



# AFROBAROMETER *Briefing Paper*

## CITIZENS' PERCEPTIONS AND ATTITUDES TOWARDS TAXATION, TAX LEVELS AND TAX OFFICIALS

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JUNE

2013

Do tax authorities have a right to make people pay taxes? What preferences do people have about low or high tax rates? How easy is it for taxpayers to find out about the taxes and fees they are supposed to pay to the government? How do Tanzanian taxpayers perceive the integrity of tax officials?

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### INTRODUCTION

Over the last two decades Tanzania has implemented a number of important reforms of its tax system in a drive to ensure more reliable financing for development as a replacement for foreign aid. Thanks to these efforts, the domestic revenue raised has grown significantly, from 12.2 % of gross domestic product (GDP) in the fiscal year 1997/98 to 17.8 % of GDP in 2011/12. Nonetheless, spending growth has outpaced revenue growth by a considerable margin. In 2011/12 actual public spending stood at 31.2 % of GDP compared with 15.2 % in 1997/98 (IMF, 2000; IMF, 2012).

There are several benefits that may result from this reform drive. First, if the drive is successful, Tanzanian government will have predictable financing for development interventions. Second, as the country becomes less aid dependent, government officials will have a stronger incentive

to refocus their attention towards dialogue with and accountability to the local electorate. Finally, from the point of view of demand side accountability, as more people pay taxes, more citizens will be motivated to pay attention to how the state accounts for taxpayers' resources (i.e. how the state manages public resources, delivers public goods and services, and justifies decisions to the electorate). As a corollary to the foregoing, citizens are also more likely to seek ways of increasing their leverage in dialogue with state officials, ensuring that the social contract that exists between the citizens and the state is honoured.

In the last 5 years, about a third of Tanzania's national budget has been financed through foreign assistance (URT, 2013), and as the nation continues to run on budget deficits, the goal of developing into a fiscally self-sufficient state remains a significant challenge.

How do citizens' opinions and attitudes towards taxation measure up in relation to the government's drive to raise more revenue domestically? Do they support the reforms or not? During the past decade the Afrobarometer surveys have been tracking public opinions and attitudes towards taxation. This brief, which explores public sentiments about taxation, tax levels, and tax officials, is the first in a series of three REPOA briefs that uncover citizens' attitudes towards taxes and tax enforcement in Tanzania.

## KEY FINDINGS

### 71% agree that tax authorities have the right to make people pay taxes

The Afrobarometer has during the past decade been tracking Tanzanians' views about the legitimacy of the mandate of tax authorities<sup>1</sup> by asking whether those authorities have the right to make people pay taxes. This question has been asked in four survey

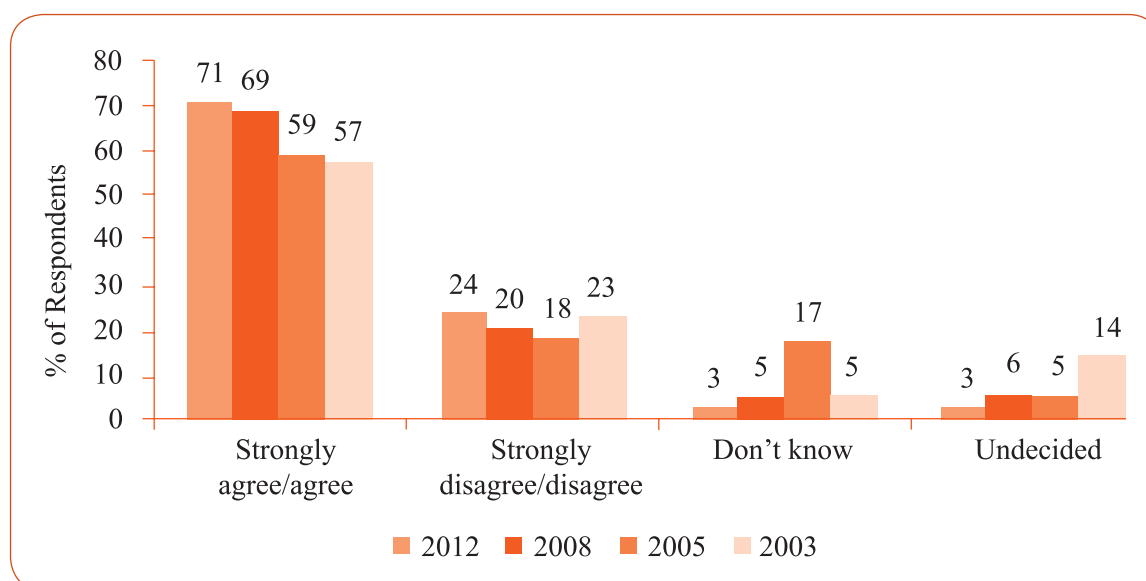
rounds (in 2003, 2005, 2008, and 2012). Popular opinion shows that there is a growing consensus among Tanzanians that tax authorities should make people pay taxes. In 2012, compared to 2003, there was a 24 percentage point increase in the number of citizens reporting that tax authorities should make people pay taxes (see Figure 1).

#### Question:

*For the following statement, please tell me whether you disagree or agree? The tax authorities always have the right to make people pay taxes.*

### Higher taxes with more public services are preferred to low taxes with fewer services

During the fifth survey round in 2012 the Afrobarometer asked respondents to indicate a preference between "higher taxes, if it means



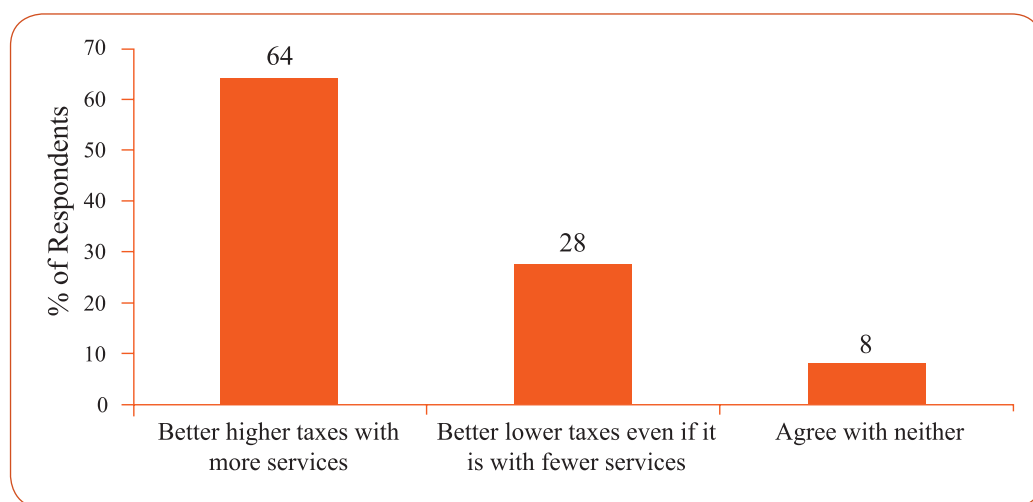
**Figure 1:** Tax authorities always have the right to make people pay taxes

<sup>1</sup> Tax authorities in this case encompasses both National and Local Government tax collection departments.

that there will be more services provided by the government” and “lower taxes, even if it means there will be fewer services provided by the government”. As Figure 2 shows, when people pay taxes they expect the government to reciprocate with more services and with better quality. The majority (64 %) of respondents said they would prefer higher taxes with more and better government services to lower taxes with fewer services.

## 72% say tax information is not easily accessible

A lack of knowledge about fees and taxes that people are required to pay may limit compliance. As such, it is essential that taxpayers can access complete information on tax policies. During the 2012 survey round the Afrobarometer asked respondents to indicate how easy or difficult it was



**Figure 2:** Would you prefer higher taxes with more services or lower taxes with fewer services?

### **Question:**

*Which of the following statements is closest to your view? Choose statement 1 or 2:*

**Statement 1:** *It is better to pay higher taxes if it means that there will be more services provided by government.*

**Statement 2:** *It is better to pay lower taxes even if it means that there will be fewer services provided by government.*

for them to find information about the taxes and fees they were required to pay to the government. Majority of respondents (72 %) indicated that it was difficult to obtain this information (see Table 1). A higher proportion of Zanzibar residents (84 %) said it was difficult to access tax information, compared to Mainland residents (71 %).

**Table 1:** How easy is it to find out what taxes and fees you are supposed to pay (in %)

	Mainland vs. Zanzibar		Urban vs. Rural		Total
	Mainland	Zanzibar	Urban	Rural	
Very difficult/difficult	71	84	71	72	72
Very easy/easy	23	13	27	21	23
Don't know	6	3	2	7	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Question:**

*How easy or difficult is it to find out what taxes and fees you are supposed to pay to the government?*

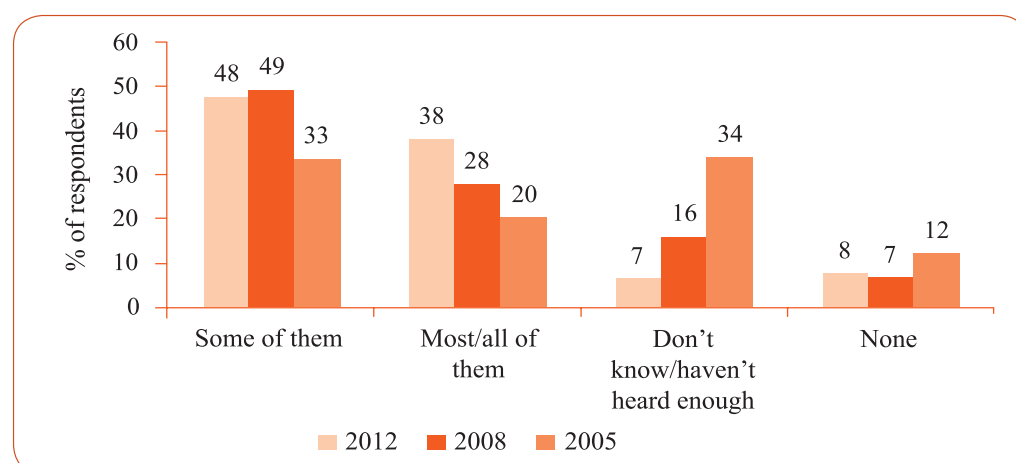
**More citizens perceive tax officials as corrupt in 2012 compared to 2005**

Besides noting that tax information is not easily accessible, more citizens doubt the integrity of tax officials. The third (2005), fourth (2008) and fifth (2012) Afrobarometer survey rounds asked respondents about their perception of tax officials’

conduct. As Figure 3 shows, it appears that the more familiar people have become with tax officials, the more their trust in them has been shaken.

During the 2012 survey round 86 % of citizens said that they believed tax officials were involved in corruption, a 32 % jump from only 54 % in 2005.

This decline in trust suggests a need for tax authorities to invest in restoring their credibility in the eyes of the general public. If left unaddressed, a highly negative image of tax officials may be a stumbling block to the country’s efforts to raise more revenues domestically.



**Figure 3:** How many tax officials do you think are involved in corruption?

**Question:**

*How many tax officials, such as TRA officials or local government tax collectors, do you think are involved in corruption, or haven't you heard enough about them to say?*

## CONCLUSION

The current drive for more domestic revenue will be a key component of Tanzania's fiscal policy for the foreseeable future. Popular opinion suggests that majority of Tanzanians concede to the legitimacy of tax authorities in making people pay taxes and that a significant proportion of respondents prefer higher taxes with more public services to lower taxes with fewer or poor quality services. Even so, a significant majority of the respondents indicated that information about the fees and taxes people are required to pay is not easily accessible. In addition, citizens' perception of the conduct of tax officials is increasingly becoming negative, a situation which not only dents the image of tax authorities but is also likely to undermine the effectiveness of tax enforcement measures.

These findings point to the need for more efforts, in particular regarding tax education and outreach on the one hand, and in restoring citizens' confidence in tax officials on the other. Tax education measures, such as introducing tax education into the school curriculum and running year-long television and radio tax outreach broadcasts and tax education blogs, are worth considering for enhancing access to tax information and increasing the understanding of tax issues. For their part, citizens may also choose to be more proactive in seeking tax information. As for the growing perception of corruption among tax officials, tax authorities would benefit from taking bold steps to ensure that every taxpayer is treated fairly and equitably and that corrupt officials are investigated and removed from their ranks.

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## Map of Tanzania



Source: <http://www.nationsonline.org/maps/tanzania-administrative-map.jpg>

## ABOUT THE AFROBAROMETER

The Afrobarometer is a comparative series of public attitude surveys, covering up to 35 African countries in Round 5 (2011-2013). It measures public attitudes on democracy and its alternatives and public evaluations of the quality of governance and economic performance. In addition, the survey assesses the views of the electorate on critical political issues in the surveyed countries. The Afrobarometer also provides comparisons over time, as four rounds of surveys have been held from 1999 to 2008 and Round 5 is currently underway.

Afrobarometer's work in Tanzania is coordinated by REPOA. Fieldwork for Round 5 was conducted in Tanzania from May to June 2012. The survey interviewed 2400 adult Tanzanians; a sample of this size yields results with a margin of error of +/-2% at a 95% confidence level.

For more information and further requests for analysis on Tanzania, please visit the Afrobarometer website, [www.afrobarometer.org](http://www.afrobarometer.org), or contact REPOA at [repoa@repoa.or.tz](mailto:repoa@repoa.or.tz) or by phone at +255 22 2700083.

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