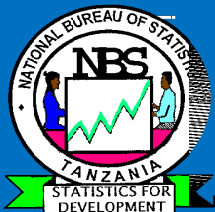




The United Republic of Tanzania

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TAX STATISTICS REPORT 2020/21 TANZANIA MAINLAND



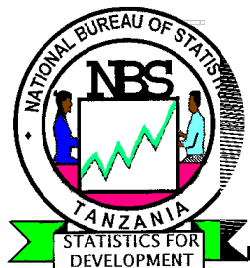
National Bureau of Statistics
Ministry of Finance and Planning
June, 2022



The United Republic of Tanzania

TAX STATISTICS REPORT 2020/21

TANZANIA MAINLAND



National Bureau of Statistics

Abbreviations and Acronyms

BOS	-	Bureau of Statistics
CIT	-	Company Income Tax
CRMS	-	Computerized Risk Management System
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
SNA	-	System of National Accounts
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
GDP	-	Gross Domestic Product

Preface

This report is a continuation of the National Bureau of Statistics (NBS) responsibilities in the production of official statistics for facilitating policy formulation, planning, and decision-making processes. The publication as it intends to reveal the Government's economic performance in terms of tax collections from various sources in the economy for the period from 2009/10 to 2020/21. This is the eighth publication on Tax Statistics for Mainland Tanzania produced by the NBS since the first publication was prepared in 2013/14.

The tax statistics published in this report are a result of collaborative efforts of different institutions including Ministry of Finance and Planning (MoFP); Tanzania Revenue Authority (TRA); and the President's Office – Regional Administration and Local Government (PO-RALG). While the Ministry of Finance and Planning provided general government revenue and other fiscal data, information on tax revenues was largely collected and provided by TRA. On the other hand, revenue statistics collected by Local Government Authorities (LGAs) were centrally obtained from PO-RALG before being aggregated into regional and national figures for reporting purposes. Although each institution has been mandated to produce statistics in its area of jurisdiction, the custodianship of all official statistics in the country is entrusted to NBS as per the Statistics Act Cap 351.

Statistics on revenue collected by LGAs are reported in this report though not in detailed. Additional tax items such as tax rate by type, individual and company income tax, and ratios of tax revenues items to Gross Domestic Product (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 International Monetary Fund (IMF) and Organization for Economic Cooperation and Development (OECD) including the Government Finance Statistics Manual 2014, and the System of National Accounts (SNA) 2008.

In this report, the NBS and TRA provided indicators that can be used to facilitate policy debates and enhance fact-based decision-making. NBS and TRA are on the believe that comments raised by users will improve the coming editions of Tax Statistics Report.

Preparation of this report has been a long and complex endeavour involving a number of stakeholders from different institutions. Special thanks is extended to the Ministry of Finance and Planning, 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 another to the successful production of this report.



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Dr. Albina Chuwa

Statistician-General

NATIONAL BUREAU OF STATISTICS

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About this Publication

The Tax Statistics Report 2020/21 builds and expands on previous editions. This publication provides an overview of tax and non-tax revenue collected for the fiscal years 2009/10 to 2020/21. The objective of this publication is to avail comprehensive information related to tax revenue for better decision making processes. In addition, the report will help the contextualization of economic and demographic information provided by other publications. Feedback received indicates that tax statistics do also provide valuable insights into socio-economic trends.

The Tax Statistics Report 2020/21 is the eighth edition in the series of NBS tax statistics reports. Since 2013/14 NBS has been producing tax and Government finance statistics which covered selected tax items from TRA as well as some general government resources extracted from the Annual Economic Survey publication 2021. According to International Monetary Fund (IMF), revenue is defined as an increase in net worth resulting from a transaction. Taxation is a form of revenue which 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 ‘tax’ is confined to compulsory and unrequited payments to the 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 2009/10 to 2020/21. The difference between this edition and the first five editions is that, in this edition, indicators have been expanded throughout in this edition 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 2020/21 Tax Statistics Report were obtained from Presidents’ Office – Regional Administration and Local Government (PO-RALG), Ministry of Finance and Planning (MoFP), Tanzania Revenue Authority (TRA), and the National Bureau of Statistics (NBS).

Methodology

Tax statistics are produced according to international guidelines for comparison purposes. National Statistics Offices (NSOs) and other producers of official statistics follow guidelines normally provided by UN agencies including the United Nations Statistics Division (UNSD), the International Monetary Fund (IMF) and the World Bank (WB), when compiling these statistics.

The statistics produced 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. Taxes are broadly classified as tax on income, profits and capital gains as well as on payroll and workforce, taxes on property, taxes on goods and services, taxes on international trade and transactions and other taxes.

This report is compiled 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 policymakers 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.

The report is compiled using data from PORALG, MoFP and TRA. Prior to the compilation of this report, responsible officers from PORALG, MoFP, TRA and NBS convened to review and validate the input data.

The role of Tanzania Revenue Authority (TRA) is among other to assess, collect and account for Government revenue through administering effectively and efficiently all revenue laws of the Central Government among others. NBS collaborates with tax statistics' stakeholders to ensure fundamental principles of producing official statistics are followed and at the end tax information are disseminated to the public. The role of NBS therefore is to coordinate and ensure production of quality official statistics is within the National Statistics System.

Note that: All statistics are based on income, expenses, deductions and other 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 up and therefore discrepancies may occur between the numbers of the component items and the totals prepared in the tables.

One of the limitation of this report is that some of the data used in this report were provisional and might change when the final numbers made available. In addition, the report updated

previous years data following the publication of audited final numbers from PO-RALG and MoFP.

Concept and Definition

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 the 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

- service fees;

- incomings from trading stock (sales of business stocks);

- gains from sale of business assets or liabilities;

- sale of depreciable assets;

- amounts derived as consideration for accepting a restriction on the capacity to conduct the business; and

- 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:

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; a person is allowed to deduct a foreign loss from investment only in calculating the person's income from foreign source investment; a person is allowed to deduct losses (other than foreign losses) from investments only in calculating the person's income from investments; in case of foreign business, loss is allowed only in calculating the foreign business income; and 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 land business, 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.

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.

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 on: 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.

In brief:

Domestic revenue has continued to dominate the share of the Government resource in 2019/20 as it contributed 87.8 percent of the total resource followed by external source which was 10.5 percent and 1.6 percent from domestic borrowing. The trend domestic revenue shared to total resource envelope is not consistent as it increased to 86.2 percent in 2016/17 from previous year but decrease in two consecutive years. In 2019/20. The contribution of domestic revenue increased again to 87.8 percent before dropped to 68.0 percent in 2020/21.

Total Government resources by Central Government (which excludes revenue by Local Government Authorities) increased by 25.9 percent from TZS 23,169.60 billion in 2019/20 to TZS 29,179.70 billion in 2020/21.

Tax revenue contribution to the total domestic resources in 2020/21 was greater than the that of the previus year by 3.6 percent.

Collection of tax revenue slightly increased by 0.01 percent from TZS 17,622.82 billion in 2017/18 to TZS 17,624.45 billion in 2020/21.

The tax-to-GDP ratio slightly decreased by 0.8 percent from 12.2 percent in 2019/20 to 11.4 percent in 2020/21. This however, remains below the average ratio of 11.6 percent achieved during the period under review.

About 54.2 percent of the total Government revenue from external sources in 2020/21 was non-concessional loans compared to 43.50 in 2019/20.

CHAPTER ONE

Government Revenue Collection

1.0 Introduction

This chapter presents Government resource envelope 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 policymakers 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.

1.1 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 borrowings from the domestic market) while external sources cover all grants, concessional and non-concessional loans.

Table 1.1 shows an increase of TZS 6,010.1 billion (25.9 percent) of government resource collection from TZS 23,169.60 billion in 2019/20 to TZS 29,179.70 billion in 2020/21. Overall between 2009/10 and 2020/21, the government resource collection has been increasing except in 2014/15, 2016/17 and 2019/20 when there was a decrease of 2.6, 3.3 and 3.7 percent respectively. The largest change was observed in 2015/16 when an increase of 32.0 percent was recorded. Overall, between 2009/10 and 2020/21 resource envelope increased by average of 12.7 percentage irrespective of the slight drop in revenue collections recorded in 2014/15, 2016/17 and 2019/20. In the last consecutive three years, the 2020/21 had shown the substantial increase of about 25.9 percent.

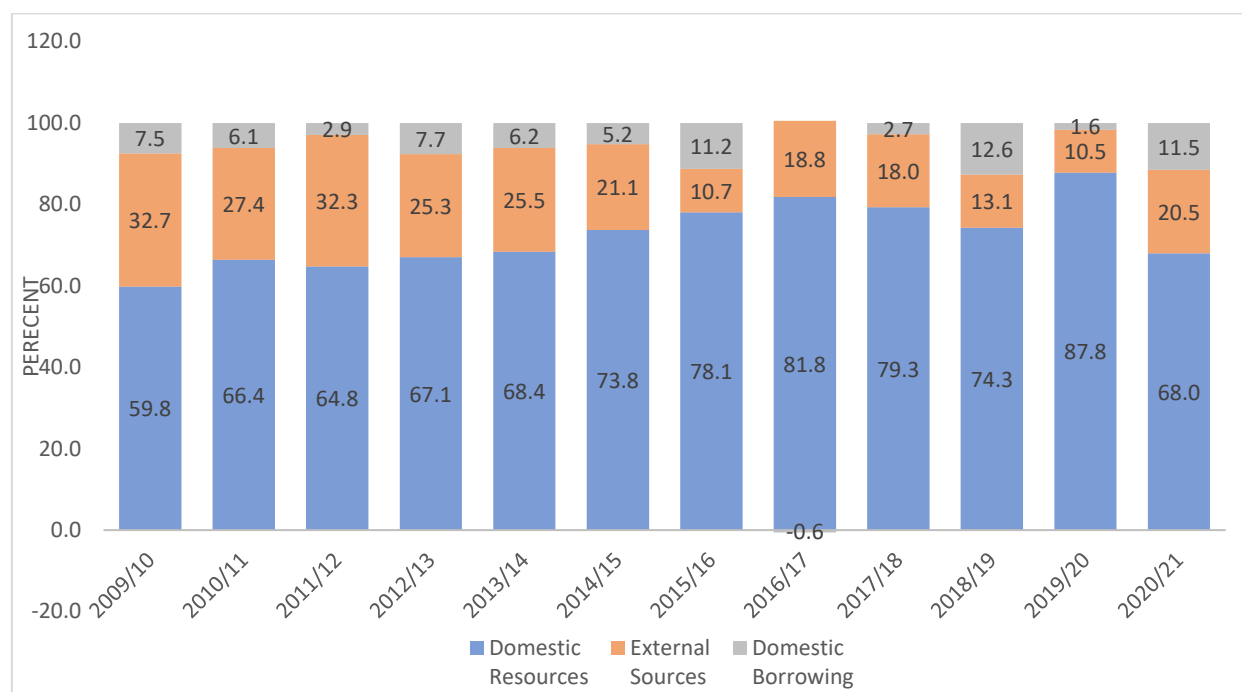
Table 1.1: Government Resources (TZS Billion) by Source, Mainland Tanzania, 2009/10 to 2020/21

Year Item	Domestic Revenues (Excluding LGAs)		External Resources		Domestic Borrowing (Excluding Rollover)		Total Government Resources	Change in Government Resources Between Years	
	Amount	Percent	Amount	Percent	Amount	Percent		Amount	Percent
2009/10	5,221.30	59.8	2,853.00	32.7	650.98	7.5	8,725.28		
2010/11	6,822.30	66.4	2,819.20	27.4	630.00	6.1	10,271.50	1,546.22	17.7
2011/12	7,360.80	64.8	3,670.90	32.3	334.86	2.9	11,366.56	1,095.06	10.7
2012/13	9,361.60	67.1	3,528.40	25.3	1,069.32	7.7	13,959.32	2,592.76	22.8
2013/14	10,843.90	68.4	4,040.00	25.5	976.71	6.2	15,860.61	1,901.29	13.6
2014/15	11,397.50	73.8	3,257.50	21.1	796.78	5.2	15,451.78	-408.84	-2.6
2015/16	15,921.40	78.1	2,179.90	10.7	2,294.15	11.2	20,395.45	4,943.68	32.0
2016/17	16,128.10	81.8	3,700.90	18.8	-110.86	-0.6	19,718.14	-677.31	-3.3
2017/18	17,403.40	79.3	3,940.30	18.0	598.67	2.7	21,942.37	2,224.23	17.2
2018/19	17,868.19	74.3	3,144.48	13.1	3,037.18	12.6	24,049.85	2,107.47	9.6
2019/20	20,352.71	87.8	2,439.97	10.5	376.92	1.6	23,169.60	-880.24	-3.7
2020/21	19,837.68	68.0	5,982.80	20.5	3,359.22	11.5	29,179.70	6,010.09	25.9

Source: Ministry of Finance and Planning, 2021

Generally, since 2014/15 to date, more than three-quarter of total government resources is contributed by domestic resources (internal sources). For the past seven years, the share of domestic revenue to total government resources has been increasing except for the year 2020/21. The share of external resources and domestic borrowing to total resource envelope have averaged to 16.1 and 6.3 percent respectively. The increased share of domestic revenue overtime has a good indicator as a country reduce its dependency from the external sources. (**Figure 1.1**).

Figure 1.1: Percent Contribution of Domestic and External Resources to Total Government Resources, Mainland Tanzania, 2009/10 to 2020/21



1.1.1 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 presents government resources collected from domestic sources in Mainland Tanzania from year 2009/10 to 2020/21. The table shows that domestic resources increased from TZS 16,017.24 billion in 2016/17 to TZS 23,908.48 billion in 2020/21, equals to an average of 8.7 percent growth. The growth in Government resources between 2019/20 and 2020/21 was 15.3 percent compared to the highest growth of 39.7 percent observed in 2015/16. Out of the total domestic resources in 2020/21, TZS 17,624.45 billion (73.7 percent) was tax revenue, TZS 2,924.80 billion (12.2 percent) was from non- tax revenue and TZS 3,359.22 billion (14.1 percent) was from domestic borrowing.

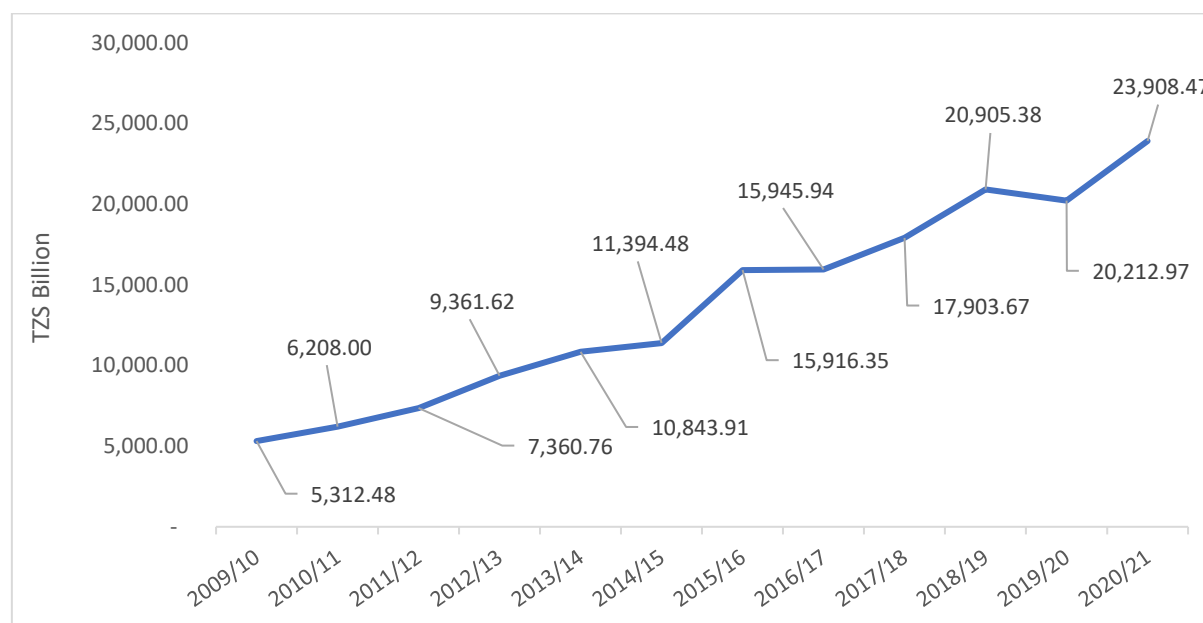
From 2009/10 to 2020/21, the largest share of tax revenue to total domestic resources (88.6 percent) was observed in 2014/15.

Table 1.2: Domestic Resources (TZS Billion) by Type of Revenue, Tanzania Mainland, 2009/10 to 2020/21

Year	TRA Revenue		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
2009/10	4,437.93	84.8	233.7	4.5	650.98	12.2	5,322.62		
2010/11	5,315.15	77.6	284.7	4.2	630.00	10.1	6,229.85	907.23	17.0
2011/12	6,502.60	88.0	545.4	7.4	334.86	4.5	7,382.86	1,153.02	18.5
2012/13	7,739.30	82.6	562.3	6.0	1,069.32	11.4	9,370.92	1,988.06	26.9
2013/14	9,383.05	85.7	572.8	5.3	976.71	8.9	10,932.56	1,561.64	16.7
2014/15	9,909.00	88.6	499.8	4.4	796.78	7.1	11,205.57	273.01	2.5
2015/16	12,525.38	78.7	1,096.80	6.9	2,294.15	14.4	15,916.33	4,710.76	42.0
2016/17	14,126.59	87.1	2,072.90	12.9	-110.86	-0.7	16,088.63	172.30	1.1
2017/18	15,191.42	83.8	2,311.60	12.8	598.67	3.3	18,101.70	2,013.06	12.5
2018/19	15,511.33	74.2	2,356.90	11.3	3,037.18	14.5	20,905.41	2,803.71	15.5
2019/20	17,622.82	72.4	2,729.89	11.2	376.92	1.8	20,729.63	-175.77	-0.8
2020/21	17,624.45	76.0	2,924.80	12.6	3,359.22	14.1	23,908.48	3,178.84	15.3

Source: Ministry of Finance and Planning, 2021

Table 1.2 further show that, Government domestic resources has been increasing at a compounded average growth of 14.7 percent each year from 2009/10 to 2020/21. The highest growth rate of 42.0 percent in 2015/16 has been attributed to increased tax and non – tax revenue. Improvements in Government domestic resources enables the Government to adequately finance its recurrent expenditure including payment of wages and debt service. There has been an overall increasing trend in Government resources over the period of 2009/10 to 2020/21 (**Figure 1.2**).

Figure 1.2: The Trend of Government Domestic Resources (TZS Billion), Tanzania Mainland, 2009/10 to 2020/21

1.1.2 External Resources

In Tanzania, Government revenue from external sources consists of grants, concessional and non concessional loans. During the period from 2009/10 to 2020/21, the Government continued to receive grants, concessional and non concessional loans from Development Partners, Multilateral Financial Institutions and International Commercial Banks. Loans and grants are used to complement Government financing efforts in the implementation of the Second Five Year Development Plan (FYDP II) – 2016/17 – 2020/21.

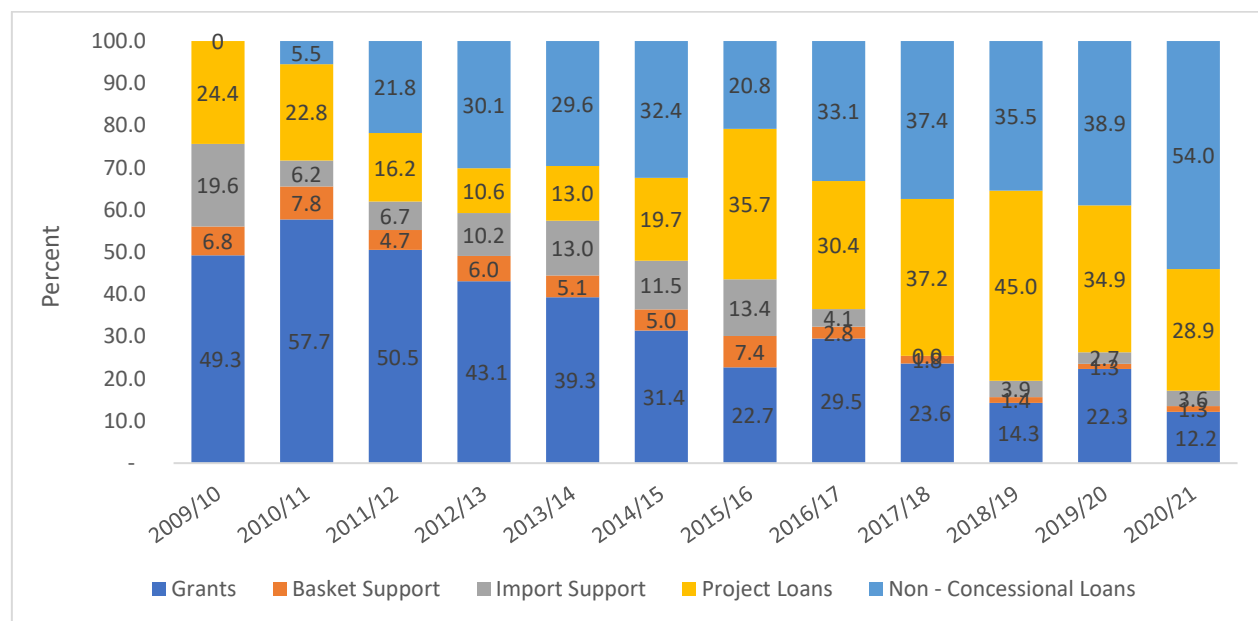
Table 1.3 presents contributions of external government resources (in TZS billion) by sources in Mainland Tanzania from 2009/10 to 2020/21. The table 1.3 depicts that, the Government received a total of TZS 5,781.26 billion in 2020/21 from external sources, most of which were from non-concessional loans (54.0 percent) and project loan (28.9 percent) as shown in Figure 1.3.

Table 1.3: External Government Resources in (TZS Billion) by Source, Mainland Tanzania, 2009/10 to 2020/21

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			
2009/10	1,405.20	49.3	194	6.8	558.3	19.6	695.5	24.4	0	0	2,853.00		
2010/11	1,627.40	57.7	220.7	7.8	173.8	6.2	643.4	22.8	153.9	5.5	2,819.20	-33.80	-1.2
2011/12	1,855.10	50.5	172.2	4.7	246.8	6.7	595.4	16.2	801.3	21.8	3,670.80	851.60	30.2
2012/13	1,521.50	43.1	211	6.0	358.8	10.2	374.1	10.6	1,063.00	30.1	3,528.40	-142.40	-3.9
2013/14	1,587.60	39.3	207.7	5.1	526.2	13.0	524	13.0	1,194.50	29.6	4,040.00	511.60	14.5
2014/15	1,024.10	31.4	163.2	5.0	374.7	11.5	640.7	19.7	1,054.80	32.4	3,257.50	-782.50	-19.4
2015/16	495.36	22.7	161.8	7.4	291.4	13.4	777.8	35.7	453.5	20.8	2,179.86	-1,077.64	-33.1
2016/17	1,092.50	29.5	105.00	2.8	152.5	4.1	1,124.20	30.4	1,226.80	33.1	3,701.00	1,521.14	69.8
2017/18	930.60	23.6	71.1	1.8	0	0.0	1,464.29	37.2	1,474.30	37.4	3,940.29	239.30	6.5
2018/19	461.20	14.3	44.28	1.4	125.40	3.9	1,452.48	45.0	1,144.82	35.5	3,228.18	-712.12	-18.1
2019/20	1,043.95	22.3	58.57	1.3	126.918	2.7	1,632.76	34.9	1,822.09	38.9	4,684.28	1,456.10	45.1
2020/21	702.85	12.2	77.1087	1.3	210.239	3.6	1,669.87	28.9	3,121.19	54.0	5,781.26	1,096.98	23.4
Total	13,092.10	29.5	1,955.35	4.4	3,502.75	7.9	12,281.92	27.7	13,510.18	30.5	44,342.30		

Source: Ministry of Finance and Planning, 2021

Figure 1.3: The Percentage distribution of Grants, Basket Support, Import Support, Project Support and Non Conccetional Loans (TZS Billion), Tanzania Mainland, 2009/10 to 2020/21



The figure 1.3, it simply shows the contribution of external sources of funds by category to the National revenues.

CHAPTER TWO

Tax Revenues

2.0 Direct and Indirect Taxes

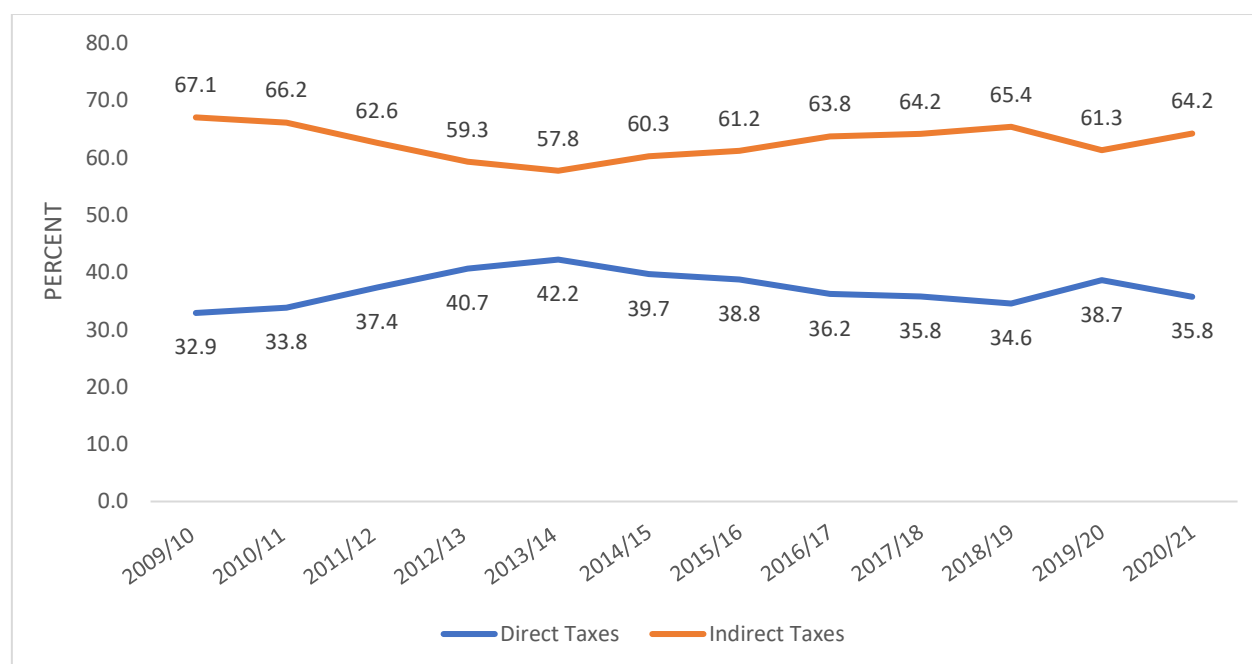
Direct and indirect taxes form a general taxation system in Tanzania. Direct taxes include taxes on payroll and workforce, Pay As You Earn (PAYE), basic skills and development levy, taxes on profits (corporate tax), taxes on income (individual or personal income tax), withholding taxes rental tax, gaming tax and other income taxes. Indirect taxes are paid as consumption taxes, international trade taxes and other domestic taxes and charges are broadly categorized.

Table 2.1: Collection of Direct and Indirect Taxes (TZS Billion) collected, Mainland Tanzania, 2009/10 to 2020/21

Year	Direct Taxes		Indirect Taxes		Total Taxes	Changes in Taxes between Years	
	Amount	Percent	Amount	Percent		Amount	Percent
2009/10	1,461.23	32.9	2,976.71	67.1	4,437.93		
2010/11	1,799.09	33.8	3,516.05	66.2	5,315.15	877.2	19.8
2011/12	2,429.49	37.4	4,073.10	62.6	6,502.60	1,187.5	22.3
2012/13	3,149.22	40.7	4,590.08	59.3	7,739.30	1,236.7	19.0
2013/14	3,963.85	42.2	5,419.20	57.8	9,383.05	1,643.7	21.2
2014/15	3,932.80	39.7	5,976.19	60.3	9,909.00	525.9	5.6
2015/16	4,856.70	38.8	7,668.68	61.2	12,525.38	2,616.4	26.4
2016/17	5,117.86	36.2	9,008.73	63.8	14,126.59	1,601.2	12.8
2017/18	5,436.41	35.8	9,755.01	64.2	15,191.42	1,064.8	7.5
2018/19	5,365.28	34.6	10,146.05	65.4	15,511.33	319.9	2.1
2019/20	6,815.25	38.7	10,807.57	61.3	17,622.82	2,111.5	13.6
2020/21	6,301.10	35.8	11,323.27	64.2	17,624.36	1.5	0.0

Source: Tanzania Revenue Authority, 2021

Table 2.1 Presents direct and indirect taxes collected in Mainland Tanzania from 2009/10 to 2020/21. Share of direct tax to total tax revenue in 2009/10 and 2010/11 was almost twice the amount of indirect taxes collected. However since 2011/12, the share of direct tax to total tax revenue has increased to an average of 38.0 percent. The table further reveals the insignificant change in that, the revenue collection from TZS 17,622.82 billion in 2019/20 to TZS 17,624.36 billion in 2020/21 following spillover of COVID -19 effect. The largest percentage increase of 26.7 percent in revenue collection was recorded in 2015/16 whereby the tax collection increased by TZS 2,636.9 billion.

Figure 2.1: Contribution of Direct and Indirect Taxes to Total Domestic Tax Revenue, Mainland Tanzania, 2009/10 to 2020/21

In Figure 2.1, the gap between shares of direct and indirect taxes narrowed in the year 2013/14 and 2019/20 implying that collection of direct taxes in those years were better than in other years.

2.1. 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 payroll and workforce taxes such as PAYE and 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 (TZS Billion) by Tax Type, Mainland Tanzania, 2009/10 to 2020/21

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
2009/10	732.38	110.20	48.60	392.58	137.70	29.00	3.20	7.57	1,461.23		
2010/11	916.25	120.00	58.40	509.02	142.10	33.00	4.10	16.23	1,799.09	337.87	23.1
2011/12	1,116.90	138.90	65.80	750.49	279.40	57.40	3.30	17.31	2,429.49	630.40	35.0
2012/13	1,395.54	155.30	69.90	1,039.56	382.90	68.90	8.90	28.22	3,149.22	719.72	29.6
2013/14	1,625.17	168.70	87.40	1,480.80	514.60	61.40	7.20	18.57	3,963.85	814.63	25.9
2014/15	1,748.39	216.10	101.90	1,177.09	592.90	64.40	10.20	21.82	3,932.80	-31.05	-0.8
2015/16	2,244.28	261.70	141.80	1,373.81	704.60	83.60	19.00	27.92	4,856.70	923.90	23.5
2016/17	2,277.15	280.10	178.70	1,448.09	760.00	91.10	26.50	56.22	5,117.86	261.16	5.4
2017/18	2,344.53	282.80	213.40	1,659.80	722.40	94.50	75.50	43.48	5,436.41	318.55	6.2
2018/19	2,391.50	296.00	216.80	1,507.64	711.40	108.80	89.00	44.14	5,365.28	-71.13	-1.3
2019/20	2,542.82	315.41	227.17	2,547.67	948.23	101.71	85.07	47.18	6,815.25	1,449.96	27.0
2020/21	2,198.00	285.18	248.63	2,150.48	1,090.63	89.88	127.60	110.69	6,301.10	-514.15	-7.5

Source: Tanzania Revenue Authority, 2021

Table 2.2 shows different components of direct taxes for 2020/21. Revenue collected as direct taxes had slightly decreased by 7.5 percent compared to a growth of 27.0 percent realised in 2019/20. The largest growth of 35.0 percent was recorded in 2011/12 which was even above the average growth of 15.1 percent in the period from 2009/10 to 2020/21.

Figure 2.2: Contributions of Individual Taxes to Total Direct Taxes, Mainland Tanzania, 2019/20 to 2020/21

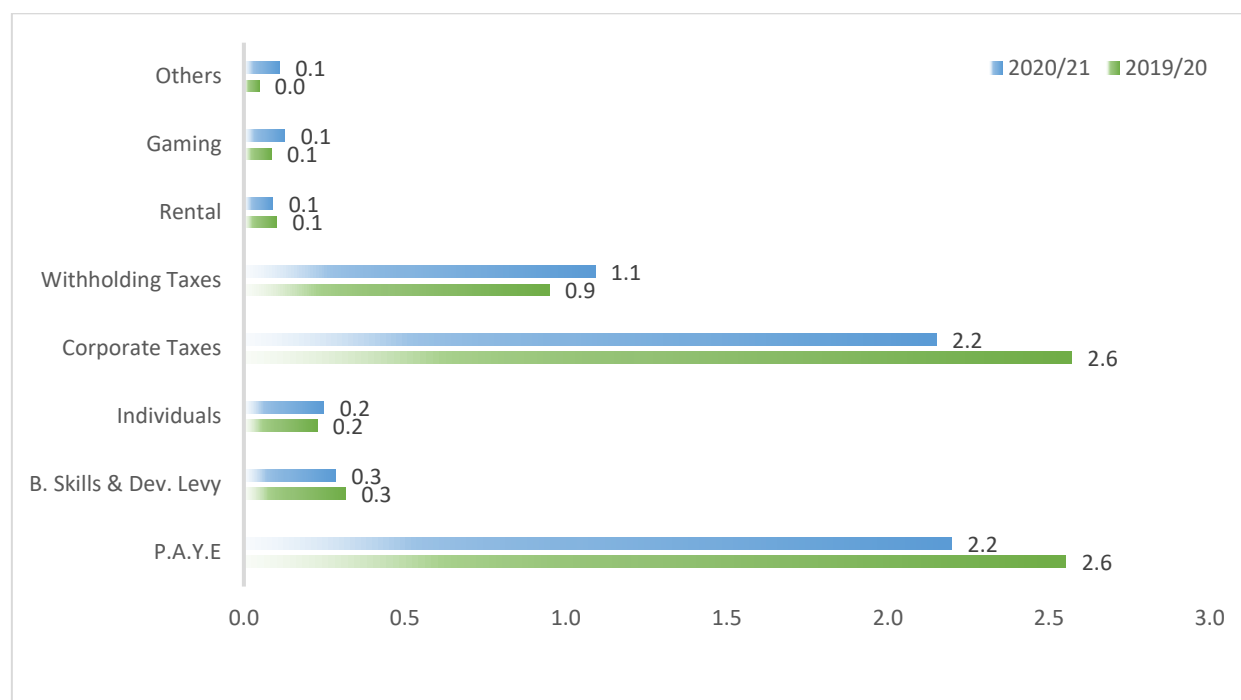
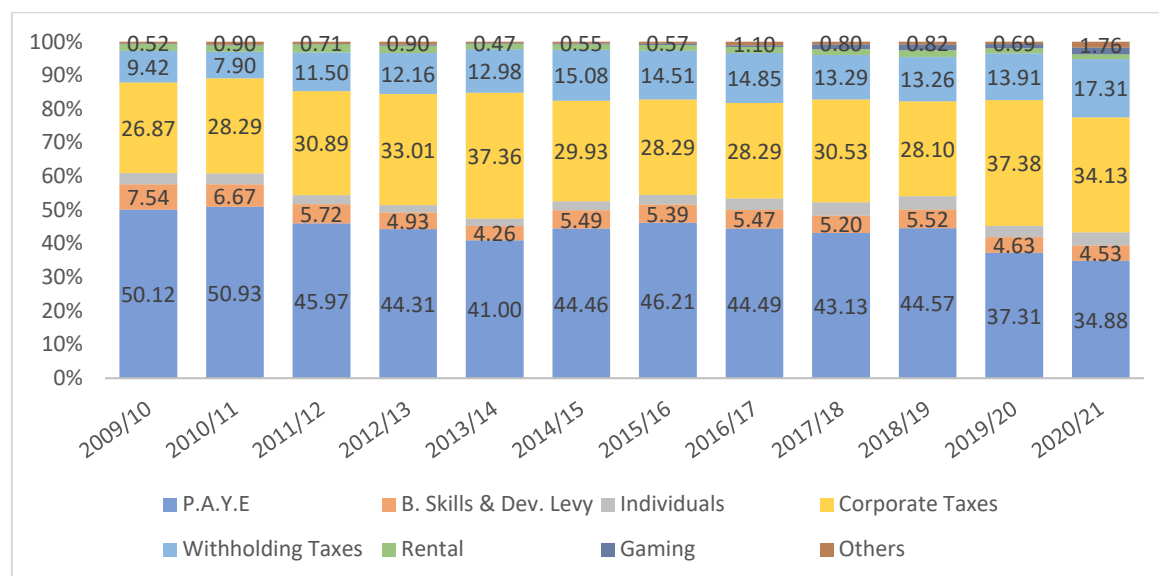


Figure 2.2 shows that corporate taxes; decreased from 2.6 to 2.2, P.A.Y.E decreased to 2.2 from 2.6 as well. The least contributor is the compound item called other, which has only 0.0..

Figure 2.3 below, presents the shares of various individual taxes to the total direct taxes from 2009/10 to 2020/21. Two components, namely PAYE and corporate taxes have been constantly contributing to more than 69.0 percent of total direct taxes collected for 2020/21.

Figure 2.3: Contribution of Various Taxes to Total Direct Taxes, Mainland Tanzania, 2009/10 to 2020/21

Note: The numbers have been divided by 100 instead of 1000, for easy reading.

2.2. Indirect Taxes

Indirect taxes in Tanzania consists of consumption taxes, international trade taxes and other domestic taxes and charges.

Table 2.3 presents the amount of revenue collected from broad categories of indirect taxes. Indirect taxes increased by 4.8 percent from TZS 10,807.57 billion in 2019/20 to TZS 11,323.27 billion in 2020/21. The largest growth rate of 28.8 percent was recorded in 2015/16 while the least growth for the period under review was 4.0 percent recorded in 2018/19. International trade taxes has consistently formed the largest part of indirect taxes averaged at 64.8 percent.

Table 2.3: Indirect Taxes (TZS Billion) Collected by Broad Category, Mainland Tanzania, 2009/10 to 2020/21

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
2009/10	914.79	30.7	104.21	3.5	1,957.71	65.8	2,976.71		
2010/11	1,030.16	29.3	140.49	4.0	2,345.40	66.7	3,516.05	539.3	18.1
2011/12	1,280.47	31.4	161.21	4.0	2,631.42	64.6	4,073.10	557.1	15.8
2012/13	1,397.88	30.5	200.83	4.4	2,991.38	65.2	4,590.08	517.0	12.7
2013/14	1,587.79	29.3	226.65	4.2	3,604.76	66.5	5,419.20	829.1	18.1
2014/15	1,730.24	29.0	255.62	4.3	3,990.34	66.8	5,976.19	557.0	10.3
2015/16	2,174.51	28.4	295.52	3.9	5,198.65	67.8	7,668.68	1,692.5	28.3
2016/17	3,043.85	33.8	337.91	3.8	5,626.97	62.5	9,008.73	1,340.1	17.5
2017/18	3,433.31	35.2	171.40	1.8	6,150.30	63.0	9,755.01	746.3	8.3
2018/19	3,698.65	36.5	200.50	2.0	6,246.90	61.6	10,146.05	391.0	4.0
2019/20	3,841.01	35.5	212.01	2.0	6,754.55	62.5	10,807.57	661.5	6.5
2020/21	3,700.55	32.7	320.21	2.8	7,302.50	64.5	11,323.27	515.7	4.8

Source: Tanzania Revenue Authority, 2021

2.3. Consumption Taxes

Consumption taxes comprise of domestic excise and VAT on domestic goods and services.

Table 2.4 shows that, revenue collected through consumption taxes decreased by 3.7 percent from TZS 3,841.01 billion in 2019/20 to TZS 3,700.55 billion in 2020/21. The growth of consumption tax averaged at 14.1 percent during the review period.

Table 2.4: Consumption Taxes by Tax Type (TZS Billion), Mainland Tanzania, 2009/10 - to 2020/21

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 of Domestic VAT			Amount	Percent
			Amount	Percent	Amount	Percent	Amount	Percent			
2009/10	303.80	33.2	252.40	27.6	358.59	39.2	610.99	66.8	914.79		
2010/11	326.30	31.7	304.90	29.6	398.96	38.7	703.86	68.3	1,030.16	115.38	12.6
2011/12	450.00	35.1	383.80	30.0	446.67	34.9	830.47	64.9	1,280.47	250.31	24.3
2012/13	560.50	40.1	302.30	21.6	535.08	38.3	837.38	59.9	1,397.88	117.40	9.2
2013/14	747.10	47.1	343.20	21.6	497.49	31.3	840.69	52.9	1,587.79	189.91	13.6
2014/15	825.80	47.7	405.20	23.4	499.24	28.9	904.44	52.3	1,730.24	142.45	9.0
2015/16	868.60	39.9	460.70	21.2	845.21	38.9	1305.91	60.1	2,174.51	444.28	25.7
2016/17	936.60	30.8	459.90	15.1	1,647.35	54.1	2107.25	69.2	3,043.85	869.34	40.0
2017/18	1,059.90	30.9	560.60	16.3	1,812.81	52.8	2373.41	69.1	3,433.31	389.47	12.8
2018/19	1,232.40	33.3	591.20	16.0	1,875.05	50.7	2466.25	66.7	3,698.65	265.33	7.7
2019/20	1,274.64	33.2	620.87	16.2	1,945.50	50.7	2566.37	66.8	3,841.01	142.37	3.8
2020/21	1,255.77	33.9	644.34	17.4	1,800.44	48.7	2444.78	66.1	3,700.55	-140.46	-3.7

Source: Tanzania Revenue Authority, 2021

Table 2.4 further shows that, the largest annual growth of 40.0 percent was recorded in 2016/17 and the least annual negative growth of 3.7 percent was observed in 2020/21. The share of Domestic VAT decreased by 0.7 percent from 66.8 percent in 2019/20 to 66.1 percent in 2020/21. However, on average most of the VAT share come from domestic services.

Figure 2.4 depicts that domestic VAT has been contributing largely to the increase in consumption taxes for the entire period under review.

Figure 2.4: Consumption Tax Revenue Collected (TZS. Billion) by Tax Type, Mainland Tanzania, 2009/10 to 2020/21

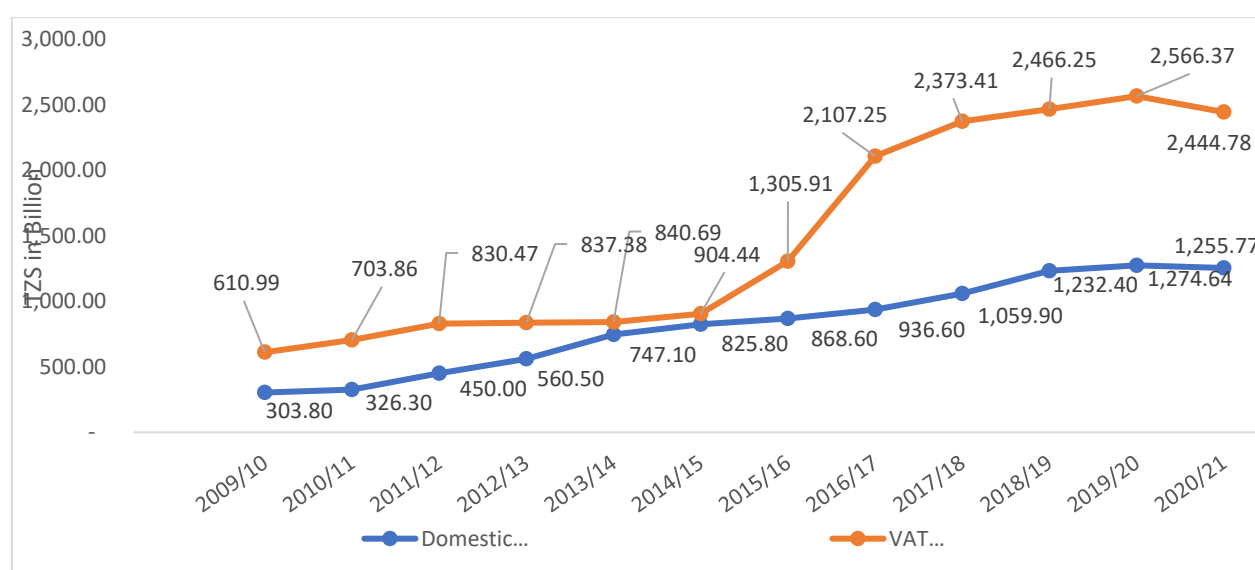


Table 2.5 shows revenue collected through different domestic excisable products/service. Among others, products/services with significant contribution include, mobile phones (27.5%), beer (25.3%), spirit (12.5%) cigarettes (12.0%), and soft drinks (5.8%). Revenue from domestic excise tax grew by 3.4 percent in 2019/20 compared to a drop of 1.5 percent in 2020/21 due to negative growth of products under other domestic taxes.

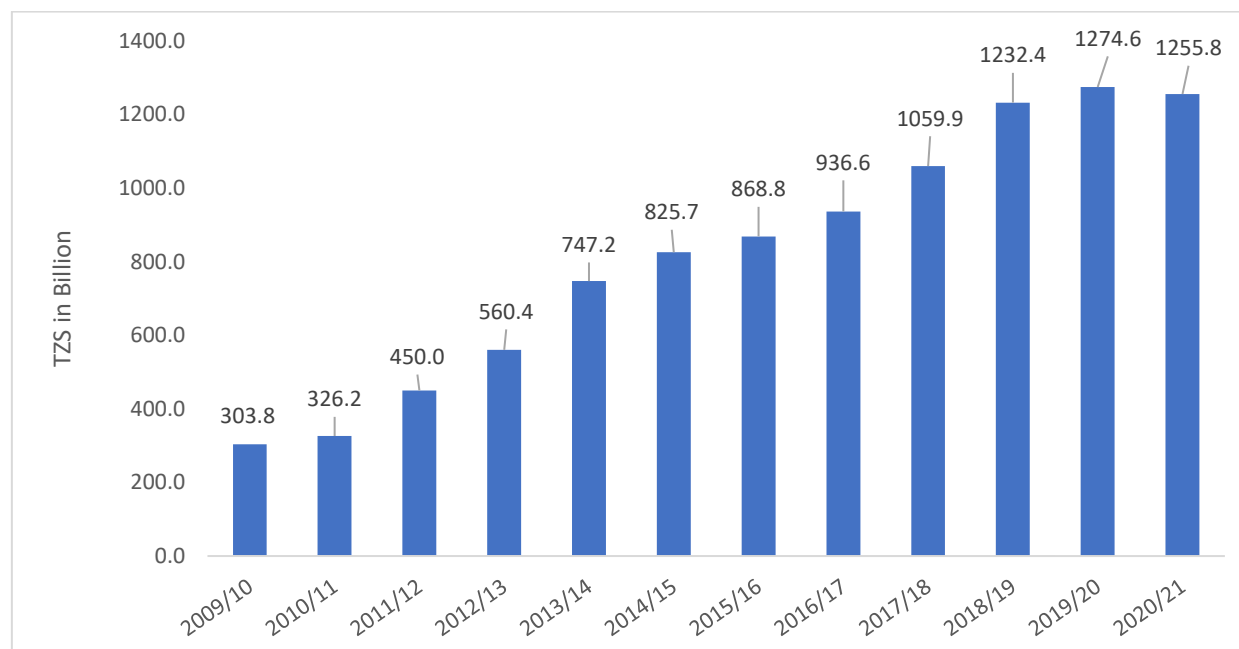
Table 2.5: Domestic Excise Taxes (TZS Billion) by Type of Product, Mainland Tanzania, 2009/10 to 2020/21

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
2009/10	85.6	55.2	105.4	24.0	24.3	n.a	9.3	303.80		
2010/11	90.2	62.1	115.6	29.4	26.7	n.a	2.2	326.20	22.4	7.4
2011/12	114.6	78.5	150.5	52.7	34.3	5.2	14.2	450.00	123.8	38
2012/13	150.0	87.3	179.7	69.9	43.1	0.8	29.6	560.40	110.4	24.5
2013/14	217.5	99.6	186.3	78.7	52.0	10.3	102.8	747.20	186.8	33.3
2014/15	250.9	133.9	202.5	118.1	37.3	14.8	68.2	825.70	78.5	10.5
2015/16	246.6	135.9	216.6	101.0	41.7	15.3	111.7	868.80	43.1	5.2
2016/17	263.3	145.5	244.8	84.5	45.9	15.6	137.0	936.60	67.8	7.8
2017/18	311.3	157.3	306.7	69.3	48.0	19.5	147.8	1,059.90	123.3	13.2
2018/19	230.8	155.5	320.5	84.1	51.6	21.3	368.5	1,232.40	172.5	16.3
2019/20	320.3	147.2	304.2	115.7	57.9	21.0	308.4	1,274.64	42.2	3.4
2020/21	344.9	150.2	317.3	157.2	72.3	33.2	180.6	1,255.77	-18.9	-1.5
Shares										
2009/10	28.2	18.2	34.7	7.9	8.0	0.0	3.1	100		
2010/11	27.7	19.0	35.4	9.0	8.2	0.0	0.7	100		
2011/12	25.5	17.4	33.4	11.7	7.6	1.2	3.2	100		
2012/13	26.8	15.6	32.1	12.5	7.7	0.1	5.3	100		
2013/14	29.1	13.3	24.9	10.5	7.0	1.4	13.8	100		
2014/15	30.4	16.2	24.5	14.3	4.5	1.8	8.3	100		
2015/16	28.4	15.6	24.9	11.6	4.8	1.8	12.9	100		
2016/17	28.1	15.5	26.1	9.0	4.9	1.7	14.6	100		
2017/18	29.4	14.8	28.9	6.5	4.5	1.8	13.9	100		
2018/19	18.7	12.6	26.0	6.8	4.2	1.7	29.9	100		
2019/20	25.1	11.5	23.9	9.1	4.5	1.6	24.2	100		
2020/21	27.5	12.0	25.3	12.5	5.8	2.6	14.4	100		

Source: Tanzania Revenue Authority, 2021.

Figure 2.5 depicts an upward trend in revenue collected through domestic excise taxes from 2009/10 to 2020/21. The revenue increased by TZS 951.97 billion from TZS 303.8 billion in 2009/10 to TZS 1,255.77 billion in 2020/21.

Figure 2.5: Domestic Excise Taxes Collected (TZS Billion), Mainland Tanzania, 2009/10 to 2020/21



CHAPTER THREE

Value Added Tax

3.0 Introduction

Value 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 are exposed to VAT. It is a 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. For the past decade, VAT continues to be a large source of revenue for the Government. The standard rate of VAT for Tanzania has remained at 18 percent for the past twelve years. VAT is levied at each stage of the production and distribution chain as value added. A VAT refund occurs when a VAT Registered Tax payer's input tax exceeds its output tax.

3.1. Tax payers and VAT Registered Tax payers

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 a 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 6.5 percent from 2.7 million in 2017/18 to 4.1 million taxpayers in 2020/21. The largest growth of registered taxpayers was 55.6 percent recorded in 2012/13 which surpassed the average growth of 19.6 percent recorded in the period between 2009/10 and 2020/21.

Likewise, the number of registered VAT taxpayers increased by 98.30 percent from 37,251 in 2018/19 to 73,882 in 2019/20 and dropped by 38.62 percent to 45,300 taxpayers in 2020/21. The number of Both registered taxpayers and VAT registered. Taxpayers have been progressively increasing from 2009/10 to 2019/20.

Table 3.1: Number of Registered Tax Payers and VAT Registered Tax Payers, Tanzania Mainland, 2009/10 to 2020/21

Year	Registered (Taxpayers) (‘000’)	Growth (Percent)	VAT Registered (Taxpayers)	Growth (Percent)
2009/10'	618		13,253	
2010/11	846	36.9	16,848	27.10
2011/12	1,036	22.5	17,860	6.00
2012/13	1,612	55.6	21,362	19.60
2013/14	1,784	10.7	24,346	14.00
2014/15	1,990	11.5	25,908	6.40
2015/16	2,200	10.6	27,235	5.10
2016/17	2,501	13.7	29,561	8.50
2017/18	2,739	9.5	32,141	8.70
2018/19	2,917	6.5	37,251	15.90
2019/20	3,181	9.1	73,882	98.30
2020/21	4,107	29.1	45,348	-38.62

Source: Tanzania Revenue Authority, 2021

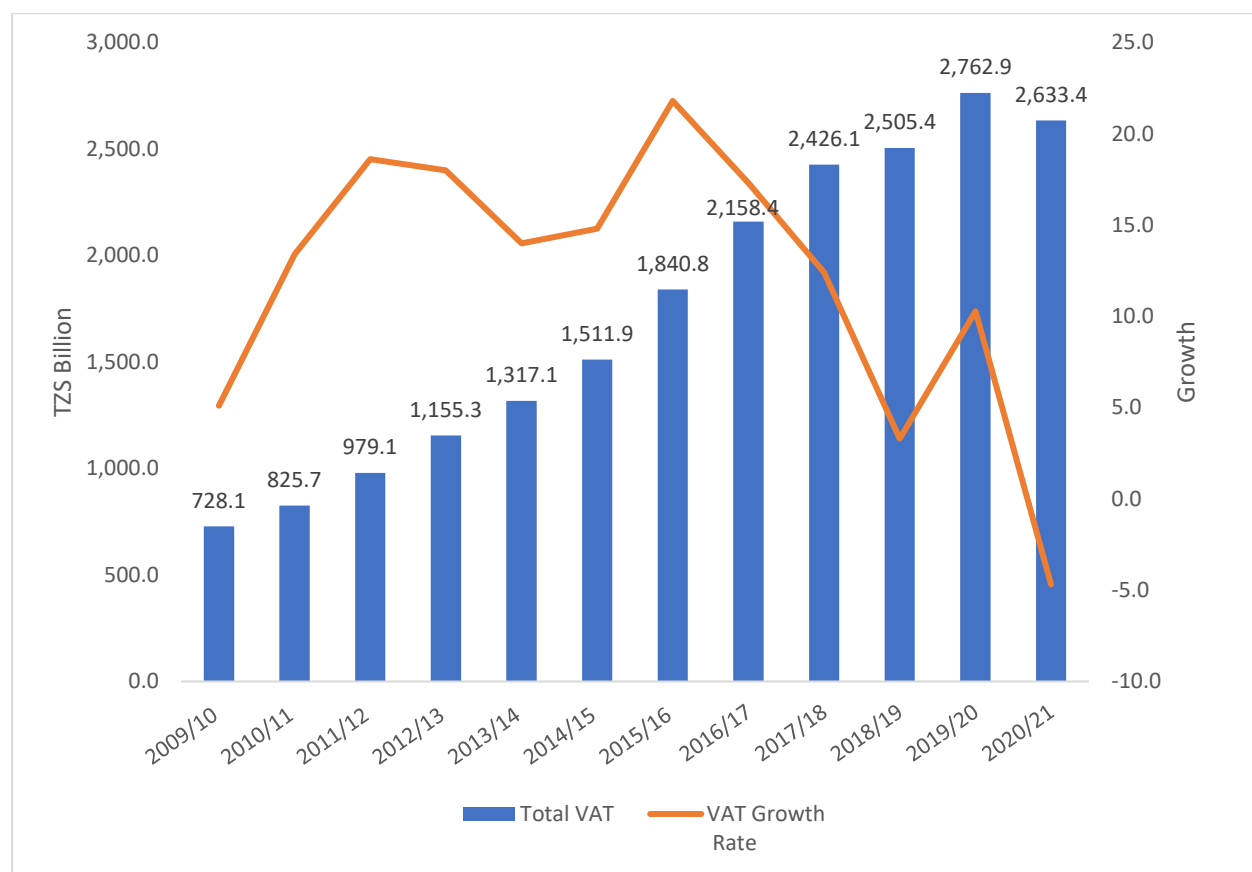
3.2. Domestic VAT Revenue

Domestic VAT is among Valued Added Tax (VAT) category which is collected from domestic goods and services. These domestic goods and services that are charged VAT domestically include beer, cigarettes, cement, electricity, telephones and etc. **Table 3.2** presents VAT revenue collected from various goods and services from 2009/10 to 2020/21. The table shows that the total Domestic VAT revenue collected increased by 4.1 percent from TZS 2,466.2 billion in 2018/19 to TZS 2,566.4 billion in 2019/20, and dropped to 4.7 percent 2,444.8 billion in 2020/21. The average growth for the period under review was 14.9 percent as presented in **Figure 3.1**.

Table 3.2: Domestic VAT Revenue (TZS Billion) Collected by Type of Goods and Services, Mainland Tanzania, 2009/10 - 2020/21

Type of VAT		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
VAT on Products	Beer	66.2	80.5	90.1	90.6	118.6	136.3	141.8	138	160.7	155.8	145.2	155.4
	Cigarettes	29.1	33.9	39.1	45.7	37.6	46.1	48.7	40.2	45.8	55.4	52.8	50.4
	Soft Drinks	19.5	25.9	27.2	34.7	41.4	48	41.6	37.7	37.9	36.8	41.6	54.7
	Cement	20.6	34.2	31	32	23.7	23.2	22.3	13.5	23.5	32.8	51.3	44.1
	Sugar	24.9	24.9	38.2	24	23.9	36.5	44.9	71	76.3	84.9	89.7	91.7
	Other products	33.6	44.6	84.0	63.1	61.2	43.9	185.1	133.8	190.0	205.9	142.0	153.7
VAT on services	Electricity	56	31.5	27.3	54.4	97.1	137.6	106.9	79.6	99.2	86.3	85.9	109.5
	Telephones	123.1	139.4	190.4	197.9	168.8	219	203.6	191.6	72.7	257.3	250.2	242.5
	Retailers	16.1	19.9	39.5	29.2	39.7	18.6	23.9	19.2	26.4	34.2	39.0	37.2
	Wholesalers	14.5	17.3	17.2	18.2	24.6	25.4	33.3	33.3	45.2	49.4	52.4	47.7
	Transport	67	67.5	19.9	18.6	39.9	37.1	48.8	49.4	51.1	54.7	63.2	56.4
	Hotel Services	27.5	36.1	45.1	28.6	45.5	47.7	45.6	58.6	73.2	79.9	69.4	18.6
	Other services	112.9	148.2	181.5	200.25	118.7	85.1	359.4	1,241.3	1,471.5	1,332.8	1,483.6	1,382.9
Total VAT	Total	611.0	703.9	830.5	837.4	840.7	904.4	1,305.9	2,107.2	2,373.4	2,466.2	2,566.4	2,444.8
Growth			15.2	18.0	0.8	0.4	7.6	44.4	61.4	12.6	3.9	4.1	-4.7

Source: Tanzania Revenue Authority, 2021

Figure 3.1: Trend in the Growth of Domestic Value Added Tax, Mainland Tanzania, 2009/10 – 2020/21

3.3 VAT on Domestic Goods

Table 3.3 shows revenue collected through VAT on domestic goods from 2009/10 to 2020/21. The revenue collected increased by 5.2 percent from TZS 522.60 billion in 2019/20 to TZS 550.01 billion in 2020/21. The largest growth between 2009/10 and 2020/21 was realized in 2015/16 (45.1 percent). The table also revealed that, revenue from beer and soft drinks were increased meaningfully between 2019/20 and 2020/21. In the same reference period, revenue for cigarettes, cement, were slightly decreased slightly while sugar and other items recorded increased the revenue collection.

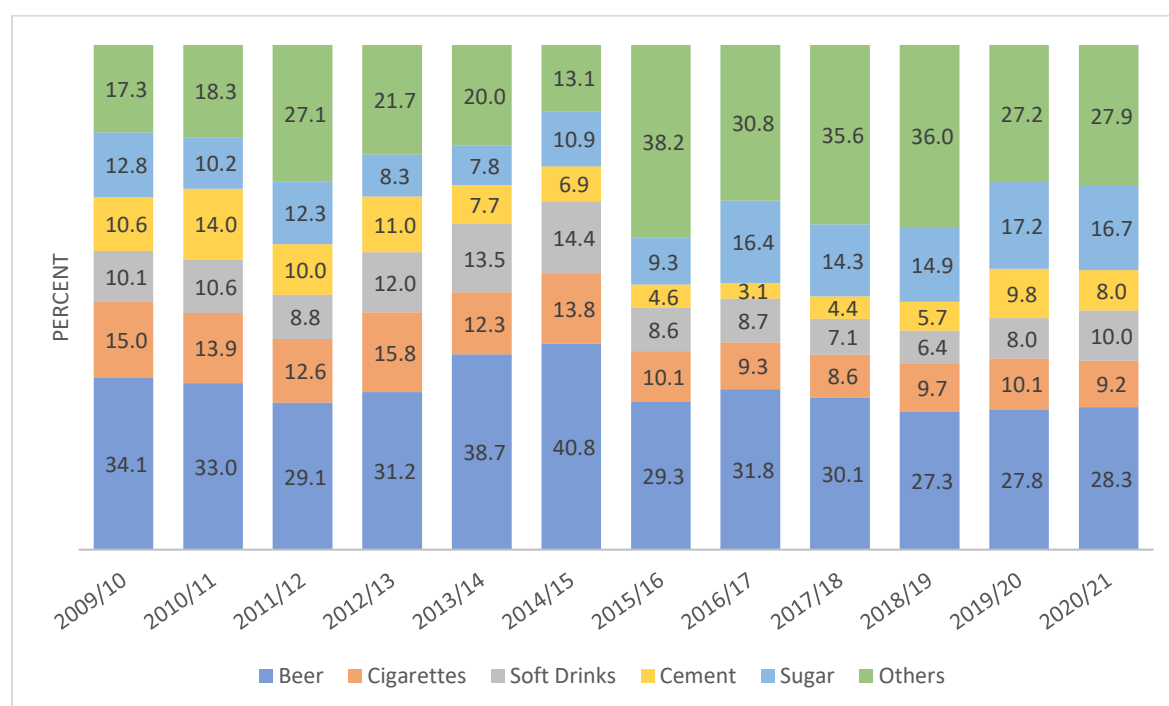
Figure 3.2 shows the contribution of beer, cigarettes, soft drinks, cement, sugar and other items to the total VAT on domestic goods from 2009/10 to 2020/21. The largest contribution to the VAT on domestic goods originated from beer although.

Table 3.3: VAT on Domestic Goods (TZS Billion) by Type of Product, Mainland Tanzania, 2009/10 to 2020/21

Year	Type of Product						Total VAT Domestic Products	Changes in Collection Between Years	
	Beer	Cigarettes	Soft Drinks	Cement	Sugar	Others		Amount	Percent
2009/10	66.20	29.10	19.50	20.60	24.90	33.63	193.93		
2010/11	80.50	33.90	25.90	34.20	24.90	44.57	243.97	50.0	25.8
2011/12	90.10	39.10	27.20	31.00	38.20	83.97	309.57	65.6	26.9
2012/13	90.60	45.70	34.70	32.00	24.00	63.08	290.08	-19.5	-6.3
2013/14	118.60	37.60	41.40	23.70	23.90	61.15	306.35	16.3	5.6
2014/15	136.30	46.10	48.00	23.20	36.50	43.85	333.95	27.6	9.0
2015/16	141.80	48.70	41.60	22.30	44.90	185.13	484.43	150.5	45.1
2016/17	138.00	40.20	37.70	13.50	71.00	133.82	434.22	-50.2	-10.4
2017/18	160.70	45.80	37.90	23.50	76.30	189.96	534.16	99.9	23.0
2018/19	155.80	55.40	36.80	32.80	84.90	205.91	571.61	37.4	7.0
2019/20	145.20	52.75	41.64	51.30	89.73	141.97	522.60	-49.0	-8.6
2020/21	155.43	50.39	54.74	44.11	91.68	153.66	550.01	27.4	5.2

Source: Tanzania Revenue Authority, 2021

Figure 3.2 Presents shares of revenue collected through VAT on domestic goods from 2009/10 to 2020/21. VAT on beer contribute the highest share of collected VAT on domestic goods and accounted for 31.8 percent on average for the period under review. The lowest contributor was VAT on cement with an average of 8.0 percent.

Figure 3.2: Collection of VAT collected on Domestic Goods in (TZS Billion), Tanzania Mainland, 2009/10 to 2020/21

3.3.1 VAT on Domestic Services

On the other hand, VAT on domestic services is charged on electricity, telephone, retail and wholesale businesses, transport, hotel and other services.

Table 3.4 shows that VAT on domestic revenue increased by 7.9 percent from TZS 1,894.6 billion in 2018/19 to TZS 2,043.8 billion in 2019/20. However, in 2020/21 there was a significant drop in collection by 7.3 percent. The highest growth of 103.7 percent was recorded in 2016/17 while the least collection was -7.3 percent in 2020/21.

Among the seven services, telephone has a highest share to domestic collection, contributing 23.4 percent on average while the lowest has 3.3 percent on average made by wholesalers. However, collective services within others have a highest contribution of 48.5 percent on average.

VAT on Domestic Services

VAT on domestic services is charged on electricity, telephone, retail and wholesale businesses, transport, hotel and other services.

Looking clearly at this, among seven items telephone has a highest contribution to domestic collection, it has a share of 12.8 percent while the lowest has 1. percent made by Hotel services, however, collective items within others have a highest contribution of 74.3 percent.

Table 3.4: VAT from Domestic Services (TZS Billion) by Type of Service, Mainland Tanzania, 2009/10 to 2020/21

Year	Type of Service							Total VAT from Domestic Services	Changes in Collection between Years	
	Electricity	Telephone	Retailers	Wholesalers	Transport	Hotel Services	Others		Amount	Percent
2009/10	56.0	123.1	16.1	14.5	67.0	27.5	112.9	417.1		
2010/11	31.5	139.4	19.9	17.3	67.5	36.1	148.2	459.9	42.83	10.3
2011/12	27.3	190.4	39.5	17.2	19.9	45.1	181.5	520.9	61.02	13.3
2012/13	54.4	197.9	29.2	18.2	18.6	28.6	200.2	547.3	26.39	5.1
2013/14	97.1	168.8	39.7	24.6	39.9	45.5	118.7	534.3	-12.96	-2.4
2014/15	137.6	219.0	18.6	25.4	37.1	47.7	85.1	570.5	36.15	6.8
2015/16	106.9	203.6	23.9	33.3	48.8	45.6	359.4	821.5	250.99	44.0
2016/17	79.6	191.6	19.2	33.3	49.4	58.6	1,241.3	1,673.0	851.55	103.7
2017/18	99.2	72.7	26.4	45.2	51.1	73.2	1,471.5	1,839.3	166.23	9.9
2018/19	86.3	257.3	34.2	49.4	54.7	79.9	1,332.8	1,894.6	55.38	3.0
2019/20	85.9	250.2	39.0	52.4	63.2	69.4	1,483.6	2,043.8	149.14	7.9
2020/21	109.5	242.5	37.2	47.7	56.4	18.6	1,382.9	1,894.8	-149.01	-7.3
Shares										
2009/10	13.4	29.5	3.9	3.5	16.1	6.6	27.1	100		
2010/11	6.8	30.3	4.3	3.8	14.7	7.8	32.2	100		
2011/12	5.2	36.6	7.6	3.3	3.8	8.7	34.8	100		
2012/13	9.9	36.2	5.3	3.3	3.4	5.2	36.6	100		
2013/14	18.2	31.6	7.4	4.6	7.5	8.5	22.2	100		
2014/15	24.1	38.4	3.3	4.5	6.5	8.4	14.9	100		
2015/16	13.0	24.8	2.9	4.1	5.9	5.6	43.7	100		
2016/17	4.8	11.5	1.1	2.0	3.0	3.5	74.2	100		
2017/18	5.4	4.0	1.4	2.5	2.8	4.0	80.0	100		
2018/19	4.6	13.6	1.8	2.6	2.9	4.2	70.3	100		
2019/20	4.2	12.2	1.9	2.6	3.1	3.4	72.6	100		
2020/21	5.8	12.8	2.0	2.5	3.0	1.0	73.0	100		

Source: Tanzania Revenue Authority, 2021

3.3.2 VAT on Import Revenue

VAT on imports are type of Valued Added Tax (VAT) which is collected from all goods and services liable to be charged VAT under the VAT Act. The goods and services that are charged VAT include but not limited to beer, cigarettes, cement, telephones, motor vehicles.

3.3.3 VAT on Imports

VAT on Import is only charged on non-petroleum products. VAT revenue on non-petroleum products increased by 6.7 percent, from TZS 2,421.3 billion in 2019/20 to TZS 2,584.5 billion in 2020/21. The highest annual growth rate of VAT on imports from 2009/10 to 2020/21 was 19.6 percent, as recorded in 2011/12.

CHAPTER FOUR

Other Domestic Taxes and Charges

4.0 Introduction

This category of tax include departure charges, motor vehicle taxes, stamp duties and treasury vouchers. **Table 4.1** shows that, other domestic taxes and charges slightly increased by 0.5 percent from TZS 172.26 billion in 2018/19 to TZS 186.96 billion in 2019/20 then decreased by 9.7 percent from 168.88 billion in 2020/21. In 2020/21, the largest share to total other domestic taxes and charges was 73.8 percent from motor vehicle taxes, followed by 14.3 percent from departure charges. Despite the abolishment of annual motor vehicle taxes that was paid by the owner, motor vehicle taxes continue to lead by contributing 68.5 percent on average from 2009/10 to 2020/21.

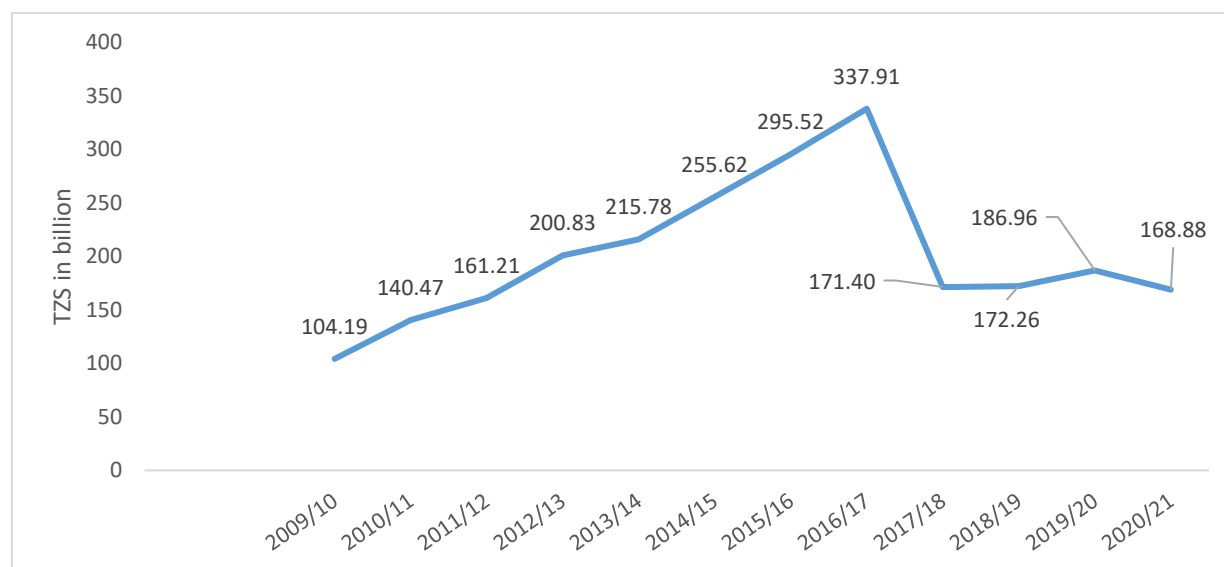
Table 4.1: Other Domestic Taxes and Charges (TZS Billion) by Type of Tax or Charge, Mainland Tanzania, 2009/10 to 2020/21

Year	Departure Charges	Motor Vehicle Taxes	Stamp Duties	Treasury Vouchers	Total Other Domestic Taxes and Charges	Change of Collection between Years	
						Amount	Percent
2009/10	21.15	70.10	6.14	6.81	104.19		
2010/11	23.32	101.34	7.04	8.77	140.47	36.28	34.8
2011/12	23.23	117.60	11.02	9.37	161.21	20.74	14.8
2012/13	35.19	147.84	11.10	6.70	200.83	39.62	24.6
2013/14	42.39	158.37	8.56	6.46	215.78	14.95	7.4
2014/15	53.08	184.42	10.69	7.42	255.62	39.84	18.5
2015/16	68.70	214.16	12.06	0.61	295.52	39.90	15.6
2016/17	69.06	256.80	12.05	-	337.91	42.39	14.3
2017/18	68.96	88.92	13.52	-	171.40	-166.51	-49.3
2018/19	60.97	96.78	14.50	0.01	172.26	0.87	0.5
2019/20	55.01	111.90	20.02	0.04	186.96	14.69	8.5
2020/21	24.18	124.66	20.05	0.00	168.88	-18.07	-9.7
Shares							
2009/10	20.3	67.3	5.9	6.5	100		
2010/11	16.6	72.1	5.0	6.2	100		
2011/12	14.4	72.9	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		
2018/19	35.4	56.2	8.4	0.0	100		
2019/20	29.4	59.9	10.7	0.0	100		
2020/21	14.3	73.8	11.9	0.0	100		

Source: Tanzania Revenue Authority, 2021

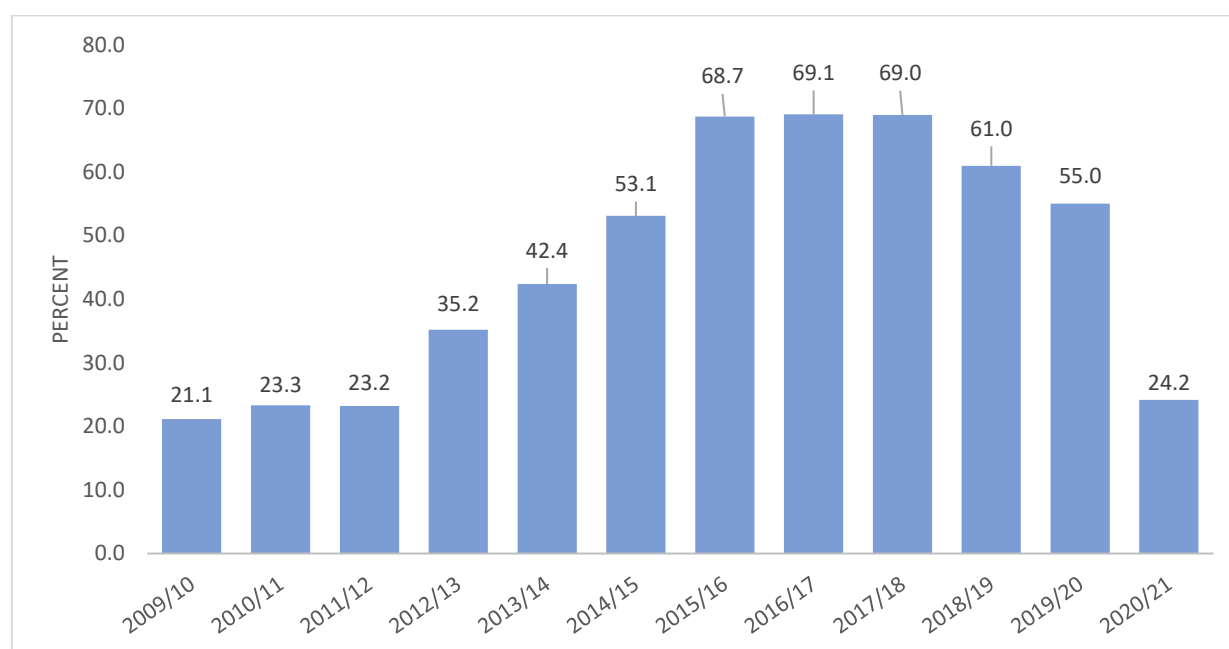
Figure 4.1 depicts revenue collected through other domestic taxes and charges for the period from 2009/10 to 2020/21. In 2020/21, revenue collected from other domestic taxes was TZS 168.88 billion compared to 186.96 billion collected in 2019/20, figure 4.1. The figure shows a sharp decline of collections from TZS 337.91 billion in 2017/17 to 171.4 billion in 2017/18, equivalent to 49.3 per cent decrease.

Figure 4.1: Revenue Contribution through Other Domestic Taxes and Charges (TZS billion), Mainland Tanzania, 2009/10 to 2020/21



4.1 Departure Charges

The departure charge is charged to both international and local Air and Water transport passengers. **Figure 4.2** indicates that the revenue from departure charges was TZS 24.2 in 2020/21 compared to TZS 55.0 collected in 2019/20. The figure also depicts a progressive decrease in revenue collected from departure charges from TZS 69.1 in 2016/17 to TZS 24.2 billion in 2020/21, by 11.6 percent from TZS 69.00 billion in 2017/18 to TZS 61.00 billion in 2018/19. The decrease follows the Government decision to reduce its expenditure including international flight to government official. In 2019/20 and 2020/21, the departure charge decreased due to the grounded of aircraft after the spillover effect of COVID - 19.

Figure 4.2: The Trend of Departure Charges (TZS Billion), Mainland,Tanzania 2009/10 to 2020/21

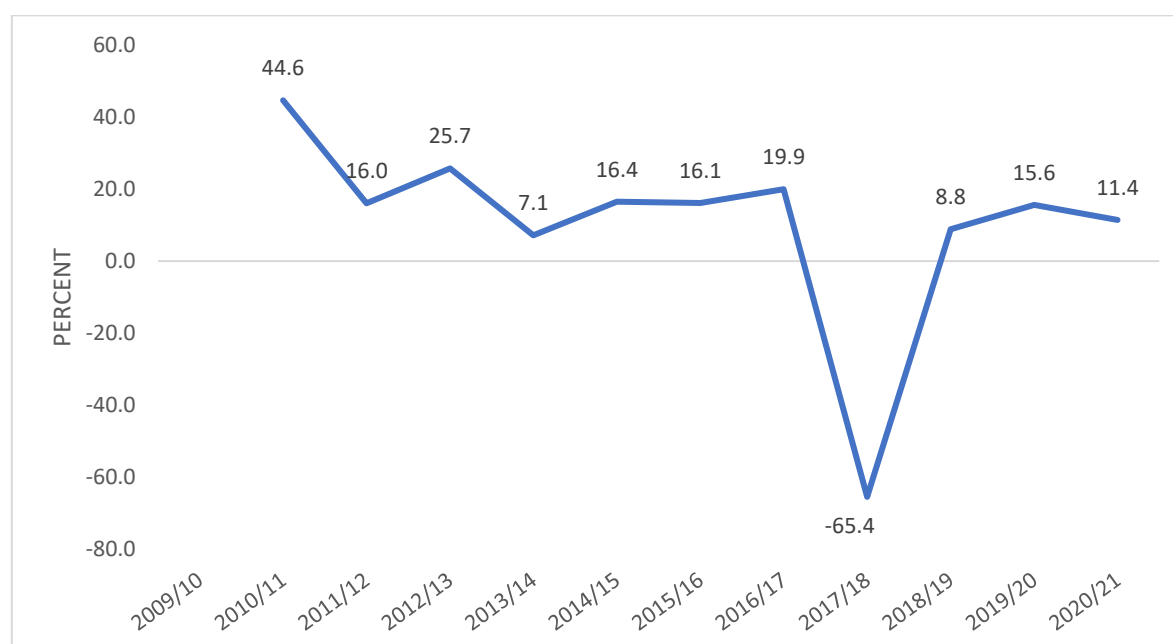
4.2 Motor Vehicle Taxes

Motor vehicle taxes refers to charges levied upon a person registering or transferring ownership of a motor vehicle or a motor cycle. It also include motor vehicle annual licence fees. However, annual motor vehicle taxes were abolished in 2017/18 and were incorporated into fuel (petrol and diesel) prices.

Figure 4.3 indicates that revenue collected from motor vehicles taxes slightly increased by 8.8 percent from TZS 88.92 billion in 2017/18 to TZS 96.78 billion in 2018/19 and went up to 11.4 percent after recording TZS 124.66 billion in 2020/21 from TZS 111.9 billion. The trend also shows that the motor vehicles taxes has been progressively increasing from TZS 70.10 billion in 2009/10 to TZS 256.80 billion in 2016/17 before it dropped significantly by 65.4 percent in 2017/18 owing to

- The share decrease should be explained in 2016/17 to 2017/18, then sharp increas from 2017/18 to 2018/19
- More clear if figure 4.3 rather than %

shifting of annual motor vehicle licence fee from motor vehicle taxes to fuel prices. Since 2018/19, motor vehicle taxes increased dramatically, despite the fact that the absolute value of collection in each year has been lower than in 2016/17.

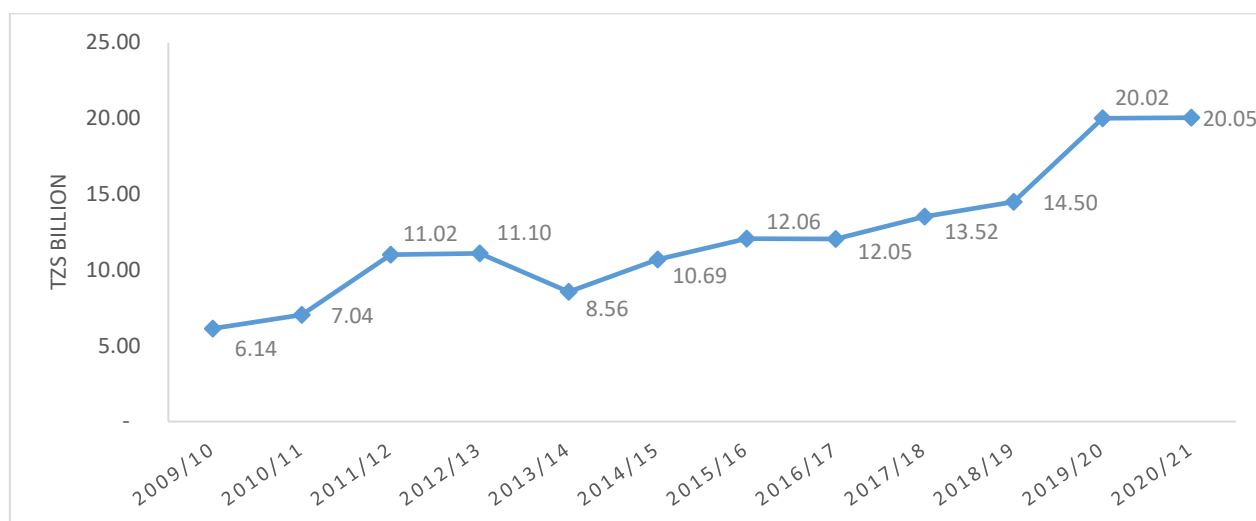
Figure 4.3: The Trend of Motor Vehicle Taxes (TZS Billion), Mainland Tanzania, 2009/10 – 2020/21

4.3 Stamp Duties

Stamp duties refers to the duty paid on certain legal instruments/transactions, affidavit, conveyance and lease agreements.

Figure 4.4 indicates that the revenue from stamp duties increased by 0.2 percent from TZS 20.02 billion in 2019/20 to TZS 20.05 billion in 2020/21. The trend also shows that growth in revenue collected from stamp duties has been fluctuating at an average of 13.1 percent, with growth rates above average observed in 2010/11, 2011/12, 2014/15, and 2019/20.

Figure 4.4: Trend of Revenue from Stamp Duties (TZS Billion), Mainland Tanzania 2009/10 to 2020/21



CHAPTER FIVE

International Trade Taxes and Transactions

5.0 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** presents the revenue collected through the international trade taxes in Mainland Tanzania from 2009/10 to 2020/21. The revenue collected through international trade taxes increased by 8.1 percent from TZS 6,754.55 billion in 2019/20 to TZS 7,302.50 billion in 2020/21. The largest growth of 30.3 percent in revenue collected from international trade taxes was recorded in 2015/16. In 2020/21, the largest contribution to revenue from international trade taxes was from VAT on imports (35.4%), followed by revenue from excise duty on imports (20.1 percent) and import duty (18.1 percent), while other import had share below 18.0 percent.

Table 5.1: Revenue Collected through International Trade Taxes (TZS Billion) by Type of Tax, Mainland Tanzania, 2009/10 to 2020/21

Year	Import Duty	Excise Duties	VAT on Imports	Non-Tax Revenue ²	Fuel Levy and Petroleum levy	Other Import Duties	Total International Taxes and Transactions	Changes in Collection between Years	
2009/10	376.98	533.80	759.4	24.08	256.05	7.42	1,957.71		
2010/11	459.86	614.29	905.6	32.51	315.31	17.81	2,345.40	387.69	19.8
2011/12	509.70	583.61	1,082.9	40.11	390.50	24.59	2,631.42	286.02	12.2
2012/13	580.94	697.39	1,213.4	34.90	436.29	28.41	2,991.38	359.95	13.7
2013/14	734.80	761.88	1,306.3	36.86	750.34	14.55	3,604.76	613.38	20.5
2014/15	780.98	916.95	1,481.9	30.43	750.31	29.81	3,990.34	385.58	10.7
2015/16	919.02	1,275.78	1,654.3	45.51	983.44	320.65	5,198.65	1,208.31	30.3
2016/17	998.16	1,169.87	1,790.7	95.74	1,060.62	511.86	5,626.97	428.32	8.2
2017/18	1,113.77	1,140.31	2,054.7	117.02	1,107.21	617.31	6,150.30	523.33	9.3
2018/19	1,201.04	1,151.74	2,259.5	123.60	1,053.64	457.39	6,246.90	96.61	1.6
2019/20	1,269.22	1,237.78	2,421.3	123.44	1,066.61	636.22	6,754.55	507.65	8.1
2020/21	1,320.15	1,466.61	2,584.5	155.24	1,210.66	565.39	7,302.50	547.95	8.1
Shares									
2009/10	19.3	27.3	38.8	1.2	13.1	0.4	100.0		
2010/11	19.6	26.2	38.6	1.4	13.4	0.8	100.0		
2011/12	19.4	22.2	41.2	1.5	14.8	0.9	100.0		
2012/13	19.4	23.3	40.6	1.2	14.6	0.9	100.0		
2013/14	20.4	21.1	36.2	1.0	20.8	0.4	100.0		
2014/15	19.6	23.0	37.1	0.8	18.8	0.7	100.0		
2015/16	17.7	24.5	31.8	0.9	18.9	6.2	100.0		
2016/17	17.7	20.8	31.8	1.7	18.8	9.1	100.0		
2017/18	18.1	18.5	33.4	1.9	18.0	10.0	100.0		
2018/19	19.2	18.4	36.2	2.0	16.9	7.3	100.0		
2019/20	18.8	18.3	35.8	1.8	15.8	9.4	100.0		
2020/21	18.1	20.1	35.4	2.1	16.6	7.7	100.0		

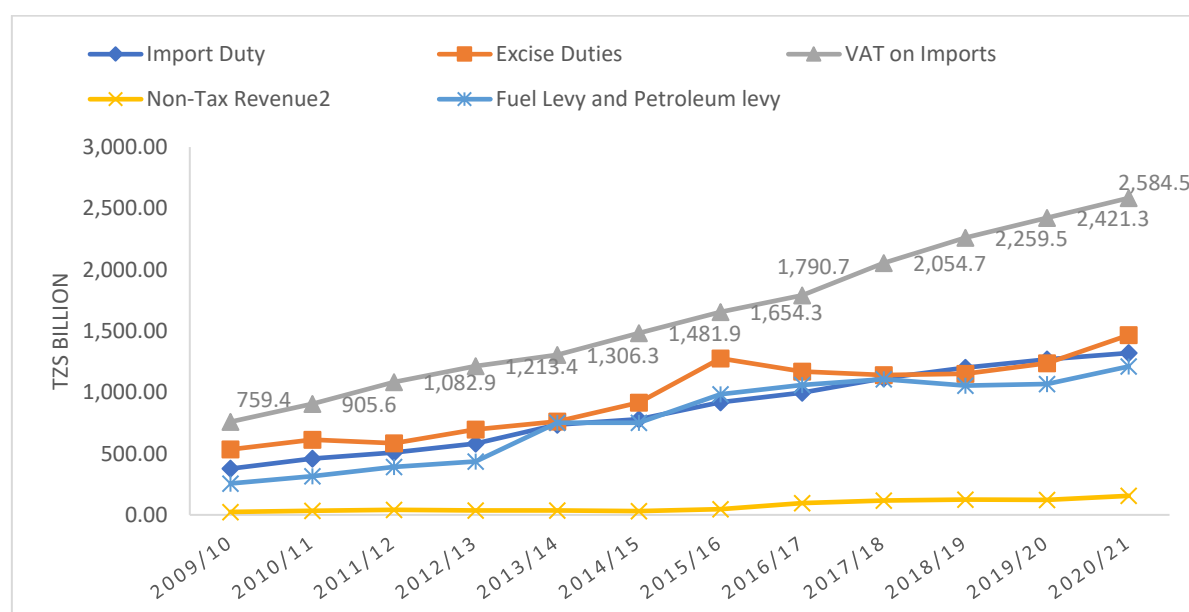
Source: Tanzania Revenue Authority, 2021

* Includes Export Duty & Levy, Processing fee-REA, Railway Development Levy, Processing Fee-dry cargo-TRA and Water supply and sanitation.

** Includes Transit Fees, Auction Sales, Sales of Stores, Printing & Publications, Customs Warehouse Rent, Customs Agency Fees, Other Collections and Treasury Vouchers.

Figure 5.1 shows that all types of taxes under international trade taxes were generally increasing from 2009/10 to 2020/21. The figure also indicated that, the largest contribution to the revenue collected through international trade taxes was predominantly from VAT on imports.

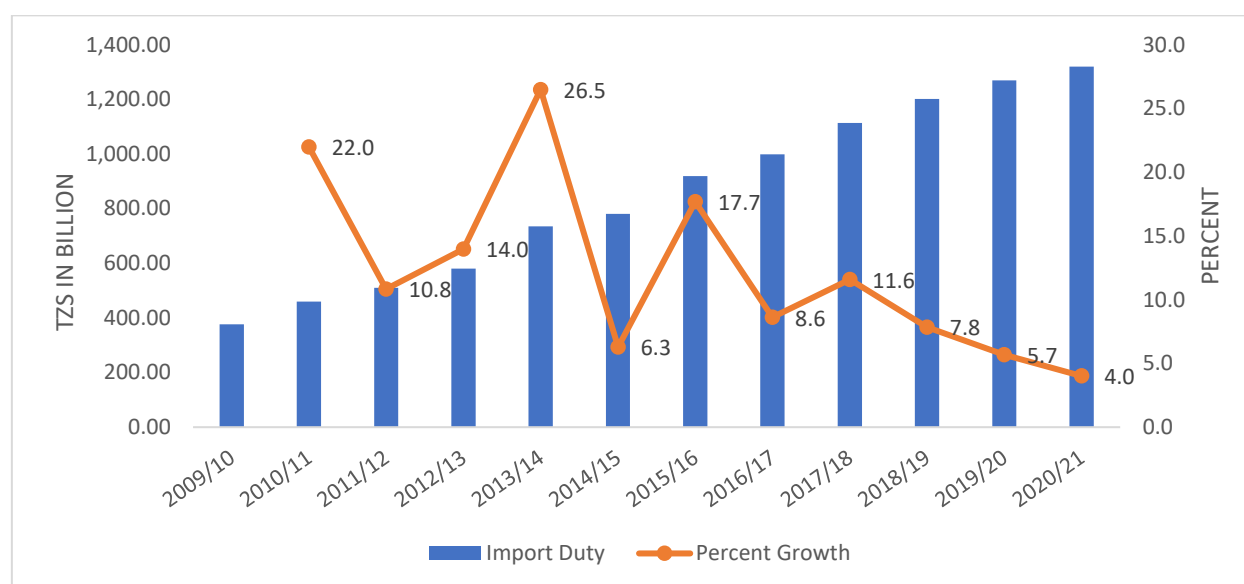
Figure 5.1: Revenue from International Trade Taxes (TZS Billion) by Type of Tax, Tanzania Mainland, 2009/10 to 2020/21



5.1 Categories of International Trade Taxes

5.1.1 Import Duty

Import duty is mainly charged on non-petroleum imports. Revenue collected through import duties increased by 4.0 percent from TZS 1,269.22 billion in 2019/20 to TZS 1,320.15 billion in 2020/21. During the review period import duty grew to an average of 12.3 percent, with the highest growth of 26.5 was observed in 2013/14 and the lowest growth of 4.0 percent observed in 2020/21 which was 4.0 percent. The observed positive growth in import duty was due to improvement of tax administration. (**Figure 5.2**).

Figure 5.2: Trend of Import Duty (TZS Billion), Mainland Tanzania, 2009/10 to 2020/21**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 increased by 18.5 percent from TZS 1,237.78 billion in 2019/20 to TZS 1,466.61 billion in 2020/21. Under the review period, the highest annual increase of the excise duty on imports was 39.1 percent observed in 2015/16, while the worst performance in the same period was in 8.3 percent in 2016/17.

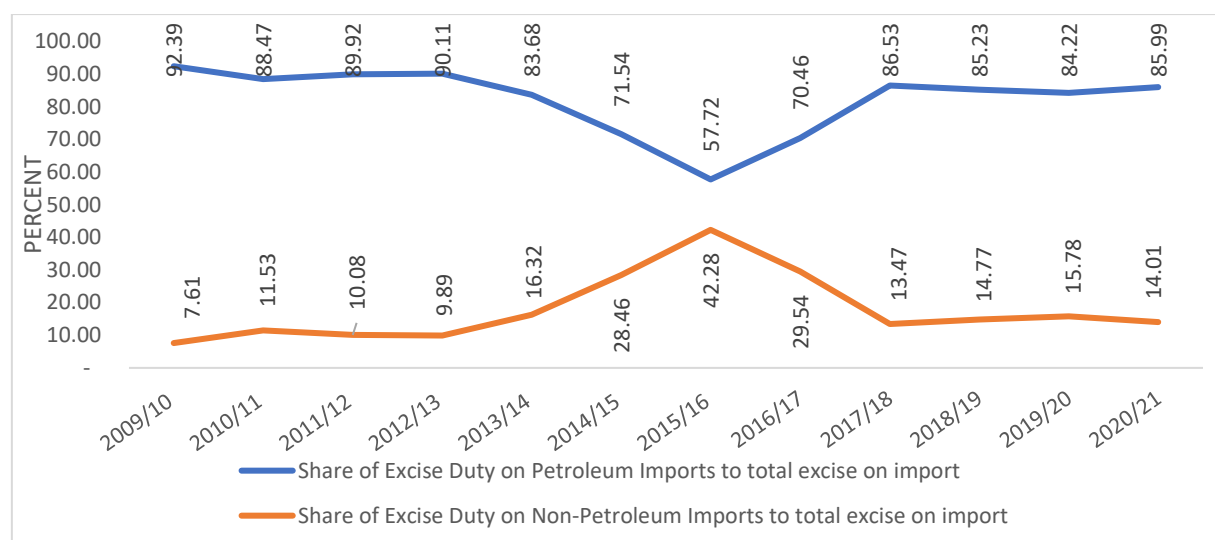
Table 5.2: Excise Duty on Imports (TZS Billion), Mainland Tanzania for 2009/10 to 2020/21

Year	Excise Duty on Petroleum Imports		Excise Duty on Non-Petroleum Imports		Total Excise Duty	Changes in Collection between Years	
		Percent		Percent		Amount	Percent
2009/10	493.20	92.4	40.60	7.61	533.80		
2010/11	543.49	88.5	70.81	11.53	614.29	80.50	15.1
2011/12	524.80	89.9	58.81	10.08	583.61	-30.69	-5.0
2012/13	628.42	90.1	68.98	9.89	697.39	113.79	19.5
2013/14	637.51	83.7	124.37	16.32	761.88	64.49	9.2
2014/15	656.00	71.5	260.95	28.46	916.95	155.07	20.4
2015/16	736.40	57.7	539.38	42.28	1,275.78	358.83	39.1
2016/17	824.23	70.5	345.63	29.54	1,169.87	-105.91	-8.3
2017/18	986.67	86.5	153.64	13.47	1,140.31	-29.56	-2.5
2018/19	981.66	85.2	170.08	14.77	1,151.74	11.43	1.0
2019/20	1,042.47	84.2	195.32	15.78	1,237.78	86.04	7.5
2020/21	1,261.08	86.0	205.53	14.01	1,466.61	228.83	18.5

Source: Tanzania Revenue Authority, 2021

In 2020/21, petroleum imports contributed 86.0 percent to total excise duty on imports compared to a contribution of 84.2 percent in the previous year (**Figure 5.3**). During the review period, excise duty on imports was leading by contributing 82.2 percent on average.

Figure 5.3: Shares of Petroleum and Non Petroleum Imports to Total Excise Duty on Imports, Mainland Tanzania, 2009/10 to 2020/21



5.1.2 VAT on Imports

VAT on Import is only charged on non-petroleum products. Revenue from VAT on non-petroleum products increased by 6.7 percent, from TZS 2,421.3 billion in 2019/20 to TZS 2,584.5 billion in 2020/21. The highest annual growth rate of VAT on imports was 19.6 percent as recorded in 2011/12. (**Figure 5.4**).

Figure 5.4: Trend of VAT on Imports (TZS Billion) and its Growth, Mainland Tanzania for 2009/10 to 2020/21

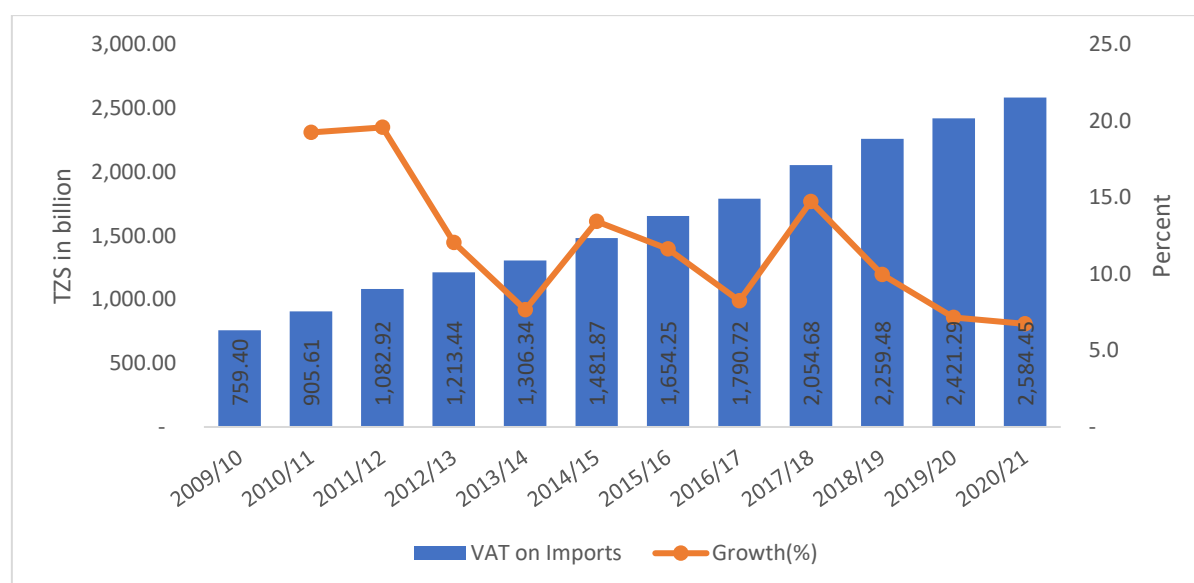
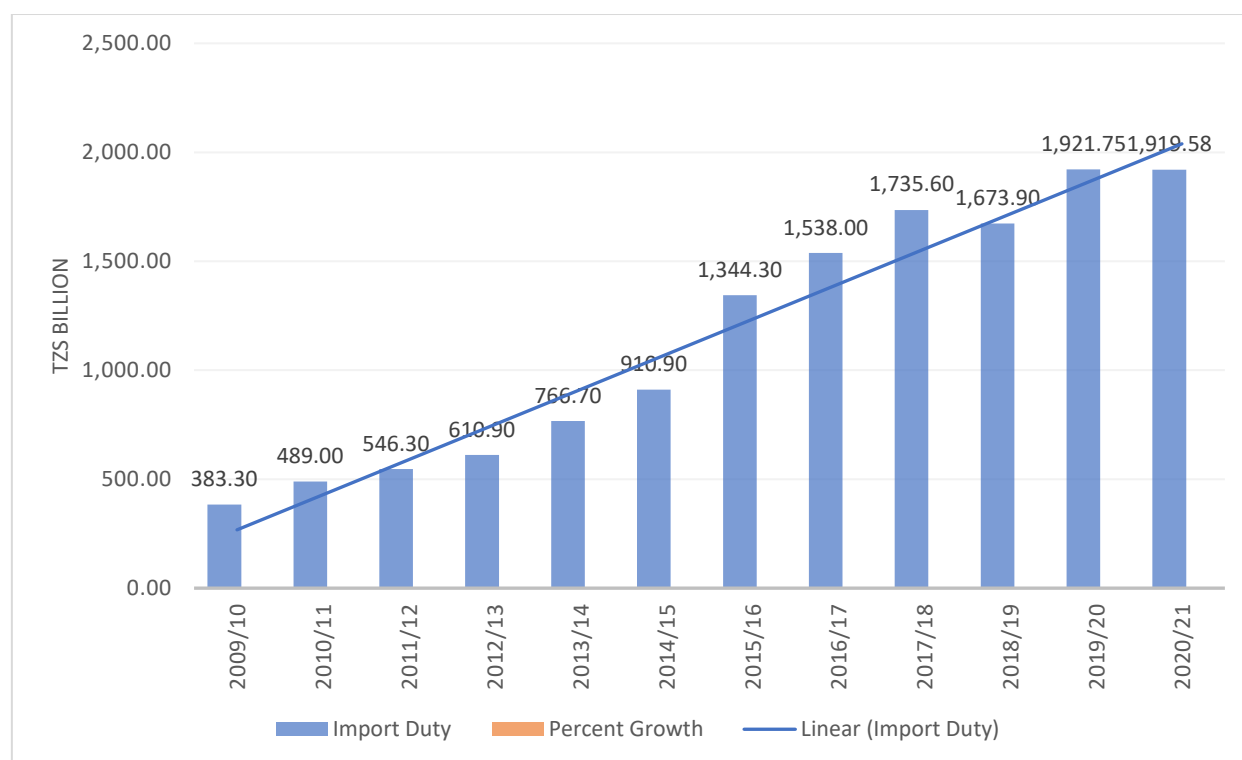


Figure 5.5: Trend of VAT on Imports (TZS Billion) and its Growth, Tanzania Mainland for 2009/10 to 2020/21

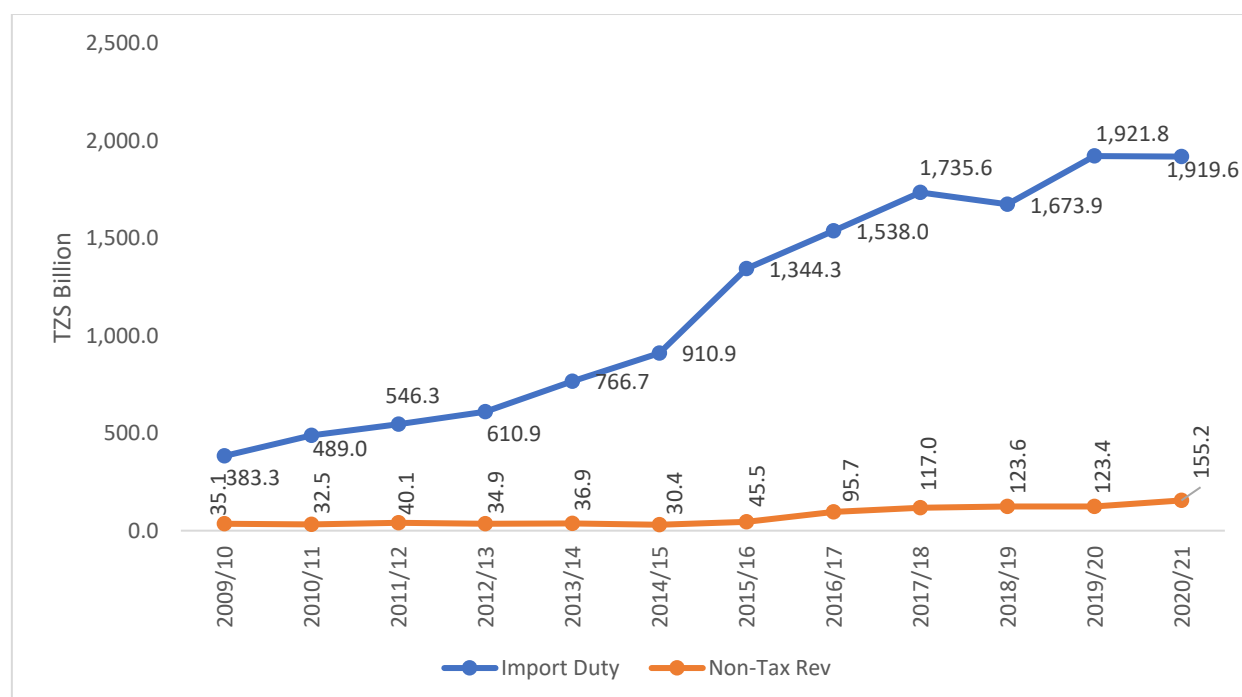
5.1.3 Fuel Levy and Petroleum Import Levy

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 increased by TZS 954.62 billion, from TZS 256.05 billion recorded in 2009/10 to TZS 1,210.66 billion in 2020/21. However, in 2018/19 the revenue from fuel and petroleum import levy declined by 4.8 percent to TZS 1,053.64 billion.

5.1.4 Other Import Charges and Non Tax Revenue

Apart from import duty, other related import charges are levied on export duty & levy, processing fee-Rural Energy Agency (REA); railway development; processing fee-dry cargo-TRA; and water supply and sanitation.

Figure 5.5 presents the collected revenue from other import charges and non tax revenue. The revenue collected through other import charges decreased by 11.1 percent from TZS 636.22 billion recorded in 2019/20 to TZS 565.39 billion in 2020/21. The compounded average growth rate of other import charges for the review period was 48.3 percent. Non tax revenue collection by TRA grew to an average of 22.5 percent under the review period.

Figure 5.6: Trend on Other Import Charges and Non Tax Revenue, Mainland Tanzania, 2009/10 to 2020/21

5.2 Tax Rates

Table 5.3 presents tax rates by tax item in the period between 2009/10 and 2020/21. The types of tax rates included are individual, company, employees (PAYE), and VAT. Generally, for some items, tax rates have been changing for a number of years in the period of 2009/10 to 2020/21. Maximum marginal rates for individual tax was slightly reduced from 5.3 percent in 2015/16 to 3.5 percent 2020/21. Unlike for individual tax rate, the bottom marginal rates on Employees (PAYE) declined gradually from 15.0 percent in 2009/10 to 8.0 percent in 2020/21, VAT rate and maximum corporate tax rate remained constant from 2009/10 to 2020/21.

Table 5.3: Maximum and Minimum Tax Rates (Percent) by Type, Tanzania Mainland, 2009/10 to 2020/21

Year	Individual		Company	Employee (PAYE)		VAT
	Bottom	Maximum	Maximum	Bottom	Maximum	Maximum
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	7.0	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
2018/19	3	5	30	9	30	18
2019/20	3	5	30	9	30	18
2020/21	3	3.5	30	8	30	18

Source: Tanzania Revenue Authority, 2021

5.3 Tax Revenue - to - GDP Ratios

Tax revenue – to – Gross Domestic Product (GDP) ratio is the proportion of taxes 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(WB) and the Organization for Economic Co-operation and Development (OECD) to analyze the tax systems and economic performance for comparative analysis across countries. **Table 5.4** indicates that Tax revenue to GDP ratio decreased by 0.8 percent from 12.2 percent in 2019/20 to 11.4 percent in 2020/21. Overall tax revenue to GDP ratio for the period under review was averaged 11.6 percent with the highest ratio of 12.4 percent in year 2015/16 and 2016/17 while the least ratio was 10.7 percent observed in 2009/10.

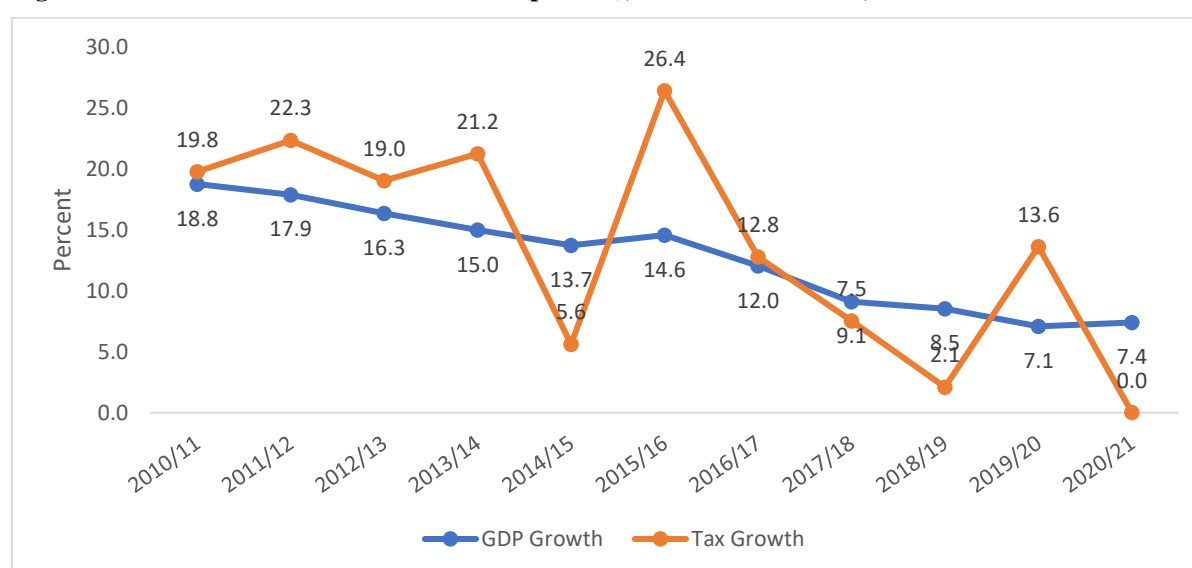
Table 5.4: Tax Revenue to GDP Ratios, Mainland Tanzania, 2009/10 to 2020/21

Year	Nominal GDP (TZS Billion)	GDP Growth	TRA Revenue (TZS Billion)	Tax Growth	Tax to GDP Ratio
2009/10	41,538.49		4,437.93		10.7
2010/11	49,328.04	18.8	5,315.15	19.8	10.8
2011/12	58,147.42	17.9	6,502.60	22.3	11.2
2012/13	67,647.93	16.3	7,739.30	19.0	11.4
2013/14	77,790.29	15.0	9,383.05	21.2	12.1
2014/15	88,476.35	13.7	9,909.00	5.6	11.2
2015/16	101,355.82	14.6	12,525.38	26.4	12.4
2016/17	113,553.41	12.0	14,126.59	12.8	12.4
2017/18	123,894.20	9.1	15,191.42	7.5	12.3
2018/19	134,468.85	8.5	15,511.33	2.1	11.5
2019/20	143,991.12	7.1	17,622.82	13.6	12.2
2020/21	154,635.12	7.4	17,624.45	0.0	11.4

Source: Tanzania Revenue Authority, 2021

5.3.1 GDP and Tax Growth

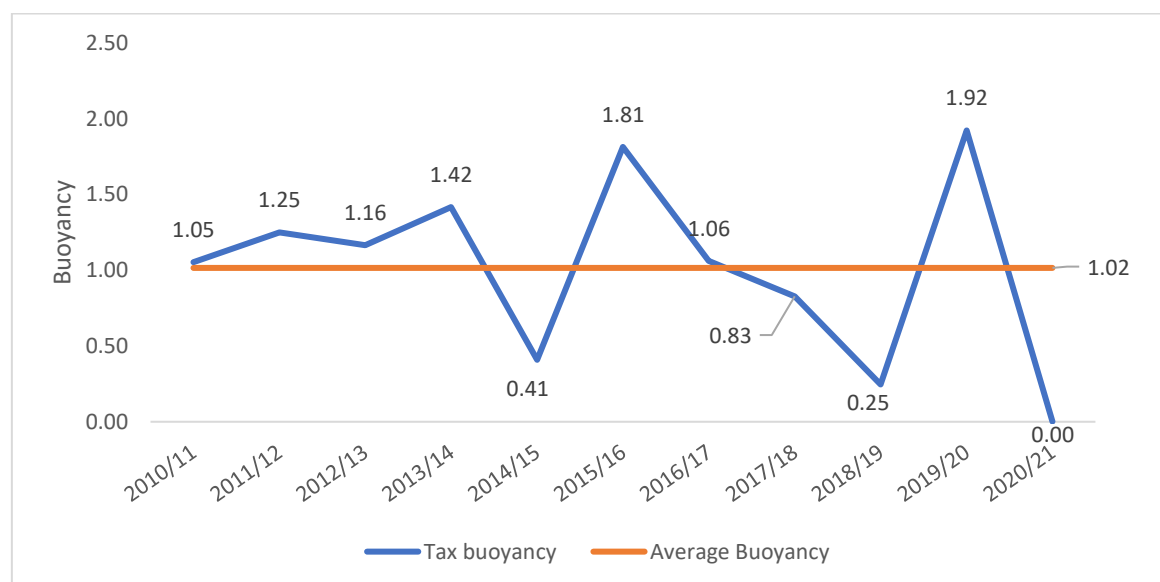
A general trend observed over the whole period from 2010/11 to 2020/21 shows that both nominal GDP and tax revenue have been fluctuating at different rates of growth. There has been a more constant pattern in GDP growth than in tax revenue growth (**Figure 5.6**).

Figure 5.7: Trend of GDP and Tax Growth (percent), Mainland Tanzania, 2009/10 to 2020/21

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 a unit 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. Results indicate that in the period between 2009/10 and 2020/21, tax revenue buoyancy ratio had an average of greater than one indicating sustainability of fiscal policy for Mainland Tanzania (**Figure 5.7**).

Figure 5.8: Tax Revenue Buoyancy, Tanzania Mainland, 2009/10 to 2020/21



CHAPTER SIX

Revenue from Local Government Authorities – Own Source

6.0 Introduction

Local Government Authorities (LGAs) under the PORALG 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. Data and information are obtained from the President's Office - Regional Administration and Local Government (PORALG). Sources of revenue from local government authorities are broadly categorised into local taxes, licences and permits, fees and charges and other revenue sources. These revenues are included in the estimation of total domestic revenue in Tanzania Mainland.

6.1. Categories of Revenue Collected by Local Government Authorities

There are various categories 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:** all fines and penalties, income from sales or rent, and any other own revenues are classified in this category.

Table 6.1 presents the revenue collected from the LGAs own sources by the major type of sources in Tanzania Mainland from 2014/15 – 2020/21

Table 6.1: Revenue Collected from LGAs Own Sources (TZS) by Major Type of Sources, 2014/15 to 2020/21

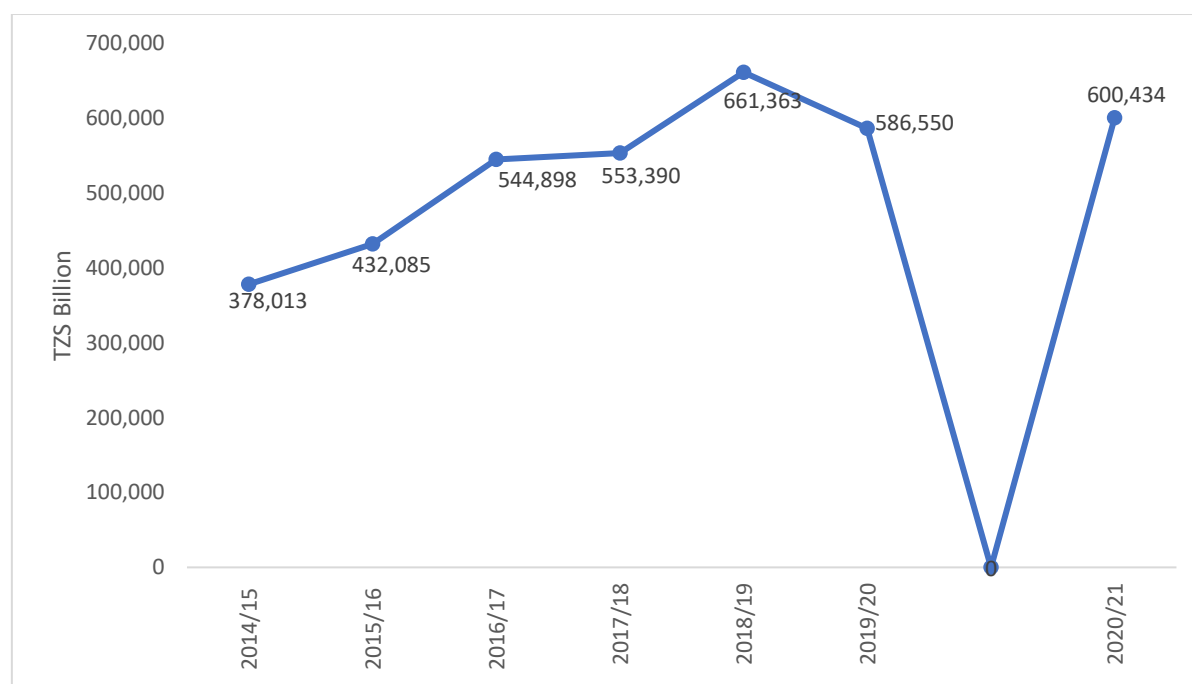
	TZS. Million						
Category of Revenue	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*	2020/21*
Local Taxes	190,735.00	228,295.00	288,123.00	230,560.00	276,764.00	265,149.00	257,491.00
Licenses and Permits	46,399.00	62,436.00	74,131.00	66,198.00	91,407.00	77,245.33	78,283.44
Fees and Charges	52,890.00	54,976.00	86,967.00	109,797.00	126,651.00	107,805.00	114,751.00
Other Own Revenues	87,989.00	86,377.00	95,677.00	146,835.00	166,541.00	136,351.00	149,909.00
Total, Own Source Revenue	378,013.00	432,084.00	544,898.00	553,390.00	661,363.00	586,550.33	600,434.44
Growth	16.9	14.3	26.1	1.6	19.5	11.3	2.4

Source: Local Government Authorities, 2021

Note: The data with * are imputed.

Table 6.1 reveals that, total LGAs revenue from own sources increased by 19.5 percent in 2017/18 to 2.4 percent in 2020/21. The largest amount of local taxes was collected in 2018/19 (TZS 661,363.00 million), followed by TZS 600,434.00 million in 2020/21.

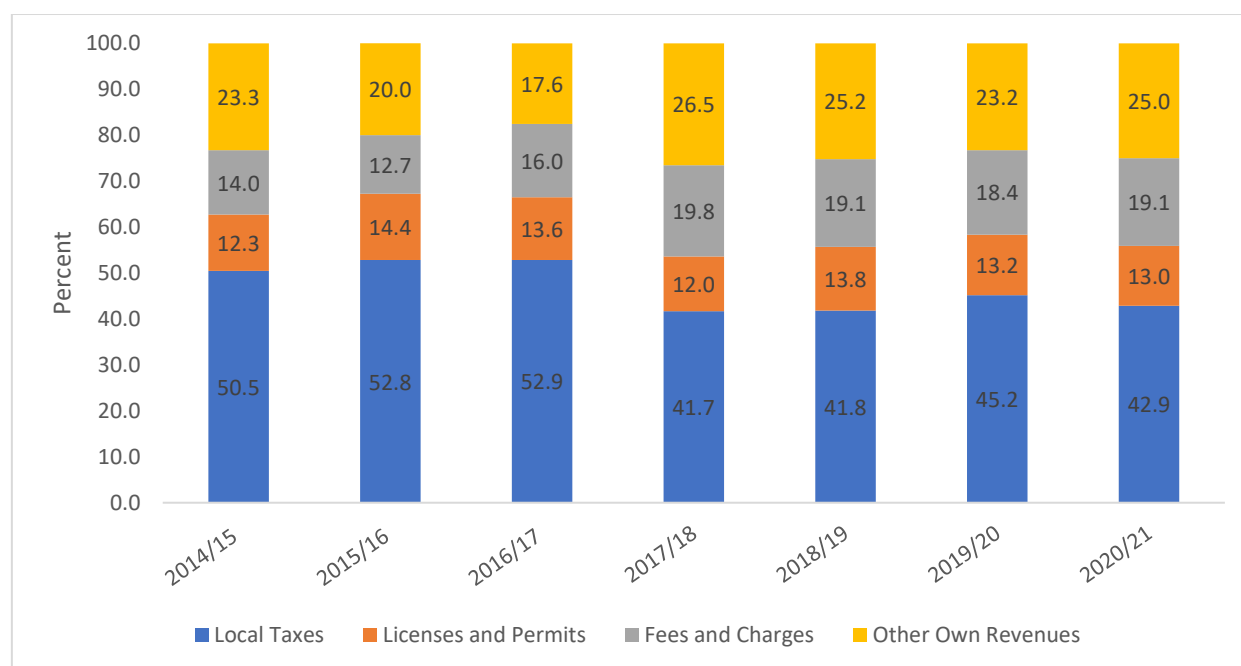
An overall trend in the performance of total revenue collections depicts that, revenue had been increasing from one financial period to the other from TZS 373,013.91 billions recorded in 2014/15 to TZS 661.363 billion collected in 2018/19 (**Figure 6.1**).

Figure 6.1: Revenue Collection in TZS Billion from LGA's Own Sources, Mainland Tanzania, 2014/15 to 2020/21

Local taxes as defined earlier composed of property taxes, land rent, produce cess, service levy, guest house levy and other levies on business activities. However, property tax is no longer collected by LGAs, instead, TRA has taken the responsibility of collecting it on behalf of the central government. A summary trend of shares by revenue categories to total revenue from 2014/15 to 2020/21 is presented in **Figure 6.2**.

During the period 2014/15 to 2020/21, Local taxes contributed a largest share to total Own source revenue. However, the contribution of local taxes to the LGAs own source revenue declined to 41.7 percent was 45.2 percent in 2020/21. This make the the Local Taxes remained the giant contributor. Licences and permit contributed the smallest share of local taxes from LGA Own Sources in all years where the smallest contribution came from fees and charges.

Figure 6.2: Contribution of Shares to Total Revenues from LGAs Own Source by Major Category, 2014/15 to 2020/21 Tanzania Mainland



APPENDICES

Appendix I: Classification and Recording of Revenue System

1 Revenue 11 Taxes 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 Unallocable 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 nonrecurrent 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	12 Social Contributions 12.1 Social security contributions 12.1.1 Employee contributions 12.1.2 Employer contributions 12.1.3 Selfemployed or nonemployed contributions 12.1.4 Unallocable contributions 12.2 Other social contributions 12.2.1 Employees contributions 12.2.2 Employer contributions 12.2.3 Imputed contributions 13 Grants 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 14 Other revenue 14.1 Property income 14.1.1 Interest 14.1.2 Dividends 14.1.3 Withdrawals from income of quasicorporations 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 nonmarket 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 farmgate 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
 - 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*¹ fees;
 - iii) Auction mart fees;
 - iv) Meat inspection charges;
 - v) Land survey service fee;

¹ Local Open Markets

- 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.

Appendix III: Trends in Actual Government Finance, Tanzania Mainland, 2013/14 – 2020/21

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
A. Domestic Revenue (Incl. Revenue from LGAs)	10,182,455	10,957,765	14,048,034	16,639,831	17,944,886.98	18,529,557.99	21,069,956.8	20,562,328.4
Domestic Revenue	9,867,227	10,597,681	13,622,182	16,128,113	17,403,387.93	17,868,194.98	20,352,708.1	19,837,680.3
<i>1. Tax Revenue</i>	9,294,417	9,891,680	12,410,951	14,055,173	15,191,421.33	15,511,330.10	17,622,822.1	17,624,454.4
Import Duty and Excise Duty	2,243,413	2,495,082	3,090,110	3,116,298	3,313,671.46	3,585,509.02	3,781,641.1	4,042,533.8
Value Added Tax (VAT)	2,647,665	3,031,828	3,553,637	3,979,473	4,478,850.59	4,781,633.01	5,184,322.0	5,217,889.3
Imports	1,329,477	1,519,939	1,717,902	1,803,667	2,054,675.39	2,259,827.38	2,421,392.8	2,584,453.5
Domestic	1,318,188	1,511,889	1,835,735	2,175,806	2,424,175.20	2,521,805.63	2,762,929.2	2,633,435.8
Income Tax	3,791,713	3,727,934	4,608,245	4,832,759	5,157,886.30	5,148,191.50	6,523,795.2	6,015,898.2
Other Taxes	1,123,779	1,278,648	1,921,459	2,216,357	2,299,242.38	2,130,594.49	2,379,568.6	2,570,987.9
Refunds Accounts	512,153	641,811	762,499	89,714	(58,229.40)	(134,597.92)	(246,504.8)	(222,854.8)
<i>2. Non – Tax Revenue</i>	572,810	706,001	1,211,231	2,072,941	2,211,966.60	2,356,864.88	2,729,886.0	2,213,225.8
<i>3. Revenue from LGAs</i>	315,228	360,084	425,852	511,718	541,499.05	661,363.01	717,248.7	724,648.2
B. Total Expenditure	13,958,162	14,603,714	17,759,598	18,898,690	20,468,072.32	22,300,627.38	23,509,931.6	26,545,124.7
<i>1. Recurrent Expenditure</i>	10,032,120	10,893,486	13,420,045	11,625,866	12,852,304.02	13,806,788.92	14,201,147.8	14,883,722.6
<i>2. Development Expenditure</i>	3,926,042	3,710,228	4,339,553	7,272,824	7,615,768.31	8,493,838.46	9,308,783.8	11,661,402.2
Local Funds	2,121,212	2,264,506	2,904,530	5,141,451	5,397,033.55	6,535,879.18	6,840,103.8	9,238,505.0
Foreign Funds	1,804,831	1,445,722	1,435,023	2,131,374	2,218,734.76	1,957,959.29	2,468,679.9	2,422,897
C. Deficit/Surplus (AB)	3,775,707	3,645,949	3,711,564	2,258,859	(2,523,185.35)	(3,771,069.39)	(2,439,974.8)	(5,982,796.3)
D. Financing	3,775,707	3,830,651	6,281,252	2,258,859	2,523,185.35	3,771,069.39	12,927,807.	7 5,982,796.
<i>1. External Sources</i>	3,858,785	3,030,875	3,982,100	2,797,488	2,632,730.66	1,569,325.67	13,841,819.9	3,327,302.6
Grants	1,399,025	896,496	1,349,799	923,512	813,482.95	285,340.00	17,759,598.0	520,635.8

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Basket support	188,623	127,637	81,073	168,984	117,165.44	92,162.52		175,363.7
Import Support/OGL Loans	733,822	537,881	546,846	257,473	71,077.78	169,676.95	(3,711,564.0)	287,345.5
Project Loans	524,019	640,724	344,800	1,124,190	1,464,294.03	1,452,477.00		1,649,790.8
Concessional Loans	1,194,516	1,054,803	2,142,469	1,226,760	1,474,281.58	1,144,822.29	1,822,093.1	3,121,190.2
Amortization (Foreign)	181,220	226,667	482,887	903,431	(1,307,571.11))	(1,575,153.09))	(2,028,307.3)	(2,427,023.4)
<i>2. Internal Sources</i>	83,078	799,776	2,299,151	538,629	(109,545.32)	2,201,743.72	(914,012.1)	2,655,493.7
Non Bank Borrowing	21,216		776,945	989,283	(343,325.54)	653,774.14	781,780.6	1,550,288.0
Bank Borrowing	205,526	799,776	1,522,207	1,100,145	941,973.00	2,383,403.31	(404,856.6)	1,808,932.4
Payments of Arrears (Rollover)	1,528,153	2,064,756	2,600,000	4,615,670	4,835,199.26	3,718,008.34	3,976,811.2	3,262,551.9
Proceeds from Privatization								
Adjustment to Cash	300,810			368,120	(636,424.90)	(835,433.73)	(1,275,185.8)	(696,408.7)
Amortization (local)	1,528,153	2,064,756	2,600,000	4,615,670	(4,835,199.26))	(3,718,008.34))	(3,976,811.2)	(3,262,551.9)
Expenditure float	610,630			59,647	(71,767.88)		(15,750.3)	(7,318.0)
Source: Ministry of Finance and Planning								

Appendix IV: Trends in Actual Tax Revenue, Tanzania Mainland, 2008/09 – 2020/21

TRA Mainland	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Nominal GDP	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	135,537,453	143,991,122	154,635,122
Revenue/GDP ratio	11.5%	10.9%	11.0%	11.4%	11.7%	12.5%	11.6%	13.0%	13.2%	12.8%	11.4%	12.4%	11.4%
Net Collections	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	15,511,330.4	17,622,822.1	17,624,361.6
Less Tax Refunds	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	134,609.0	246,505.0	222,854.9
GRAND TOTAL (GROSS)	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	15,645,939.3	17,869,327.1	17,847,216.5
DIRECT TAXES	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	5,444,938.5	6,848,804.6	6,301,252.5
P.A.Y.E.	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	2,415,429.9	2,552,891.0	2,198,047.2
B. Skills & Dev. Levy	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	296,009.4	315,405.2	285,178.9
Individuals	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	216,838.4	227,166.6	248,630.1
Corporate Taxes	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	1,563,429.8	2,571,155.7	2,150,593.6
Withholding taxes	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	711,404.0	948,232.4	1,090,634.2
Rental Tax	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	108,756.4	101,711.4	89,880.5
Gaming Tax	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	89,035.5	85,066.3	127,600.2
All Other direct taxes	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	44,035.1	47,176.0	110,687.9
Less Refunds	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	79,654.2	33,555.4	157.2
INDIRECT TAXES	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	10,201,000.8	11,020,522.5	11,545,963.9
CONSUMPTION TAXES	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	3,737,835.7	4,037,564.2	3,889,208.9
Excises (Domestic)	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	1,232,395.7	1,274,640.1	1,255,772.6
Beer	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	320,478.8	304,221.8	317,312.5
Cigarettes	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	155,517.6	147,202.8	150,196.7
Soft Drinks	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	51,604.1	57,917.9	72,331.3
Bottled Water						5,178.2	809.6	10,288.2	14,779.1	15,261.1	15,584.7	20,952.4	33,241.8
Mobile Phone	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	320,288.4	344,913.7
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	115,655.4	157,152.7
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	308,401.5	180,623.9

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TRA Mainland	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Aggregate VAT	421,252.6	550,080.5	692,561.1	727,797.4	825,835.3	979,082.3	1,155,298.9	1,317,202.4	1,511,888.2	1,840,679.4	2,158,526.3	2,762,924.1	2,633,436.3
VAT Domestic Products	180,790.7	278,284.7	243,683.5	252,440.9	304,886.9	383,815.7	302,331.0	343,163.8	405,188.4	460,710.8	459,943.3	620,871.5	644,336.3
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	145,201.8	155,430.5
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	52,753.2	50,387.5
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	41,643.2	54,737.8
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	51,297.7	44,111.1
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	89,730.5	91,683.5
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	240,245.2	247,986.0
VAT Domestic Services	240,462.0	271,795.8	448,877.5	475,356.6	520,948.4	595,266.6	852,968.0	974,038.5	1,106,699.8	1,379,968.6	1,698,583.0	2,142,052.7	,989,100.0
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	85,863.8	109,478.9
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	250,180.1	242,536.9
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	39,011.1	37,223.4
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	52,439.0	47,673.8
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	63,240.9	56,386.6
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	69,443.3	18,554.5
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	1,581,874.5	1,477,245.9
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	195,161.0	188,658.6
Less: Transfer to ZRB							23,564.9	34,314.4	34,072.9	23,470.7		1,390.0	
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		
Less: Departure charges													
OTHER Domestic Taxes & Charges	44,621.4	84,815.3	83,768.2	104,209.8	140,489.8	161,210.3	200,826.0	226,648.8	255,618.2	295,517.9	337,908.7	212,005.9	320,212.0
Business Licences	31.4	26.0	15.0	18.9	21.2								

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TRA Mainland	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Airport Departure Charges										67,387.4	66,482.2	52,315.8	22,209.2
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	2,691.2	1,966.9
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	111,896.6	124,655.2
o/w Fire Inspection Fees											13,478.3		
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		38.8	2.6
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	20,015.3	20,050.2
The Use of Telecommunication Traffic Monitoring System (TTMS)/DRD non tax revenue	112.1	210.3						10,871.6					
INTERNATIONAL TRADE TAXESGROSS	1,149,747.6	1,538,279.6	1,781,236.0	1,967,643.9	2,356,734.1	2,643,468.9	2,992,891.8	3,645,494.8	4,151,577.7	5,376,182.7	5,667,851.0	6,770,952.3	7,336,542.9
Import Duties	251,444.6	313,028.3	373,948.5	383,329.6	489,010.5	546,334.9	610,865.4	766,706.3	910,936.8	1,344,286.6	1,537,963.1	1,921,753.5	1,919,582.1
NonPetroleum 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	1,269,218.4	1,320,153.5
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	174,977.4	93,889.7
Processing FeeREA									14,557.8	22,092.8	17,536.5	15,166.7	16,526.6
Railway Development Levy										172,680.7	194,307.9	249,888.5	254,975.8
Processing Feedry cargoTRA & 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	65,878.7	69,027.4
Water supply and sanitation										121,225.1	134,463.9	146,623.9	165,009.2
Excise Duties	311,984.6	440,301.2	475,254.1	533,795.5	614,293.4	583,606.0	697,393.4	761,879.1	916,946.0	1,275,775.1	1,169,866.4	1,237,782.5	1,466,607.6
Wines and Spirits	1,321.8	1,201.6					647.4	69.6					
NonPetroleum 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	195,316.7	205,525.6
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	1,042,465.8	1,261,082.0
VAT on 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	2,421,369.8	2,584,453.5
NonPetroleum 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	2,421,369.8	584,453.5
Petroleum LevyREA								124,341.3	127,089.8	278,289.4	316,518.9	294,455.6	342,262.8
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	772,155.5	868,399.3
NonTax 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	123,435.4	155,237.6

TRA Mainland	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
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	16,313.8	34,039.0
Less VATMining								23,374.4	61,089.5	72,921.0	12,944.0	84.7	
Less: Transfer to Customs proc. Fees dry cargo TRA									48,175.4	65,889.5	11,402.5		
Less: Transfer Processing FeeREA									1,008.3				
Less: Transfer Export DutyCashewnut Board									18,950.0				

Appendix V: Revenue by category from all LGA's own source, Tanzania Mainland, 2013/14 2018/19

Category of Revenue	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
						TZS. Millions
Local Taxes						
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
Subtotal, Local Taxes	131,454	160,938	190,735	228,295	288,123	230,560
Licences and Permits						
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
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
SubTotal, Licenses and Permits	27,191	40,921	46,399	62,436	74,131	66,198
Fees and Charges						
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

Category of Revenue	TZS. Millions					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Other Specific service fees	7,011	19,092	18,952	15,973	20,058	10,183
SubTotal, Fees and Charges	28,048	50,343	52,890	54,976	86,967	109,797
Other Own Revenues						
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
SubTotal, Other Own Revenues	54,216	71,025	87,989	86,377	95,677	146,835
Total, Own Source Revenues	240,909	323,227	378,013	432,085	544,898	553,390
Shares						
Local Taxes						
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
Subtotal, Local Taxes	54.6	49.8	50.5	52.8	52.9	41.7
Licences and Permits						
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
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
SubTotal, Licenses and Permits	11.3	12.7	12.3	14.4	13.6	12.0
Fees and Charges						
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

Category of Revenue	TZS. Millions					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
SubTotal, Fees and Charges	11.6	15.6	14.0	12.7	16.0	19.8
Other Own Revenues						
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
SubTotal, Other Own Revenues	22.5	22.0	23.3	20.0	17.6	26.5
Total, Own Source Revenues	100.0	100.0	100.0	100.0	100.0	100.0
Growth						
Local Taxes						
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
Subtotal, Local Taxes	25.0	22.4	18.5	19.7	26.2	20.0
Licences and Permits						
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
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
SubTotal, Licenses and Permits	3.2	50.5	13.4	34.6	18.7	10.7
Fees and Charges						
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
SubTotal, Fees and Charges	0.7	79.5	5.1	3.9	58.2	26.3

Category of Revenue	TZS. Millions					
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Other Own Revenues						
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
SubTotal, Other Own Revenues	58.0	31.0	23.9	1.8	10.8	53.5
Total, Own Source Revenues	24.1	34.2	16.9	14.3	26.1	1.6

National Bureau of Statistics

VISION

To become a one-stop centre for official statistics in Tanzania

MISSION

To produce official statistics and services that meet needs of National and International Stakeholders for evidence-based planning and decision making

For more information, comments and suggestions please contact:

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