1,317.1</b>	<b>1,511.9</b>	<b>1,840.8</b>	<b>2,158.5</b>	<b>2,426.3</b>
<b>Growth</b>			<b>30.6</b>	<b>26.4</b>	<b>5.1</b>	<b>13.4</b>	<b>18.6</b>	<b>18.0</b>	<b>14.0</b>	<b>14.8</b>	<b>21.8</b>	<b>17.3</b>	<b>12.4</b>

Source: Tanzania Revenue Authority, 2018



Figure 3. 1: Trend in the Growth of Domestic VAT, Tanzania Mainland, 2006/07 – 2017/18



### 3.3.1 VAT on Domestic Goods

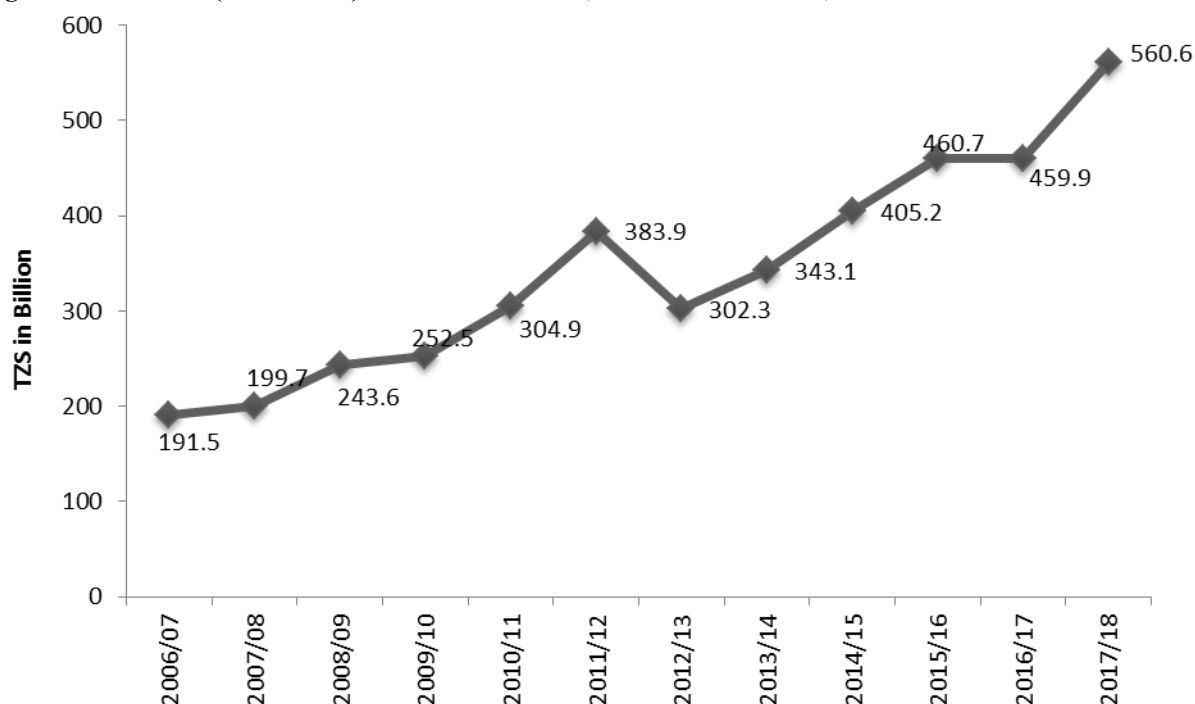
Table 3.4 shows revenue collected through VAT on domestic goods from 2006/07 to 2017/18. The revenue increased by 21.9 percent from TZS 459.9 billion in 2016/17 to TZS 560.6 billion in 2017/18 compared to a decrease of 0.2 percent in the preceeding period. The largest growth of 25.9 percent was realized in 2011/12. In 2017/18, the total VAT on domestic goods has resulted from the contribution of beer by 28.7 percent followed by sugar (13.6%) and cigarettes (8.2%).

**Table 3.4: VAT on Domestic Goods (TZS Billion) by Type of Product, Tanzania Mainland, 2006/07 – 2017/18**

Year	Type of Product						Total VAT Domestic Products	Changes in Collection Between Years	
	Beer	Cigarettes	Soft Drinks	Cement	Sugar	Others		Amount	Percent
2006/07	47.6	20.8	10.4	0	0	112.7	191.5		
2007/08	56.3	23.5	13.7	19.8	13.9	72.5	199.7	8.2	4.3
2008/09	66.9	33	20	24	24.9	74.8	243.6	43.9	22.0
2009/10	66.2	29.1	19.5	20.6	24.9	92.2	252.5	8.9	3.7
2010/11	80.5	33.9	25.9	34.2	24.9	105.5	304.9	52.4	20.8
2011/12	90.1	39.1	27.2	31	38.2	158.3	383.9	79	25.9
2012/13	105.6	45.7	34.7	32	24	60.3	302.3	-81.6	-21.3
2013/14	118.6	37.6	41.4	23.7	23.9	97.9	343.1	40.8	13.5
2014/15	136.3	46.1	48	23.2	36.5	115.1	405.2	62.1	18.1
2015/16	141.8	48.7	41.6	22.3	44.9	161.5	460.7	55.5	13.7
2016/17	138.2	40.2	37.7	13.5	71.0	159.3	459.9	-0.8	-0.2
2017/18	160.7	45.8	37.9	23.5	76.3	216.3	560.6	100.7	21.9
<b>Total</b>	<b>1,208.8</b>	<b>443.5</b>	<b>358.0</b>	<b>267.8</b>	<b>403.4</b>	<b>1,426.4</b>	<b>4,107.9</b>		
<b>Share</b>	<b>29.3</b>	<b>11.6</b>	<b>8.9</b>	<b>6.9</b>	<b>8.4</b>	<b>34.9</b>	<b>100</b>		

Source: Tanzania Revenue Authority, 2018

Figure 3.2 shows there was an overall increase in revenue collected through VAT on domestic goods for the period of 2006/07 to 2017/18. However, slight decrease was observed in 2012/13 and 2016/17. Revenue collection in absolute terms has been increasing at varying values from TZS 191.5 billion in 2006/07 up to a total of TZS 560.6 billion in 2017/18.

**Figure 3. 2: VAT (TZS billion) on Domestic Goods, Tanzania Mainland, 2006/07 - 2017/18**

### 3.3.2 VAT on Domestic Services

VAT on domestic services is charged on electricity, telephone, retail and wholesale businesses, transport, hotel and other services. Table 3.5 shows VAT on domestic services increased by 9.8 percent from TZS 1,698.1 billion in 2016/17 to TZS 1,865.7 billion in 2017/18. The highest growth of 52.6 percent was recorded in 2007/8 as supported by revenue collected from telephones, electricity and transport services. In 2017/18, the largest share of VAT on domestic services was 5.3 percent of telephone followed by 3.9 percent of electricity and hotel services. From 2006/07 to 2017/18, the largest yearly share of VAT on domestic services contributed by VAT on telephone services.

**Table 3. 5: VAT from Domestic Services (TZS Billion) by Type of Service, Tanzania Mainland, 2006/07 – 2017/18**

Year	Type of Service							Total VAT from Domestic Services	Changes in Collection between Years	
	Electricity	Telephone	Retailers	Wholesalers	Transport	Hotel Services	Others		Amount	Percent
2006/07	20.8	63.3	10.3	9.2	16.7	19.2	88.7	228.2		
2007/08	31.2	105.6	13.4	10.9	26.7	26.1	134.4	348.3	120.1	52.6
2008/09	42.5	128.8	14.8	13.5	62.3	26.1	161.0	449.0	100.7	28.9
2009/10	56.0	123.1	16.1	14.5	67.0	27.5	171.4	475.6	26.6	5.9
2010/11	31.5	139.4	19.9	17.3	67.5	36.1	209.1	520.8	45.2	9.5
2011/12	27.3	190.4	39.5	17.2	19.9	45.1	255.8	595.2	74.4	14.3
2012/13	78.5	224.0	42.1	26.3	26.9	41.3	413.9	853.0	257.8	43.3
2013/14	97.1	168.8	39.7	24.6	39.9	45.5	558.4	974.0	121.0	14.2
2014/15	137.6	219.0	18.6	25.4	37.1	47.7	621.3	1,106.7	132.7	13.6
2015/16	106.9	203.6	23.9	33.3	48.8	45.6	917.9	1,380.0	273.3	24.7
2016/17	79.6	191.6	19.2	33.3	49.4	58.6	1,266.8	1,698.6	318.6	23.1
2017/18	99.2	72.7	26.4	45.2	51.1	73.2	1,497.8	1,865.7	167.1	9.8
Shares										
2006/07	9.1	27.7	4.5	4.0	7.3	8.4	38.9	100		
2007/08	9.0	30.3	3.8	3.1	7.7	7.5	38.6	100		
2008/09	9.5	28.7	3.3	3.0	13.9	5.8	35.9	100		
2009/10	11.8	25.9	3.4	3.0	14.1	5.8	36.0	100		
2010/11	6.0	26.8	3.8	3.3	13.0	6.9	40.1	100		
2011/12	4.6	32.0	6.6	2.9	3.3	7.6	43.0	100		
2012/13	9.2	26.3	4.9	3.1	3.2	4.8	48.5	100		
2013/14	10.0	17.3	4.1	2.5	4.1	4.7	57.3	100		
2014/15	12.4	19.8	1.7	2.3	3.4	4.3	56.1	100		
2015/16	7.7	14.8	1.7	2.4	3.5	3.3	66.5	100		
2016/17	4.7	11.3	1.1	2.0	2.9	3.5	74.6	100		
2017/18	5.3	3.9	1.4	2.4	2.7	3.9	80.3	100		

*Source: Tanzania Revenue Authority, 2018*

## CHAPTER FOUR

### OTHER DOMESTIC TAXES AND CHARGES

#### 4.1 Introduction

Other domestic taxes and charges include departure charges, motor vehicle taxes, stamp duties and treasury vouchers. Table 4.1 shows other domestic taxes and charges decreased by 49.3 percent from TZS 337.9 billion in 2016/17 to TZS 171.4 billion in 2017/18. The largest contribution to 2017/18 growth was made by motor vehicle taxes. The highest growth of 90.1 percent was recorded in 2007/08 as supported by revenue collected from departure charges, motor vehicle taxes and treasury vouchers. In 2017/18, the largest share to total other domestic taxes and charges was 51.9 percent of motor vehicle taxes followed by 40.2 percent of departure charges. From the year 2006/07 to 2017/18, the largest yearly share to total other domestic taxes and charges came from motor vehicle taxes.

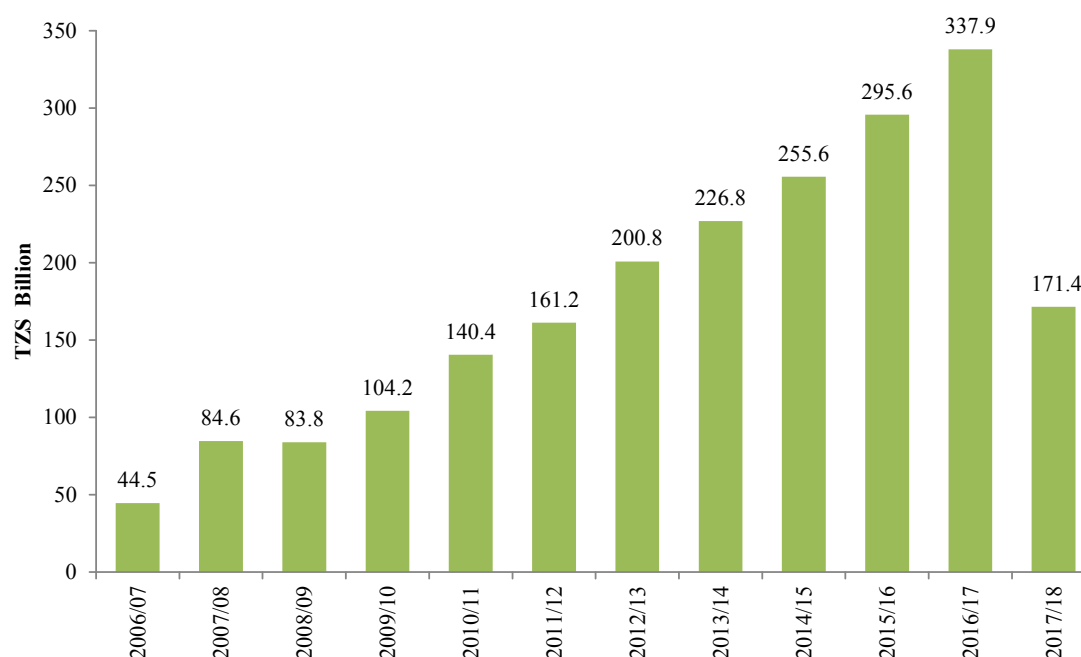
**Table 4.1: Other Domestic Taxes and Charges (TZS Billion) by Type of Tax or Charge, Tanzania Mainland, 2006/07 – 2017/18**

Year	Departure Charges	Motor Vehicle Taxes	Stamp Duties	Treasury Vouchers	Total Other Domestic Taxes and Charges	Change of Collection between Years	
						Amount	Percent
2006/07	14.4	17	4.8	8.3	44.5		
2007/08	16.2	52.3	5.3	10.8	84.6	40.1	90.1
2008/09	16.9	62.3	4.6	-	83.8	-0.8	-0.9
2009/10	21.2	70.1	6.1	6.8	104.2	20.4	24.3
2010/11	23.3	101.3	7	8.8	140.4	36.2	34.7
2011/12	23.2	117.6	11	9.4	161.2	20.8	14.8
2012/13	35.2	147.8	11.1	6.7	200.8	39.6	24.6
2013/14	42.4	158.4	8.6	6.5	215.9	15.1	7.5
2014/15	53.1	184.4	10.7	7.4	255.6	39.7	18.4
2015/16	68.7	214.2	12.1	0.6	295.6	40.0	15.6
2016/17	69.1	256.8	12.0	0.0	337.9	42.3	14.3
2017/18	69.0	88.9	13.5	0.0	171.4	-166.5	-49.3
<b>Shares</b>							
2006/07	32.4	38.2	10.8	18.7	100		
2007/08	19.1	61.8	6.3	12.8	100		
2008/09	20.2	74.3	5.5	-	100		
2009/10	20.3	67.3	5.9	6.5	100		
2010/11	16.6	72.2	5.0	6.3	100		
2011/12	14.4	73.0	6.8	5.8	100		
2012/13	17.5	73.6	5.5	3.3	100		
2013/14	19.6	73.4	4.0	3.0	100		
2014/15	20.8	72.1	4.2	2.9	100		
2015/16	23.2	72.5	4.1	0.2	100		
2016/17	20.4	76.0	3.6	0.0	100		
2017/18	40.2	51.9	7.9	0.0	100		

Source: Tanzania Revenue Authority, 2018

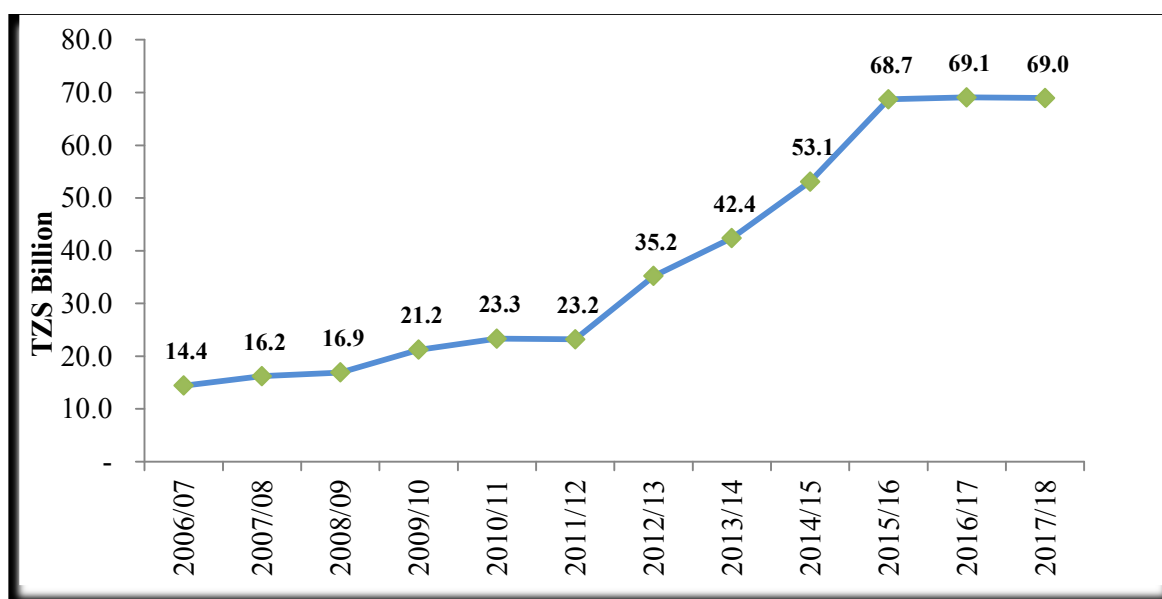
Figure 4.1 shows revenue collected through other domestic taxes and charges for the period from 2006/07 to 2017/18. Revenue collection has been increasing in absolute values from TZS 44.5 billion in 2006/07 up to a total of TZS 337.9 billion in 2016/17 before it decreased to TZS 171.4 billion in 2017/18.

**Figure 4. 1: Revenue contribution through Other Domestic Taxes and Charges (TZS billion), Tanzania Mainland, 2006/07 – 2017/18**



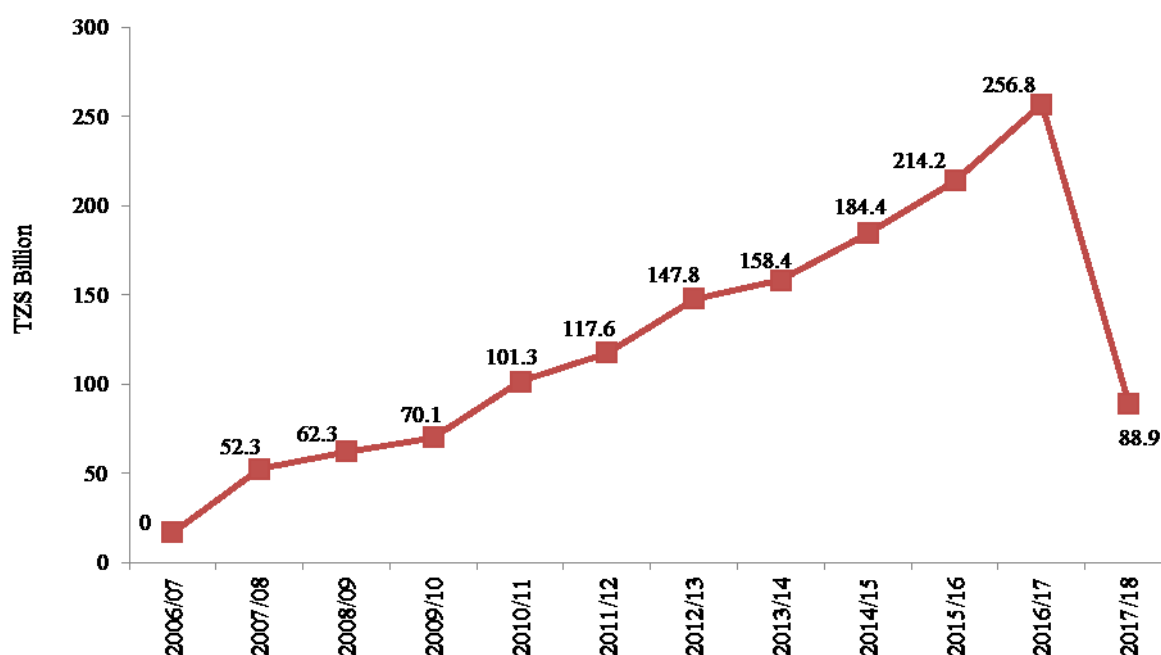
## 4.2 Departure Charges

International air passenger departure charges is a tax imposed on international air travel. Figure 4.2 also indicates that the revenue from departure charges decreased by 0.1 percent from TZS 69.1 billion in 2016/17 to TZS 69.0 billion in 2017/18. The trend also depicts that the departure charges has been progressively increasing from 2006/07 to 2016/17 before it slightly decreased in 2017/18.

**Figure 4. 2: Trend of Departure Charges (TZS Billion),Tanzania Mainland, 2006/07 – 2017/18**

### 4.3 Motor Vehicle Taxes

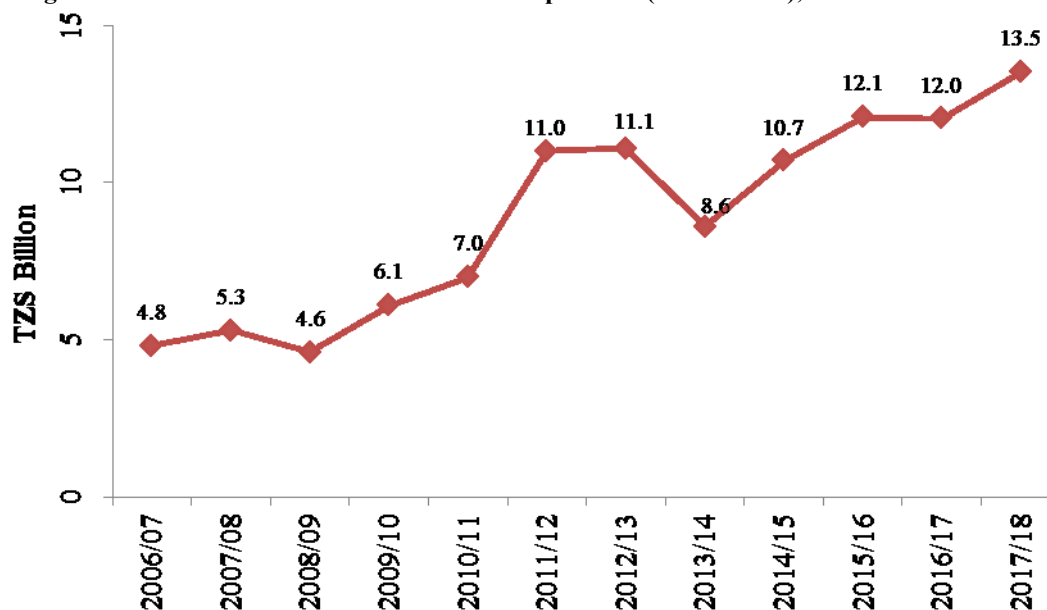
Figure 4.3 also indicates that the revenue from motor vehicles taxes dropped by 65.4 percent from TZS 256.8 billion in 2016/17 to TZS 88.9 billion in 2017/18. The trend also shows that the motor vehicles taxes has been progressively increasing from 2006/07 to 2016/17 by an average of TZS 125.7 billion before dropping to TZS 88.9 billion in 2017/18.

**Figure 4. 3: Trend of Motor Vehicle taxes (TZS Billion),Tanzania Mainland, 2006/07 – 2017/18**

#### 4.4 Stamp Duties

Figure 4.4 also indicates that the revenue from stamp duties increased by 12.2 percent from TZS 12.0 billion in 2016/17 to TZS 13.5 billion in 2017/18. The trend also depicts that growth in revenue collected from stamp duties has been fluctuating from TZS 4.8 billion in 2006/07 to TZS 13.5 billion in 2017/18 around an average of TZS 8.9 billion in the period under review.

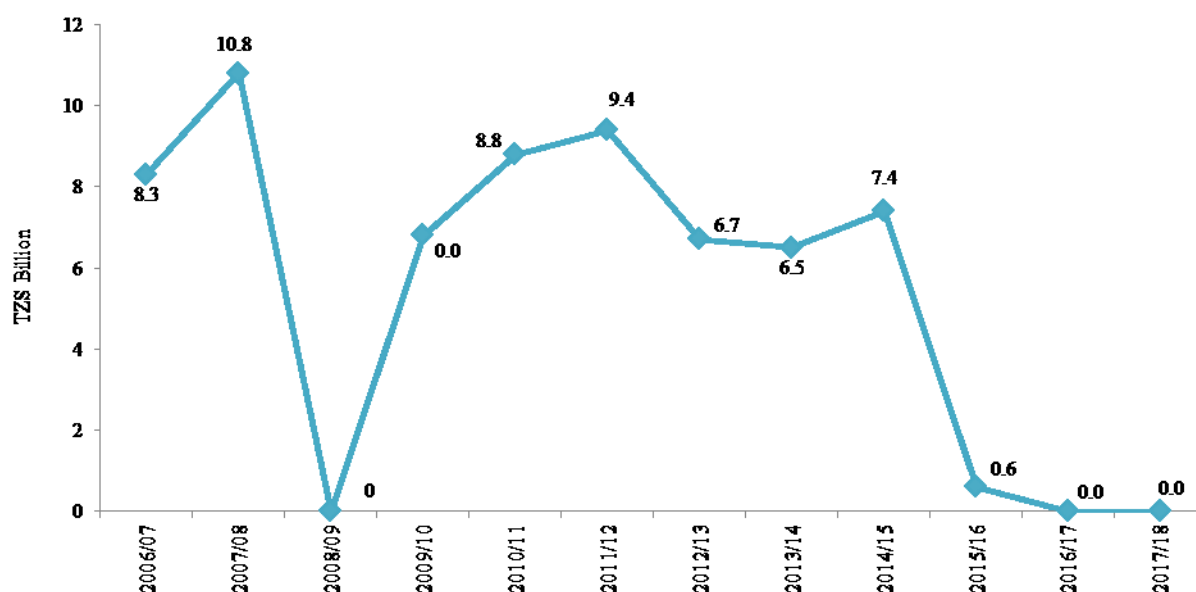
Figure 4. 4: Trend of Revenue from Stamp Duties (TZS Billion), Tanzania Mainland 2006/07 – 2017/18



#### 4.5 Treasury Vouchers

Figure 4.5 indicates that no revenue from treasury voucher collected from the year 2016/17 to 2017/18. However, minimum amount of revenue from instrument have been collected.

Figure 4. 5: Trend of Treasury Vouchers (TZS Billion), Tanzania Mainland, 2006/07 – 2017/18





## CHAPTER FIVE

## International Trade Taxes and Transactions

## 5.1 International Trade Taxes

International trade taxes are categorized into import duties, excise duties, VAT on imports, fuel levy and some other non-tax revenue. Table 5.1 shows the revenue collected through the international trade taxes in Tanzania Mainland from 2006/07 to 2017/18. Revenue collected through international trade taxes grew by 9.2 percent from TZS 6,207.7 billion in 2016/17 to TZS 6,776.8 billion in 2017/18. The highest growth of 35.5 percent in revenue collected from international trade taxes was observed in 2015/16. In 2017/18, the largest contribution to revenue from international trade taxes was 30.3 percent from VAT on imports.

**Note:** Figures on import duty from 2006/07 to 2017/18 exclude values of other import charges in table 5.1 which are shown on a separate column.(refer previous Editions).

**Table 5.1: Revenue collected through International Trade Taxes (TZS Billion) by Type of Tax, Tanzania Mainland, 2006/07 – 2017/18**

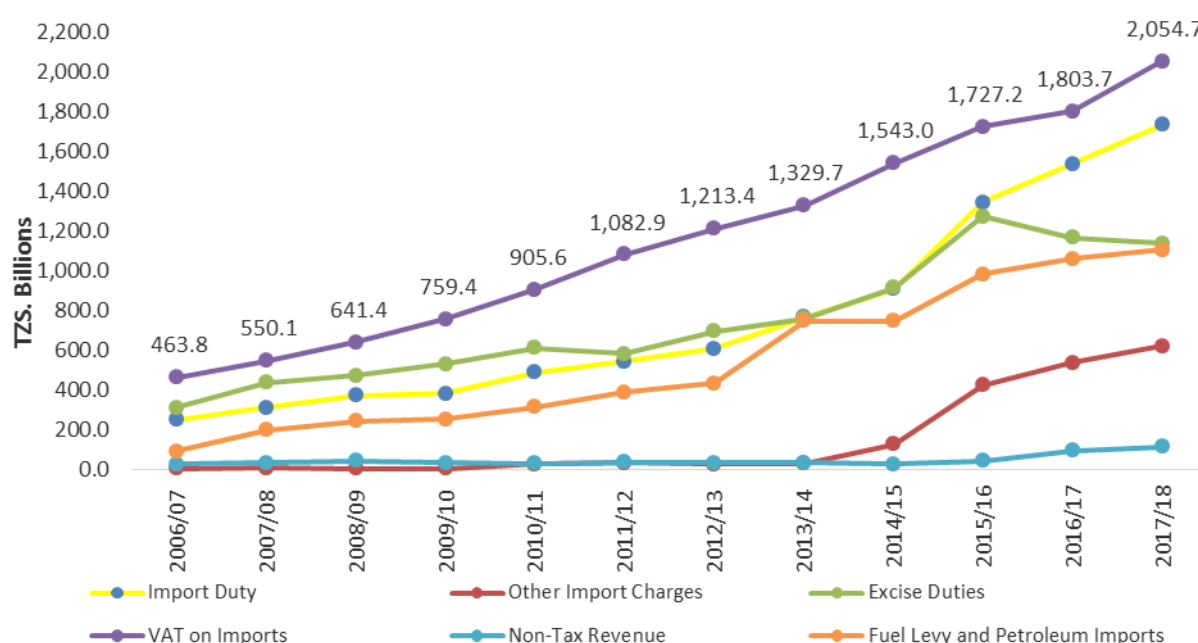
Year	Import Duty	Other Import Charges <sup>1</sup>	Excise Duties	VAT on Imports	Non-Tax Revenue <sup>2</sup>	Fuel Levy and Petroleum Imports	Total International Taxes and Transactions	Changes in Collection between Years	
2006/07	251.4	6.0	312.0	463.8	27.7	94.8	1,155.7		
2007/08	313.0	8.6	440.3	550.1	34.4	200.4	1,546.8	391.1	33.8
2008/09	373.9	7.2	475.3	641.4	44.5	246.1	1,788.4	241.6	15.6
2009/10	383.3	6.4	533.8	759.4	35.1	256.0	1,974.0	185.6	10.4
2010/11	489.0	29.1	614.3	905.6	32.5	315.3	2,385.9	411.9	20.9
2011/12	546.3	36.6	583.6	1,082.9	40.1	390.5	2,680.1	294.2	12.3
2012/13	610.9	29.9	697.4	1,213.4	34.9	436.3	3,022.8	342.7	12.8
2013/14	766.7	31.9	761.9	1,329.7	36.9	750.3	3,677.4	654.6	21.7
2014/15	910.9	130.0	916.9	1,543.0	30.4	750.3	4,281.5	604.1	16.4
2015/16	1,344.3	425.3	1,275.8	1,727.2	45.5	983.4	5,801.4	1,519.9	35.5
2016/17	1,538.0	539.8	1,169.9	1,803.7	95.7	1,060.6	6,207.7	406.2	7.0
2017/18	1,735.6	621.9	1,140.3	2,054.7	117.0	1,107.2	6,776.8	569.1	9.2
<b>Shares</b>									
2006/07	21.8	0.5	27.0	40.1	2.4	8.2	100.0		
2007/08	20.2	0.6	28.5	35.6	2.2	13.0	100.0		
2008/09	20.9	0.4	26.6	35.9	2.5	13.8	100.0		
2009/10	19.4	0.3	27.0	38.5	1.8	13.0	100.0		
2010/11	20.5	1.2	25.7	38.0	1.4	13.2	100.0		
2011/12	20.4	1.4	21.8	40.4	1.5	14.6	100.0		
2012/13	20.2	1.0	23.1	40.1	1.2	14.4	100.0		
2013/14	20.8	0.9	20.7	36.2	1.0	20.4	100.0		
2014/15	21.3	3.0	21.4	36.0	0.7	17.5	100.0		
2015/16	23.2	7.3	22.0	29.8	0.8	17.0	100.0		
2016/17	24.8	8.7	18.8	29.1	1.5	17.1	100.0		
2017/18	25.6	9.2	16.8	30.3	1.7	16.3	100.0		

Source: Tanzania Revenue Authority, 2018.

- 1 includes Export Duty & Levy, Processing fee-REA, Railway Development Levy, Processing Fee-dry cargo-TRA and Water supply and sanitation.
- 2 includes Transit Fees, Auction Sales, Sales of Stores, Printing & Publications, Customs Warehouse Rent, Customs Agency Fees, Other Collectios and Treasury Vouchers.

The trend in Figure 5.1 shows that all types of tax items under international trade were increasing in a similar pattern from year to year except for excise duty in 2016/17 and 2017/18 in which the trend in these two years decreased. VAT on imports dominated over the whole period under review.

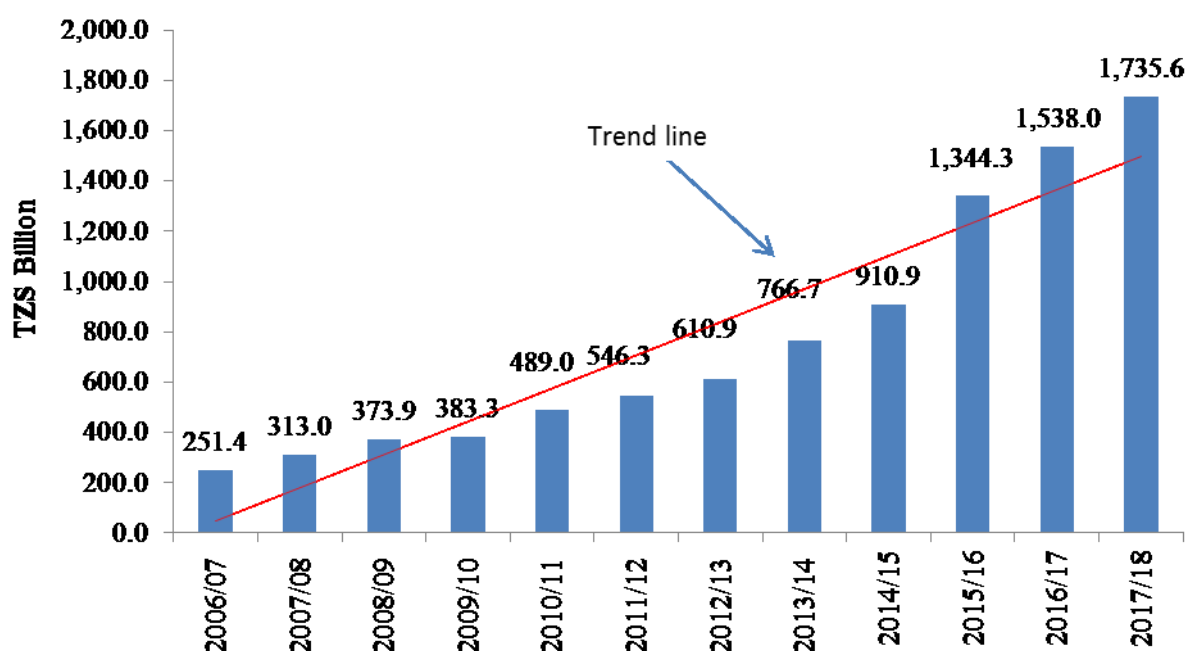
**Figure 5.1: Revenue from International Trade Taxes (TZS Billion) by Type of Tax, Tanzania Mainland, 2006/07 – 2017/18**



### 5.1.1 Import Duty

Import duty are mainly charged on non petroleum imports. Revenue collected through import duties grew by 12.9 percent from TZS 1,538.0 billion in 2016/17 to TZS 1,735.6 billion in 2017/18. In the past twelve years from 2006/07 to 2017/18, the largest annual growth was 35.5 percent observed in 2015/16. Import duty showed an upward trending in the entire period (Figure 5.2).

Figure 5. 2: Trend of Import Duty (TZS Billion),Tanzania Mainland 2006/07– 2017/18



### 5.1.2 Excise Duty on Imports

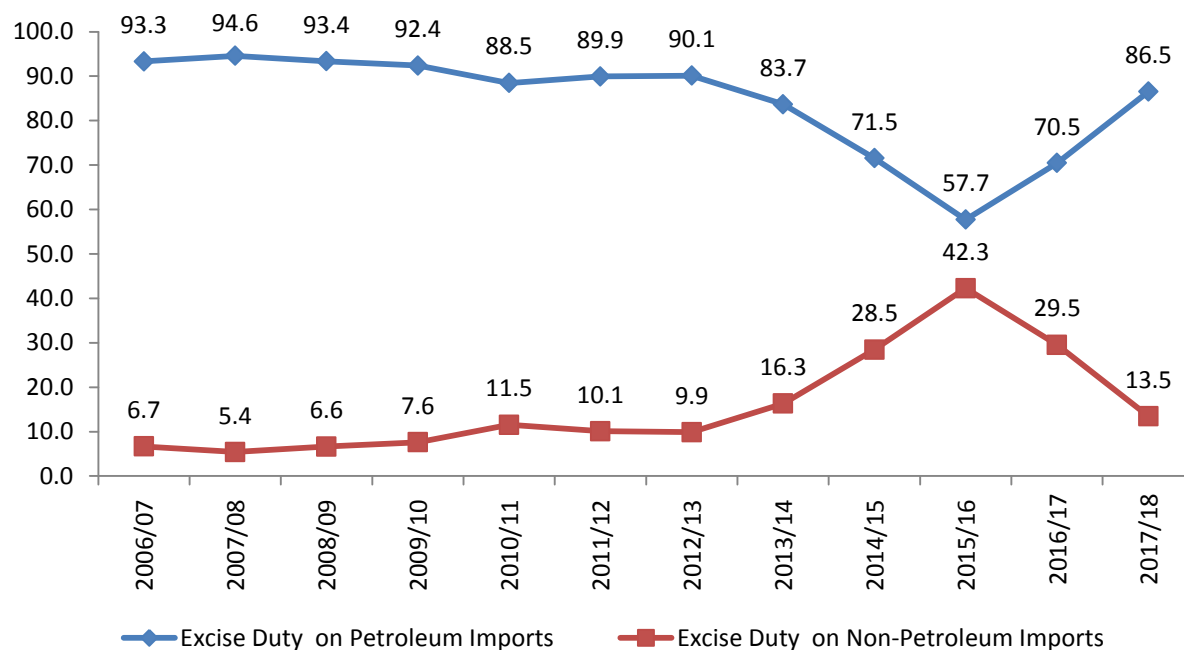
Excise duty on imports is charged on petroleum and non-petroleum imports. Table 5.2 shows that the revenue collected from excise duty on imports declined to 2.5 percent from TZS 1,169.9 billion in 2016/17 to TZS 1,140.3 billion in 2017/18. From 2006/07 to 2017/18, the average annual growth of revenue from excise duty on imports was 13.5 percent. The growth was mostly influenced by excise duty on petroleum products. In 2017/18, Petroleum imports contributed about 86.5 percentage points to total excise duty on imports as indicated in figure 5.3.

Table 5. 2: Excise Duty on Imports (TZS Billion), Tanzania Mainland for 2006/07 – 2017/18

Year	Petroleum Imports	Percent	Non-Petroleum Imports	Percent	Wines and Spirits	Percent	Total Excise Duty	Changes in Collection between Years	
								Amount	Percent
2006/07	291.2	93.3	20.8	6.7	1.3	0.4	312.0		
2007/08	416.4	94.6	23.9	5.4	1.2	0.3	440.3	128.3	41.1
2008/09	443.7	93.4	31.5	6.6	-	-	475.3	35.0	7.9
2009/10	493.2	92.4	40.6	7.6	-	-	533.8	58.5	12.3
2010/11	543.5	88.5	70.8	11.5	-	-	614.3	80.5	15.1
2011/12	524.8	89.9	58.8	10.1	-	-	583.6	-30.7	-5.0
2012/13	628.4	90.1	69.0	9.9	0.6	0.1	697.4	113.8	19.5
2013/14	637.5	83.7	124.4	16.3	0.1	0.0	761.9	64.5	9.2
2014/15	656.0	71.5	260.9	28.5	-	-	916.9	155.0	20.3
2015/16	736.4	57.7	539.4	42.3	-	-	1,275.8	358.9	39.1
2016/17	824.2	70.5	345.6	29.5	-	-	1,169.9	-105.9	-8.3
2017/18	986.7	86.5	153.6	13.5	-	-	1,140.3	-29.6	-2.5

Source: Tanzania Revenue Authority, 2018.

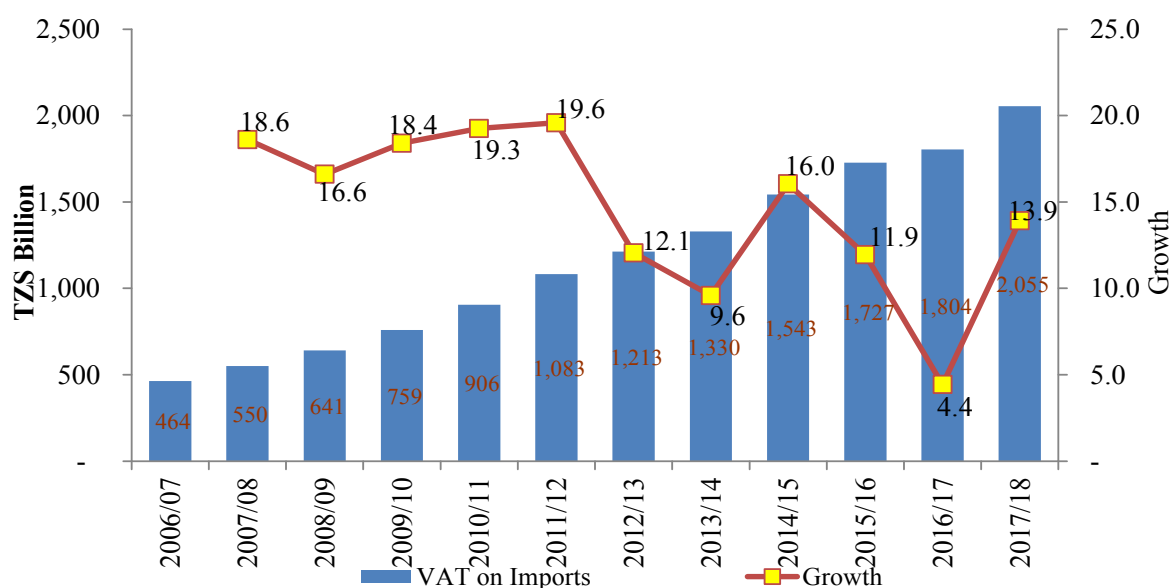
**Figure 5.3: Shares of Petroleum and Non Petroleum Imports to Total Excise Duty on Imports, Tanzania Mainland, 2006/07 – 2017/18**



### 5.1.2 VAT on Imports

VAT on imports is only charged on non-petroleum products. Revenue collected through VAT on non-petroleum products grew by 4.4 percent from TZS 1,803.7 billion in 2016/17 to TZS 2,054.7 billion in 2017/18. In the twelve years period from 2006/07 to 2017/18, the largest annual growth rate of VAT on Imports was 19.6 percent as registered in 2011/12. In the same duration, the average annual growth rate of VAT on Imports was 14.6 percent (*Figure 5.4*).

**Figure 5.4: Trend of VAT on Imports (TZS Billion) and its Growth, Tanzania Mainland for 2006/07 – 2017/18**



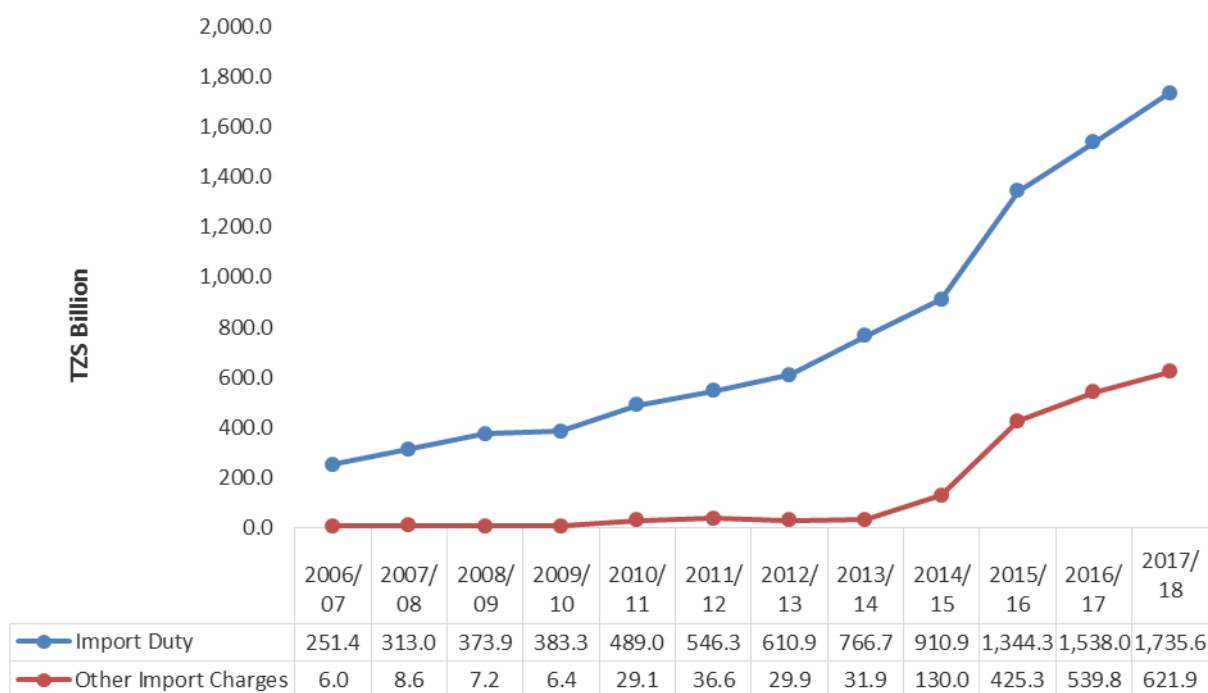
### 5.1.3 Fuel Levy and Petroleum Import Levy

Fuel levy is a specific excise tax imposed as per the Customs and Excise Act. Table 5.1 shows that, revenue collected through fuel and petroleum import levy has been increasing in the entire duration from TZS 94.8 billion recorded in 2006/07 to TZS 1,107.2 billion in 2017/18. This was an equivalent of 4.4 percent annual growth between 2016/17 and 2017/18.

### 5.1.4 Other Import Charge and Non Tax Revenue

Apart from import duty, other related import charges are levied on export duty and levy, processing fee-REA, railway development, processing fee-dry cargo-TRA and water supply and sanitation. Figure 5.5 shows the revenue collected from import duty relative to their corresponding other import charges.

**Figure 5.5: Trend on Import duty and other charges on imports (TZS Billion), Tanzania Mainland, 2006/07– 2017/18**



## 5.2 Tax Rates

Table 5.3 shows tax rates by tax item. The items concerned are individual, company, employees and VAT. Generally, for all items, tax rates have remained constant for a number of years since 2008/09. Maximum marginal rates for individual tax slightly decreased from 5.3 percent in 2015/16 to 5.0 percent in 2017/18 as it was in the previous year 2016/17. Unlike for individual tax rate, the bottom marginal rates on Employees (PAYE) declined gradually from 15 percent in 2008/09 to 9 percent in 2017/18. On the other hand, with the exclusion of year 2008/09, VAT rates have remained constant at 18 percent in the entire reference period.

**Table 5. 3: Tax Rates by Type, Tanzania Mainland, 2008/09 – 2017/18**

Year	Individual		Company	Employee (PAYE)		VAT
	Bottom	Maximum	Maximum	Bottom	Maximum	Maximum
2008/09	1.1%	3.3%	30%	15%	30%	20%
2009/10	1.1%	3.3%	30%	15%	30%	18%
2010/11	1.1%	3.3%	30%	14%	30%	18%
2011/12	2%	3.5%	30%	14%	30%	18%
2012/13	2%	3.5%	30%	14%	30%	18%
2013/14	2%	3.5%	30%	13%	30%	18%
2014/15	4%	7%	30%	12%	30%	18%
2015/16	3%	5.3%	30%	11%	30%	18%
2016/17	3%	5%	30%	9%	30%	18%
2017/18	3%	5%	30%	9%	30%	18%

*Source: Tanzania Revenue Authority, 2018.*

### 5.3 Tax Revenue - to - GDP Ratios

This is the proportion of all tax revenue collected by the Government relative to the country's output or GDP. This is an important economic indicator which is used internationally by institutions such as the International Monetary Fund (IMF), the World Bank and the Organization for Economic Co-operation and Development (OECD) to analyze the tax systems and economic performance for comparative analysis between countries. Table 5.4 indicates that the ratio of Tax revenue to GDP increased from 8.9 percent in 2006/07 to 13.1 percent in 2015/16 before it reached 12.3 percent in 2017/18. Highest ratio of tax revenue to GDP was noted to be 13.1 percent as recorded in 2015/16. Ratios for all years were slightly lower in line with the revised GDP figures based on 2015 prices than the old 2007 prices series. This indicates that GDP figures were rebased up wards and both the GDP and Tax ratios were revised backward.

**Table 5. 4: Tax Revenue to GDP Ratios, Tanzania Mainland, 2006/07 – 2017/18**

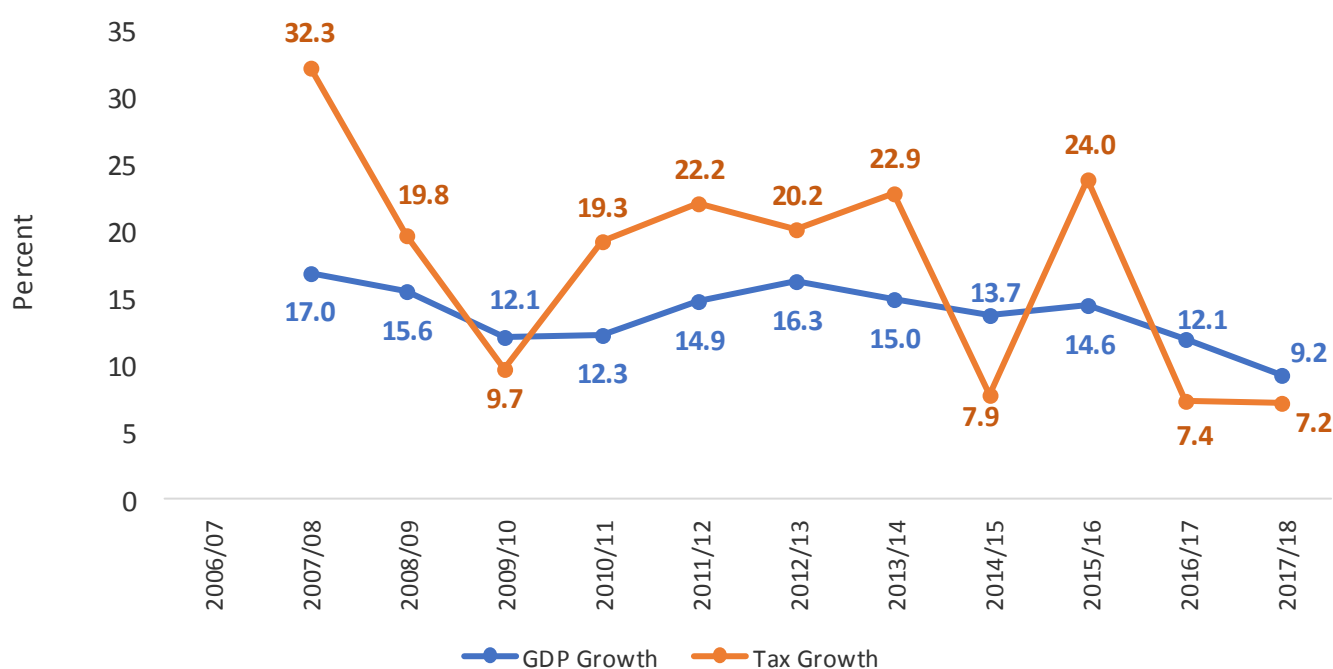
Year	Nominal GDP (TZS Million)	GDP Growth	Tax Revenue (TZS Million)	Tax Growth	Tax to GDP Ratio
2006/07	29,738,305		2,645,077		8.9
2007/08	34,786,788	17	3,499,540	32.3	10.1
2008/09	40,200,646	15.6	4,194,142	19.8	10.4
2009/10	45,073,215	12.1	4,601,452	9.7	10.2
2010/11	50,636,136	12.3	5,489,268	19.3	10.8
2011/12	58,161,975	14.9	6,705,229	22.2	11.5
2012/13	67,647,929	16.3	8,058,913	20.2	11.9
2013/14	77,790,294	15	9,904,752	22.9	12.7
2014/15	88,476,352	13.7	10,685,680	7.9	12.1
2015/16	101,355,820	14.6	13,246,116	24	13.1
2016/17	113,553,411	12	14,221,900	7.4	12.5
2017/18	124,054,426	9.2	15,249,438	7.2	12.3

*Source: Tanzania Revenue Authority, 2018.*

### 5.3.1 GDP and Tax Growth

A general path observed over the whole period in subject shows that both growth in Nominal GDP and tax revenue has not been smooth here has been more constant patterns in GDP growth than Tax revenue growth (*figure 5.6*). GDP growth showed higher percentage than Tax growth in 2009/10, 2014/15, 2016/17 and 2017/18. In order to judge whether this trend is favourable or not, let us engage in buoyancy tests.

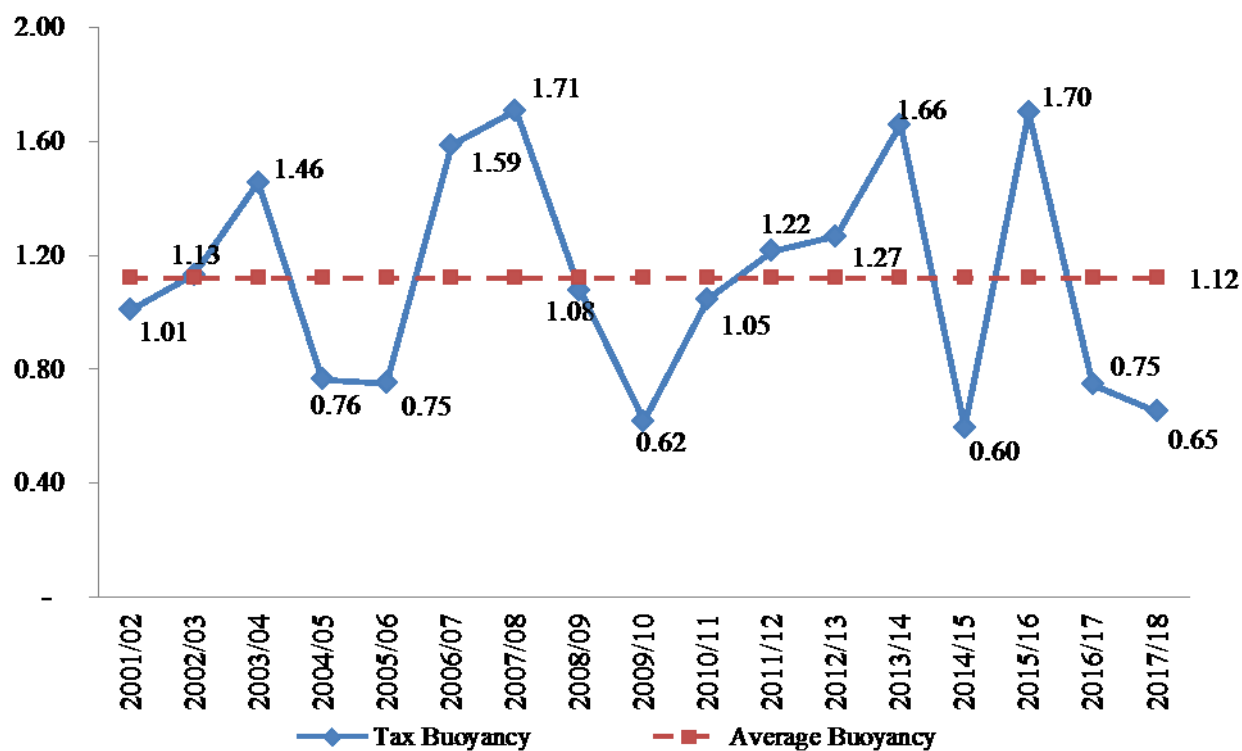
**Figure 5. 6: Trend of Nominal GDP and Tax Growth (percent), Tanzania Mainland, 2002/03 – 2017/18**



### 5.3.2 Tax Buoyancy

Tax buoyancy is a ratio of change in tax revenue to the change in the tax base or GDP. It is an important indicator of tax revenue performance. This indicator measures the sensitivity of tax revenues to changes in economic performance. Buoyancy of tax revenue reflects both the effect of automatic stabilizers and of discretionary fiscal policy alterations. A buoyancy ratio greater than unity over the long-term supports the sustainability of fiscal policy. Short-term buoyancy ratios fluctuate more and are the outcome of economic structural factors, tax policy changes and tax administration. Tax buoyancy has been not stable over the entire period under review although there are more years of favourable buoyancy than unfavourable.

Figure 5. 7: Tax Revenue Bouyancy, Tanzania Mainland, 2001/02 – 2017/18





## CHAPTER SIX

### REVENUE FROM LOCAL GOVERNMENT AUTHORITIES – OWN SOURCE

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#### 6.1 Introduction

Information on revenue collected by local government authorities was incorporated for the first time in the fourth edition of Tax Statistics Report 2015/16. Data and information are obtained from the President's Office - Regional Administration and Local Government (PO-RALG). Local Government Authorities (LGAs) under the PO-RALG are mandated to collect revenue through local taxes, levies and fees which are prescribed in the Local Government Finance Act (CAP 290) sections 6-8. Sources are broadly grouped into local taxes, licences and permit, fees and charges and other revenue. These revenues are included in the estimation of total domestic revenue in Tanzania Mainland.

#### 6.2 Categories of Revenue collected by Local Government Authorities

There are various types of revenue collected by Local Government Authorities in Tanzania. Each council passes some financial by-laws with the aim of meeting the targeted amount of council revenues. Generally, the following are major categories:

- i) **Local Taxes:** include property tax, land rent, produce cess, service levy, guest house levy, and other levies on business activities;
- ii) **Licenses and Permits:** licenses and permits on business activities, permits on construction activities, license on extraction of forest products, and licenses/permits on vehicles and transport;
- iii) **Fees and Charges:** market fees and charges, sanitation fees and charges, and specific fees which include parking and central bus stand fees; and
- iv) **Other Own Revenues:** include all fines and penalties, income from sales or rent, and any other own revenues are classified in this category.

Table 6.1 shows the revenue collected from the LGAs own sources by the major type of sources in Tanzania Mainland in consecutive six years from 2012/13 to 2017/18. The table reveals that, total revenue from LGA's own sources increased by 1.6 percent from TZS 544,898 million in 2016/17 to TZS 553,390 million in 2017/18. During the entire period, revenue from Local taxes dominated the share. However the lowest share of 41.7 realized in 2017/18 might be attributable to the change in policy allowing property tax be collected by the central government. The highest contribution by 54.6 percent was observed in 2012/13, in which a total of TZS 131,454 million was collected out of TZS 240,909 million.

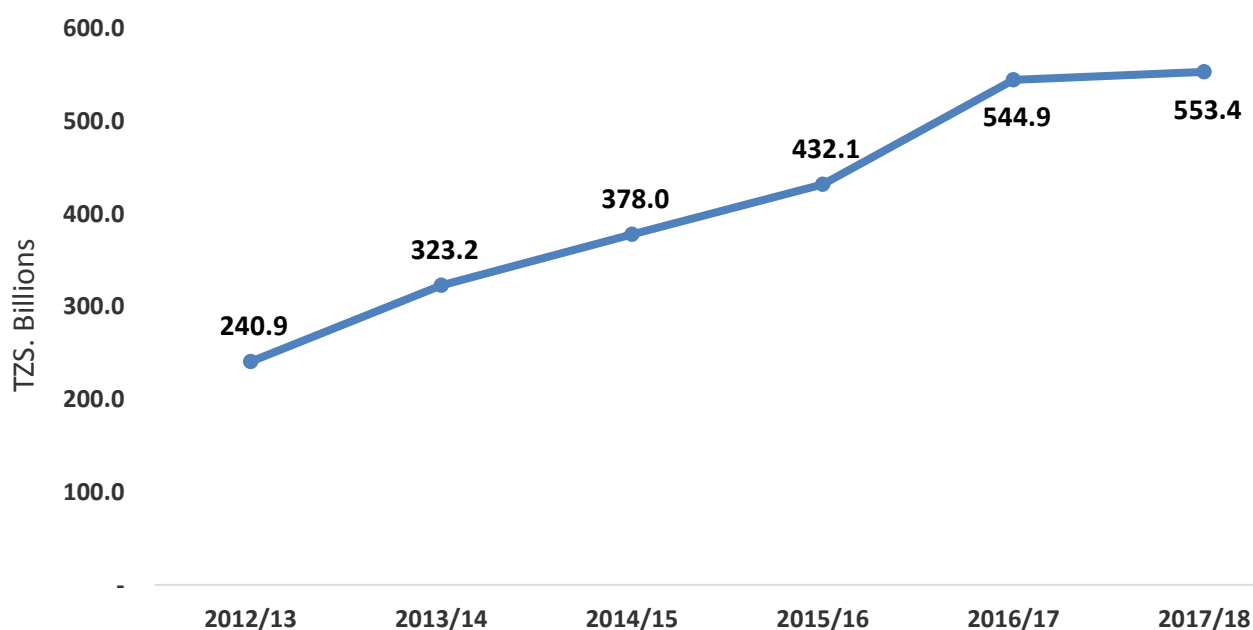
An overall trend in the performance of total revenue collections depicts that, revenue has been increasing from one financial period to the other up to a collection of TZS 553,390 million in 2017/18 as shown in figure 6.1.

**Table 6. 1: Revenue collected from LGAs own sources by major type of sources, 2012/13 - 2017/18**

Category of Revenue	TZS. Million					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Local Taxes	131,454	160,938	190,735	228,295	288,123	230,560
Licenses and Permits	27,191	40,921	46,399	62,436	74,131	66,198
Fees and Charges	28,048	50,343	52,890	54,976	86,967	109,797
Other Own Revenues	54,216	71,025	87,989	86,377	95,677	146,835
<b>Total, Own Source Revenue</b>	<b>240,909</b>	<b>323,227</b>	<b>378,013</b>	<b>432,085</b>	<b>544,898</b>	<b>553,390</b>
<b>Growth</b>		<b>34.2</b>	<b>16.9</b>	<b>14.3</b>	<b>26.1</b>	<b>1.6</b>
<b>Shares</b>						
Local Taxes	54.6	49.8	50.5	52.8	52.9	41.7
Licenses and Permits	11.3	12.7	12.3	14.5	13.6	12.0
Fees and Charges	11.6	15.6	14.0	12.7	16.0	19.8
Other Own Revenues	22.5	22.0	23.3	20.0	17.6	26.5
<b>Total, Own Source Revenue</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

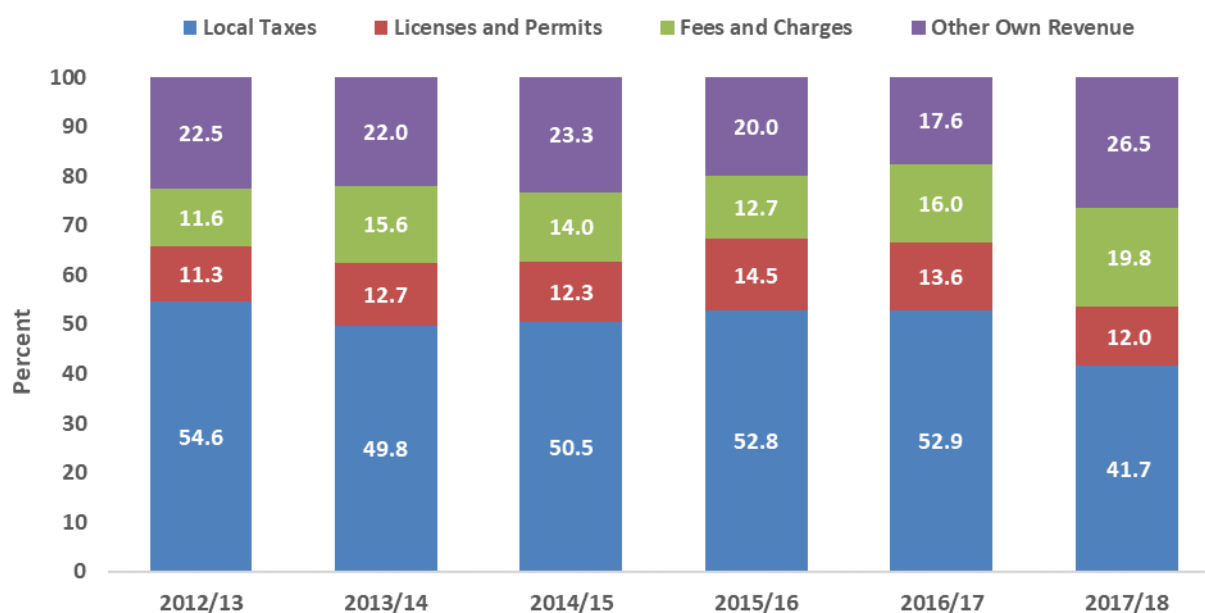
Source: Local Government Authorities 2018.

**Figure 6. 1: Revenue Collection in TZS Billion from LGA's own sources, Tanzania Mainland, 2012/13 – 2017/18**



Local taxes as defined earlier is composed of land rent, produce cess, service levy, guest house levy and other levies on business activities. A summary trend of shares contributed by categories of revenue to the total revenue from 2012/13 to 2017/18 is shown in figure 6.2 and appendix V.

**Figure 6. 2: Contribution of shares to total revenues from LGAs own source by major category, 2012/13 – 2017/18 Tanzania Mainland**



From figure 6.2, shows that the lowest contribution to total own source revenue during the period under review has been observed from licenses and permits in the year 2012/13 which is 11.3 percent.

## ANNEX

### CONCEPTS AND DEFINITIONS

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#### **Tax**

Tax is a compulsory levy or charge imposed by the state on her citizens or non-citizens that is usually payable in monetary terms. Taxes are compulsory financial contributions to state revenue made by a person or body of persons from workers' income and business profits or value added to the cost of some goods, services and transactions expenditure of a public authority. Basically, there are two types of taxes namely direct and indirect taxes. Each type is classified according to the legal and effective incidence to the final payer.

#### **Direct Taxes**

These are taxes levied directly on people's income from employment, business, ownership of property or investment. They include income tax, corporate tax, property tax, Pay as You Earn (PAYE), skills and development levy, individual tax, withholding tax, rental and gaming tax.

#### **Imposition of Income Tax**

It is charged and payable for each year of income by every person who:-

- Has total income, which is the sum of employment, business and investment income;
- Has a domestic permanent establishment that has repatriated income for the year of income; or
- Receives final withholding payments for the year of income.

#### **Corporate Tax**

It is levied on all the corporate taxable profits, accruing to all companies carrying on business in Tanzania. It is generally applied to a company's operating earnings, after expenses such as Cost of Goods sold (COGS), Selling General and Administrative expenses (SG&A) and depreciation have been deducted from a company revenues.

#### **Individual Income Taxes**

These refer to

- Tax charged to non-corporate payers who include sole traders (proprietors) taxed at progressive individual income tax rates; and
- Pay As You Earn (PAYE) is a tax whereby a certain amount of money from employee's gross emoluments is levied.

#### **Taxation of Small Traders with and without Complete Records**

It is levied income tax on all small traders who operate mostly in the informal sector with and without business records based on their annual business turnover.

### Gains or Profits from Employment

This is an income that an employee earns from an employment in the form of salary, which is payable daily, weekly or monthly. It includes payments of wages, salary, payment in lieu of leave, fees, commissions, bonus and gratuities, payments of any personal allowance, payments providing any discharge or reimbursement of expenditure incurred by an individual or by an associate of an individual and payment for an individual's agreement to any conditions of the employment. Contributions made on behalf of the employee to retirement funds and retirement payments made directly to employees. It also includes redundancy and other payments for loss or termination of employment relating to the year of payment and any benefits in kind.

### Qualification of Benefits in Kind

Benefits which an employer may decide to give to the employee. These include

- **motor vehicle benefit:** where an employee is provided with motor vehicle by an employer for personal use in return for employment rendered and the employer incurs all necessary expenses to maintain the vehicle then this is a taxable benefit to the employee quantified annually;
- **subsidized loans:** it is a loan to an employee provided by employer at no interest or at an interest rate that is below the statutory interest rate; and
- **Provision of housing:** it is the value of housing provided to an employee by the employer which is taxable benefit and is included in the employee's monthly pay. The value of housing is calculated as the market value of renting that housing or 15 percent of the rest of the employee's income from employment, whichever is less.

### Gains or Profit from Business

It is a person's income from a business during a year. The following amounts derived from business are regarded as gains or profits and they are taxable

- i) service fees;
- ii) incomings from trading stock (sales of business stocks);
- iii) gains from sale of business assets or liabilities;
- iv) sale of depreciable assets;
- v) amounts derived as consideration for accepting a restriction on the capacity to conduct the business; and
- vi) gifts and other payments received by the person in respect of a business.

### Gains from Investment

Taxable income from investment include

- any dividend, distribution of a trust, gains from life insurance, gains from an interest in an unapproved retirement fund, interest, natural resources payment, rent, or royalty;

- net gains from realization of investment assets (capital gains); and
- amounts derived as a consideration for accepting a restriction on the capacity to conduct the investment.

### **Losses from Business or Investments**

The income tax law provides the treatment of unrelieved losses as follows

- i) when computing income from business or investments during any year of income and a loss is incurred which becomes unrelieved loss, the law allows it to be carried forward and offset against future business income as the case may be, until the whole unrelieved loss is exhausted;
- ii) a person is allowed to deduct a foreign loss from investment only in calculating the person's income from foreign source investment;
- iii) a person is allowed to deduct losses other than foreign losses from investments only in calculating the person's income from investments;
- iv) in case of foreign business, loss is allowed only in calculating the foreign business income; and
- v) in case of a loss incurred in agricultural business it is allowed only in calculating the person's income from agricultural business.

### **Payment of Tax by Installments**

**Single installment:** is a payment of income tax by single installment required from any person who derives a gain in conducting investments from realization of interest in land or buildings situated in Tanzania.

A rate of 10 and 20 percent of the gain for a resident and nonresident person respectively, is required to pay income tax by single installment. Payment by single installment also applies in case of non-resident person who receives a payment in conducting a business of land, sea, or air transport or chartered (without having a domestic permanent establishment in Tanzania) which involves the carriage of passengers who embarked or cargo, mail or other moveable tangible assets that are embarked in Tanzania and which are not for transit, the payer is required to withhold 5 percent of the gross payments before the proper vessel, vehicle or aircraft is allowed to leave Tanzania.

**Quarterly installment:** it is a payment required from business or investments during the year of income at the end of each three-month period commencing at the beginning of the year of income and a final installment on the last day of the year of income.

### **Indirect Taxes**

These are taxes based on consumption. Categorically they are divided into consumption taxes, other domestic taxes and international trade taxes. Examples of such taxes are Import Duty, Excise Duty and Value Added Tax (VAT). By definition, the legal incidence of the tax falls on the trader

who act as a collecting agent of the Government while the effective incidence falls on the final consumer of goods or service who eventually pays the tax.

### **Value-Added Tax (VAT)**

It is a consumption tax charged on all taxable goods and services at a standard rate of 18 percent. It is a multi-stage tax levied on the difference between a commodity's price before taxes and its production cost at each stage of production and distribution up to the retail stage. It is also levied on taxable imports made by a person whether or not registered for VAT.

### **Excise Duty (Local)**

It is levied on certain locally manufactured goods and services such as soft drinks, beer, wines, spirit, mobile phone services, plastic shopping bags, satellite television services, cigarettes and petroleum products.

### **Value Added Tax on Imports**

It is levied on all goods and services imported into the country unless such goods and services are specifically exempted under the VAT law. All importers must pay VAT regardless of whether or not they are registered for VAT. However, importers who are registered for VAT can claim the VAT paid on the imported goods as an input tax in their business. However, for VAT on imported services the input tax is treated as reverse charge hence added to the value of the service.

### **Other Taxes**

#### **Skills and Development Levy (SDL)**

This tax is based on the total gross emoluments paid by an employer to employees (currently, at a rate of 6 percent). The gross emoluments include salary, wage, leave pay, payment in lieu of leave, subsistence allowance, etc.

#### **Stamp Duty**

Refers to the duty paid on certain legal instruments/transactions, affidavit, conveyance and lease agreements. The duty rate is 1 percent based on the consideration applicable to non business persons when issuing a receipt whenever they sell their privately owned assets/properties. Stamp duty on conveyance of agricultural land is TZS 500.

#### **Airport Service Charge**

Refers to charges levied on passengers who board an aircraft at any airport in Tanzania.

#### **Port Service Charge**

Refers to charges levied on passengers who board passenger shipping vessels at any port in Tanzania.

### **Motor Vehicle Registration and Transfer Tax**

Refers to charges levied when a person is registering or transferring ownership of a motor vehicle or motor cycle.

### **Motor Vehicle Annual License Fee**

It is charged on annual basis according to motor vehicle engine capacity. Note that tractors which are used solely for agriculture are exempted from the annual license fee.

### **Custom Modernization Programme**

Refers to enhancement of efficiency and effectiveness in revenue collection, and at the same time facilitates the international trade. Some of the programs include Post Clearance Audit, Destination Inspection Scheme, Computerized Risk Management System, Agreement on Customs Valuation and Compliant Traders Scheme.

### **Post Clearance Audit**

This is a trade facilitation tool where goods can be cleared prior to physical examination in Tanzania. The system verifies the accuracy of declaration through the examination of goods, records, business system and all relevant customs commercial data held by persons and companies directly or indirectly involved in international trade.

### **Destination Inspection Scheme (DSI)**

Is the verification of the importers' declaration at the point of destination in Tanzania through certain procedures for the purposes of

- i) determining the quality and quantity of goods imported;
- ii) establishing the value of goods as compared to the declaration made by the importer;
- iii) establishing the country of origin and supplier;
- iv) determining the applicable customs tariff code under which the goods are to be classified and tax is computed;
- v) providing TRA with Computerized Risk Management Database, which assist in determining levels of intervention and valuation process; and
- vi) enhancing security and international trade facilitation.

### **Computerized Risk Management System (CRMS)**

It identifies risks associated with each import transaction and determines the applicable level of intervention as follows:-

- **Low Risk:** goods covered by these transactions may be released without physical inspection;
- **Medium Risk:** consignments will be subjected to X-Ray scanning. In case no discrepancy is detected such goods will be released without physical inspection; and
- **High Risk:** transaction will be subjected to physical inspection by customs officers to determine compliance.



### **Agreement on Customs Valuation (ACV)**

The system of goods valuation known as Agreement on Customs Valuation (ACV) provides for use of price actually paid or payable for the goods and forbids the use of arbitrary and fictitious values. It is part of Tanzania's obligation in implementing the World Trade Organization (WTO) agreement to which Tanzania is a signatory.

### **Compliant Traders Scheme**

This scheme allows the audit exercise to be carried after the goods have been cleared. The scheme was introduced with a view of facilitating trade through quick clearance of imported goods.

### **Tax Incentives**

#### **Import Duty Relief**

It is a relief on the payment of import duty tax for goods and services imported to Tanzania. It is based on the value of goods, the weight, dimensions, or other criteria of the item such as its size. Those exempted from import duty include all importers of raw materials, electronic cash registers, replacement parts, inputs for manufacturing agricultural equipment, inputs for horticulture and agriculture, hotel equipment, computer software, packing materials for manufactured medicaments and solar equipment and accessories.

#### **Import Duty Drawback**

It is a scheme, which allows exporters to claim refund of import duties paid on raw materials and other inputs used in the production of goods that are exported from Tanzania. This scheme is used as a measure of removing fiscal obstacles to export development. It includes inputs used in production process that do not form part of the qualified product e.g. catalysts and some other chemical agents.

### **Withholding Tax on Dividends and Interest**

It refers to taxes paid by investors with incentive certificates.

### **Export Processing Zone (EPZ)**

It is an area where goods processed or manufactured are exempted from import duty and other taxes.

### **Taxes, Fees and Levies Collected by Local Government Authorities**

Tanzania has a two-tier system of Government that is the central government and the local government, which is at the district, town, and municipal or city level. Most of the local government authorities collect taxes, fees and levies in: property tax, service levy, hotel levy or guest house levy, slaughtering fees, billboards and sign fees, market fees, trading license fees, and liquor license fees.

### **Property Tax**

It is charged to owners of properties and is an important source of revenue for urban councils in Tanzania. Some properties like museums, places of worship, aerodromes and land used for sporting purposes, properties of charitable and educational institutions are exempted from property tax. The rate of the tax is fixed by the local authority (the councilors) through enacting by-laws depending on the value and location of the property.

### **Service Levy**

This levy is charged on the value of goods manufactured by local industries. It is mainly for urban local authorities and it replaces the industrial cess. All corporate entities, which pay the service levy, are exempted from paying agricultural produce cess. Currently, the levy is charged at a rate of 0.3 percent of the turnover net of VAT for corporate entities

### **Other Taxes and Fees**

Most of local authorities charge and collect fees from different sources such as local markets and stores, slaughtering activities, burial services, billboards and sign fees and liquor fees.

### **Subsidies**

These are funds from central government allocated to support the budget for local governments recurrent and development expenditures.

## APPENDICES

### Appendix I: Classification and Recording of Revenue System

<b>1 Revenue</b> <b>11 Taxes</b> 11.1 Taxes on income, profits and capital gains 11.1.1 Payable by individuals 11.1.2 Payable by corporations and other enterprises 11.1.3 Un-allocable 11.2 Taxes on payroll and workforce 11.3 Taxes on property 11.3.1 Recurrent taxes on immovable property 11.3.2 Recurrent taxes on net wealth 11.3.3 Estate, inheritance and gift taxes 11.3.4 Taxes on financial and capital transactions 11.3.5 Other non-recurrent taxes on property 11.3.6 Other recurrent taxes on property 11.4 Taxes on goods and services 11.4.1 General taxes on goods and services 11.4.1.1 Value added taxes 11.4.1.2 Sales taxes 11.4.1.3 Turnover and other general taxes on goods and services 11.4.2 Excises 11.4.3 Profits of fiscal monopolies 11.4.4 Taxes on specific services 11.4.5 Taxes on use of goods and on permission to use goods or perform activities 11.4.5.1 Motor vehicle taxes 11.4.5.2 Other taxes on use of goods and on permission to use goods or perform activities 11.4.6 Other taxes on goods and services 11.5 Taxes on international trade and transactions 11.5.1 Customs and other import duties	<b>12 Social Contributions</b> 12.1 Social security contributions 12.1.1 Employee contributions 12.1.2 Employer contributions 12.1.3 Self-employed or non-employed contributions 12.1.4 Un-allocable contributions 12.2 Other social contributions 12.2.1 Employees contributions 12.2.2 Employer contributions 12.2.3 Imputed contributions <b>13 Grants</b> 13.1 From foreign governments 13.1.1 Current 13.1.2 Capital 13.2 From international organizations 13.2.1 Current 13.2.2 Capital 13.3 From other general government units 13.3.1 Current 13.3.2 Capital <b>14 Other revenue</b> 14.1 Property income 14.1.1 Interest 14.1.2 Dividends 14.1.3 Withdrawals from income of quasi-corporations 14.1.4 Property income attributed to insurance policyholders 14.1.5 Rent
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11.5.2 Taxes on exports	14.2 Sales of goods and services
11.5.3 Profits of export or import monopolies	14.2.1 Sales by market establishments
11.5.4 Exchange profits	14.2.2 Administrative fees
11.5.5 Exchange taxes	14.2.3 Incidental sales by non-market establishments
11.5.6 Other taxes on international trade transactions	14.2.4 Imputed sales of goods and services
11.6 Other taxes	14.3 Fines, penalties and forfeits
11.6.1 Payable solely by business	14.4 Voluntary transfers other than grants
11.6.2 Payable by other than business or unidentifiable	14.4.1 Current
	14.4.2 Capital
	14.5 Miscellaneous and unidentified revenue

## **Appendix II: Local Revenues**

Taxes, levies, fees and revenue sources which LGAs are mandated to raise under the Local Government Finances Act are as follows:

- Taxes on goods and services
  - Crop fees (maximum 5 percent of farm-gate price); and
  - Forest produces fees
- Taxes on specific services
  - Guest house levy.
- Business and professional licenses
  - i) Commercial fishing license fees;
  - ii) Intoxicating liquor license fee;
  - iii) Private health facility license fee;
  - iv) Taxi license fee;
  - v) Plying permit fees; and
  - vi) Other business licenses fees.
- Motor vehicles, other equipment and ferry licenses
  - Vehicle license fees; and
  - Fishing vessel license fees.
- Other taxes on the use of goods, permission to use goods
  - i) Forest produce license fees;
  - ii) Building materials extraction license fee;
  - iii) Hunting licenses fees;
  - iv) Muzzle loading guns license fees; and
  - v) Scaffolding/Hoarding permit fees.
- Turnover taxes
  - 1. Service levy.
- Entrepreneurial and property income
  - i) Dividends;
  - ii) Other domestic property income;
  - iii) Interest; and
  - iv) Land rent.
- Administrative fees and charges
  - i) Market stalls/slabs dues;

- ii) *Magulio*<sup>1</sup> fees;
- iii) Auction mart fees;
- iv) Meat inspection charges;
- v) Land survey service fee;
- vi) Building permit fee;
- vii) Permit fees for billboards, posters or hoarding;
- viii) Tender fee;
- ix) Abattoir slaughter service fee;
- x) Artificial insemination service fee;
- xi) Livestock dipping service fee;
- xii) Livestock market fee;
- xiii) Fish landing facilities fee;
- xiv) Fish auction fee;
- xv) Health facility user charges;
- xvi) Clean water service fee;
- xvii) Refuse collection service fee;
- xviii) Cesspit emptying service fee;
- xix) Clearing of blocked drains service fee;
- xx) Revenue from sale of building plans;
- xxi) Building valuation service fee;
- xxii) Central bus stand fees;
- xxiii) Sale of seedlings;
- xxiv) Insurance commission service fee;
- xxv) Revenue from renting of houses;
- xxvi) Revenue from renting of assets; and
- xxvii) Parking fees.

10. Fees fines, penalties and forfeitures

- i) Stray animals penalty;
- ii) Share of fines imposed by Magistrates Court;
- iii) Other fines and penalties; and

**NB:** LGAs are not allowed to collect any taxes, levies or fees which are not on this list.

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<sup>1</sup> *Local Open Markets*

## Appendix III: Trends in Government Finance, Tanzania Mainland, 2011/12 – 2017/18.

TZS Million

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2017/18
								Outturn	Projections
	Actual	Actual	Actual	Actual	Actual	Actual	Bajeti	Up to March	Up to June
<b>A. Domestic Revenue</b> (Incl. Revenue from LGAs)	8,442,611	10,182,455	10,957,765	14,048,034	16,639,831	17,944,887	20,894,578	14,064,884	19,040,651
<b>Domestic Revenue</b>	8,221,776	9,867,227	10,597,681	13,622,182	16,128,113	17,403,388	20,158,989	13,594,894	18,378,621
1. <i>Tax Revenue</i>	7,729,986	9,294,417	9,891,680	12,410,951	14,055,173	15,191,421	18,000,219	11,722,081	16,219,851
Import Duty and Excise Duty	1,845,218	2,243,413	2,495,082	3,090,110	3,116,298	3,313,671	3,789,755	2,673,564	3,606,445
Value Added Tax (VAT)	2,374,977	2,647,665	3,031,828	3,553,637	3,979,473	4,478,851	5,573,892	3,595,998	4,927,037
Imports	1,240,149	1,329,477	1,519,939	1,717,902	1,803,667	2,054,675	2,397,484	1,671,770	2,269,439
Domestic	1,134,829	1,318,188	1,511,889	1,835,735	2,175,806	2,424,175	3,176,408	1,924,228	2,657,597
Income Tax	3,036,110	3,791,713	3,727,934	4,608,245	4,832,759	5,157,886	6,130,785	3,883,683	5,447,204
Other Taxes	706,910	1,123,779	1,278,648	1,921,459	2,216,357	2,299,242	2,564,260	1,598,069	2,297,638
Refunds Accounts	-233,231	-512,153	-641,811	-762,499	-89,714	-58,229	-58,473	-29,233	-58,473
2. Non – Tax Revenue	491,790	572,810	706,001	1,211,231	2,072,941	2,211,967	2,158,770	1,872,813	2,158,770
3. Revenue from LGAs	220,835	315,228	360,084	425,852	511,718	541,499	735,589	469,990	662,030
<b>B. Total Expenditure</b>	13,543,018	13,958,162	14,603,714	17,759,598	18,898,690	20,464,072	26,206,297	15,269,905	23,721,576
1. <i>Recurrent Expenditure</i>	9,043,323	10,032,120	10,893,486	13,420,045	11,625,866	12,852,304	14,199,023	8,938,622	13,261,195
2. <i>Development Expenditure</i>	4,499,695	3,926,042	3,710,228	4,339,553	7,272,824	7,615,768	12,007,273	6,331,284	10,460,381
Local Funds	2,314,718	2,121,212	2,264,506	2,904,530	5,141,451	5,397,034	9,876,393	4,753,231	8,329,501
Foreign Funds	2,184,977	1,804,831	1,445,722	1,435,023	2,131,374	2,218,735	2,130,880	1,578,053	2,130,880
<b>C. Deficit/Surplus (A-B)</b>	-5,100,407	-3,775,707	-3,645,949	-3,711,564	-2,258,859	-2,523,185	-5,311,719	-1,205,021	-4,680,925
<b>D. Financing</b>	5,100,407	3,775,707	3,830,651	6,281,252	2,258,859	2,532,185	5,311,719	1,205,021	4,680,925

<i>1. External Sources</i>	3,942,498	3,858,785	3,030,875	3,982,100	2,797,488	2,632,731	4,118,050	964,154	2,397,336
Grants	1,447,013	1,399,025	896,496	1,349,799	923,512	813,483	989,245	226,091	752,982
Basket support	280,936	188,623	127,637	81,073	168,984	117,165	92,163	152,756	92,163
Import Support/OGL Loans	543,817	733,822	537,881	546,846	257,473	71,078	343,202	142,793	388,358
Project Loans	734,389	524,019	640,724	344,800	1,124,190	1,464,294	1,252,035	1,181,809	1,252,035
Concessional Loans	1,063,006	1,194,516	1,054,803	2,142,469	1,226,760	1,474,282	3,111,058	455,521	1,581,452
Amortization (Foreign)	-126,663	-181,220	-226,667	-482,887	-903,431	-1,307,571	-1,669,653	-1,194,816	-1,669,653
<i>2. Internal Sources</i>	1,157,910	-83,078	799,776	2,299,151	-538,629	-109,545	1,193,669	240,868	2,283,589
Non - Bank Borrowing	401,391	21,216	-	776,945	989,283	-343,326	119,367	442,041	119,367
Bank Borrowing	667,930	205,526	799,776	1,522,207	-1,100,145	941,973	1,074,302	24,164	1,074,302
Payments of Arrears (Rollover)	1,734,535	1,528,153	2,064,756	2,600,000	4,615,670	4,835,199	4,600,000	2,594,102	4,600,000
Proceeds from Privatization	-	-	-	-	-	-	-	-	-
Adjustment to Cash	439,984	300,810	-	-	-368,120	-636,245	-	-215,094	1,089,921
Amortization (local)	-1,734,535	-1,528,153	-2,064,756	-2,600,000	-4,615,670	-4,835,199	-4,600,000	-2,594,102	-4,600,000
Expenditure float	-351,395	-610,630	-	-	-59,647	-71,768	-	-10,243	-

**Source: Ministry of Finance and Planning**



## Appendix IV: Trends in Tax Revenue, Tanzania Mainland, 2006/07 – 2017/18.

TRA MAINLAND	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Nominal GDP	25,034,434.0	29,767,686.0	35,245,882.0	40,781,421.0	48,299,299.0	57,098,397.0	66,193,721.0	75,335,822.0	85,291,048.0	96,562,327.0	106,906,270.0	118,736,155.7
Revenue/GDP ratio	10.1%	11.4%	11.5%	10.9%	11.0%	11.4%	11.7%	12.5%	11.6%	13.0%	13.2%	12.8%
Net Collections	2,538,363.5	3,378,793.5	4,051,963.9	4,437,933.5	5,315,147.6	6,502,599.2	7,739,298.5	9,383,046.9	9,908,996.3	12,525,377.6	14,126,590.3	15,191,421.3
Less Tax Refunds	106,713.4	120,747.0	142,178.0	163,518.9	174,119.9	202,629.7	319,615.0	521,704.7	776,684.1	720,738.3	95,289.2	58,016.7
GRAND TOTAL (GROSS)	2,645,076.9	3,499,540.5	4,194,141.9	4,601,452.4	5,489,267.5	6,705,228.8	8,058,913.5	9,904,751.7	10,685,680.5	13,246,115.8	14,221,879.6	15,249,438.0
DIRECT TAXES	853,500.2	1,105,749.1	1,349,848.1	1,497,974.8	1,839,929.2	2,471,508.9	3,149,417.5	3,968,274.4	3,940,821.1	4,865,115.7	5,121,018.4	5,436,982.6
P.A.Y.E.	408,611.6	512,177.1	662,271.4	743,353.3	928,468.9	1,129,468.7	1,395,608.0	1,626,536.9	1,750,804.8	2,246,776.6	2,278,109.6	2,344,698.9
B. Skills & Dev. Levy	61,134.1	76,471.9	91,742.6	110,243.1	120,006.6	138,901.0	155,267.2	168,672.7	216,119.4	261,729.1	280,118.9	282,839.6
Individuals	31,174.2	36,306.8	42,109.7	48,632.0	58,402.8	65,768.3	69,909.0	87,409.3	101,881.9	141,801.2	178,666.3	213,417.8
Corporate Taxes	267,230.9	374,640.1	414,731.8	418,268.2	537,561.6	779,855.4	1,039,725.0	1,483,946.4	1,182,730.0	1,379,736.2	1,450,336.3	1,660,242.5
Withholding taxes	67,976.7	81,132.2	105,279.0	137,674.4	142,110.1	279,425.7	382,932.0	514,628.4	592,916.0	704,573.1	759,972.0	722,432.2
Rental Tax	12,054.4	16,869.0	23,881.6	29,032.9	33,037.5	57,370.9	68,898.2	61,373.4	64,422.3	83,601.8	91,094.7	94,541.9
Gaming Tax	1,826.7	2,536.0	2,664.3	3,247.1	4,057.0	3,302.6	8,861.7	7,185.5	10,245.8	18,987.0	26,502.5	75,467.6
All Other direct taxes	3,491.6	5,616.1	7,167.7	7,523.7	16,284.7	17,416.2	28,216.5	18,521.8	21,700.9	27,910.7	56,218.2	43,342.1
Less Refunds	18,784.0	-	30,580.9	36,747.7	40,834.5	42,014.3	198.1	4,423.6	8,016.8	8,415.4	3,156.4	567.7
INDIRECT TAXES	1,791,576.7	2,393,791.4	2,844,293.8	3,103,477.6	3,649,338.4	4,233,720.0	4,909,496.0	5,936,477.3	6,744,859.4	8,381,000.1	9,100,861.2	9,812,455.3
CONSUMPTION TAXES	597,207.6	770,696.5	979,289.6	1,031,623.9	1,152,114.5	1,429,040.8	1,715,778.2	2,064,333.7	2,337,663.4	2,709,299.6	3,095,101.5	3,486,197.6
Excises (Domestic)	175,955.0	220,616.0	286,728.5	303,826.5	326,279.2	449,958.5	560,479.3	747,131.4	825,775.2	868,620.1	936,575.2	1,059,904.0
Beer	73,638.7	91,531.4	106,693.2	105,356.1	115,595.8	150,542.6	179,726.0	186,254.9	202,464.2	216,570.4	244,815.3	306,680.4
Cigarettes	43,296.6	54,241.6	58,510.1	55,236.5	62,138.9	78,501.6	87,288.6	99,608.5	133,886.8	135,865.2	145,464.5	157,270.4
Soft Drinks	14,997.9	17,330.4	21,392.8	24,253.7	26,669.3	34,293.3	43,104.1	52,039.4	37,333.6	41,696.3	45,859.2	47,973.0
Bottled Water	-	-	-	-	-	5,178.2	809.6	10,288.2	14,779.1	15,261.1	15,584.7	19,506.3

TRA MAINLAND	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Mobile Phone	32,307.5	40,234.4	67,680.5	85,617.5	90,189.7	114,552.5	150,047.7	217,501.7	250,937.1	246,571.9	263,346.4	311,337.9
Spirits and Konyagi	9,089.9	11,077.7	17,517.5	24,049.7	29,438.8	52,719.4	69,934.5	78,665.7	118,125.8	100,976.8	84,494.8	69,323.6
All Other Excises (Domestic)	2,624.4	6,200.5	14,934.3	9,313.0	2,246.7	14,170.8	29,568.8	102,773.0	68,248.5	111,678.3	137,010.2	147,812.5
<b>Aggregate VAT</b>	<b>421,252.6</b>	<b>550,080.5</b>	<b>692,561.1</b>	<b>727,797.4</b>	<b>825,835.3</b>	<b>979,082.3</b>	<b>1,155,298.9</b>	<b>1,317,202.4</b>	<b>1,511,888.2</b>	<b>1,840,679.4</b>	<b>2,158,526.3</b>	<b>2,426,293.6</b>
<b>VAT Domestic Products</b>	<b>180,790.7</b>	<b>278,284.7</b>	<b>243,683.5</b>	<b>252,440.9</b>	<b>304,886.9</b>	<b>383,815.7</b>	<b>302,331.0</b>	<b>343,163.8</b>	<b>405,188.4</b>	<b>460,710.8</b>	<b>459,943.3</b>	<b>560,620.4</b>
Beer	47,556.3	56,305.7	66,930.2	66,172.0	80,504.0	90,140.4	105,628.0	118,599.1	136,269.7	141,778.9	138,151.0	160,691.4
Cigarettes	20,800.2	23,536.1	33,032.5	29,060.4	33,850.4	39,102.1	45,696.6	37,608.0	46,143.0	48,727.1	40,200.1	45,829.0
Soft Drinks	10,371.0	13,699.6	20,045.9	19,484.5	25,881.3	27,181.8	34,727.8	41,441.2	47,966.6	41,561.2	37,746.4	37,924.6
Cement	-	19,754.8	24,032.4	20,608.9	34,238.2	30,973.8	31,987.2	23,701.4	23,226.2	22,321.5	13,548.4	23,546.2
Sugar	43.2	13,922.6	24,863.9	24,916.6	24,868.9	38,161.3	23,994.0	23,879.6	36,519.1	44,856.4	70,993.1	76,319.4
Others	102,019.9	151,065.8	74,778.5	92,198.6	105,544.1	158,256.3	60,297.2	97,934.4	115,063.8	161,465.7	159,304.3	216,309.8
<b>VAT Domestic Services</b>	<b>240,462.0</b>	<b>271,795.8</b>	<b>448,877.5</b>	<b>475,356.6</b>	<b>520,948.4</b>	<b>595,266.6</b>	<b>852,968.0</b>	<b>974,038.5</b>	<b>1,106,699.8</b>	<b>1,379,968.6</b>	<b>1,698,583.0</b>	<b>1,865,673.2</b>
Electricity	-	24,940.8	42,483.6	55,974.1	31,536.5	27,294.7	78,503.1	97,111.3	137,623.1	106,934.9	79,580.1	99,247.1
Telephones	-	105,481.1	128,783.0	123,056.2	139,434.9	190,433.8	223,951.4	168,842.2	218,954.5	203,600.9	191,596.2	72,738.7
Retailers	-	-	14,771.0	16,051.4	19,882.4	39,548.0	42,085.5	39,730.8	18,631.9	23,855.9	19,218.0	26,404.5
Wholesalers	-	-	13,450.6	14,467.8	17,329.6	17,229.1	26,337.0	24,562.8	25,383.7	33,266.4	33,315.1	45,173.2
Transport	-	-	62,291.6	66,955.3	67,503.8	19,880.0	26,915.1	39,893.3	37,091.1	48,840.3	49,427.7	51,105.6
Hotel Services	-	-	26,085.3	27,477.9	36,114.3	45,068.5	41,274.6	45,470.1	47,749.2	45,612.4	58,630.1	73,156.7
Other	240,462.0	141,373.9	161,012.4	171,373.7	209,146.9	255,812.6	413,901.3	558,428.1	621,266.3	917,857.9	1,266,815.8	1,497,847.4
Less VAT Refunds	85,194.6	87,520.2	102,084.8	116,837.9	121,952.7	137,544.9	231,517.9	433,863.0	505,695.1	502,095.7	49,519.2	36,330.5
Less: Transfer to ZRB	-	-	-	-	-	-	23,564.9	34,314.4	34,072.9	23,470.7	-	16,552.3
Less: VETA	-	-	-	-	-	11,023.9	10,795.3	8,366.7	67,659.3	-	-	-
Less: Bed night levy	-	25,884.0	-	-	-	-	52,024.2	-	-	-	-	-
Less: MV D/license	-	-	-	-	-	-	-	-	-	9,219.6	1,732.6	-

TRA MAINLAND	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Less: Departure charges	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
<b>OTHER Domestic Taxes &amp; Charges</b>	<b>44,621.4</b>	<b>84,815.3</b>	<b>83,768.2</b>	<b>104,209.8</b>	<b>140,489.8</b>	<b>161,210.3</b>	<b>200,826.0</b>	<b>226,648.8</b>	<b>255,618.2</b>	<b>295,517.9</b>	<b>337,908.7</b>	<b>171,396.3</b>
Business Licences	31.4	26.0	15.0	18.9	21.2	-	-	-	-	-	-	-
Airport Departure Charges	-	-	-	-	-	-	-	-	-	67,387.4	66,482.2	65,585.0
Port Departure Charges	14,409.3	16,161.6	16,869.4	21,147.0	23,319.6	23,229.7	35,187.2	42,388.0	53,081.4	1,309.3	2,579.5	3,371.2
Motor Vehicle Taxes	17,016.5	52,315.8	62,334.6	70,095.6	101,340.6	117,595.3	147,841.4	158,371.5	184,422.8	214,157.1	243,319.4	88,916.0
o/w Fire Inspection Fees	-	-	-	-	-	-	-	-	-	-	13,478.3	13,524.1
DRD Treasury Vouchers	8,291.6	10,819.2		6,812.6	8,767.2	9,368.8	6,698.0	6,460.7	7,420.7	608.9	-	-
Stamp Duty	4,760.6	5,282.4	4,549.3	6,135.6	7,041.2	11,016.6	11,099.4	8,556.9	10,693.3	12,055.2	12,049.3	-
The Use of Telecommunication Traffic Monitoring System (TTMS)/DRD non tax revenue	112.1	210.3	-	-	-	-	-	10,871.6	-	-	-	-
<b>INTERNATIONAL TRADE TAXES-GROSS</b>	<b>1,149,747.6</b>	<b>1,538,279.6</b>	<b>1,781,236.0</b>	<b>1,967,643.9</b>	<b>2,356,734.1</b>	<b>2,643,468.9</b>	<b>2,992,891.8</b>	<b>3,645,494.8</b>	<b>4,151,577.7</b>	<b>5,376,182.7</b>	<b>5,667,851.0</b>	<b>6,154,861.4</b>
<b>Import Duties</b>	<b>251,444.6</b>	<b>313,028.3</b>	<b>373,948.5</b>	<b>383,329.6</b>	<b>489,010.5</b>	<b>546,334.9</b>	<b>610,865.4</b>	<b>766,706.3</b>	<b>910,936.8</b>	<b>1,344,286.6</b>	<b>1,537,963.1</b>	<b>1,735,642.5</b>
Non-Petroleum Imports	245,477.9	304,477.1	366,748.1	376,975.6	459,863.2	509,701.0	580,944.4	734,797.8	780,977.6	919,022.0	998,163.6	1,113,771.1
Export Duty & Levy	5,878.7	8,380.9	7,064.4	6,321.6	29,027.4	36,601.5	29,605.1	27,994.5	62,581.1	50,899.4	128,267.2	169,473.5
Processing Fee-REA	-	-	-	-	-	-	-	-	14,557.8	22,092.8	17,536.5	18,535.6
Railway Development Levy	-	-	-	-	-	-	-	-	-	172,680.7	194,307.9	224,729.5
Processing Fee-dry cargo-TRA & Other import charges	88.0	170.3	135.9	32.4	119.9	32.5	315.9	3,914.0	52,820.3	58,366.7	65,224.1	58,935.5
Water supply and sanitation	-	-	-	-	-	-	-	-	-	121,225.1	134,463.9	150,197.2
<b>Excise Duties</b>	<b>311,984.6</b>	<b>440,301.2</b>	<b>475,254.1</b>	<b>533,795.5</b>	<b>614,293.4</b>	<b>583,606.0</b>	<b>697,393.4</b>	<b>761,879.1</b>	<b>916,946.0</b>	<b>1,275,775.1</b>	<b>1,169,866.4</b>	<b>1,140,309.6</b>
Wines and Spirits	1,321.8	1,201.6	-	-	-	-	647.4	69.6	-	-	-	-
Non-Petroleum Imports	19,462.9	22,685.7	31,546.3	40,597.1	70,806.2	58,806.4	68,330.9	124,298.8	260,947.4	539,379.8	345,631.9	153,636.7
Petroleum imports	291,199.9	416,413.8	443,707.8	493,198.4	543,487.2	524,799.6	628,415.1	637,510.7	655,998.6	736,395.2	824,234.4	986,672.9
<b>VAT on Imports</b>	<b>463,753.2</b>	<b>550,066.0</b>	<b>641,378.0</b>	<b>759,396.5</b>	<b>905,610.8</b>	<b>1,082,917.7</b>	<b>1,213,436.8</b>	<b>1,329,712.0</b>	<b>1,542,962.6</b>	<b>1,727,172.5</b>	<b>1,803,666.9</b>	<b>2,054,675.4</b>

TRA MAINLAND	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals
Non-Petroleum Imports	463,753.2	550,066.0	641,378.0	759,396.5	905,610.8	1,082,917.7	1,213,436.8	1,329,712.0	1,542,962.6	1,727,172.5	1,803,666.9	2,054,675.4
Petroleum Levy-REA	-	-	-	-	-	-	-	124,341.3	127,089.8	278,289.4	316,518.9	315,986.8
Fuel Levy	94,849.7	200,449.3	246,134.3	256,046.3	315,309.3	390,499.3	436,292.1	625,995.2	623,217.0	705,151.1	744,100.1	791,227.7
Non-Tax Revenue	27,715.6	34,434.8	44,521.1	35,076.1	32,510.1	40,110.9	34,904.1	36,860.9	30,425.4	45,508.0	95,735.6	117,019.5
Less Customs & Excise Refunds	2,734.8	7,342.8	9,512.4	9,933.3	11,332.8	12,046.6	1,514.6	17,362.6	32,016.7	38,726.4	16,534.6	4,566.2
Less VAT-Mining	-	-	-	-	-	-	-	23,374.4	61,089.5	72,921.0	12,944.0	-
Less: Transfer to Customs proc. Fees- dry cargo TRA	-	-	-	-	-	-	-	-	48,175.4	65,889.5	11,402.5	-
Less: Transfer Processing Fee-REA	-	-	-	-	-	-	-	-	1,008.3	-	-	-
Less: Transfer Export Duty-Cashewnut Board	-	-	-	-	-	-	-	-	18,950.0	-	-	-

Source: Ministry of Finance and Planning

**Appendix V: Revenue by category from all LGA's own source, Tanzania Mainland, 2012/13 - 2017/18.**

Category of Revenue	TZS. Millions					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Local Taxes</b>						
Property Tax	18,021	17,459	26,140	40,429	42,637	1,277
Land Rent	6,566	4,734	10,170	13,993	17,653	2,381
Produce Cess	55,935	75,670	85,592	87,372	111,975	95,003
Service Levy	38,444	48,366	54,770	69,056	90,366	108,644
Guest House Levy	3,549	3,497	3,672	2,982	8,819	6,575
Other Levies on Business Activity	8,938	11,203	10,391	14,463	16,674	16,680
<b>Subtotal, Local Taxes</b>	<b>131,454</b>	<b>160,938</b>	<b>190,735</b>	<b>228,295</b>	<b>288,123</b>	<b>230,560</b>
<b>Licences and Permits</b>						
Licenses and permits on business activities	16,765	27,455	32,198	43,200	51,928	43,054
Permits on construction activities	3,315	4,576	5,096	7,098	9,910	6,869

Category of Revenue	TZS. Millions					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Licenses on extraction of forest products	5,983	7,826	7,607	10,531	10,269	13,783
Licenses/permits on vehicles and transport.	1,129	1,064	1,499	1,608	2,023	2,493
<b>Sub-Total, Licenses and Permits</b>	<b>27,191</b>	<b>40,921</b>	<b>46,399</b>	<b>62,436</b>	<b>74,131</b>	<b>66,198</b>
<b>Fees and Charges</b>						
Market fees and charges	10,857	17,085	16,864	17,481	29,653	34,304
Sanitation fees and charges	3,290	5,168	10,181	14,321	19,761	28,868
Parking Fees	2,555	3,511	2,548	3,133	10,398	21,391
Central Bus Stand Fees	4,463	5,763	4,345	4,067	7,097	15,053
Other Specific service fees	7,011	19,092	18,952	15,973	20,058	10,183
<b>Sub-Total, Fees and Charges</b>	<b>28,048</b>	<b>50,343</b>	<b>52,890</b>	<b>54,976</b>	<b>86,967</b>	<b>109,797</b>
<b>Other Own Revenues</b>						
Fines and penalties	1,709	2,639	2,723	3,617	6,083	9,168
Income from sale or rent	15,915	22,356	28,826	25,790	31,499	27,439
Other own revenues	36,592	46,030	56,440	56,970	58,095	110,228
<b>Sub-Total, Other Own Revenues</b>	<b>54,216</b>	<b>71,025</b>	<b>87,989</b>	<b>86,377</b>	<b>95,677</b>	<b>146,835</b>
<b>Total, Own Source Revenues</b>	<b>240,909</b>	<b>323,227</b>	<b>378,013</b>	<b>432,085</b>	<b>544,898</b>	<b>553,390</b>
<b>Shares</b>						
<b>Local Taxes</b>						
Property Tax	7.5	5.4	6.9	9.4	7.8	0.2
Land Rent	2.7	1.5	2.7	3.2	3.2	0.4
Produce Cess	23.2	23.4	22.6	20.2	20.5	17.2
Service Levy	16.0	15.0	14.5	16.0	16.6	19.6
Guest House Levy	1.5	1.1	1.0	0.7	1.6	1.2
Other Levies on Business Activity	3.7	3.5	2.7	3.3	3.1	3.0
<b>Subtotal, Local Taxes</b>	<b>54.6</b>	<b>49.8</b>	<b>50.5</b>	<b>52.8</b>	<b>52.9</b>	<b>41.7</b>
<b>Licences and Permits</b>						
Licenses and permits on business activities	7.0	8.5	8.5	10.0	9.5	7.8
Permits on construction activities	1.4	1.4	1.3	1.6	1.8	1.2

Category of Revenue	TZS. Millions					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Licenses on extraction of forest products	2.5	2.4	2.0	2.4	1.9	2.5
Licenses/permits on vehicles and transport.	0.5	0.3	0.4	0.4	0.4	0.5
<b>Sub-Total, Licenses and Permits</b>	<b>11.3</b>	<b>12.7</b>	<b>12.3</b>	<b>14.4</b>	<b>13.6</b>	<b>12.0</b>
<b>Fees and Charges</b>						
Market fees and charges	4.5	5.3	4.5	4.0	5.4	6.2
Sanitation fees and charges	1.4	1.6	2.7	3.3	3.6	5.2
Parking Fees	1.1	1.1	0.7	0.7	1.9	3.9
Central Bus Stand Fees	1.9	1.8	1.1	0.9	1.3	2.7
Other Specific service fees	2.9	5.9	5.0	3.7	3.7	1.8
<b>Sub-Total, Fees and Charges</b>	<b>11.6</b>	<b>15.6</b>	<b>14.0</b>	<b>12.7</b>	<b>16.0</b>	<b>19.8</b>
<b>Other Own Revenues</b>						
Fines and penalties	0.7	0.8	0.7	0.8	1.1	1.7
Income from sale or rent	6.6	6.9	7.6	6.0	5.8	5.0
Other own revenues	15.2	14.2	14.9	13.2	10.7	19.9
<b>Sub-Total, Other Own Revenues</b>	<b>22.5</b>	<b>22.0</b>	<b>23.3</b>	<b>20.0</b>	<b>17.6</b>	<b>26.5</b>
<b>Total, Own Source Revenues</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
						<b>Growth</b>
<b>Local Taxes</b>						
Property Tax	10.4	-3.1	49.7	54.7	5.5	-97.0
Land Rent	13.1	-27.9	114.8	37.6	26.2	-86.5
Produce Cess	18.2	35.3	13.1	2.1	28.2	-15.2
Service Levy	53.1	25.8	13.2	26.1	30.9	20.2
Guest House Levy	-9.7	-1.5	5.0	-18.8	195.7	-25.4
Other Levies on Business Activity	33.9	25.3	-7.2	39.2	15.3	0.0
<b>Subtotal, Local Taxes</b>	<b>25.0</b>	<b>22.4</b>	<b>18.5</b>	<b>19.7</b>	<b>26.2</b>	<b>-20.0</b>
<b>Licences and Permits</b>						
Licenses and permits on business activities	-6.0	63.8	17.3	34.2	20.2	-17.1
Permits on construction activities	49.7	38.0	11.4	39.3	39.6	-30.7

Category of Revenue	TZS. Millions					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Licenses on extraction of forest products	10.9	30.8	-2.8	38.4	-2.5	34.2
Licenses/permits on vehicles and transport.	23.4	-5.8	40.9	7.3	25.8	23.2
<b>Sub-Total, Licenses and Permits</b>	<b>3.2</b>	<b>50.5</b>	<b>13.4</b>	<b>34.6</b>	<b>18.7</b>	<b>-10.7</b>
<b>Fees and Charges</b>						
Market fees and charges	23.9	57.4	-1.3	3.7	69.6	15.7
Sanitation fees and charges	-26.2	57.1	97.0	40.7	38.0	46.1
Parking Fees	45.8	37.4	-27.4	23.0	231.9	105.7
Central Bus Stand Fees	-3.3	29.1	-24.6	-6.4	74.5	112.1
Other Specific service fees	-19.0	172.3	-0.7	-15.7	25.6	-49.2
<b>Sub-Total, Fees and Charges</b>	<b>-0.7</b>	<b>79.5</b>	<b>5.1</b>	<b>3.9</b>	<b>58.2</b>	<b>26.3</b>
<b>Other Own Revenues</b>						
Fines and penalties	45.4	54.4	3.2	32.8	68.2	50.7
Income from sale or rent	145.4	40.5	28.9	-10.5	22.1	-12.9
Other own revenues	37.3	25.8	22.6	0.9	2.0	89.7
<b>Sub-Total, Other Own Revenues</b>	<b>58.0</b>	<b>31.0</b>	<b>23.9</b>	<b>-1.8</b>	<b>10.8</b>	<b>53.5</b>
<b>Total, Own Source Revenues</b>	<b>24.1</b>	<b>34.2</b>	<b>16.9</b>	<b>14.3</b>	<b>26.1</b>	<b>1.6</b>

Source: President's Office – Regional Administration and Local Government



## National Bureau of Statistics

### VISION

*To become a one-stop centre for  
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### MISSION

*To produce official statistics and  
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