



The United Republic of Tanzania

TAX AND GOVERNMENT FINANCE STATISTICS REPORT 2012 FOR TANZANIA MAINLAND



National Bureau of Statistics
Ministry of Finance
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National Bureau of Statistics

Vision: To be a preferable source of official statistics in Tanzania.

Mission: To facilitate informed decision-making process, through provision of relevant, timely and reliable user-driven statistical information, coordinating statistical activities and promoting the adherence to statistical methodologies and standards

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Acronyms

ACV	-	Agreement on Customs Valuation
BOS	-	Bureau of Statistics
CBS	-	Central Bureau of Statistics
CSB	-	Central Statistical Bureau
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
MKUKUTA	-	Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania
NBS	-	National Bureau of Statistics
NSS	-	National Statistical System
NSGRP	-	National Strategy for Growth and Reduction of Poverty
PAYE	-	Pay As You Earn
SDL	-	Skills Development Levy
SS	-	Statistics Section
TRA	-	Tanzania Revenue Authority
TSMP	-	Tanzania Statistical Master Plan
TZS	-	Tanzanian Shilling
VAT	-	Value Added Tax

Abbreviations and symbols

“-“	Data not available
“%”	= a notation for percent

Rounding

Figures are rounded off independent of one another and therefore, details may not add to total

PREFACE

The production of this document is a continuation of NBS responsibilities in implementing the Tanzania Statistical Master Plan (TSMP). The aim of this publication is to reveal the Government's economic performance in terms of tax collections from various sources in the economy for the period between 2000 and 2012. This is the first publication on Tax and Government Finance Statistics produced by the NBS since it has become an Executive Agency in March, 1999. Tax statistics has been lastly collected in annual basis until late 1980s. However, due to the economic diversification, structural changes and growth in the recent years, tax collection by Government has become an obligatory. Therefore there is a need of disseminating tax statistics in order to analyze its structural movement and contribution to the general economy for monitoring purposes and formulation of tax related policies.

Preparation of this report has been a long complex endeavor involving a number of people. Special thanks should be extended to the Ministry of Finance and Tanzania Revenue Authority 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 successful. In particular I thank Mr. Ephraim E. Kwesigabo, Director for Population Census and Social Statistics and Mr. Mathius K. Masuka, Manager for Tax Statistics Department, for supervising this exercise with cordial technical support from Mr. Bakilla H. Bakilla, Statistician and Mr. Elienea A. Mnguruta, Senior Statistical Officer both from the Tax Statistics Department.

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EXECUTIVE SUMMARY

This publication contains various statistical tables and figures to illustrate the tax statistics and government finance performance in Tanzania Mainland.

The report reveals that, there was a steady increase of revenue collection from 2000/01 – 2011/12 fiscal year. Revenue collection increased from TZS 861.3 billion in 2000/01 to TZS 2,038.2 billion in 2005/06 and reached TZS 6,668.6 billion in 2011/12. However, variations in percentage increase during the period have been observed. The highest percentage increase (32.3 percent) of revenue collection was observed in 2007/08 and the worst year was 2008/09 in which an increase 9.8 percent of revenue was collected from preceding year.

During 2000/01 – 2011/12, total direct taxes increased from TZS 216.4 billion in 2000/01 to TZS 637.8 billion in 2005/06 and reached TZS 2,471.5 billion in 2011/12. Out of this, TZS 1129.5 or 45.7 percent was collected by Pay As You Earn (PAYE) followed by corporate taxes (TZS 779.9 billion or 31.6 percent) and withholding taxes (TZS 279.4 billion or 11.3 percent).

On the other hand, the contribution and trend of indirect taxes disaggregated by broad category of consumption, shows that out of a total TZS 23,549.9 billion collected revenue from 2000/01 to 2011/12, an average of 63.5 percent has been contributed by taxes from international trade, followed by 33.4 percent from consumption taxes, while other domestic taxes and charges contributed only 3.1 percent over the decade. The most interesting scenario is the double increases of revenue collection of indirect taxes from TZS 644.9 billion in 2000/01 to TZS 1,380.1 billion in 2005/06 before reaching TZS 4,197.1 billion in 2011/12.

The government finances increased from TZS 1,390.5 billion in 2000/01 to TZS 3,837.2 billion in 2005/06 before reaching TZS 10,892.3 billion in 2011/12. Regarding growth between years, the largest change was observed in 2007/08 with an increase of 34.2 percent compared to the preceding year and the slowest rate of change was observed in 2008/09 with only 9.0 percent.

Looking at the share of contribution to the government finances, internal revenue contributed more than external revenue in 2000/01 where it contributed twice (66.9 percent) compared to external revenue (33.1 percent). Its contribution dropped drastically to 53.8 percent in 2004/05, but increased thereafter to 65.8 percent in 2008/09 and reached 66.3 percent in 2011/12. Compared to internal revenue, the contribution of external revenue increased from 33.1 percent in 2000/01 to 46.2 percent in 2005/06, but dropped significantly to 33.7 percent in 2011/12. The decline of external revenue to the government finances is a sign of improvement in the economic performance in the country.

Domestic revenue increased from TZS 929.6 billion in 2000/01 to TZS 7,221.4 billion in 2011/12 in Tanzania Mainland. Out of the total revenue collected in 2011/12, TZS 6,480.5 billion was tax revenue (89.7 percent) while non-tax revenue collected was TZS 545.4 billion (7.6 percent), and Local Government Authorities (LGAs) collected own sources revenue which amounted to TZS 195.5 billion (2.7 percent). On the other hand, the trend of government financing from tax revenue contributed heavily, ranging from 89.0 percent (2000/01) to 95.0 percent (2009/10) of total government finance followed by non-tax revenue which contributed between 5.0 percent (2009/10 and 2010/11) and 11.0 percent (2000/01). The contribution of revenue from LGAs was significant in 20010/11 and 2011/12 to government finance, accounting for 2.8 percent and 2.7 percent respectively.

Tax collection done by the TRA has improved government finance from TZS113.3 billion in 2000/01 to TZS 614.2 billion in 2006/07 and reached TZS 1,485.1 billion in 2011/12. The improvement of government finance enabled the government to increase the ability to facilitate its recurrent and development budgets and pay off outstanding loans accordingly.

During the period 2000/01 – 2011/12 the Government continued to improve and to strengthen the relationship with development partners and international financial institutions in securing grants and concessional loans. The purpose of these efforts is to complement Government financing efforts in the implementation of its goals to sustain economic growth and poverty reduction as stipulated in the National Strategy for Growth and Reduction of Poverty (NSGRP) (or MKUKUTA in Swahili) in line with the 2015 Millennium Development Goals. As a result, the government was able to increase external revenue in the form of grants, basket funds, import support, concessional loans and project loans. Out of total TZS 21,929.3 billion external revenue received from development partners between 2000/01 and 2011/12, 57.1 percent was given as grants, followed by project loans (21.2 percent), import support (11.4 percent), basket funds accounted for 6.0 percent and concessional loans was 4.0 percent.

CHAPTER ONE

BACKGROUND INFORMATION

1.0 Introduction

The Income Tax Statistics Unit was established in the then Central Bureau of Statistics in late 1970s with the function of producing Income Tax Statistics in Tanzania. But during early 1980s, the demand for tax statistics was low; as such, it did not warrant the Bureau of Statistics to continuing investing in the production of Income Tax statistics. Tax is levied on income from employment, income from business and income from investment.

The need for investing in production of income tax statistics was due to the improvement of tax management in Tanzania after the establishment of Tanzania Revenue Authority (TRA) in 1996. This was strengthened by efforts made by the Government to inform and educate Taxpayers and the public in general on the tax structure and its administration. This was done in order to raise the level of voluntary tax compliance and to improve the quality of services to the current and potential Taxpayers and other stakeholders. TRA is a semi-autonomous tax administration in the country and it has replaced the former independent Treasury Department of Income Tax, Customs Tax, Sales Tax and Inland Revenue. The current need of official Statistics on taxes has necessitated the NBS in collaboration with Tanzania Revenue Authority engage in collection, compilation and processing, analyzing and disseminating tax statistics in the country. NBS therefore ensures all fundamental standards on official tax statistics are maintained in line with the United Nation's compilation methodologies and guidelines.

For the first time NBS has managed to collect, compile, analyze and produce "The Tax and Government Finance Statistics Report for Tanzania Mainland". The Report is organized into five chapters. Chapter One gives background information while Chapter Two covers concepts and definitions of different types of taxes. Chapter Three explains tax collection performance. Chapter Four explains government finance statistics and the conclusion part is presented in Chapter Five.

CHAPTER TWO

CONCEPTS AND DEFINITIONS

2.0 Introduction

The objective of this chapter is to explain concepts and definitions used by all producers and users of statistics so as to enhance understanding and facilitate harmonization in the production of official tax and government finance statistics in the country.

2.1 Tax

It is a compulsory levy or charge imposed by the state in her citizens or non-citizens that is usually payable in monetary terms. Taxes are compulsory financial contributions made by a person or body of persons towards the expenditure of a public authority.

2.2 Types of taxes

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.

2.2.1 Direct Taxes

These are taxes levied directly on people's income from employment, business or ownership of property or investment.

2.2.2 Indirect Taxes

These are taxes based on consumption. 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 acts as a collection agent of the Government, while the effective incidence falls on the final consumer of goods or service that eventually pays the tax.

2.3 Imposition of Income Tax

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

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

2.3.1 Corporate Tax

It is levied on all corporate taxable profits, accruing to all companies carrying on business in Tanzania.

2.3.2 Individual Income Tax

This refers to;

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

2.3.3 Taxation of Small Traders With and Without Complete Records

This involves levying income tax on all small traders who operate mostly in the informal sector with and without their business records based on their annual business turnover.

2.3.4 Gains or Pprofits from Employment

These are incomes which an employee earns from an employment in the form of salary, which is payable on daily, weekly or monthly. They includes payments of wages, salary, and 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 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; as well as redundancy and other payments for loss or termination of employment relating to the year of payment and any benefits in kind.

2.3.5 Benefits in Kind

These are benefits which an employer may decide to give to the employee. These are like:-

- i. **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.
- ii. **Subsidized Loan:** 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.
- iii. **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.

2.3.6 Gains or Profit from Business

These are personal incomes from a business during a year. The following earnings derived from business are regarded as gains or profits and they are taxable:-

- i. Service fees;
- ii. Incomes 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.

2.3.7 Gains from Investment

Income from investment includes:-

- i. 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;
- ii. Net gains from realization of investment assets (Capital gains); and
- iii. Amounts derived as a consideration for accepting a restriction on the capacity to conduct the investment.

2.3.8 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 calculation of the person's income from agricultural business.

2.3.9 Payment of Tax by Installment

a) Single installment

It 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 evolves 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 before the vessel, vehicle or aircraft is allowed to leave from Tanzania.

b) 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 the income.

2.4 Consumption Taxes

These are taxes on spending of goods and services. They are usually indirect taxes such as sales tax or Value Added Tax

2.4.1 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 person whether or not registered for VAT.

2.4.2 Domestic Excise Duty

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

2.5 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 registered for VAT. However, importers who are registered for VAT can claim as an input tax in their business, the VAT paid on the imported goods. However, for VAT on imported services the input tax is treated as reverse charge hence added to the value of the service.

2.6 Other Taxes

2.6.1 Skills Development Levy (SDL)

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

2.6.2 Stamp Duty

This is a tax duty paid on certain legal instruments/transactions, affidavit, conveyance and lease agreements. The duty rate is one percent based on the consideration applicable on non-business persons when issuing a receipt whenever they sell their privately owned assets/properties. Stamp duty on conveyance of agricultural land is Tanzanian Shilling 500/=.

2.6.3 Airport Service Charge

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

2.6.4 Port Service Charge

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

2.6.5 Motor Vehicle Registration and Transfer Tax

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

2.6.6 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.*

2.7 Custom Modernization Programme

This refers to enhance efficiency and effectiveness in revenue collection, at the same time to facilitate 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.

2.7.1 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.

2.7.2 Destination Inspection Scheme (DSI)

This is the verification of the importer's 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 assists in determining levels of intervention and valuation process; and
- vi. Enhancing security and international trade facilitation.

2.7.3 Computerized Risk Management System (CRMS)

This is a system which identifies risks associated with each import transaction and determines the applicable level of intervention:-

- a) **Low Risk:** Goods covered by these transactions may be released without physical inspection.
- b) **Medium Risk:** Consignments will be subjected to X-Ray scanning. In case there is no discrepancy detected, such goods will be released without physical inspection.
- c) **High Risk:** Transaction will be subjected to physical inspection by customs officers to determine compliance.

2.7.4 Agreement on Customs Valuation (ACV)

This is a system of goods valuation which provides for use of price actually paid or payable for the goods, and forbids the use of arbitrary and fictitious values. All signatories' countries including Tanzania are obliged to implement the World Trade Organization (WTO) agreement on customs valuation.

2.7.5 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 speed clearance of imported goods.

2.8 Tax Incentives

2.8.1 Exempted Import Duty

It is a relief on the payments of import duty tax for goods and services imported in Tanzania. The 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 manufacturing medicaments and solar equipment and accessories.

2.8.2 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 to remove 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.

2.8.3 Withholding Tax on Dividends and Interest

It refers to taxes paid by investors with incentive certificates.

2.8.4 Export Processing Zone (EPZ)

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

2.9 Local Government Taxes

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.

2.9.1 Property Tax

It is charged to owners of properties. It is an important source of revenue for urban councils in Tanzania. Some properties like museums, places of worships, 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.

2.9.2 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 fees. All corporate entities, which pay the service levy, are exempted from paying agricultural produce fees. Currently, the levy is charged at a rate of 0.3 percent of the turnover net of VAT for corporate entities.

2.9.3 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.

2.10 Subsidies

It is the funds from Central Government allocated to support the budget for Local Governments recurrent and development expenditures.

2.11 External Revenue Sources

This is another source of revenues of the country through external by multilateral and bilateral grants (Aid) and loans. These are grants with tie, grants without tie and loans (soft loans and hard loans).

a) Aid (Grants) with tie

In this type of aid the giving (or donor) country also benefits economically from the aid. This happens as the receiving country has to buy goods and services from the donor country to get the aid in the first place. In building a dam, for example, the Great Britain may insist that their companies, experts and equipment are used. Whether the aid is given may depend on the receiving country agreeing to buy e.g. military jets from the donor. In other words, tied aid describes official grants or loans that limit procurement to companies in the donor country or in a small group of countries. Tied aid therefore often prevents recipient countries from receiving goods value for money for services, goods, or works.

b) Aid (Grants) without tie

Untying aid, remove the legal and regulatory barriers to open competition for aid funded procurement. Generally, it increases aid effectiveness by reducing transaction costs and improving the ability of recipient countries to set their own course. It also allows donors to take greater care in aligning their aid programs with the objectives and financial management systems of recipient countries.

c) Loans

A loan with no interest or an interest below the market rate or loans made by multinational development banks, which are affiliates by the World Bank and government agencies to developing countries that are unable to borrow at the market rate. There are two types of loans; that is soft loan and hard loan.

i) Soft loan

Soft loans are loans that have lenient terms, such as extended grace periods in which only interest or service charges are due, and interest holidays. Soft loans typically offer longer amortization schedules in some cases up to 50 years and lower interest rates than conventional bank loans.

ii) Hard loan

A hard money loan is a specific type of asset-based loan financing through which a borrower receives funds secured by the value of a parcel of real estate. Hard money loans are typically issued by private investors or companies. Interest rates are higher than conventional commercial or residential property loans because of the higher risk taken by the lender. Most hard money loans are used for projects lasting from a few months to a few years. Hard money is similar to a bridge loan, which usually has similar criteria for lending as well as cost to the borrowers.

2.12 Other Central Revenue Sources

Certain levies and fees are also collected as revenue by the Ministry of Finance and by other Government Ministries, Departments and Agencies.

a) Ministry of Finance

In addition to revenue collected through the Tanzania Revenue Authority (TRA), the Ministry of Finance receives revenue from dividends from Parastatal enterprises.

b) Other Ministries

Other ministries also collect revenue which contributes to central government revenue. Principal revenue sources outside the Ministry of Finance include the following:

- 1) Ministry of Natural Resources and Tourism: Fees, fines, penalties and forfeitures related to services and charges and exploitation of natural resources which include forestry and beekeeping; wildlife and tourism development.
- 2) Ministry of Constitutional Affairs and Justice: Fees, fines and forfeitures related to services and charges which include court fees and magistrate fees.
- 3) Ministry of Energy and Minerals: Royalties from minerals and gas, sales of minerals, fees for geological, mineral sorting and exploration activities.
- 4) Ministry of Education and Vocation Training: Charges on services rendered in connection with examination fees and facilities charges.
- 5) Ministry of Community Development, Gender and Children: Fees related to tuition fees from training and folk development colleges.
- 6) Ministry of Home Affairs: Visa, passport and immigration department fines, fees, penalties and forfeitures, traffic offence penalties, motor vehicle inspection fees, driving school licenses, fire arms licenses, receipts from identification fees, sales of prison farms and industries.
- 7) Ministry of Transport: Charges and fees related to regulatory services in air transport and communication; meteorology and civil aviation services.
- 8) Ministry of Lands, Housing and Human Settlements Development: Land rent and service fees paid in respect of property charges and survey and mapping services.
- 9) Ministry of Works: Service fees and sales of supplies charged by the electrical and mechanical department; and supplies department.

- 10) Ministry of Foreign Affairs and International Cooperation: Visa fees collected by overseas missions.
- 11) Ministry of Industry, Trade and Marketing: Fees for business licenses.
- 12) Prime Ministers' Office: Regulatory and registration charges of the media and service charge of the Government printer.
- 13) Ministry of Agriculture, Food Security and Co-operatives: Service fees for plant quarantine and phytosanitary services; and Co-operative Societies registration fees.
- 14) Ministry of Constitutional Affairs and Justice: Court fees. Fines and penalties for offences. Charges, fees, forfeitures and penalties on services rendered for marriage, birth and death registrations.
- 15) Ministry of Health and Social Welfare: Fees, fines, penalties and forfeitures related to curative health services.
- 16) Ministry of Communications, Science and Technology: Training, examination and school fees for higher education.
- 17) Ministry of Water: Water laboratory services.
- 18) Ministry of Livestock Development and Fisheries: Fees, fines and forfeitures related to services and charges which include registration fees, livestock movements permit fees, livestock market fees and prawn fishing licenses. Livestock development fund, veterinary services on export duties, fishing and export licenses, export and import royalties.

c) Regions

All Regional Administrative Secretariats (which are part of Central Government) collect service fees and license fees for food premises and revenue from public property.

d) Executive Agencies

Many executive agencies of the government collect revenue, but this revenue is used to administer the agencies themselves and is not part of the central government budget.

CHAPTER THREE

TAX COLLECTION PERFORMANCE

3.0 Introduction

This Chapter explains tax collection performance from 2000/01 to 2011/12 in Tanzania Mainland. The information on volume and trend of tax collection categories into broad avenues of sources of government revenue: domestic revenue, which includes both tax and non-tax revenues; and external assistance, which comprises of grants and loans from bilateral and or multilateral agencies. The Chapter also explains major tax contributors from each broad category of revenue sources.

3.1 Domestic Revenue

Basically, domestic revenues in Tanzania are collected in the form of tax revenues by the mandated Tanzania Revenue Authority (TRA), an executive agency under the Ministry of Finance, which was established in 1996. Taxes collected by TRA include income tax, value added tax, import tax and excise duty.

3.1.1 Income Tax

This is a major source of government revenue collected in the form of a tax on gains and profits from business, employment and investment of individuals, corporate and other entities. It is charged either by direct or indirect as individual income tax, corporate tax, the Pay – As – You – Earn (PAYE) system for employees, presumptive income tax for small individual business, provisional and final withholding taxes and capital gains tax - all these are parts of a coherent income tax system.

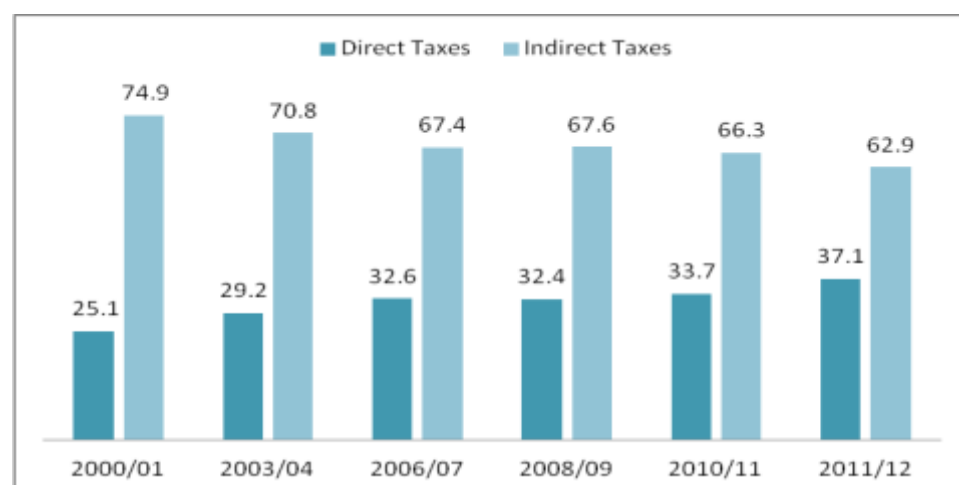
Direct and Indirect Taxes

Table 3.1 and Figure 3.1 show collections and contributions of direct and indirect taxes to the domestic revenue in Tanzania Mainland. Between 2000/01 and 2002/03, indirect taxes collections were three times the direct taxes. The gap was narrowed to twice from 2003/04 to 2011/12. This means that, collection of direct taxes has improved in recent years. Table 3.1 also shows that there was a steady increase of revenue collection in absolute numbers. Revenue collection increased from TZS 861.3 billion in 2000/01 to TZS 2,038.2 billion in 2005/06 and reached TZS 6,668.6 billion in 2011/12. However, variations on percentage increase between years have been observed. The highest percentage increase (32.3 percent) of revenue collection was observed in 2007/08 due to the increase of TZS 846.3 billion from TZS 2,619.5 billion collected in 2006/07 to TZS 3,465.8 billion in 2007/08. The worst year was 2008/09 which managed to increase only 9.8 percent of revenue collected from preceding year (Table 3.1).

Table 3.1: Collection and Contribution of Direct and Indirect Taxes to the Domestic Revenue (in TZS Million), Tanzania Mainland, 2000/01 – 2011/12

Year	Direct Taxes		Indirect Taxes		Total	Changes of Taxes between Years	
	Amount	Percent	Amount	Percent		Amount	Percent
2000/01	216.4	25.1	644.9	74.9	861.3		
2001/02	256.2	26.2	720.4	73.8	976.6	115.3	13.4
2002/03	312.4	27.3	831.9	72.7	1,144.3	167.7	17.2
2003/04	405.5	29.3	982.2	70.7	1,387.7	243.4	21.3
2004/05	510.9	30.4	1,172.8	69.6	1,683.7	296.0	21.3
2005/06	637.8	31.6	1,400.4	68.4	2,038.2	354.5	21.1
2006/07	853.5	32.6	1,766.0	67.4	2,619.5	581.3	28.5
2007/08	1,105.7	31.9	2,360.1	68.1	3,465.8	846.3	32.3
2008/09	1,349.8	32.4	2,811.8	67.6	4,161.6	695.8	20.1
2009/10	1,498.0	32.8	3,072.4	67.2	4,570.4	408.8	9.8
2010/11	1,839.9	33.7	3,620.2	66.3	5,460.1	889.7	19.5
2011/12	2,471.5	35.7	4,197.1	64.3	6,668.6	1,208.5	22.13

Source: Tanzania Revenue Authority, 2014

Figure 3.1: Percentage Contribution of Direct and Indirect Taxes to Domestic Revenue, Tanzania Mainland, 2000/01 – 2011/12

a) Direct Taxes

Table 3.2 shows different types of direct taxes collected in the reference period. The Table shows that out of TZS 11,457.7 billion of direct taxes collected between 2000/01 and 2011/12, 47.5 percent was collected through PAYE followed by corporate taxes (30.0 percent) and withholding taxes (9.3 percent) while the gaming tax and other direct taxes contributed the least percentages of 0.1 and 0.7 respectively.

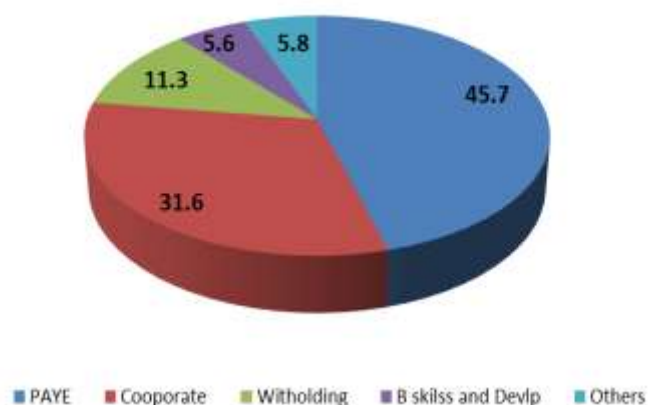
Table 3.2 shows a steady increase in the direct tax revenue over the period 2000/01 to 2011/12 although there were variations in the yearly increases. Total direct taxes increased from TZS 216.4 billion in 2000/01 to TZS 637.8 billion in 2005/06 and reached TZS 2,471.5 billion in 2011/12 (Table 3.2). An increase between 2010/11 and 2011/12 was TZS 631.6 billion, equivalent to 34.3 percent.

Table 3.2: Contribution of Various Taxes to Total Direct Tax (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12

Year	Type of Tax									Change in Collection between Years	
	PAYE	B. Skills & Develop.	Individuals	Corporate	Withholding	Rental	Gaming	Others	Total Direct Tax	Amount	Percent
2000/01	92.7	15.8	12.9	46.6	41.5	5.6	-	1.2	216.4		
2001/02	116.6	25.5	14.0	57.1	34.8	7.0	-	1.3	256.2	39.8	18.4
2002/03	139.7	29.6	15.5	78.4	38.6	8.6	-	2.0	312.4	56.3	22.0
2003/04	183.2	37.8	18.3	109.1	43.5	11.0	-	2.6	405.5	93.1	29.8
2004/05	234.1	43.5	26.1	152.7	42.6	8.7	-	3.2	510.9	105.4	26.0
2005/06	288.3	53.8	31.4	203.3	46.9	10.6	-	3.4	637.8	127.0	24.9
2006/07	408.6	61.1	31.2	267.2	68.0	12.1	-	5.3	853.5	215.7	33.8
2007/08	512.2	76.5	36.3	374.6	81.1	16.9	-	8.2	1,105.7	252.2	29.6
2008/09	662.3	91.7	42.1	414.7	105.3	23.9	2.7	7.2	1,349.8	244.1	22.1
2009/10	743.4	110.2	48.6	418.3	137.7	29.0	3.2	7.5	1,498.0	148.1	11.0
2010/11	928.5	120.0	58.4	537.6	142.1	33.0	4.1	16.3	1,839.9	342.0	22.8
2011/12	1,129.5	138.9	65.8	779.9	279.4	57.4	3.3	17.4	2,471.5	631.6	34.3
Total	5,439.0	804.5	400.6	3,439.5	1,061.5	223.8	13.3	75.6	11,457.7		
Percent	47.5	7.0	3.5	30.0	9.3	2.0	0.1	0.7	100.0		

Source: Tanzania Revenue Authority, 2014

Figure 3.2: Percentage Contribution of Various Taxes to Total Direct Tax, 2011/12



b) Indirect Taxes

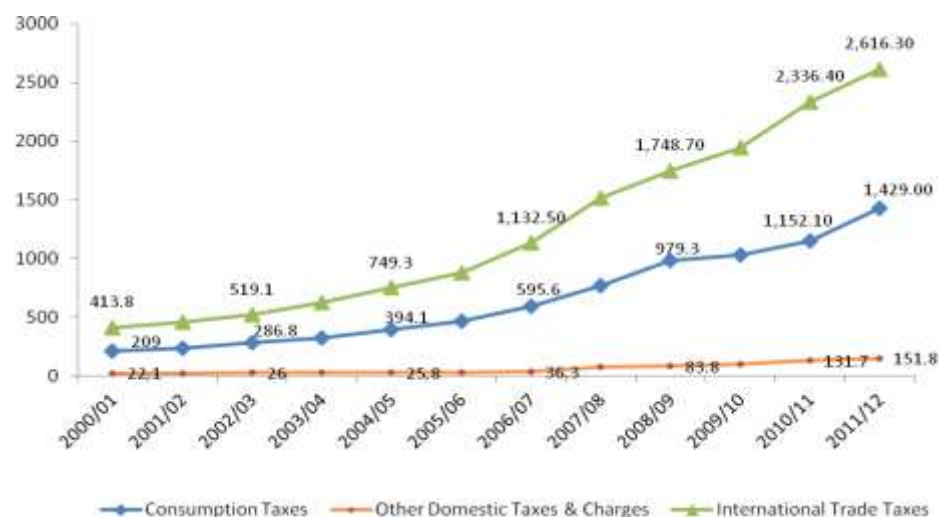
Table 3.3 and Figure 3.3 show the contribution and trend of indirect taxes broadly categorized as consumption taxes; other domestic taxes and charges; and international trade taxes during 2000/01 – 2011/12. Out of the total TZS 23,549.9 billion collected in the reference period, 63.5 percent of was contributed by taxes from international trade followed by consumption taxes (33.4 percent) while other domestic taxes and charges contributed only 3.1 percent. The most interesting situation was the increase of revenue collected from indirect taxes in five years intervals. The collection increased to TZS 1,380.1 billion in 2005/06 from TZS 644.9 billion in 2000/01 in and reached TZS 4,197.1 billion in 2011/12.

Table 3.3: Contribution and Trend of Indirect Taxes (in TZS Billion) by Broad Categories, Tanzania Mainland, 2000/01 – 2011/12

Year	Consumption Taxes		Other Domestic Taxes & Charges		International Trade Taxes		Total Indirect Taxes	Change in Collection between Years	
	Amount	Percent	Amount	Percent	Amount	Percent		Amount	Percent
2000/01	209.0	32.4	22.1	3.4	413.8	64.2	644.9		
2001/02	238.7	33.1	25.0	3.5	456.7	63.4	720.4	75.5	11.7
2002/03	286.8	34.5	26.0	3.1	519.1	62.4	831.9	111.4	15.5
2003/04	319.4	32.6	32.0	3.3	628.2	64.1	979.6	147.7	17.8
2004/05	394.1	33.7	25.8	2.2	749.3	64.1	1,169.1	189.5	19.3
2005/06	466.5	33.8	30.0	2.2	883.6	64.0	1,380.1	211.0	18.0
2006/07	595.6	33.8	36.3	2.1	1,132.5	64.2	1,764.4	384.3	27.8
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	3,072.5	260.7	9.3
2010/11	1,152.1	31.8	131.7	3.6	2,336.4	64.5	3,620.2	547.7	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
Total Percent	7,870.7	33.4	735.9	3.1	14,943.3	63.5	23,549.9		

Source: Tanzania Revenue Authority, 2014

Figure 3.3: Collection Trend of Indirect Taxes (in TZS Billion) by Broad Categories, Tanzania Mainland, 2000/01 – 2011/12



i. Consumption Taxes

According to its definition, consumption tax comprises two tax categories namely, excise (Domestic) and aggregate VAT of domestic products and services. Table 3.4 shows that aggregate VAT contributed 70.4 percent of indirect tax collection compared to 29.6 percent excises VAT during 2000/01 – 2011/12 periods. With respect to aggregate VAT, revenue collected through VAT on domestic services was much higher (40.8 per cent) than revenue collected from VAT on domestic products (29.6 percent). Looking at the trends, the difference was small in the first five years and the gap widened thereafter as indicated in Table 3.4.

Table 3.4: Contribution and Trend of Consumption Taxes (in TZS Billion) by Type of Tax, Tanzania Mainland, 2000/01 – 2011/12

Year	Domestic Excise Taxes		Aggregate VAT						Total Consumption Taxes	Change in Collection between Years	
	Amount	Percent	VAT on Domestic Products	Percent	VAT on Domestic Services	Percent	Total VAT	Percent		Amount	Percent
2000/01	69.0	33.0	140.0	67.0	-	-	140.0	67.0	209.0		
2001/02	72.8	30.5	165.9	69.5	-	-	165.9	69.5	238.7	29.7	14.2
2002/03	85.3	29.7	92.9	32.4	108.6	37.9	201.5	70.3	286.8	48.1	20.1
2003/04	92.9	29.1	105.3	33.0	121.2	38.0	226.5	70.9	319.4	32.6	11.4
2004/05	110.3	28.0	127.3	32.3	156.4	39.7	283.7	72.0	394.1	74.7	23.4
2005/06	135.1	29.0	122.6	26.3	208.9	44.8	331.4	71.0	466.5	72.4	18.4
2006/07	176.0	29.5	191.4	32.1	228.2	38.3	419.6	70.5	595.6	129.1	27.7
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	29.5	252.4	24.5	475.4	46.1	727.8	70.5	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	1,429.0	276.9	24.0
Total	2,328.7	29.6	2,330.0	29.6	3,211.9	40.8	5,541.9	70.4	7,870.7		

Source: Tanzania Revenue Authority, 2014

Note :(-) indicate missing information

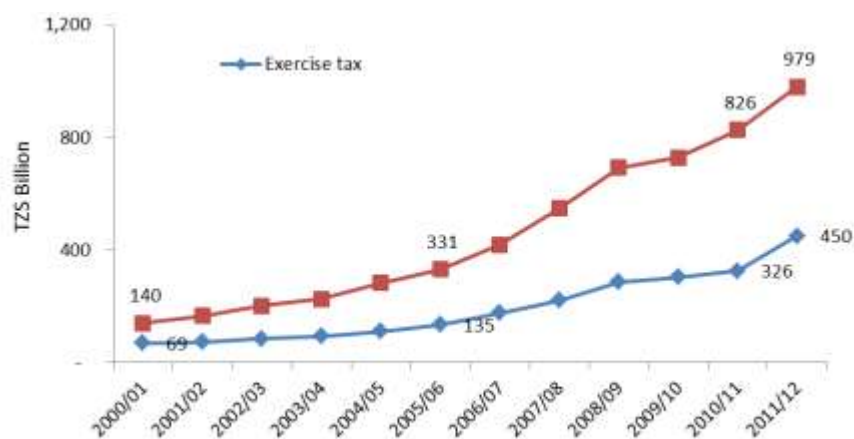
Figure 3.4: Trend of Consumption Taxes (in TZS Billion) by Category, Tanzania Mainland, 2000/01 – 2011/12

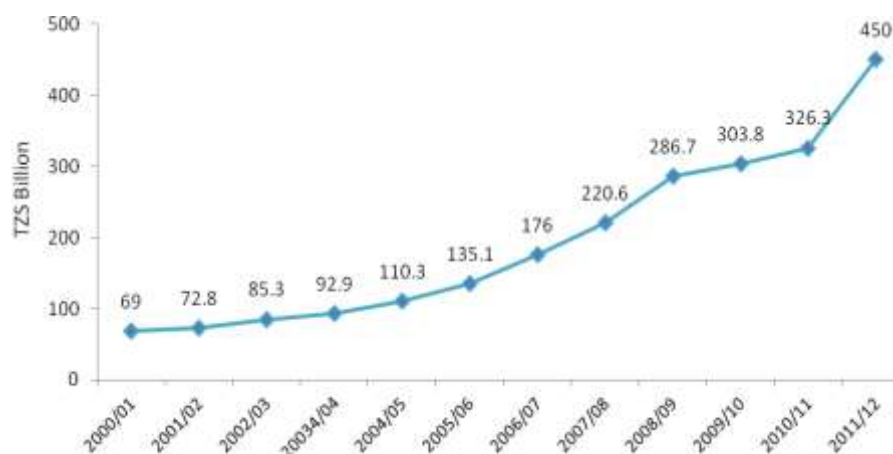
Table 3.5 shows type and categories of different taxes which comprise excise domestic tax. These taxes were collected from hard and soft drinks, bottled water, natural gas, mobile phones, cigarettes and other excise domestic taxes. Out of TZS 2,328.7 billion collected in the reference period, 39.4 percent of revenue was collected from beer followed by cigarettes (22.8 percent), mobile phones (19.9 percent) and soft drinks (8.2percent). Bottled water with less than percent was the least contributor to excise (domestic) taxes followed by other excise taxes (Table 3.5).

Table 3.5 also shows variations of revenue collection between years, ranging from 5.6 percent between 2000/01 and 2001/02 and 30.3 percent in 2006/07 and preceding year. Nevertheless, revenue from excise (Domestic) taxes increased at increasing rate throughout the reference period as indicated in Figure 3.4.

Table 3.5: Contribution and Trend of Domestic Excise Taxes (in TZS Billion) by Type of Tax, Tanzania Mainland, 2000/01 – 2011/12

Year	Mobile Phones	Cigarettes	Type of Drink				Other Domestic Excise Taxes	Total Domestic Excise Taxes	Change in Collection between Years	
			Beer	Spirits	Soft Drinks	Bottled Water			Amount	Percent
2000/01	-	24.0	36.0	n.a	5.5		3.5	69.0		
2001/02	n.a	25.4	37.2	n.a	7.0		3.2	72.8	3.8	5.6
2002/03	n.a	26.3	44.0	n.a	7.7		7.2	85.3	12.4	17.1
2003/04	7.0	29.9	44.6	0.0	8.0		3.4	92.9	7.6	8.9
2004/05	9.7	32.8	52.1	-	10.7		5.0	110.3	17.5	18.8
2005/06	16.8	39.5	60.8	0.0	12.4		5.5	135.1	24.7	22.4
2006/07	32.3	43.3	73.6	9.1	15.0		2.6	176.0	40.9	30.3
2007/08	40.2	54.2	91.5	11.1	17.3		6.2	220.6	44.7	25.4
2008/09	67.7	58.5	106.7	17.5	21.4		14.9	286.7	66.1	30.0
2009/10	85.6	55.2	105.4	24.0	24.3		9.3	303.8	17.1	6.0
2010/11	90.2	62.1	115.6	29.4	26.7		2.2	326.3	22.5	7.4
2011/12	114.6	78.5	150.5	52.7	34.3	5.2	14.2	450.0	123.7	37.9
Total	464.1	529.9	918.1	143.9	190.3	5.2	77.3	2,328.7		
Percent	19.9	22.8	39.4	6.2	8.2	0.2	3.3	100.0		

Source: Tanzania Revenue Authority, 2014

Figure 3.5: Trend of Domestic Excise Taxes (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12

a) VAT Domestic product taxes

Table 3.6 shows trends of revenue collected from VAT on domestically manufactured products such as beer, cigarettes, soft drinks, sugar, cement and other related products. The Table shows that total VAT revenue collected from the production of beer in the reference period accounted for almost a quarter of all domestic VAT revenue. This is followed by cigarettes (10.9 percent), sugar (7.5 percent), soft drinks (6.5 percent) and cement (5.6 percent).

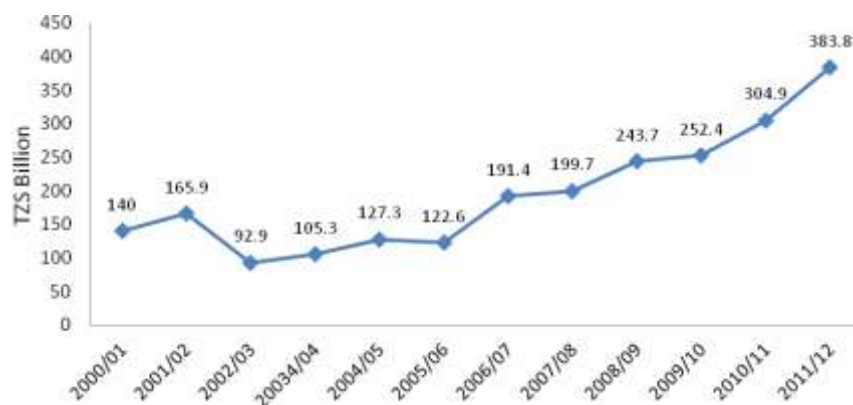
Looking at the revenue collection trend, poor VAT collected on domestic products was observed in 2002/03 and 2005/06. The revenue collected in 2001/02 amounted to TZS 165.9 billion and dropped significantly to only TZS 92.9 billion in 2002/03, this was a 44.0 percent decline of revenue. Similarly, there was a decline of 3.7 percent of revenue collected in 2005/06 compared to the revenue collected in the preceding year. Nevertheless, VAT collected on domestic product improved from 2006/07 and caused steady growth trends of revenue in the preceding years as indicated in Figure 3.5.

Table 3.6: Contribution and Trend of VAT on Domestic Products (in TZS Billion) Tanzania Mainland, 2000/01 – 2011/12

Year	Type of Product						Total VAT Domestic Products	Change in Collection between Years	
	Beer	Cigarettes	Soft Drinks	Cement	Sugar	Others		Amount	Percent
2000/01	18.1	10.8	4.7	-	3.9	102.5	140.0		
2001/02	19.7	10.9	4.0	-	3.1	128.2	165.9	25.9	18.5
2002/03	25.1	12.9	5.1	-	6.9	42.8	92.9	-73.0	-44.0
2003/04	26.8	12.6	5.8	-	10.8	49.3	105.3	12.4	13.3
2004/05	33.0	15.3	6.4	-	10.9	61.8	127.3	22.0	20.9
2005/06	36.0	13.1	7.7	-	13.3	52.5	122.6	- 4.7	- 3.7
2006/07	47.6	20.8	10.4	-	0.0	112.7	191.4	68.8	56.2
2007/08	56.3	23.5	13.7	19.8	13.9	72.5	199.7	8.3	4.3
2008/09	66.9	33.0	20.0	24.0	24.9	74.8	243.7	44.0	22.0
2009/10	66.2	29.1	19.5	20.6	24.9	92.2	252.4	8.8	3.6
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	31.0	38.2	158.3	383.8	78.9	25.9
Total	566.4	254.9	150.4	129.6	175.7	1,053.0	2,330.0		
Percent	24.3	10.9	6.5	5.6	7.5	45.2	100.0		

Source: Tanzania Revenue Authority, 2014

Note: '-' indicates missing data

Figure 3.6: Trend of VAT on Domestic Products (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12

b) VAT domestic services tax

Taxes under VAT domestic services comprise taxes from electricity, telephone, retail and whole sale businesses, transport, hotel services and other businesses. Table 3.7 shows that out of cumulative revenue (TZS 3,211.9 billion) collected during 2000/01 – 2011/12 periods, 28.4 percent was collected from telephone services followed by transport services (9.5 percent) and electricity charges (8.1 percent). While wholesale and retail businesses contributed minimum revenues accounted for only 3.5 percent and 4.7 percent respectively of VAT on domestic services.

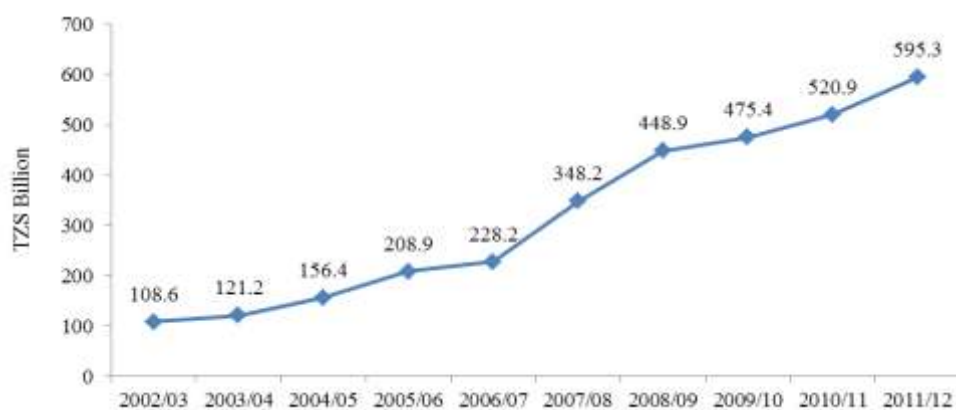
Looking at the trend of revenue collection, Table 3.7 and Figure 3.6 show that VAT on domestic services increased at an increasing rate over the reference period. Revenue collection growth ranged from 5.9 percent in 2009/10 to 52.6 percent 2007/08. However, absence of data for 2000/01 and 2001/02 made it difficult to compute the growth rate between the reference periods.

Table 3.7: Contribution and Trend on VAT from Domestic Services (in TZS Billion) by Type of Service, Tanzania Mainland, 2002/03 – 2011/12

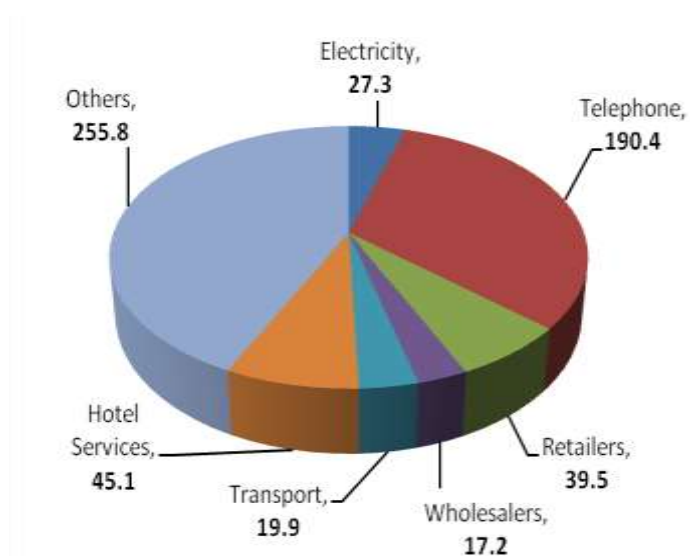
Year	Type of service							Total VAT Domestic Services	Change in Collection between Years	
	Electricity	Telephone	Retailers	Wholesalers	Transport	Hotel Services	Others		Amount	Percent
2002/03	14.8	25.5	6.6	6.8	9.8	8.6	36.5	108.6	n.a	n.a
2003/04	8.3	31.6	8.0	7.0	9.3	10.2	46.7	121.2	12.6	11.6
2004/05	13.4	45.7	10.8	7.1	11.2	12.7	55.5	156.4	35.2	29.1
2005/06	13.9	60.2	10.5	10.5	13.2	15.0	85.5	208.9	52.4	33.5
2006/07	20.8	63.3	10.3	9.2	16.7	19.2	88.7	228.2	19.3	9.3
2007/08	31.2	105.6	13.4	10.9	26.7	26.1	134.4	348.2	120.0	52.6
2008/09	42.5	128.8	14.8	13.5	62.3	26.1	161.0	448.9	100.7	28.9
2009/10	56.0	123.1	16.1	14.5	67.0	27.5	171.4	475.4	26.5	5.9
2010/11	31.5	139.4	19.9	17.3	67.5	36.1	209.1	520.9	45.6	9.6
2011/12	27.3	190.4	39.5	17.2	19.9	45.1	255.8	595.3	74.3	14.3
Total	259.8	913.6	149.8	113.9	303.6	226.5	1,244.6	3,211.9		
Percent	8.1	28.4	4.7	3.5	9.5	7.1	38.7	100.0		

Source: Tanzania Revenue Authority, 2014

Comment [G1]: 2000-2001/02 deleted for all "na"

Figure 3.7: Trend of VAT on Domestic Services (in TZS Billion), Tanzania Mainland, 2021/03 – 2011/12

The VAT contribution in 2001/12 shows some composition changes whereby the share of VAT from electricity utility and transport services declined from TZS 31.5 billion and 67.5 billion in 2010/11 to TZS 27.3 billion and 19.9 billion respectively.

Figure 3.8: Share of domestic tax revenue (in TZS billion) from Services for the year 2011/12

c) Other domestic taxes and charges

Tax revenues have been also collected from other domestic sources and charges including business licensing and airport departure charges. For the purpose of this report, four categories of other domestic sources are analyzed.

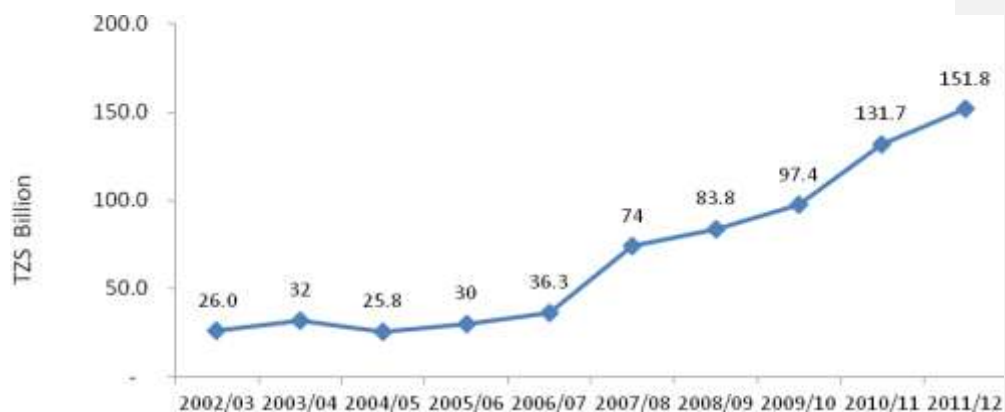
Table 3.8 indicates the contribution of tax revenue from other domestic sources and charges. Among four components of other domestic taxes and charges, motor vehicle tax has contributed with the highest average of 65.3 percent over the decade. This is followed by tax revenues from departure charges with an average of 21.6 percent). The least contributor of other domestic taxes and charges in the reference period was business licenses (with less than one percent).

With respect to trend of tax collection, Table 3.8 shows variations on growth rates, though there was a steady growth in recent years. A negative growth occurred in 2004/05 with a decrease of revenue by 19.5 percent compared to the preceding year. This situation might have been caused by a significant decline of revenue collected from motor vehicle licenses tax in the reference year. However, the highest growth rate, observed in 2007/08, accounted for 103.7 percent followed by year 2010/11 (35.2 percent) and year 2003/04 (23.1 percent).

Table 3.8: Contribution and Trend of Other Domestic Taxes by Type of Tax, (in TZS Billion) Tanzania Mainland, 2000/01 – 2011/12

Year	Departure Charges	Motor Vehicle Licenses	Stamp Duty	Total Other Domestic Taxes	Change of Collection Between Years	
					Amount	Percent
2002/03	7.20	4.70	14.10	26.00		
2003/04	8.60	7.60	15.80	32.00	6.00	23.10
2004/05	8.60	1.40	15.80	25.80	-6.30	-19.50
2005/06	9.50	14.90	5.60	30.00	4.20	16.40
2006/07	14.40	17.10	4.80	36.30	6.40	21.20
2007/08	16.20	52.50	5.30	74.00	37.70	103.70
2008/09	16.90	62.30	4.50	83.80	9.80	13.20
2009/10	21.10	70.10	6.10	97.40	13.60	16.30
2010/11	23.30	101.30	7.00	131.70	34.30	35.20
2011/12	23.20	117.60	11.00	151.80	20.10	15.30
Total	148.90	449.60	90.10	688.80		
Percent	21.60	65.30	13.10	100.00		

Source: Tanzania Revenue Authority, 2014

Figure 3.9: Trend of Other Domestic Taxes (in TZS Billion), Tanzania Mainland, 2002/03 – 2011/12

ii. International Trade Taxes

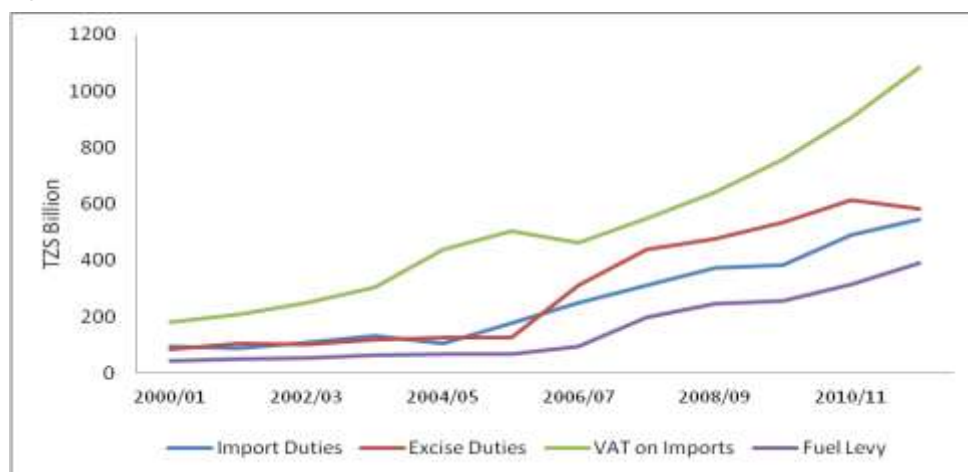
Table 3.9 and Figure 3.9 show contribution and trends of revenue collected through the international trade taxes in Tanzania Mainland during the 2000/01 – 2011/12 periods. The international trade taxes are categorized into import duties, excise duties, VAT on imports, fuel levy and non tax revenue. The table shows that VAT on imports was the highest contributor of revenue collected (42.1 percent) to international trade taxes followed by excise duties (24.3 percent) and the import duties accounted for 20.5 percent of revenue collected in the reference period.

Table 3.9 also shows a steady growth of the revenue collected from international trade taxes. The highest growth rate was observed in year 2007/08 with an increase of 33.8 percent from the preceding year followed by year 2006/07 (28.2 percent) and year 2003/04 (21.0 percent). The worst year was 2001/02 with collection growth of 10.4 percent followed by year 2009/10 (11.1 percent) as indicated in Table 3.9.

Table 3.9: Contribution and Trend of International Trade Taxes (in TZS Billion) by Type of Tax, Tanzania Mainland, 2000/01 – 2011/12

Year	Import Duties		Excise Duties		VAT on Imports		Fuel Levy		Non-Tax Revenue		Total International Trade Taxes	Changes in Collection between Years	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent		Amount	Percent
2000/01	97.0	23.4	85.8	20.7	182.1	44.0	43.5	10.5	5.5	1.3	413.8		
2001/02	90.1	19.7	104.8	22.9	208.7	45.7	50.1	11.0	3.0	0.7	456.7	42.9	10.4
2002/03	108.1	20.8	102.0	19.7	250.3	48.2	55.9	10.8	2.9	0.6	519.1	62.4	13.7
2003/04	132.3	21.1	120.6	19.2	306.7	48.8	64.1	10.2	4.5	0.7	628.2	109.1	21.0
2004/05	106.9	14.3	127.6	17.0	437.7	58.4	67.8	9.1	9.3	1.2	749.3	121.1	19.3
2005/06	177.8	20.1	126.5	14.3	502.4	56.9	69.4	7.9	7.5	0.8	883.6	134.3	17.9
2006/07	251.4	22.2	312.0	27.5	463.8	41.0	94.8	8.4	10.4	0.9	1,132.5	248.8	28.2
2007/08	313.0	20.7	440.3	29.1	550.1	36.3	200.4	13.2	11.5	0.8	1,515.4	382.9	33.8
2008/09	373.9	21.4	475.3	27.2	641.4	36.7	246.1	14.1	12.0	0.7	1,748.7	233.3	15.4
2009/10	383.3	19.7	533.8	27.5	759.4	39.1	256.0	13.2	10.9	0.6	1,943.4	194.7	11.1
2010/11	489.0	20.9	614.3	26.3	905.6	38.8	315.3	13.5	12.1	0.5	2,336.4	392.9	20.2
2011/12	546.3	20.9	583.6	22.3	1,082.9	41.4	390.5	14.9	12.9	0.5	2,616.3	279.9	12.0
Total	3,069.3	20.5	3,626.5	24.3	6,291.0	42.1	1,854.1	12.4	102.4	0.7	14,943.3		

Source: Tanzania Revenue Authority, 2014

Figure 3.10: Trend of International Trade Taxes (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12**a. Import duties**

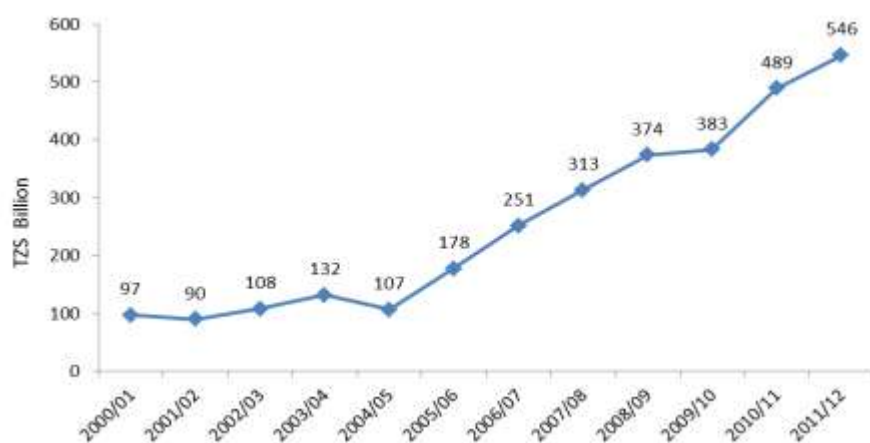
Import duties comprise of non-petroleum import tax and other import and export charges. Table 3.10 shows that, out of TZS 3,069.3 billion collected as import duty tax in the reference period, 96.9 percent was contributed by non-petroleum import tax and only 3.1 percent of the revenue was from other import and export charges. Looking at each year, contribution of non-petroleum import tax in the reference period ranged from 93.3 percent in 2011/12 to 100 percent in 2005/06. With exception of years 2001/02 and 2004/05, the remaining years show increases in import duties though there were fluctuations as indicated in Table 3.10.

Table 3.10 also shows changes in collections each year. Negative increases in revenue were observed in 2001/02 and 2004/05 and were 7.0 percent and 19.2 percent respectively. The rate of increase in the remaining years ranged from 2.5 percent in 2009/10 to 66.3 percent in 2005/06. Looking at the absolute numbers, the highest increase was observed in 2010/11 (TZS 105.7 billion) and the lowest increase was observed in 2009/10 with an increase of only TZS 9.4 billion.

Table 3.10: Contribution and Trend of Import Duties (in TZS Billion) by Type of Duty, Tanzania Mainland, 2000/01 – 2011/12

Year	Non-Petroleum Imports		Other Import & Export Charges		Total Import Duties	Change in Collection between Years	
	Amount	Percent	Amount	Percent		Amount	Percent
2000/01	96.4	99.4	0.6	0.6	97.0		
2001/02	89.9	99.7	0.3	0.3	90.1	-6.8	-7.0
2002/03	107.6	99.6	0.5	0.4	108.1	17.9	19.9
2003/04	132.2	99.9	0.1	0.1	132.3	24.2	22.4
2004/05	106.6	99.7	0.3	0.3	106.9	-25.4	-19.2
2005/06	177.8	100.0	0.0	0.0	177.8	70.9	66.3
2006/07	245.5	97.6	6.0	2.4	251.4	73.6	41.4
2007/08	304.5	97.3	8.6	2.7	313.0	61.6	24.5
2008/09	366.7	98.1	7.2	1.9	373.9	60.9	19.5
2009/10	377.0	98.3	6.4	1.7	383.3	9.4	2.5
2010/11	459.9	94.0	29.1	6.0	489.0	105.7	27.6
2011/12	509.7	93.3	36.6	6.7	546.3	57.3	11.7
Total	2,973.6	96.9	95.6	3.1	3,069.3		

Source: Tanzania Revenue Authority, 2014

Figure 3.11: Trend of Total Import Duties (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12

b. Excise duties

Taxes under excise duties comprise of taxes from wines and spirits, non-petroleum and petroleum excise duties. Table 3.11 shows that out of total revenue (TZS 3,626.5 billion) collected during 2000/01 – 2011/12 periods, about 92.1 percent and 7.9 percent were collected as petroleum and non-petroleum excise duties respectively. Wines and spirits contributed a minimum revenue which accounted for only 0.1 percent to the excise duties. The data also shows an increase of revenue collection from TZS 85.7 billion in 2000/01 to TZS 126.5 billion in 2005/06 and TZS 583.6 billion in 2011/12.

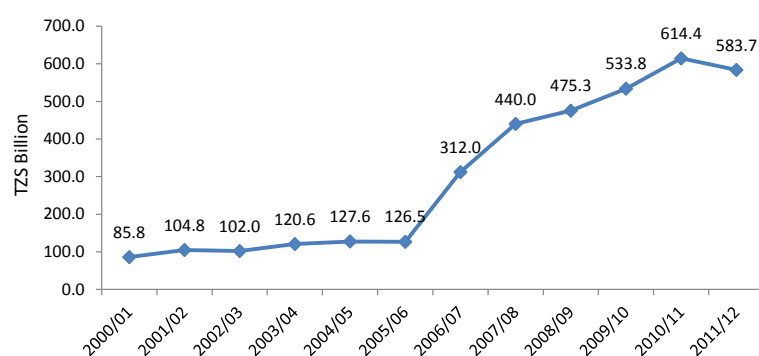
Table 3.11 shows that the rate of increase of excise duties collection fluctuated throughout the reference period. Revenue collection dropped in years 2002/03, 2005/06 and 2011/12 compared to their preceding years with a decline of 2.6 percent, 0.9 percent and 5.0 percent respectively. In the remaining years, the increasing rate ranged from 5.8 percent in 2004/05 to 146.6 percent in 2006/07.

Table 3.11: Contribution and Trend of Excise Duties (in TZS Billion) by Type of Duty, Tanzania Mainland, 2000/01 – 2011/12

Year	Wines & Spirits Excise Duties		Non-Petroleum Excise Duties		Petroleum Excise Duties		Total Excise Duty	Change in Collection between Years	
	Amount	Percent	Amount	Percent	Amount	Percent		Amount	Percent
2000/01	n.a	n.a	3.7	4.3	82.0	95.7	85.8		
2001/02	n.a	n.a	6.0	5.7	98.8	94.3	104.8	19.0	22.2
2002/03	n.a	n.a	4.9	4.8	97.1	95.2	102.0	-2.8	-2.6
2003/04	n.a	n.a	4.6	3.8	116.0	96.2	120.6	18.6	18.2
2004/05	n.a	n.a	11.8	9.2	115.8	90.8	127.6	7.0	5.8
2005/06	n.a	n.a	10.1	8.0	116.4	92.0	126.5	-1.1	-0.9
2006/07	1.3	0.5	19.5	6.2	291.2	93.3	312.0	185.5	146.6
2007/08	1.2	0.3	22.7	5.2	416.4	94.6	440.3	128.3	41.1
2008/09	n.a	n.a	31.5	6.6	443.7	93.4	475.3	35.0	7.9
2009/10	n.a	n.a	40.6	7.6	493.2	92.4	533.8	58.5	12.3
2010/11	n.a	n.a	70.8	11.5	543.5	88.5	614.3	80.5	15.1
2011/12	n.a	n.a	58.8	10.1	524.8	89.9	583.6	-30.7	-5.0
Total	2.5	0.1	285.0	7.9	3,338.9	92.1	3,626.5		

Source: Tanzania Revenue Authority, 2014

Figure 3.12: Trend of Excise Duty (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12



c. VAT on Imports

Table 3.12 shows the contribution of tax collection from VAT on imports. The revenue collection increased from TZS 182.1 billion in 2000/01 to TZS 502.4 billion in 2005/06 and reached TZS 1,082.9 billion in 2011/12 (Table 3.12).

With respect to trend of tax collection, Table 3.12 shows variations on growth rates though there was a steady growth throughout the reference period. Revenue collection dropped in 2006/07 compared to the preceding year with a decline of 7.7 percent. The highest growth rate was observed in 2004/05 (42.7 percent) followed by year 2003/04 (22.5 percent). While the lowest growth rate was observed in 2001/02 accounted for 14.6 percent.

Table 3.12: Contribution and Trend of VAT on Imports (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12

Year	VAT on Imports	Change in Collection between Years	
		Amount	Percent
2000/01	182.1		
2001/02	208.7	26.5	14.6
2002/03	250.3	41.6	19.9
2003/04	306.7	56.4	22.5
2004/05	437.7	131.0	42.7
2005/06	502.4	64.8	14.8
2006/07	463.8	-38.7	-7.7
2007/08	550.1	86.3	18.6
2008/09	641.4	91.3	16.6
2009/10	759.4	118.0	18.4
2010/11	905.6	146.2	19.3
2011/12	1,082.9	177.3	19.6
Total	6,291.0		

Source: Tanzania Revenue Authority, 2014

Figure 3.13: Trend of VAT on Imports (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12



CHAPTER FOUR

GOVERNMENT FINANCE STATISTICS

4.0 Introduction

This Chapter explains finance performance attained by the government in line with standard Government Finance Statistics (GFS) methodology prepared by the International Monetary Fund (IMF). The GFS was designed to provide statistics that enable policymakers and analysts to study developments in the financial operations, fiscal position, and liquidity situation of the general government sector or the public sector in a consistent and systematic manner.

4.1 Government Revenue

In this report, analysis of government finance revenues is divided into two broad categories of local or internal resources and external resources. Internal resources refer to revenue collected through domestic and international taxes together with borrowing from domestic institutions such as banks, social security institutions, among others, while external resources cover all grants, loans and assistance provided by development partners.

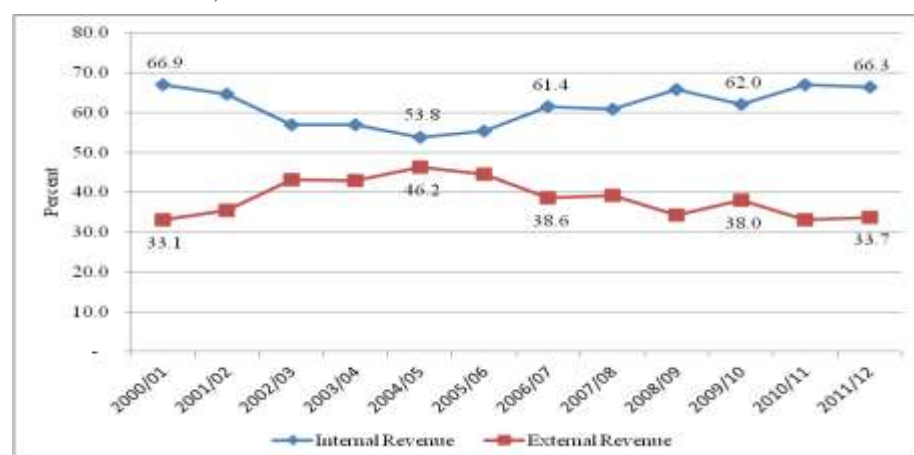
Table 4.1 shows that the government finances increased from TZS 1,390.5 billion in 2000/01 to TZS 3,837.2 billion in 2005/06 and reached TZS 10,892.3 billion in 2011/12. Looking at growth rate between years, the largest change was observed in 2007/08 with an increase of 34.2 percent compared to the preceding year of 2006/07 followed by 2003/04 (19.5 percent), 2004/05 (28.9 percent) and 2011/12 (27.3 percent). The smallest rate of change was observed in 2008/09 with only 9.0 percent change followed by 2010/11 (13.9 percent) and 2009/10 (15.2 percent).

Looking at the contribution to total government finances, internal revenue contributed more than external revenue. In 2000/01, internal revenue contributed about twice (66.9 percent) compared to external revenue (33.1 percent). In 2004/05 the contribution of internal revenue dropped drastically to 53.8 percent, but increased thereafter to 65.8 in 2008/09 before it reached 66.3 percent in 2011/12. Compared to internal revenue, contribution of external revenue increased from 33.1 percent in 2000/01 to 46.2 percent in 2005/06, but dropped significantly to 33.7 percent in 2011/12 (Table 4.1). The decline of external revenue to the government finances is a sign of improvement of economic growth.

Table 4.1: Trend of Government Finance (in TZS Billion) by Type of Source, Tanzania Mainland, 2000/01 – 2011/12

Year	Internal Revenue		External Revenue		Total Government Revenue	Change in Government Finance between Years	
	Amount	Percent	Amount	Percent		Amount	Percent
2000/01	929.6	66.9	460.9	33.1	1,390.5		
2001/02	1,042.9	64.6	570.9	35.4	1,613.8	223.3	16.1
2002/03	1,217.5	56.9	923.3	43.1	2,140.8	527.0	32.7
2003/04	1,459.3	57.0	1,098.7	43.0	2,558.0	417.2	19.5
2004/05	1,773.7	53.8	1,523.7	46.2	3,297.4	739.4	28.9
2005/06	2,124.8	55.4	1,712.4	44.6	3,837.2	539.8	16.4
2006/07	2,739.0	61.4	1,719.1	38.6	4,458.1	620.9	16.2
2007/08	3,634.6	60.8	2,348.2	39.2	5,982.8	1,524.7	34.2
2008/09	4,293.1	65.8	2,229.0	34.2	6,522.1	539.3	9.0
2009/10	4,661.5	62.0	2,853.0	38.0	7,514.5	992.4	15.2
2010/11	5,736.3	67.0	2,819.2	33.0	8,555.5	1,041.0	13.9
2011/12	7,221.4	66.3	3,670.9	33.7	10,892.3	2,336.8	27.3
Total	36,833.7	62.7	21,929.3	37.3	58,763.0		

Source: Ministry of Finance, 2014

Figure 4.1: Percentage Contribution to Government Finance by Internal and External Revenue, Tanzania Mainland, 2000/01 – 2011/12

4.1.1 Internal Revenue

Table 4.2 and Figure 4.2 show domestic revenue collected between 2000/01 and 2011/12 in Tanzania Mainland. The table shows that domestic revenue increased from TZS 929.6 billion in 2000/01 to TZS 7,221.4 billion in 2011/12. Out of the total internal revenue collected in 2011/12, TZS 6,480.5 billion was tax revenue (89.7 percent) while non-tax revenue collected was TZS 545.4 billion (7.6 percent) and Local Government Authorities (LGAs) collected from own sources revenue amounted to TZS 195.5 billion (2.7 percent).

The trend of internal government financing, reveals that tax based revenue has been contributing heavily, ranging from 89.0 percent in 2000/01 to 95.0 percent in 2009/10 as non-tax revenue contributed by 11.0 percent in 2000/01 and about 5.0 percent in 2009/10 and 2010/11. The contribution of internal revenue from LGAs was significant in 2010/11 and 2011/12 accounting for 2.8 percent and 2.7 percent respectively.

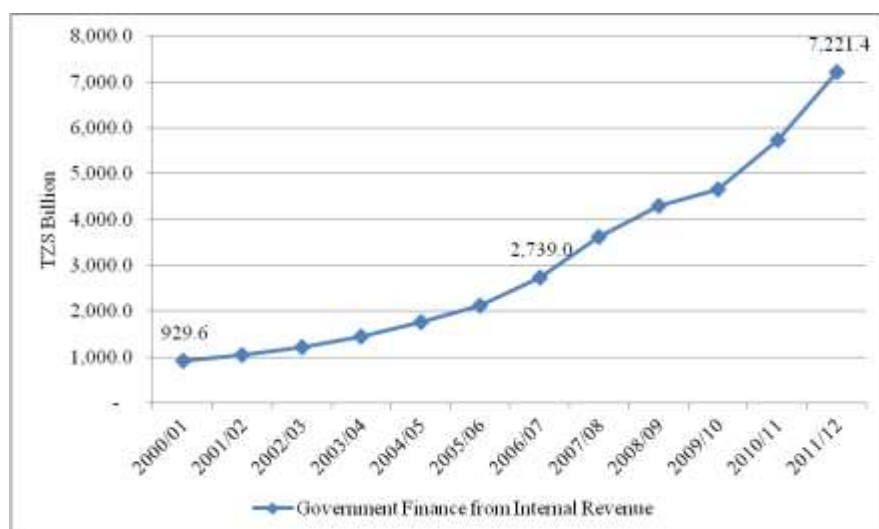
Tax collection done by the TRA has improved government finance as indicated in Table 4.2 and Figure 4.2. Government finance increased in absolute numbers from TZS 113.3 billion in 2000/01 to TZS 614.2 billion in 2006/07 and reached TZS 1,485.1 billion in 2011/12. The improvement of government finance enabled the government to increase its ability to fund its recurrent expenditure, development projects and other necessary amortizations.

Table 4.2: Trend of Government Finance (in TZS Billion) by Internal Revenue, Tanzania Mainland, 2000/01 – 2011/12

Year	Tax Revenue		Non Tax Revenue		Revenue from LGAs		Total	Changes in Revenue	
	Amount	Percent	Amount	Percent	Amount	Percent	Total	Amount	Percent
2000/01	827.8	89.0	101.8	11.0	n.a	n.a	929.6		
2001/02	938.4	90.0	104.5	10.0	n.a	n.a	1,042.9	113.3	12.2
2002/03	1,105.7	90.8	111.8	9.2	n.a	n.a	1,217.5	174.6	16.7
2003/04	1,342.8	92.0	116.5	8.0	n.a	n.a	1,459.3	241.8	19.9
2004/05	1,615.2	91.1	158.5	8.9	n.a	n.a	1,773.7	314.4	21.5
2005/06	1,946.4	91.6	178.4	8.4	n.a	n.a	2,124.8	351.1	19.8
2006/07	2,529.4	92.3	209.6	7.7	n.a	n.a	2,739.0	614.2	28.9
2007/08	3,359.3	92.4	275.3	7.6	n.a	n.a	3,634.6	895.6	32.7
2008/09	4,043.7	94.2	249.4	5.8	n.a	n.a	4,293.1	658.5	18.1
2009/10	4,427.8	95.0	233.7	5.0	n.a	n.a	4,661.5	368.4	8.6
2010/11	5,293.3	92.3	284.7	5.0	158.3	2.8	5,736.3	1,074.8	23.1
2011/12	6,480.5	89.7	545.4	7.6	195.5	2.7	7,221.40	1,485.1	25.9
Total	33,910.3	92.1	2,569.6	7.0	353.8	1.0	36,833.7		

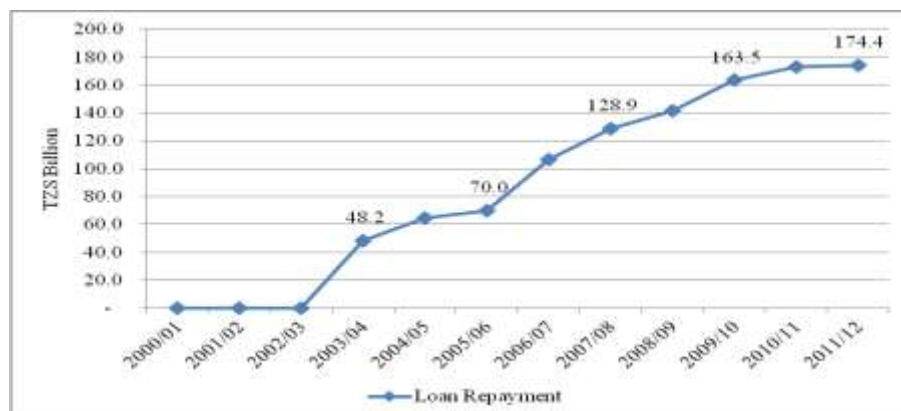
Source: Ministry of Finance, 2014

Figure 4.2: Trend of Government Finance from Internal Revenue (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12



Improvement of the government finance had enabled government to pay loans from local and international institutions from fiscal year 2003/04 up to 2011/12 as indicated in Figure 4.3. In 2003/04, a total of TZS 48.2 billion was paid to the debtors. The repayment increased from TZS 70.0 billion in 2005/06 to TZS 163.5 billion in 2009/10 and reached TZS 174.4 billion in 2011/12 (Figure 4.3).

Figure 4.3: Repayment of Government Loans (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12



Source: Ministry of Finance, 2014

4.1.2 External Revenue

During the period 2000/01 – 2011/12 the Government continued to improve and to strengthen the relationship with development partners and international financial institutions in securing grants and concessional loans. The purpose of these loans and grants is to complement Government financing efforts in the implementation of its aspiration of economic growth and poverty reduction, through her development plans, which include MKUKUTA in line with the Millennium Development Goals and the National Development Vision 2025.

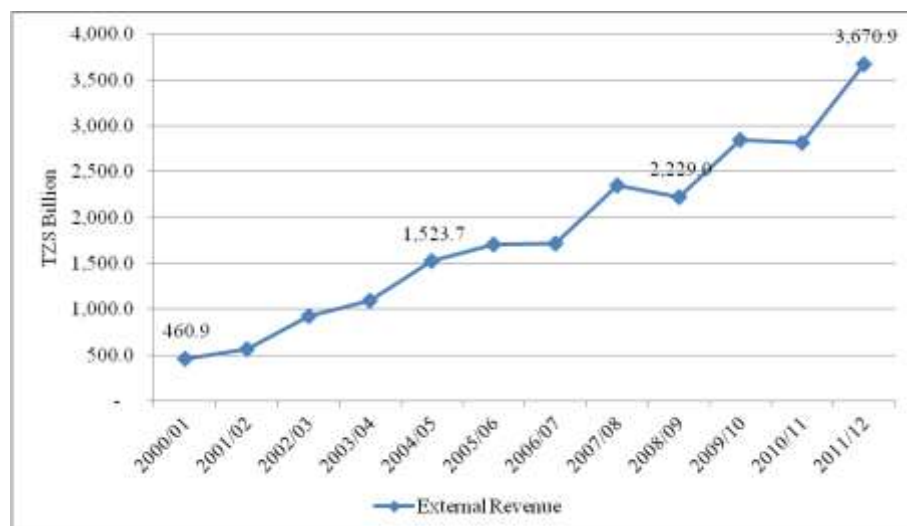
The restoration of confidence by development partners in the government enabled the Government to increase external revenue in the form of grants, basket funds, import support, concessional loans and project loans. As a result, external revenue increased from TZS 460.9 billion in 2000/01 to TZS 1,712.4 billion in 2005/06 and reached TZS 3,670.9 billion in 2011/12 as indicated in Table 4.3 and Figure 4.4. Table 4.3 shows that out of total TZS 21,929.3 billion external revenue received from development partners between 2000/01 and 2011/12, 57.1 percent was given as grants, followed by project loans (21.2 percent), import support (11.4 percent), basket funds accounted for 6.0 percent and concessional loans were 4.4 percent.

Table 4.3: Distribution of Government Finance from External Revenue (in TZS Billion) by Type of Support, Tanzania Mainland, 2000/01 – 2011/12

Year	Grants		Basket Support		Import Support		Project Loans		Concessional Loans		Total	Changes of Revenue	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Total	Amount	Percent
2000/01	293.4	63.7	0.0	0.0	39.9	8.7	127.6	27.7	0.0	0.0	460.9		
2001/02	383.5	67.2	0.0	0.0	33.2	5.8	154.2	27.0	0.0	0.0	570.9	110.0	23.9
2002/03	622.3	67.4	0.0	0.0	151.3	16.4	149.7	16.2	0.0	0.0	923.3	352.4	61.7
2003/04	494.9	45.0	94.3	8.6	0.0	0.0	509.5	46.4	0.0	0.0	1,098.7	175.4	19.0
2004/05	993.0	65.2	156.7	10.3	65.4	4.3	308.6	20.3	0.0	0.0	1,523.7	425	38.7
2005/06	1,043.4	60.9	82.3	4.8	257.7	15.0	329.0	19.2	0.0	0.0	1,712.4	188.7	12.4
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	6.7	0.4
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	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	1855.1	50.5	172.2	4.7	246.9	6.7	595.4	16.2	801.3	21.8	3,670.9	851.7	30.2
Total	12,520.3	57.1	1,319.5	6.0	2,490.0	11.4	4,644.3	21.2	955.2	4.4	21,929.3		

Source: Ministry of Finance, 2014

Figure 4.4: Trend of Government Finance from External Revenue (in TZS Billion), Tanzania Mainland, 2000/01 – 2011/12



CHAPTER FIVE

Conclusion

Chapter Five draw conclusion from the findings on the report for the betterment of the live-hood of Tanzanians.

The report reveals that there is a tremendous improvement in the tax collections by the Government through its agency, namely Tanzania Revenue Authority. Revenue collection increased from TZS 861.3 billion in 2000/01 to TZS 2,038.2 billion in 2005/06 and reached TZS 6,668.6 billion in 2011/12. However, variations on percentage increase during the reference period have been observed.

On the other hand, foreign trade is becoming a giant contributor of Government revenue (48.4 percent of import tax) from international trade taxes. The contribution and trend of indirect taxes from broad category of consumption taxes, other domestic taxes and charges, and international trade taxes shows that out of TZS 23,549.9 billion collected revenue between 2000/01 and 2011/12, 63.5 percent was contributed by taxes from international trade, followed by consumption taxes (33.4 percent) while other domestic taxes and charges contributed only 3.1 percent.

In addition, the report reveals that there is tremendous improvement on government financing through internal revenue compared to external revenue. The government finances increased from TZS 1,390.5 billion in 2000/01 to TZS 3,837.2 billion in 2005/06 and reached TZS 10,892.3 billion in 2011/12. Looking at the share of contribution to the government finances, internal revenue contributed more than external revenue in 2000/01 where it contributed twice (66.9 percent) compared to external revenue (33.1 percent). Its contribution dropped drastically to 53.8 percent in 2004/05, but increased thereafter to 65.8 percent in 2008/09 and reached 66.3 percent in 2011/12. The decline of external revenue to the government finances is a sign of improvement of economic growth, which enabled government to increase its ability to facilitate the recurrent and development budgets.

Appendices

Appendix I: Classification and Recording of Revenue System

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

1. Taxes on property
 - Property rates.
2. Taxes on goods and services
 - Crop fees (maximum 5 percent of farm-gate price); and
 - Forest produces fees
3. Taxes on specific services
 - Guest house levy.
4. 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.
5. Motor vehicles, other equipment and ferry licenses
 - Vehicle license fees; and
 - Fishing vessel license fees.
6. 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.
7. Turnover taxes
 - Service levy.
8. Entrepreneurial and property income
 - i. Dividends;
 - ii. Other domestic property income;
 - iii. Interest; and
 - iv. Land rent.
9. Administrative fees and charges
 - i. Market stalls/slabs dues;
 - ii. *Magulio*¹ fees;
 - iii. Auction mart fees;

¹ Local Open Markets

- 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 levy any taxes, levies or fees which are not on this list.

Appendix III: Trends in Government Finance, Tanzania Mainland, 2000/01-2011/12

Item	TZS Billion											
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
A. Domestic Revenue (Incl. Revenue from LGAs)	929.6	1,042.9	1,217.5	1,459.3	1,773.7	2,124.8	2,739.0	3,634.6	4,293.1	4,661.5	5,736.3	7,221.4
Domestic Revenue	929.6	1,042.9	1,217.5	1,459.3	1,773.7	2,124.8	2,739.0	3,634.6	4,293.1	4,661.5	5,577.9	7,025.9
1. Tax Revenue	827.8	938.4	1,105.7	1,342.8	1,615.2	1,946.4	2,529.4	3,359.3	4,043.7	4,427.8	5,293.3	6,480.5
Import Duty and Excise Duty	250.4	266.3	293.7	352.3	350.5	452.4	765.6	965.5	1,130.9	1,214.6	1,512.1	1,538.6
Value Added Tax (VAT)	302.0	351.9	424.3	548.6	731.6	845.8	861.0	1,111.0	1,333.8	1,488.4	1,632.9	2,072.6
Imports	182.1	208.7	249.8	316.0	439.8	502.4	431.6	550.3	641.4	729.0	905.6	1,082.9
Domestic	119.8	143.2	174.5	232.6	291.8	343.4	429.4	560.7	692.4	759.0	727.3	989.7
Income Tax	194.0	219.8	276.0	366.6	465.5	581.2	790.9	1,028.9	1,257.9	1,388.7	1,719.8	2,311.4
Other Taxes	81.4	100.4	111.7	123.5	132.0	137.0	218.6	382.8	462.5	499.4	601.4	732.3
Refunds Accounts				-48.2	-64.4	-70.0	-106.7	-128.9	-141.4	-163.5	-172.9	-174.4
2. Non-Tax Revenue	101.8	104.5	111.8	116.5	158.5	178.4	209.6	275.3	249.4	233.7	284.7	545.4
3. Revenue from LGAs											158.3	195.5
B. Total Expenditure	1,307.2	1,462.8	1,989.5	2,516.9	3,248.4	3,972.6	4,474.7	5,209.0	6,811.9	8,173.7	9,439.4	10,764.5
1. Recurrent Expenditure	1,021.0	1,118.2	1,488.6	1,780.1	2,017.5	2,661.9	3,137.5	3,398.0	4,681.5	5,562.2	6,690.4	6,989.8
2. Development Expenditure	286.3	344.6	500.9	736.8	1,230.9	1,310.7	1,337.2	1,811.0	2,130.4	2,611.3	2,749.0	3,774.7
Local Funds	35.1	50.2	95.7	133.0	239.7	296.1	503.3	567.4	906.0	1,004.5	984.5	1,872.3
Foreign Funds	251.2	294.4	405.2	603.8	991.2	1,014.6	833.9	1,243.6	1,224.4	1,606.8	1,764.5	1,902.4
C. Deficit/Surplus (A-B)	-377.6	-419.8	-772.0	-1,045.9	-1,474.7	-1,847.8	-1,735.7	-1,574.4	-2,518.8	-3,512.2	-3,861.4	-3,738.6
D. Financing	377.6	419.8	772.0	1,045.9	1,474.7	1,847.8	1,735.7	1,574.4	2,518.8	3,512.2	3,703.1	3,543.1
1. External Sources	380.6	501.9	822.0	1,053.5	1,416.6	1,604.7	1,689.4	2,302.8	2,201.5	2,784.9	2,776.3	3,590.4
Grants	293.4	383.5	622.3	494.9	993.0	1,043.4	971.6	1,573.2	1,257.3	1,405.2	1,627.4	1,855.1
Basket Support				94.3	156.7	82.3	47.3	200.6	151.4	194.0	220.7	172.2
Import Support/OGL Loans	39.9	33.2	151.3	-	65.4	257.7	267.0	365.0	331.3	558.3	173.8	246.9
Project Loans	127.6	154.2	149.7	509.5	308.6	329.0	433.2	209.4	488.8	695.5	643.4	595.4
Concessional Loans											153.9	801.3
Amortization (foreign)	-80.3	-68.9	-101.3	-45.1	-107.1	-107.7	-29.7	-45.4	-27.3	-68.3	-42.9	-80.5
2. Internal Sources	-3.0	-82.1	-50.0	-7.6	58.1	243.1	46.3	-728.4	317.3	727.2	926.8	-47.2
Non-Bank Borrowing	16.1	36.6	8.5	21.4	145.0	219.2	212.5	-19.8	1.1	-24.7	337.5	263.6
Bank Borrowing	-18.7	-59.2	-44.8	0.0	0.0	129.7	25.5	-316.8	212.6	593.0	906.8	71.3
Proceeds from Privatization	26.7	0.0	0.0	9.8	0.0	33.3	0.0	0.0	45.0	9.6	-	-
Payment of Arrears	0.0	-59.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	714.3	720.2	1,326.9
NBC Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recapitalization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment to Cash	-3.8	1.1	65.9	50.8	53.2	37.1	-60.4	-78.3	275.3	595.0	162.6	-198.5
Amortization (local)	0.0	-1.6	-0.3	0.0	0.0	-19.0	0.0	-14.6	0.0	-723.7	-720.2	-1,326.9
Expenditure Float	-23.4	0.0	-79.4	-89.5	-140.1	-157.2	-131.3	-298.9	-216.7	-436.2	-480.1	-183.6

Source: Ministry of Finance

Appendix IV: Trends in Tax Revenue, Tanzania Mainland, 2000/01 – 2011/12

TZS Million

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total Revenue	834,764.0	941,596.5	1,107,954.1	1,316,657.3	1,621,645.0	1,968,592.7	2,575,648.6	3,376,568.3	4,067,262.5	4,437,933.4	5,315,147.6	6,502,599.1
<i>Add: Treasury Vouchers</i>	-	-	-	-	15,567.4	38,501.9	64,488.6	33,705.1	47,809.6	31,023.2	29,134.6	36,587.1
Net Collections	834,764.0	941,596.5	1,107,954.1	1,316,657.3	1,606,077.6	1,930,090.7	2,511,160.0	3,342,863.2	4,019,452.9	4,406,910.3	5,286,013.0	6,466,012.0
<i>Less: Tax Refunds</i>	26,563.1	35,011.8	36,374.5	68,442.4	73,916.3	87,851.0	106,713.4	120,747.0	142,178.0	163,518.9	174,119.9	202,629.7
Grand Total	861,327.1	976,608.2	1,144,328.6	1,385,099.7	1,679,993.9	2,017,941.7	2,617,873.4	3,463,610.2	4,161,630.9	4,570,429.2	5,460,132.9	6,668,641.7
Direct Taxes	216,400.3	256,171.0	312,444.0	405,507.0	510,876.0	637,840.0	853,500.2	1,105,749.1	1,349,848.1	1,497,974.8	1,839,929.2	2,471,508.9
P.A.Y.E.	92,744.1	116,567.3	139,694.4	183,236.7	234,094.7	288,286.2	408,611.6	512,177.1	662,271.4	743,353.3	928,468.9	1,129,468.7
B. Skills & Dev. Levy	15,826.1	25,508.6	29,613.6	37,839.4	43,476.5	53,768.7	61,134.1	76,471.9	91,742.6	110,243.1	120,006.6	138,901.0
Individuals	12,925.7	14,006.4	15,464.5	18,293.8	26,067.9	31,433.7	31,174.2	36,306.8	42,109.7	48,632.0	58,402.8	65,768.3
Corporate Taxes	46,634.2	57,056.9	78,390.1	109,072.1	152,744.1	203,330.7	267,230.9	374,640.1	414,731.8	418,268.2	537,561.6	779,855.4
Withholding Taxes	41,477.6	34,763.0	38,618.8	43,468.4	42,605.5	46,946.2	67,976.7	81,132.2	105,279.0	137,674.4	142,110.1	279,425.7
Rental Tax	5,642.2	6,957.4	8,644.0	10,954.8	8,692.7	10,629.8	12,054.4	16,869.0	23,881.6	29,032.9	33,037.5	57,370.9
Gaming Tax	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	2,664.3	3,247.1	4,057.0	3,302.6
All other direct taxes	1,150.6	1,311.5	2,018.6	2,641.8	3,194.6	3,444.7	5,318.3	8,152.1	7,167.7	7,523.7	16,284.7	17,416.2
<i>Less: Refunds</i>	6,047.1	9,129.6	7,191.8	14,000.9	15,851.4	22,135.2	41,093.0	25,884.0	30,580.9	36,747.7	40,834.5	42,014.3
Indirect Taxes	644,926.8	720,437.2	831,884.6	979,592.6	1,169,118.0	1,380,101.7	1,764,373.2	2,357,861.2	2,811,782.8	3,072,454.4	3,620,203.8	4,197,132.8
Consumption Taxes	209,033.7	238,745.2	286,799.0	319,398.7	394,065.3	466,504.4	595,592.3	768,471.4	979,289.6	1,031,623.9	1,152,114.5	1,429,040.8
Excise (Domestic)	68,998.5	72,837.1	85,263.1	92,868.7	110,335.5	135,062.9	175,955.0	220,616.0	286,728.5	303,826.5	326,279.2	449,958.5
Beer	36,037.8	37,170.4	44,046.4	44,587.3	52,052.4	60,820.8	73,638.7	91,531.4	106,693.2	105,356.1	115,595.8	150,542.6
Cigarettes	23,963.0	25,388.9	26,341.3	29,886.0	32,816.6	39,541.5	43,296.6	54,241.6	58,510.1	55,236.5	62,138.9	78,501.6
Soft Drinks	5,529.4	7,028.6	7,653.7	7,971.1	10,747.4	12,442.0	14,997.9	17,330.4	21,392.8	24,253.7	26,669.3	34,293.3
Bottled Water	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	5,178.2
Mobile Phone	n.a	n.a	n.a	6,989.0	9,731.1	16,800.0	32,307.5	40,234.4	67,680.5	85,617.5	90,189.7	114,552.5
Spirits	n.a	n.a	n.a	49.1	-	2.2	9,089.9	11,077.7	17,517.5	24,049.7	29,438.8	52,719.4
All Other Excise (Domestic)	3,468.4	3,249.2	7,221.7	3,386.2	4,988.0	5,456.4	2,624.4	6,200.5	14,934.3	9,313.0	2,246.7	14,170.8

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Aggregate VAT	140,035.2	165,908.0	201,535.9	226,530.0	283,729.9	331,441.5	419,637.3	547,855.4	692,561.1	727,797.4	825,835.3	979,082.3
VAT Domestic Products	140,035.2	165,908.0	92,913.1	105,316.1	127,291.7	122,586.9	191,436.3	199,699.0	243,683.5	252,440.9	304,886.9	383,815.7
Beer	18,077.9	19,749.2	25,133.2	26,782.7	32,989.8	36,018.5	47,556.3	56,305.7	66,930.2	66,172.0	80,504.0	90,140.4
Cigarettes	10,774.0	10,904.5	12,928.0	12,567.9	15,304.9	13,055.3	20,800.2	23,536.1	33,032.5	29,060.4	33,850.4	39,102.1
Soft Drinks	4,704.1	4,023.6	5,115.0	5,849.3	6,362.9	7,680.7	10,371.0	13,699.6	20,045.9	19,484.5	25,881.3	27,181.8
Cement	-	-	-	-	-	-	-	19,754.8	24,032.4	20,608.9	34,238.2	30,973.8
Sugar	3,949.7	3,076.4	6,923.1	10,823.8	10,862.2	13,295.7	43.2	13,922.6	24,863.9	24,916.6	24,868.9	38,161.3
Others	102,529.4	128,154.4	42,813.9	49,292.4	61,772.0	52,536.7	112,665.5	72,480.1	74,778.5	92,198.6	105,544.1	158,256.3
VAT Domestic Services	n.a	n.a	108,622.7	121,213.9	156,438.1	208,854.6	228,201.0	348,156.4	448,877.5	475,356.6	520,948.4	595,266.6
Electricity	n.a	n.a	14,826.68	8,312.93	13,419.22	13,947.67	20,832.12	31,218.20	42,483.62	55,974.1	31,536.5	27,294.7
Telephones	n.a	n.a	25,483.39	31,633.83	45,707.54	60,165.89	63,331.54	105,572.23	128,783.03	123,056.2	139,434.9	190,433.8
Retailers	n.a	n.a	6,606.71	8,004.63	10,779.23	10,524.52	10,275.99	13,372.10	14,771.00	16,051.4	19,882.4	39,548.0
Wholesalers	n.a	n.a	6,786.37	7,049.74	7,115.53	10,496.67	9,173.17	10,850.17	13,450.58	14,467.8	17,329.6	17,229.1
Transport	n.a	n.a	9,837.61	9,348.64	11,221.62	13,239.63	16,677.99	26,679.29	62,291.63	66,955.3	67,503.8	19,880.0
Hotel Services	n.a	n.a	8,574.42	10,202.20	12,692.34	15,015.30	19,184.36	26,105.62	26,085.26	27,477.9	36,114.3	45,068.5
Other	n.a	n.a	36,507.53	46,661.94	55,502.64	85,464.91	88,725.87	134,358.77	161,012.41	171,373.7	209,146.9	255,812.6
<i>Less: VAT Refunds</i>	19,266.0	24,448.1	27,539.9	51,282.1	54,915.7	62,781.2	62,885.5	87,520.2	102,084.8	116,837.9	121,952.7	137,544.9
<i>Add: DRD Treasury Vouchers</i>	n.a	n.a	n.a	n.a	7,175.2	8,126.5	8,291.6	10,819.2	15,298.6	6,812.6	8,767.2	9,368.8
<i>Less: Transfer to ZRB</i>	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-
<i>Less: MV D/Licence</i>	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11,023.9
<i>Less: Transfer to VETA</i>	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-
Other Domestic Taxes & Charges	22,087.1	24,981.8	26,018.4	32,019.7	25,760.8	29,977.7	36,329.8	73,996.1	83,768.2	97,397.2	131,722.6	151,841.6
Business Licences	n.a	n.a	45.7	12.3	12.3	6.4	31.4	26.0	15.0	18.9	21.2	-
Departure Charges	n.a	n.a	7,164.2	8,585.5	8,585.5	9,467.9	14,409.3	16,161.6	16,869.4	21,147.0	23,319.6	23,229.7
Motor Vehicle Taxes	n.a	n.a	4,661.8	7,623.0	1,364.1	14,933.9	17,128.6	52,526.1	62,334.6	70,095.6	101,340.6	117,595.3
Stamp Duty	n.a	n.a	14,146.7	15,799.0	15,799.0	5,569.6	4,760.6	5,282.4	4,549.3	6,135.6	7,041.2	11,016.6
International Trade Taxes	413,806.0	456,710.2	519,067.3	628,174.2	749,291.8	883,619.6	1,132,451.0	1,515,393.6	1,748,725.0	1,943,433.2	2,336,366.7	2,616,250.5

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Import Duties	96,956.6	90,143.0	108,073.1	132,302.2	106,893.0	177,795.6	251,444.6	313,028.3	373,948.5	383,329.5	489,010.5	546,334.9
Non-Petroleum Imports	96,356.1	89,867.2	107,597.0	132,220.9	106,561.4	177,795.6	245,477.9	304,477.1	366,748.1	376,975.6	459,863.2	509,701.0
Export Duty & Levy	600.5	275.8	476.1	81.3	331.6	-	5,966.7	8,551.2	7,200.4	6,353.9	29,147.3	36,633.9
Excise Duties	85,765.8	104,776.7	102,001.8	120,587.5	127,615.2	126,507.4	311,984.6	440,301.2	475,254.1	533,795.5	614,293.4	583,606.0
Wines and Spirits	n.a	n.a	n.a	n.a	n.a	n.a	1,321.8	1,201.6	n.a	-	n.a	-
Non-Petroleum Imports	3,724.9	5,967.1	4,938.9	4,616.7	11,766.5	10,120.4	19,462.9	22,685.7	31,546.3	40,597.1	70,806.2	58,806.4
Petroleum imports	82,040.9	98,809.6	97,062.9	115,970.8	115,848.7	116,387.0	291,199.9	416,413.8	443,707.8	493,198.4	543,487.2	524,799.6
VAT on Imports	182,142.7	208,674.4	250,264.2	306,671.9	437,667.3	502,437.3	463,753.2	550,066.0	641,378.0	759,396.5	905,610.8	1,082,917.7
Non-Petroleum Imports	182,142.7	208,674.4	250,264.2	306,671.9	437,667.3	502,437.3	463,753.2	550,066.0	641,378.0	759,396.5	905,610.8	1,082,917.7
Fuel Levy	43,486.3	50,130.7	55,870.0	64,075.3	67,844.8	69,422.7	94,849.7	200,449.3	246,134.3	256,046.3	315,309.3	390,499.3
Non-Tax Revenue	5,454.6	2,985.5	2,858.2	4,537.3	9,271.5	7,456.6	10,419.0	11,548.8	12,010.1	10,865.5	12,142.7	12,892.6
<i>Less: Customs & Excise Refunds</i>	1,250.0	1,434.0	1,642.8	3,159.4	3,149.2	2,934.6	2,734.8	7,342.8	9,512.4	9,933.3	11,332.8	12,046.6
<i>Less: VAT-Mining</i>												-
CED Treasury Vouchers	-	-	-	-	8,392.2	30,375.4	56,197.0	22,885.9	32,511.0	24,210.6	20,367.4	27,218.3

Source: Tanzania Revenue Authority

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