



## PRESS RELEASE

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### **REPOA releases findings, recommendations on how taxation affects business development in Tanzania – implications for reform**

**Thursday 21 March 2024 – Dar es Salaam:** REPOA, in collaboration with Tanzania Chamber of Commerce, Industry & Agriculture (TCCIA) and the Chr. Michelsen Institute (CMI) of Norway, hosts a stakeholders' workshop to discuss findings, recommendations, on how taxation affects business development in Tanzania – implications for reform.

REPOA's Executive Director, Dr. Donald Mmari said: "This study provides insights from a survey of businesspeople regarding their views and experiences related to taxation in Tanzania – and what we have are the preliminary results."

Giving an account to the motivation of the study, Prof. Odd-Helge Fjeldstad from the Chr. Michelsen Institute said the focus was on looking at the private sector development, but private sector development requires public support. How to account for business people's views and experiences of taxation? How can the tax system be strengthened to improve the business environment and tax compliance?

On the sampling, firms of different sizes were included - according to turnover using the previous threshold for VAT registration, i.e., Small < 14 million TZS; Medium 14-100 million TZS and Large > 100 million TZS. In this survey's sampling, most firms are in manufacturing, hospitality, and trade. Other includes agriculture, forestry, construction, real estate, and professional services. (See more details just below under ***About the survey***)

The following are the **preliminary results** to the study:

There's overall optimism, but taxation is considered as a barrier.

- Uncertainty regarding taxation - as important as uncertainty about future demand.
- Taxes seen as constraint for the realization of business opportunities.
- High compliance burden for firms – especially in the hospitality sector.
- Businesspeople perceive 50% of other firms are cheating.

- Relatedly, about 50% of the surveyed businesspeople find the tax system fair and are satisfied with it.
- Scope to increase trust in TRA among businesspeople.

The following are **policy implications & general recommendations**:

A need to Build a tax regime characterized by:

1. Clear, unambiguous rules with few exemptions.
2. Long term stability and predictability for investors.
3. Equal treatment of companies.
4. Simplicity for both tax administration and taxpayers.
5. Openness and transparency ▪ citizens/companies access to information.
6. Meaningful private sector participation and engagement around tax.
7. Clear(er) links between taxes paid and benefits/services received by taxpayers.

#### **Notes for editors:**

In this survey's sampling, most firms are in manufacturing, hospitality, and trade. Other includes agriculture, forestry, construction, real estate, and professional services.

#### **About the survey**

- TCCIA provided list of firms
- Complemented with a list of firms from business organizations
- Sector-specific random selection of firms invited to the survey
  - Firms in the combined list = 5018
  - Firms invited to the survey = 1004 (20%)
  - Firms participated in the survey = 957 firms
- From Dar es Salaam (a total of 491) and Arusha (a total of 466)
- Timeline: October – November 2023 – right after increasing VAT threshold from 100 million TZS to 200 million TZS annual turnover

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