CHALLENGES FACED BY LOCAL GOVERNMENT AUTHORITIES (LGAS) IN IMPLEMENTING STRATEGIES TO ENHANCE REVENUES: CASE OF DAR ES SALAAM MUNICIPAL COUNCILS

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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled: **Challenges Faced by Local Government Authorities (LGAs) in implementing strategies to enhance revenues: The case of Dar es Salaam Municipal Councils.**

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DECLARATION

I, Prisca Kimario hereby declare that this dissertation is my own original work and that it has not been submitted for a similar award in any other University.

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Date …………………………………..

ACKNOWLEDGEMENT

LIST OF ABBREVIATIONS AND ACRONYMS

BRELA   Business Registrations and Licensing Agency

BOT   Bank of Tanzania

CAG   Controller and Auditor General

CCM   Chama Cha Mapinduzi

DP   Development Partners

DFID   Department for International Development

GIS   Geographic Information System

IFMS   Integrated Financial Management Systems

IMC   Ilala Municipal Council

KMC   Kinondoni Municipal Council

LGAs   Local Government Authorities

LGCDG   Local Government Capital Development Grant

MRECOM   Municipal Revenue Collection Manager

PMO-RALG   Prime Minister's Office- Regional Administration and Local Governments

REPOA   Research on Poverty Alleviations

TRA   Tanzania Revenue Authority

TMC   Temeke Municipal Council

UBT   Ubungo Bus Terminal

URT   United Republic Of Tanzania

ABSTRACT

The objective of this study was to identify the challenges faced by LGA's in implementing strategies adopted to enhance revenue collections after rationalization of Local Government taxes. The study was carried out in Dar es Salaam municipalities, and found out that there is a gap that exists between LGA's budgets and revenue collections which range from 5 to 8 percent. The conclusion was based on the results from the analysis of all respondents from the study. To cover this gap LGA uses some strategies like outsourcing of revenue collection to private collectors, introduction of revenue managers, integration of Database (KMC,IMC,TMC& TRA) and review of by laws. In implementing these strategies, they also face the following challenges like some of the taxpayer unwillingness to pay tax, political interference, outsourced revenue retained by agents, and Loyalty challenge. Recommendations were made to the central government to take a leading role in monitoring the returns to the public by creating public awareness and education the importance of paying taxes for their own benefit. LGAs have to design and formulate policy standards which will be adopted, applied to effectively implement that will facilitate collection of enough revenue for development. They are also supposed to generate revenue from local sources rather than depending on central government grants. They are supposed to review bylaws, computerization of revenue management, outsource collection of some revenue to private agents, and strengthen revenue collection system, stronger punishment for council staff and agents found guilty of mismanagement of collected revenue. Lastly taxpayers should play their role of willingly paying taxes for their betterment of themselves and the public at large.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

Adequate local revenues are critical in ensuring the viability and sustainability of local authorities and the quality of services they provide. In Tanzania, local authorities account for a significant share of government spending, and therefore are expected to play a fundamental role in the implementation of national growth and poverty reduction strategies. Local government Authorities in mainland Tanzania for example account for approximately one in every five shillings of public spending (Georgia State University, 2005). The effectiveness of Local Government Authorities service provision relies on the adequacy and buoyancy of local revenues, which support sustainable operations and maintenance of local infrastructure and also help to finance staff salaries, councilors' emoluments and other administration expenses. Local revenues can help to reduce budget reliance on external sources.

As a consequence Local Government Authorities are expected to rise own revenues to supplement the dwindling subvention from the central Government. In 1991, a Civil Service Reform programme was launched in Tanzania. The programmes' fundamental goal was to achieve a smaller, affordable, well compensated, efficient and effectively performing civil service. One of the components in the programme was Local Government Reform which aimed at decentralization of government functions, responsibilities and resources to districts and strengthening of local authorities (Baker and Wallevik, 2002). Local Government Reform Agenda was introduced in 1996 as part of Local Government Reform Programme. The

government introduced this agenda with the aim of strengthening local government authorities to improve delivery of services to the people. This was carried out through devolution of authority, powers, responsibilities and resources from the central government to local government authorities. The local government reform involved decentralization of five areas that were managed by the central government. These are health, education, agriculture, water and infrastructure.

The general objective of Local Government Reforms was to transform local government organizations into organs that are autonomous, strong and effective, democratically governed, deriving legitimacy from services to the people, fostering participatory development, reflecting local demands and conditions, and lastly, conducting activities with transparency and accountability (Mukandala and Peter, 2004). Under resources, the Local Government Authorities were given powers, among other things, to collect taxes from different sources (Mponguliana, 2007).

The Constitution of the United Republic of Tanzania accords each Local Government Authority in Tanzania (Mainland) the status of government (URT, 1998). This means that each local government or council can raise funds for meeting the costs of delivering public goods and services including financing development projects. Furthermore, a local government should also have means of enforcing their decisions and resolutions as well as the relevant laws and bylaws (REPOA, 2004). The powers to levy and collect taxes, fees and charges are also authorized in the Local Government Finances Act No. 9 of 1982 in which the local government authorities in Tanzania Mainland are required to levy taxes and other types of revenues, which will be sufficient for meeting approved expenditure. This is a basic

responsibility given by law to all Councils in Tanzania (URT, 1982). But in 2003, local government revenue was affected by rationalization of taxes particularly abolishment of development levy which was one of the key sources of local government's revenues. Following this rationalization, revenue collections among Local Government Authorities (LGAs) were jeopardized (Fjeldstad, 2004).

The abolition of local government revenue sources in 2003 had a significant negative impact on local government revenue collections. According to Franzsen and Semboja (2004), prior to rationalization of taxes, 20 percent of local governments' own revenues came from development Levy. This was a flat head tax payable by adults over the age of 18 (with women and the elderly exempted in some districts). Abolition of development levy was expected to cause a financing gap of about 20 percent.

These changes have significantly reduced local governments' revenue collections, and reduced the role and importance of local taxes in the overall intergovernmental fiscal financing. There is significant scope to expand local revenue collections in Tanzania such that it becomes pro-poor and business friendly. In general, local taxes should reflect taxpayers' ability to pay. This means tax payers with higher incomes or greater assets should bear a greater share of the tax burden (World Bank, 2006). Until 2003, Tanzanian local government taxation was relatively permissive. This means that the local governments were given substantial latitude in coming up with their own local revenue structure. This open approach to local revenues was a major contributing factor to a highly fragmented local tax system. It was later discovered that the fragmented local tax structure imposed a high burden on local taxpayers.

After recognizing the shortcomings of the local revenue system, Prime Minister's Office, Regional Administration and Local Government (PMO-RALG) decided to introduce and promote the rationalization and harmonization of local revenue systems. This was implemented through encouraging local government authorities to broaden their tax bases and keep tax rates low. This was an imposed and forced top-down rationalization of local revenue sources. It eliminated the development levy, abolished some fees, eliminated at least two types of licenses fees, and abolished the local brew cess and the livestock cess (Fjeldstad, 2006). These measures meant that LGA's were forced to look for alternative sources of revenue to cover the financing gap so created. Thus, all Local Government Authorities were challenged to device and implement strategies to enhance revenue collection in order to cover the financing gap created by the reforms.

1.2 Statement of the Research Problem

In 2003 the government of Tanzania introduced three significant tax reforms. These are the abolishment of development levy, reiteration of the maximum rate of 5 per cent for the agriculture cess and elimination of a number of nuisance taxes. These reforms brought significant changes in the revenue pattern for Local Government Authorities in the country. Reforming such revenue sources caused a heavy loss in local government income in a short period of time. The total collection decreased from Tsh. 57.7 billion in 2002 to Tsh. 36.4 billion in 2004 (DFID, 2006). According to Fjeldstad (2006) the outcome of the reforms was experienced in budget financing. There was a significant deficit in budgets relative to revenues. This deficit in budgets needed to be covered by central government enhancements and grants, so that Local

Government Authorities will be able to deliver service effectively to the local citizens. Rural districts experienced fall in budget financing by 48 per cent and urban district experienced a fall by 24 per cent. Another impact was the increase in intergovernmental transfer of funds to finance deficits. In financial year 2000/01 intergovernmental transfers amounted to Tshs. 179 billion but increased to Tsh. 362 billion in 2004/05. Despite these efforts by central government, Local Government Authorities still experience financing gaps which they must fill, if they are to remain effective in delivering services to their citizens. This therefore, poses a key question about how LGA's have been coping with this financing gap, specifically what strategies have they adopted to increase Revenue collections and what challenges have they faced in implementing such strategies. These questions have motivated this study which was designed to investigate for the purpose of identifying the strategies adopted and the challenges they have faced in implementing them.

1.3 Objectives of the Study

1.3.1 Main Research Objective

The main objective of the proposed study is to identify the challenges faced by LGAs' in implementing strategies adopted to enhance revenue collections after rationalization of local government taxes.

1.3.2 Specific Objectives

Specific objectives are as follows:

   i. To assess the gaps that exist between LGAs' budgets and revenue collections

  ii. To examine strategies being implemented by local government tax system to enhance revenue collection after rationalization of local government taxes.

iii.   To identify challenges facing local government authorities in implementing

new strategies taken to enhance revenue collection from permitted taxes and

sources of revenue

1.4 Research Questions

1.4.1 Main Research Question

What challenges are faced by LGA's in implementing strategies to enhance revenue

collections after rationalization of local government taxes?

1.4.2 Specific Research Questions

i.   What gaps exist between Local Government Authorities budgets and revenue

collections?

ii.   What strategies are adopted by Local Government Authorities tax system to

enhance revenue collection?

iii.   What challenges are faced by Local Government Authorities in implementing

the strategies adopted to enhance revenue collection from permitted taxes and

sources of revenue to cover such gaps?

1.5 Significance of the Study

This section outlines the significance or importance of the issues at hand. The

findings from this study give insights and contributions to the players in the LGAs

development as the result from stakeholders' response will draw up the importance

of one factor over the other in analyzing the challenges faced by Local Government

Authorities in implementing strategies to enhance revenue so that players should put

more weight and hence improve ways of collecting revenue which has greater impact

on development of LGAs. In this settings although the research is for academic purposes, it will also assist even Local authorities and policy makers to see appropriate policies that will facilitate collection of enough revenues to cover the gap. Furthermore, the study intends to assist not only LGAs but also central government in ascertaining weakness in designing strategies which have great impact in terms of revenue collection issues using the factors identified in this study. They will know how to address the problems, lack of taxpaying spirit by citizens and in turn improves their revenue collection. The findings of this study may additionally be used in other related studies as empirical findings especially those evaluating revenue enhancement in LGAs.

1.6 Organization of the Dissertation

The rest of the dissertation is organized as follow. Chapter two presents literature review, comprehensively done covering published works to show what others have done. Chapter three presents the methodology adopted in carrying out the study. Chapter four presents and discusses the findings of the study as per objectives of the study. Chapter five presents the conclusions and recommendations derived from the study.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Overview

This chapter presents a review of related literature. The rest of this chapter is organized as follows. Section 2.2 presents' conceptual definitions; section 2.3 states the functions of LGAs .Section 2.4 states the main sources of LGAs Revenues. 2.5 present the principles of decentralization. Section 2.6 presents the empirical evidence on the revenue enhancement in Tanzania. Section 2.7 provides conceptual framework.

2.2 Conceptual Definitions

2.2.1 Local Government Authorities (LGA)

Local Government Authority is defined as part of government of a country operating at a local level, functioning through a representative organ known as council, established by law to exercise specific powers within a defined jurisdiction (Warioba, 1999).

The term Local Authority denotes administrative bodies that are officially responsible for all public services in specific geographical areas such as cities, towns, municipalities, countries and boards. Local authority are tasked with ensuring provision and maintenance of public services to local residents through the utilization of funds generated from the local communities, in addition to loans and grants from the central government and other sources. (Zimbabwe Institute, 2005). Some scholars view LGA as institutions to which legal and political authority from the central government and its agencies are transferred. (Mniwasa and Shauri, 2001).The

transfer includes the authority to plan make decisions and manage public affairs by agencies other than central government. (Ng'ethe, 1998). Local governments are offices dealing with administration of an area usually smaller than a state. It is an agency organized to provide and supervise administrative, fiscal and other services to the people who reside within its territorial boundaries (Encarta Encyclopedia 2002). It is the level of the Government most directly accountable to the public .The term "local" is applied to differentiate them from administration of nation or state. The state level means the central government or federal government. In many countries, it is common to find that local governments have less power than central governments do. They usually have some power to collect taxes though these may be limited by central legislation. In some countries local government is partly or wholly funded by subventions from central government taxation. Local government arrangement varies between countries. Even the way they are named may also be different. Examples of names for local government include region, department, county, municipal, City Township, council, etc (Nalugo, 2007).

2.2.2 Revenue

The term 'revenue' generally denotes all incomes from taxes, fees (charges), fines, loans which local authorities mobilize from within and outside their own jurisdictional arenas. Local authority collection systems vary depending on the size of jurisdiction, the payment methods allowed and the nature of revenues received (Larson, 2004:452).

2.2.3   Revenue Collection Strategies

In his project brief Fjeldstad, (2008) find out that, some council have already started to explore methods to reduce the financial gap caused by the tax rationalization by

outsourcing some sources of revenue collection to private collectors, and by introducing revenue collection manager with full decision over the revenue sources. Other measures include (i) Integration of revenue collection Database with TRA Database; (ii) Review of Bylaws; (iii) Stronger punishment for council staff and politicians found guilty of mismanagement; (iv)Transparency in the operations of LGA's; (v) Enhance policy linkage between service delivery improvements and tax compliance; and (vi)Strengthening its own-source revenues major focus on widening revenue base.

2.3 Functions of Local Government Authorities

In Tanzania local councils are responsible for delivering public services, including primary education and healthcare, local roads, water and sanitation, and agricultural extension services. The funds to supply services are largely sourced from grants made from the central government. However, councils also collect various taxes, fees and charges and these locally-generated revenues are applied to the operational costs of councils and the allowances of elected councilors.

Until 2003, the local tax system was characterized by numerous and complex taxes. Taxes were seen as unfair, with little transparency in revenue collection or disbursement. The flat-rate development levy (as pool tax) was regressive, while other taxes such as market fees and dues were variable and distorted the relative prices of goods. Collection costs were high, tax evasion was widespread, and persistent public resistance to pay taxes threatened to undermine the legitimacy of local authorities. Recognizing these issues, Tanzania government rationalized the local tax system in 2003 and 2004. Principal reforms included the abolition of the

development levy and several "nuisance taxes" as well as removal of business license fees for enterprises below a certain size.

2.4 Main Sources of LGAs Revenues

Historically, local authorities have been entitled to levy a number of taxes, licenses, charges and fees. Essentially, councils, through their own powers to approve bye-laws (granted by the Local Government Finances Act, 1982), have had a great deal of discretion to implement various revenue sources. While Dar es Salaam had about 50 types of revenue sources, other LGAs like Kibaha District council had around 25 types, Kilosa District council and Tanga City council had 60 types of resources each. (Fjeldstad and Semboja, 2000). Up until 2003, on aggregate across the country, the principal revenue sources for councils were the development levy, market fees, business licenses and the property tax.

According to Faber (2004) despite the large number of revenue instruments in use, 60 percent of local revenues in Tanzania came from three main sources. For the majority of local Authorities, own source revenue on average accounts for less than 20 percent of the total budget (2002). Prior to 2003, the lion's share of local revenues came from a combination of just four sources, namely (i) The Development Levy, which alone accounted for 20 percent of own source; (ii) Revenues; (iii) Agricultural and livestock taxes; and (iv) Licenses and fees (including business licenses).

Local revenue collections varied significantly across rural and urban LGAs. In rural LGAs, the predominant revenue sources were the Development Levy, the agricultural cess and the livestock levy. In urban LGAs the most productive revenue sources were licenses and fees (including business licenses), the City Service Levy

(CSL) and property taxes, which together accounted for approximately two-thirds of local revenues for a typical urban LGA (Local Government Finance Act, 1982)

2.4.1 Qualities of Local Authorities Revenues

Fjeldstad (2001) discusses the qualities of local revenues. Local revenues need to be adequate to meet the cost of the services and infrastructure they are intended to finance. They should also be buoyancy; that is the overall revenues should change roughly in proportional to the economic base. The tax base should grow automatically when prices rise, population grows or the economy expands to meet expanding demands for service delivery (REPOA 2004). Revenue collections need to be stable and predictable to facilitate planning and budgeting while at the same time collection and administration costs need to be minimized. Local revenue autonomy and flexibility need to be reinforced and tax instruments need to be politically acceptable.

2.4.2 Permitted Local Government Taxes and Revenue Sources

Before reforms the system of collecting taxes was complicated, costly to administrate and exacerbated inequity. Tax evasion was widespread, often reflected in persistent public resistance to pay. Moreover, the linkages between the central and local government tax systems were in general weak leading to double taxation and inconsistencies between tax policies implemented at various levels of government. (Local Government Finance Act, 1982).

The following list shows permitted local government taxes and revenue sources after reforms. These are; Taxes on property, Turnover Taxes, Taxes on Goods and Services, Taxes on Specific Services, Motor Vehicles, Other Equipment and Ferry

Licenses, Business and Professional License. Other Taxes on the Use of Goods, Permission to Use Goods, Administrative Fees and Charges, Entrepreneurial and Property Income, Fines, Penalties and Forfeitures (Local Government Finance Act 1982)

2.4.3. Revenue Enhancement

Adequate and buoyant local revenues are critical to ensuring the viability and sustainability of local authorities and the quality of services they provide. In Uganda and Tanzania, local authorities account for a significant share of government spending, and therefore play a fundamental role in the implementation of national growth and poverty reduction strategies. In mainland Tanzania for example, LGAs account for approximately one in every five shillings of public spending. In Uganda, the share is even greater, with one in every three shillings spent at the local government level. The effectiveness of local service provision relies on adequate and buoyant local revenues, which support sustainable operations and maintenance of local infrastructure and also help to finance staff salaries, councilor emoluments and other administration expenses. Local revenues can help to reduce budget reliance on external sources. (Livingstone and Charlton 1998). Kelly (2000) has a perception that good local revenues are important players in economic development or poverty alleviation. He argues that local revenues are needed to support the effective delivery of infrastructure and services. On the other hand, local taxes are often criticized for being inefficient, having an anti-poor bias, affecting resource allocation decisions by distorting relative prices (i.e. by imposing different tax rates on different items), and having a negative impact on local economic outcomes by inhibiting start-up businesses.

2.5 Principles of Decentralization

Local government system in Tanzania is based on decentralization policy. Basically, decentralization has the following five principles as discussed by Dillinger (1995):

First, Local authorities should be institutionally separated from central government and assume responsibility for a significant range of local services (primary education, clinics and preventive health services, community development and secondary roads being the most common). Secondly, these authorities should have their own funds and budgets and should raise a substantial part of their revenue through local direct taxation. Third, local authorities should employ their own staff, although in the initial stage the regular civil service staff could be employed temporarily. Fourth, councils, predominantly composed of popularly elected representatives, would govern the authorities internally and lastly the government administrators would withdraw from an executive to an advisory and supervisory role in relation to local government.

2.5.1 Decentralization and the Financing Dilemma

National and indeed local economies are finding it increasingly more difficult to finance towns and cities, which invariably become more expensive as their population increase. The concept of fiscal decentralization presents an opportunity to reinforce local government and involve it more closely in project participation (Shah, 1994).The devolution of taxing and spending powers to lower levels of government has become an important theme of governance in many developing countries (Fjedstad and Semboja, 2000). It is normally expected that decentralization provides for greater transparency accountability, probity, frugality, efficiency and equity.

Under appropriate conditions, decentralization can assist in simplifying complex bureaucratic procedures and alleviate the decision-making bottlenecks that are caused by central government planning (Robinson and Stiedl, 2001).

2.5.2 The Budget Cycle for Local Governments

According to REPOA (2004), the local government planning and budget cycle requires planning to start at the lowest level of the local government hierarchy passing the various stages before final approval. This means that the bottom-up planning approach should be emphasized. By using this approach it is possible to ensure that people's priorities and felt needs are captured in the course of developing the council's annual plan and budget, and that the approved plan and budget continue to reflect those priorities and needs as perceived by the people themselves.

Preparation of the budget begins with the issuance of national planning and budget guidelines around December each year. The guidelines provide a review of the performance during the just ended financial year and serve to inform Ministries, Independent Departments, Executive Agencies, Regions and Local Government Authorities on the priorities of the Government as spelt out in the sector policies. The guidelines also include information to councils about levels of funding by way of grants for the ensuing year.

The guidelines which are prepared by the Ministry of Finance in collaboration with the ministry responsible for economic planning and with close involvement of the ministry responsible for regional administration and local government, briefly recap the sectoral policies and point the area which should be accorded priority in the allocation of resources in the coming year. For the time being, the priority sectors are

the pro-poor sectors of education, health, water, roads, agriculture and lands. Investment in these sectors is more apt to produce the desired impact in poverty reduction. On receipt of the budget guidelines, the ministry responsible for local government both at national and regional levels sets about clarifying the issues which are relevant to local government authorities and provide guidance on how they should treat them in their plans and budgets. This arrangement serves to obviate numerous and possibly conflicting instructions being sent out to the local government authorities by the various sector ministries whose policies are being implemented by the local government authorities. As a matter of procedure, with the exception of technical matters, for all other issues, sector ministries should get their instructions to local government authorities through and with the facilitation of the ministry responsible for local government.

2.5.3   Citizens View on Local Revenues

Bahl and Linn (1992) explain that the citizens should view local revenue as beneficial to them and should be able to satisfy the following criteria; namely, (i) The framework for local taxation needs to be simple, transparent and easy to understand; (ii) The local tax system needs to be fair and equitable in both design and administration - everyone should pay something; (iii) The tax burden should be proportionate to ability to pay (vertical equity); (iv) Taxes should be applied consistently for individuals at the same income level (horizontal equity); (v) Intensive users of municipal services should pay more (benefits principle); (vi) Local taxes need to be linked to services provided; (vii) Local revenues should enhance accountability and strengthen the social contract at the local level; and (viii) Compliance costs for taxpayers need to be minimized.

2.5.4 Local Government Financing in Tanzania

The Local Government Finance Act No. 9, 1982 defines the revenue sources of local government authorities of Tanzania from three main sources: intergovernmental transfers, own-source local revenues and borrowing. Government transfers /grants account for nearly 90 percent of local government revenues. The revenue collection of the local government authorities from their own sources forms only a small share, 6.7 per cent, of all revenues of the local government authorities. This is one of the factors restricting the strengthening of local self-government in Tanzania. As noted in the *Local Government Fiscal Review* 2007, the low degree of local revenue autonomy in Tanzania reveals a weak link between the benefits from local expenditures and the costs of these to local residents.

Prior to 2003, Local Government Authorities in Tanzania were empowered to define their own local tax structure. The Local Government Finances Act of 1982 (Part II) Sections 6, 7, 8 and 9, which define the financial framework for local government authorities (LGAs) in Tanzania, allowed an 'open list' or permissive approach to local taxation. This gave LGAs wide powers to impose taxes, levies and fees and set rates within their local jurisdictions. Consequently, the number and type of local taxes, levies and fees varied significantly from one LGA to another and there were also large variations in the rates imposed by LGAs on similar tax bases (DFID, 2006).

In Tanzania, the abolition of the development levy and a variety of nuisance taxes, followed by the virtual abolition of local business licenses as a revenue source, created fiscal stress for many LGAs. In Uganda, similar fiscal pressures have been

exerted on Local Government in Uganda as a result of recent decisions to suspend the Graduated Tax and to amend the Local Government (Rating) Act of 2005. While there were real problems with some of these abolished taxes, not all local taxes shared these problems.

Local taxes were criticized for being inefficient, the cost of collection consumed a significant portion of tax revenue for specific taxes; and since LGAs made use of a multiplicity of taxes instead of a few productive ones, a single home or business was frequently and repeatedly bothered for relatively small amounts of revenue. Local taxes were also criticized for being regressive and for creating disincentives for the creation and growth of private enterprises. And a further problem related to the legitimacy of the local tax regime. Taxpayers did not feel they had any voice in decisions relating to the setting of tax rates or the expenditure of tax revenues (Franzsen and Semboja, 2004).

2.5.5 Principles Governing Local Government Financing

Across the world, taxes constitute the major source of local government revenue (Hyman, 1990:675). The essence of a tax is that the governing body demands a financial contribution towards the cost of its activities from a person or organization. There is no choice of the rate to be paid and there is sometimes no relationship between the amount paid and the form of benefit received. Underlined here is that revenue collection, be it at national or local government level, should be guided by the general theory of tax design, namely that tax design and revenue collection should be based on principles of benefit-pay, economic efficiency, administrative convenience and equity (Goode, 1984; Musgrave and Musgrave, 1984; IMF, 2011;

AFRODAD, 2011). The benefit-pay (user pay) principle argues that taxes should be apportioned in relation to the benefits received from publicly provided goods and services. Economic efficiency principle argues that sound tax revenue collection should not be an impediment to local investment and development. Administrative convenience calls for special consideration to both the enforcement aspect of the taxes and convenience to the taxpayers. A good tax system should be as simple as possible to administer for both taxpayers and the tax collector.

2.6 Empirical Studies

Local Government revenues are an important component of any sound system of Intergovernmental fiscal relations for at least two reasons: accountability and autonomy. Compared to other less developed economies, revenue decentralization in Tanzania is extremely low, meaning that Local authorities in Tanzania have much less control over own revenues (in terms of yield) than in other developing countries.(Local government fiscal review 2005, PMORALG).

A report by Kelly, et al (2001) suggests that the Malawi Local Government Act of 1998 provides the operational framework for local government to assume a greater devolution of political, financial and administrative powers. This includes generation of local revenue from various sources including property rates, ground rent, fees and licenses, commercial undertakings, and service charges. But local governments in Malawi did not perform well in revenue collection due to weak administration, incomplete revenue base information and revenue enforcement is virtually non-existent. Measures which were taken by local government in Malawi involved to empower and strengthened the capacity of local government in order to effectively

manage and collect their locally generated revenues. It was also necessary to ensure that revenue is collected and enforcement undertaken against noncompliance, that all properties and businesses are captured in the respective registries, that property is valued based on accurate relative values and that businesses are classified properly, and that the tax levy and business fees are assessed accurately.

To improve revenue mobilization and political will, Malawi government promoted revenue education and incentives to those involved in the revenue mobilization effort. The taxpayer must be convinced to pay the tax through receiving improved local services and perceiving that the taxes and fees are being administered fairly. The local government was therefore advised to give first priority for improving service delivery because people are always more willing to pay taxes and fees if in return they receive some tangible benefits or services.

In Tanzania, local taxes represent less than 6 percent of total tax revenues. However, the large number of these taxes, together with their unsatisfactory nature means that their economic, political and social impacts are considerably more significant than their revenue figure indicates. The current local tax system is partly a result of poor administrative capacity for tax collection and tax design, as well as political pressure and lack of coordination between the local and central government. Measures to be taken is to redesign the tax structure and building local administrative capacity for collection may reduce revenue losses caused by inefficiency and corruption, by abolishing unsatisfactory local taxes, improvements to remaining revenue bases and also to enhance tax compliance through improved service delivery. Msenzi (2013) in his paper '*Revenue Mobilization Issues in Tanzania LGAs'*, the objective of this

paper was to point out the issues in revenue mobilization, revenue mobilization challenges and initiatives to enhance the LGAs own revenues. Nowadays, majority of the public sector organizations have been highly involved in the mobilization of their own revenue, this includes LGAs. apart from receiving loans, subsidies, and grants, the Tanzanian LGAs are also mobilize their local revenue from the various sources including property taxes, city service levies, fines and penalties, local licenses and permits, produce cess, and market fees and charges. Despite having various

Internal sources, anecdotal evidence shows that the successful mobilization of the LGAs' local revenue is encircled by a number of challenges which revolve around the local tax base, collection rates, outsourcing arrangements, and general revenue administration issues. As a result, the Tanzanian Councils have experienced an extremely low revenue-raising capacity which constrains their ability to meet the increasing demand of public services. Mzenzi points out some of challenges of revenue enhancement as follows:

(a)   Local Tax Base

The current taxation system of the Tanzanian local governments has mainly originated from the reforms of local taxation made in the FY 2003/04 and 2004/05. Prior to that, LGAs had considerable freedom to set their own local revenue structures including establishing the collection rates charged to the various revenue sources. As each local government set its own revenue structure, administration costs were relatively higher (Allers & Ishemoi, 2010), and these, arguably, were transferred to the local tax payer in form of higher tax rates.

(b)   Low Collection Rates

Collection rates charged by the Tanzanian LGAs in various sources are generally low and are regarded as unrealistic. For instance, taxes allowed by the Local Government Finances Act No. 9 of 1982 (as amended) to be charged by the Village Councils on sources of income derived within the Village boundaries range from TZS 10,000 to TZS 20,000 per annum! Similarly market stalls; fish auction fee, crop cess, auction mart fees, forestry produce cess, parking fees, and other local taxes remained very low.

(c)   Low Awareness of Local Tax Payers

Awareness of the local tax payers is very low. Local tax payers lack sufficient knowledge on what type of products/businesses are subject to local taxes and the overall administration of the taxes concerned. In some cases, local tax payers are not aware about the payment procedures, timing for payment, and even the amount to be paid. Related to this is the case where some tax payers do not precisely distinguish between the local taxes charged by the Councils and the national taxes imposed by the Tanzania Revenue Authority (TRA).

Controller and Auditor General once pointed out this challenge:

"I noted weaknesses on revenue collections outsourced to agents on behalf of the Councils. This area was noted to reflect unfavorable contracts which benefited agents more than the Councils. The ability of the Councils to funds its operations using internal sources of revenues is hampered by inadequate internal controls over revenues collection" (Annual General Report of the CAG on the Financial Statements of the LGAs for the Financial Year ended 30th June 2010; p. 105).

The Government of Tanzania (GoT) is committed to increase the participation of the private and third sector in the delivery of public services (PMO-RALG, 2007). In line with this, and as part of Public Private Partnerships (PPPs), the Councils outsourced their revenue sources to the private collecting agents. Notwithstanding the fact that most of the revenue contracts are benefiting collecting agents more than the Councils (CAG, 2011), majority of the collecting agents normally fail to remit the collected amounts to the Councils, Figure 2:1 shows the growing amount of unremitted collections by collecting agents.
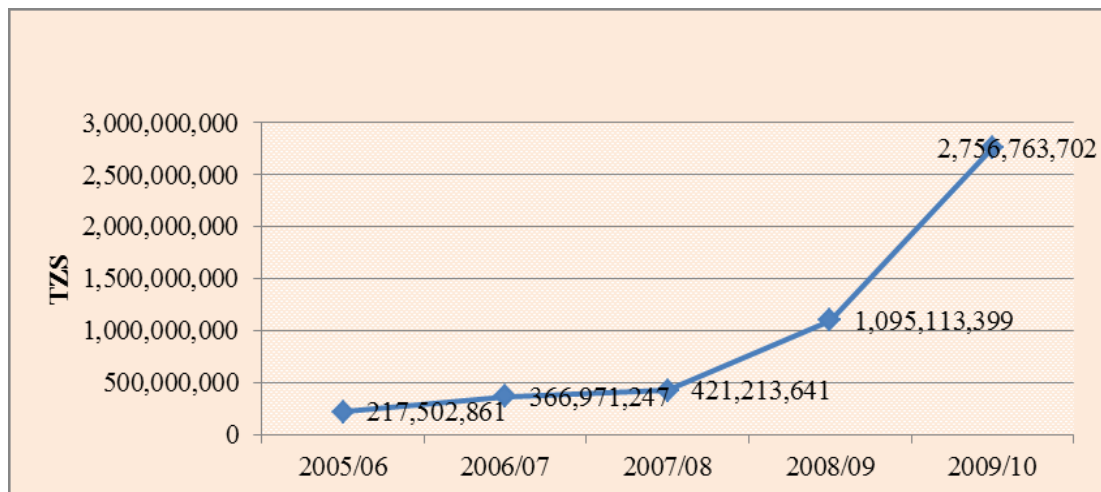
Figure 2:1 The Councils' Collected Revenues not Remitted by Collecting Agents
Source: Annual General Report of the CAG on the Financial Statements of the LGAs for the FY 2005/06 to the FY 2009/10.

Fjeldstad,et al (2008) in their paper '*Outsourcing Revenue Collection: Experiences from LGAs in Tanzania'* This paper examines recent experiences with privatized revenue collection in some councils in Tanzania with particular focus on the outsourcing. Some of the agents retain the money collected. Example of Ubungo bus terminal (UBT); the agent contracted to collect entry fees from vehicles and

passengers at UBT in Dar es Salaam in 2006 retained 60% of the revenue collected. Moreover, it is likely that the official margins understate the actual margins, since the revenue potential reflected in many contracts in many cases is underestimated.

(d)   Effects of Political Iinterference

According to Fjeldstad and Rakner (2003) political interferences which automatically come in the forms of directives, contribute to fuel poor standard of services in tax administration. They empirically observed that politics dominates over law. Legal provision for organization autonomy of revenue authorities have limited importance in context where by political elites do not respect them. Evidence concerning the impacts of political intervention in tax collection can be found in the councils' financial statements. Some councils experience revenue shortfalls during election years. In a sample of 48 councils, 31 experienced a drop in revenues in the 1995 election year (Fjeldstad, 1999). This may be due to the influence of politicians (both local and central government politicians). Statements such as 'don't harass taxpayers' were quoted from CCM-politicians (the ruling party) who tried to moderate the tax collectors' efforts to enforce taxes during election years. On the other hand, the politicians from opposition parties approached taxpayers directly and advised them 'not to pay taxes' since taxes, according to their view, were used to 'finance the CCM-government (Fjeldstad and Semboja, 2000).

2.7 Conceptual Framework

A conceptual framework is a research tool to assist a researcher to develop awareness and understanding of the situations under scrutiny and communicate this. (Reichel and Ramey, 1987) in Kombo, (2009). The study concentrated on identifying the

challenges faced by LGAs' in implementing strategies adopted to enhance revenue collections after rationalization of local government taxes, among the challenges that identified in from literature. According to Odd-Helge Fjeldstad (2008) some of the challenges that councils face includes: (i) Revenue collectors retain some of outsourced revenue; (ii) Unwillingness of tax payers; (iii) Political pressure on the local tax administration to relax on revenue collection; and (iv) Weak Formulation and Implementation of Bylaws

On the other hand, some of the strategies that will be discussed are: (i) Outsourcing revenue collection to private collectors to increase revenue; (ii) Enhance relationship with other institutions such as TRA, BRELA etc. with the aim of sharing experience and learning new techniques of collecting revenue Integration of Database that is KMC, TMC, IMC and TRA; (iii) Review of bylaws; (iv) The use of computerized system of maintaining taxpayer Register; and (v) Transparency in the operations of LGA's. According to Litvak et al (1998), mobilization of local government revenue needs to focus on improving collections from user fees and property taxes. These types of taxes in most cases are underutilized in many local governments. Specific improvements can be made in the use of user charges, rents, license fees and other local taxes such as the vehicle tax and the professional tax. The central government will need to provide regulations, training and guidance on the establishment of appropriate fees, charges, rents and taxes.

The reviewed literature has shown that there are still gaps between statutory and the effective revenue due to them and they face many challenges while trying to implement the strategies to enhance revenue as regard to the topic under study. This

study therefore attempts to fill those knowledge gaps which should add to existing literature. As explained above that there is strategies that local government is taking to fill this gap, they also face some challenges.

Revenue collection challenges
- Outsourced revenue retained by agents
- Political pressure
- Unwillingness of tax payers
- Corruption
- Weak formulation and implementation of bylaws
- Misuse of tax funds

Local Government Authority measures/strategies
- By laws
- Service delivery
- Tax administration
- Types of taxes
- Tax control mechanism

Enhanced Revenue Collection
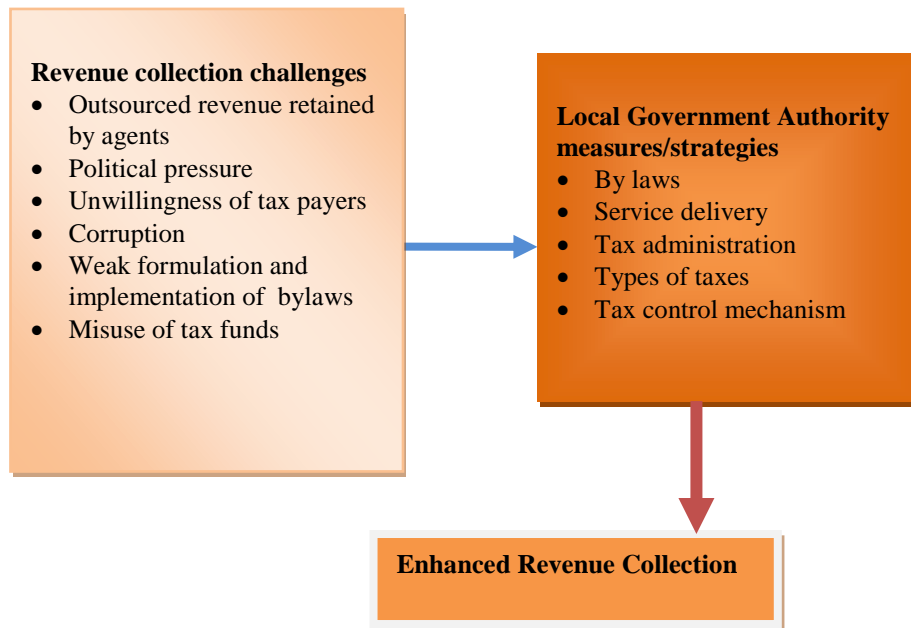
Figure 2.2 Conceptual Framework

Source: Researcher's Conceptualization

This study is focusing on the gaps that exist between LGA's budgets and revenue collection and examine the strategies being taken by LGA's to enhance revenue collection after rationalization of Local Government taxes and the challenges faced by Local Government Authorities in implementing new measures to be taken to enhance revenue. The above conceptual framework provides an example of a modal to be adopted to enhance revenue collection. It is an ideal standard to see that any revenue collection system should have good policies and regulations. Without good policies and regulations the targets cannot be reached and the system will not be

effective. Policies and regulations helps to guide revenue collections and taxpayers will be willing to pay tax provided that they understand policies. The appropriate model for evaluating challenges faced by LGA in implementing strategies to enhance revenues found to involve two variables, that is dependent(Revenue collection challenges) and independent variables (LGA factors). The model works through the way tax payers perceive those factors. If taxpayers perceive that the tax system is equitable tax compliance will be high. If corruption is eliminated tax payers will willingly pay taxes. If choice of tax collectors is fairly the amount collected will be high. If bylaws are reviewed and punishment is fairly administered tax payers will voluntarily pay taxes. They should also place a well-designed mechanism to reach all possible tax payers and develop good local revenue alternatives.

This theory is applicable to this study because it mentioned the importance of having local government close to the people. It also spell out that it is the responsibility of the local government to provide social services through taxpayers money. But revenue collection is not easy, it require good management and creativity.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Research Overview

This chapter explains the design and the methods used in this study. It presents the research design, population and unity of enquiry, nature of sample and sampling procedure, area of study, type of data, methods of data collection, variables and methods of data analysis employed.

3.2 Research Design

To successfully carry out this study qualitative and quantitative approaches were adopted. The respondents were categorized in two groups. The first group of respondents was the LGA officers who included members of council management team, councilors and revenue collecting agents. The second group of respondents was agents' revenue collecting officers (in the case of outsourced revenue). The surveys and analysis was set to address questions raised in the research objectives context, though provision of ground answers to the research questions by the participants. The research investigated the Challenges faced by Local Government Authorities in implementing strategies to enhance revenue.

3.3 Area of the Study

 The study was conducted in Dar es Salaam. It included three Municipal Councils in the city of Dar es salaam which are Kinondoni, Ilala and Temeke. The selection of the study area was considered due to the reason that all three municipal councils are reachable by the researcher at minimum cost, as the researcher also resides from Dar

es Salaam. Also Dar es Salaam was chosen because it is one of the fastest growing cities in Sub-Saharan Africa, and Dar es Salaam is Tanzania's industrial, commercial and governmental centre. It has more than 80% of all tax payers in Tanzania and 80% of all tax revenue collected in Tanzania is collected in Dar es Salaam. The own-source revenues in the Dar es Salaam region amounted to a total of TZS 17,300 million in 2005/6, equal to 30 percent of total local government revenues. (Venkatachalam, 2009).

3.4 The Population

All three municipalities in Dar es Salaam constituted the study population. These are Kinondoni,Temeke and Ilala. All departments dealing with revenue collection, budgeting, and Accounting formed our population while all workers under each department formed the target population of the respondents.

3.4.1 The Sample Size and Sampling Procedures

Sampling is a range of procedures where a researcher uses to gather information about people, places or things to study (Kombo and Tromp, 2006). Although it should be noted that there is no exactly number of elements to be selected to form a sample, Economist, 1997(cited by Saunders *et al.,* 2000:15) suggest a minimum of 30 items to be included in a sample when statistical analysis are adopted. All municipalities in Dar es Salaam were select as they both have revenue collections. Also both the departments and respondents in each council were purposively selected. Only departments dealing with revenue collections, budgeting, Accounting, Auditing and planning in each council formed our sample. As for the respondents, the study targeted officers knowledgeable and able to respond to questions and

deliver the required data. In particular, it included the persons having experiences in revenue collection, accounting, Auditing, planning and budgeting. Six officers were purposefully at random from each department.

3.5   Data Sources and Collection Procedures

Both primary and secondary data were used in the study. Different publications like Annual, Quarterly and monthly reports from all three councils in Dar es Salaam region, PMO-RALG-Quarterly reports , Secretariat economic and operation reports were used to capture secondary data.

Questionnaires were the major tool of capturing the primary data. Structured questionnaire with closed and open –ended questions to explore qualitative information from the respondents on basis for their understanding were used. The use of questionnaire in data collection was given greater priority because of its advantage over the other methods that its efficiency or ability to capture more information from the source (Kothari 1992).Questionnaires capture information direct from the respondents, hence exposing factors that responds thought are important for improving revenue collection. Secondary data were used necessary to supplement primary data (Kothari, 2003).

3.6 Data Collection Instrument: The Questionnaire

The study used a questionnaire in a manner described in section 3.5. Hague and Jackson (1996), provides the advantages of using questionnaire as being economical and that respondents in distant locations can be reached, the questions are standardized, anonymity can be assured and questions can be written for specific purposes. For the purpose of this study, the questionnaire was administered by the

researcher. The questionnaire was designed to collect personal data on the respondents, covering gender, age, academic qualification, the knowledge which he or she have and work experience in within the department. The second part also contained a mixture of open and closed ended questions. The questions were designed to capture the information on the strategies that have been taken by LGA tax system to enhance revenue collections and the challenges faced, types of revenue outsourced.

3.7 Reliability and Validity of Measurements

3.7.1 Reliability

Reliability refers to the extent to which data collection techniques will yield consistent findings, similar observation, would be made or conclusions reached by other researchers or there is transparency in how sense was made from the raw data (Saunders, *et. al.,* 2009). This was ensured by having an interviewer-administered questionnaire to guide the interview rather than the "drop and collect later" approach. This ensured that respondents answered the same questions and in the same order with control by the researcher where potential misunderstanding of the questions were detected and rectified during the interview process.

3.7.2 Validity

Validity is concerned with whether the findings are really about what they appear to be about (Saunders, *et. al.,* 2009). Also validity is concerned with the idea that the research design fully addresses the research questions and objectives researcher is trying to answer and achieve respectively. To ensures validity, this study used a number of measures: (i) focusing on officers who deal daily with revenue collections,

budgeting and planning decisions of the councils to reduce the possibility that the results may be biased simply because the respondents did not have the opportunity to understand or participate in the budgeting decision processes or revenue collection, (ii) having more than one officer in each councils' department participating in the interview answering the same questions and in the same order, the purpose being to countercheck whether different officers give same account of the subject matters being investigated.

3.8 Ethical Consideration

The researcher asked the informed consent from the respondents to willingly participate and provide information. The researcher observed the right of the respondents to privacy and confidentiality of the information they provided. In ensuring research principles, the researcher ensured confidentiality on personal identities of the respondents and those associated with the information they provided.

CHAPTER FOUR

4.0 FINDINGS AND DISCUSSION

4.1 Overview

This chapter presents, and discusses the findings of the study as per the researcher objectives mentioned in chapter one. The rest of this chapter is organized as follows. 4:2 Demographic characteristics of respondents, 4:3 Findings per objectives, and 4:4 Discussion on findings. The key research question was what challenges are faced by LGA's in implementing strategies to enhance revenue collections after rationalization of local government taxes. The accompanying Questions were ;(i) What gaps exist between Local Government Authorities budgets and revenue collections? ; (ii) What strategies are adopted by Local Government Authorities tax system to enhance revenue collection?; and (iii) What challenges are faced by Local Government Authorities in implementing the strategies adopted to enhance revenue collection from permitted taxes and sources of revenue to cover such gaps?

4.2 Demographic Characteristics of Respondents

It was important for this study to get information on the demographic characteristics of the respondents that is information based on gender, age, and highest education qualifications and how long have they being employed by the council.

Table 4.1 Age of the Respondents (N=90)

Name of council	Age group	Frequency			Percentage
		Male	**Female**	**Total**	
Kinondoni Municipal council	Less than 30yrs	2	2	4	13.33
	30-39 yrs	5	4	9	30.01
	40-49 yrs	7	3	10	33.33
	50-and Above	4	3	7	23.33
	TOTAL	**18**	**12**	**30**	**100**
Temeke Municipal Council	Less than 30yrs	2	1	3	10.01
	30-39 yrs	6	5	11	36.67
	40-49 yrs	4	4	8	26.66
	50-and Above	5	3	8	26.66
	TOTAL	**17**	**13**	**30**	**100**
Ilala Municipal Council	Less than 30yrs	2	3	5	16.67
	30-39 yrs	6	6	12	40.00
	40-49 yrs	4	2	6	20.00
	50-and Above	4	3	7	23.33
	TOTAL	**16**	**14**	**30**	**100**

Source: Field Data (2012)

Table 4.1 shows that 33.33% of respondents from Kinondoni were 40 years and above, 36.67% and 40% of respondents from Temeke and Ilala were 39years and above. These are the age groups that most people are in employment contract. Also the table indicates that there were more males than female respondents in the sample.

Table 4.2: Level of Education Qualification (N=90)

NAME OF COUNCIL	Level of Education	Frequency			Percentage
		Male	Female	Total	
Kinondoni Municipal council	Secondary Education	7	3	10	33.33
	Diploma	6	5	11	36.67
	Bachelor's Degree	3	2	5	16.67
	Post graduate	2	2	4	13.33
	Total	**18**	**12**	**30**	**100**
Temeke Municipal Council	Secondary Education	3	2	5	16.67
	Diploma	3	3	6	20.00
	Bachelor's Degree	9	7	16	53.33
	Post graduate	2	1	3	10.00
	Total	**17**	**13**	**30**	**100**
Ilala Municipal Council	Secondary Education	4	5	9	30.00
	Diploma	6	4	10	33.33
	Bachelor's Degree	4	3	7	23.33
	Post graduate	2	2	4	13.33
	Total	**16**	**14**	**30**	**100**

Source: Field Data (2012)

Findings in Table 4.2 show that the respondents have different level of education, ranging from secondary education, Diploma, Bachelor degree, and postgraduate education. However, the findings shows 36.67%, of the respondents from Kinondoni MC and 33.33% from Ilala MC are Diploma holders while in Temeke MC 53.33% of the respondents are degree. The study shows that most of the workers are moderately educated.

4.3 Findings per Objectives

The general objective was addressed through the following specific objectives: (i) To assess the gaps that exist between LGAs' budgets and revenue collections; (ii) To examine strategies being taken by local government tax system to enhance revenue

collection after rationalization of local government taxes; and (iii) To identify challenges facing local government authorities in implementing new strategies taken to enhance revenue collection from permitted taxes and sources of revenue.

4.3.1 Findings about the Gap That Existed between Lgas' Budgets and Revenue Collections

On research objective number one, the following findings were obtained from the study. Table 4.3 shows the trend of revenue collection from Kinondoni, Temeke and Ilala, and the differences between estimated revenue and actual collection.

Table 4.3: Trend of collection performance for Kinondoni,Temeke and Ilala MC for past eight years 2002/03 to

2009/2010 (Tshs '000')

YEAR	KINONDONI			TEMEKE			ILALA	
	ESTIMATE	ACTUAL	GAP / GAIN	ESTIMATE	ACTUAL	GAP / GAIN	ESTIMATE	AC
2002/03	3,920,000	3,971,000	51,000	4,850,650	5,990,600	1,139,950	7,211,045	6,5
2003/04	4,838,000	4,013,000	(825,000)	5,253,900	3,585,900	(1,667.99)	3,359,660	3,0
2004/05	5,035,000	4,113,000	(922,000)	3,041,860	2,961,387	(80,472)	6,271,661	7,7
2005/06	5,905,000	5,633,000	(272,000)	3,877,825	3,999,084	121,259	6,380,585	7,0
2006/07	8,000,000	7,925,457	(74,543)	4,826,572	5,173,394	346,821	8,000,000	8,1
2007/08	8,200,000	8,804,893	604,893	6,500,000	6,355,970	144,030	9,119,766	9,8
2008/09	10,730,400	9,661,397	(1,069,002)	8,286,570	7,558,158	(728,411)	12,000,000	9,5
2009/010	12,789.200	12,454,220	(334,979)	10,171,555	8,916,504	(1,255,05)	13,393,350	10,

Source: Report from CAG Kinondoni, Temeke, and Ilala MC

Findings in Table 4.3 show that there are discrepancies between estimated revenue and actual amount of revenue collected. Comparing between estimated revenue and actual amount collected it implies that councils cannot sustain either its recurrent or development expenditure without depending on grants and loans.

4.3.2 Findings Strategies being taken by Local Government Tax System to enhance Revenue Collection after Rationalization of Local Government Taxes

On research objective two, the following findings were obtained from the study

Table 4.4 Findings (Strategies- city Service Levy)

TYPE OF TAX	STRATEGY USED	NO. OF RESPONDENTS	%
CITY SERVICE LEVY	Site visit to Identify new and existing tax payers within the area	3	3.34
	Introduction of Managers with full decision over the revenue source and advice the Municipal Treasurer/council	9	10
	Integration of Database that is KMC, IMC and TMC and TRA	6	6.67
	Enhancement of policy linkage between service delivery improvement and tax compliance	7	7.78
	Negotiation about the rates used to be appended from 0.3% to 0.5%.	8	8.89
	To make announcements and reminder notes through different media.	3	3.34
	Introduction of revenue collection Database (MRECOM)-Municipal Revenue Collection Manager used as register to collect city service levy and bill boards.	8	8.89
	The use computerized system of maintaining taxpayer Register and report revenue and debtors Monthly, Quarterly, and annually.	7	7.78

Source: Researcher

Table 4.5 Findings (Property Tax, Billboards and Market Cess)

TYPE OF TAX	CHALLENGES BEING FACED	NO. OF RESPONDENTS	%
PROPERTY TAX	Introduction of Geographical Information System - (GIS) All newly built and existing houses will be registered in order to recognize which houses have not paid tax and also to make collection of property	4	4.45
	To review by laws to know which laws are outdated All outdated By-laws and those which do not exist will be reviewed, and amendments plus new bylaws	4	4.45
	Working very close with TRA, amend some by laws	4	2.23
	Outsource some of revenue sources to agents	2	4.45
BILL BOARDS	To review by laws to know which laws are Outdated. All outdated By-laws and those which do not exist will be reviewed, and amendments plus new by- laws to be developed	6	6.67
MARKET CESS	Follow up to make sure there is daily revenue collection through revenue collectors	3	3.34
	To make sure there is daily banking of that revenue by main cashier.	2	2.23
	Daily inspection of revenue collector's receipt books to know whether the amount submitted to the main cashier are correct or not	4	4.45
	Periodical Review of market cess register maintained by market master by internal auditor, to compare actual collection and amount recorded in the register	6	6.67

Source: Researcher

4.3.3 Findings about Challenges faced by Local Government Authorities in Implementing the Strategies adopted to enhance Revenue Collection from Permitted Taxes and Sources of Revenue to Cover such Gaps

On research objective two, the following findings were obtained from the study

Table 4.6 Findings (Challenges on City Service Levy)

TYPE OF TAX	CHALLENGES BEING FACED	NO. OF RESPONDENTS.	%
CITY SERVICE LEVY	Unwillingness of tax payers to pay tax because they don't benefit from the tax so collected	8	8.89
	Some tax payers declare false returns in order to pay less tax.	4	4.45
	Under collection of taxes due to lack of staff motivation	8	8.89
	Lack of transportation facilities to reach all tax payers in case of site visit and distributing demand notice as a result there is under collection of tax.	4	4.45
CITY SERVICE LEVY (FOR COMMERCIAL BANKS ONLY)	Non compliance from commercial banks	3	3.34

Source: Researcher

Table 4:7 Challenges (Property Tax)

TYPE OF TAX	CHALLENGES BEING FACED	NO. OF RESPONDENTS.	%
PROPERTY TAX	Weak revenue collection administration capacity	2	2.23
	Lack of employees' motivation. The council employees are not well remunerated for them to work efficiently in data collection, valuation, billing, revenue collection as well as enforcement as result there is Under collection of taxes	5	5.56
	Most legislations are outdated and have inadequate penalties to deter repeat offenders	5	5.56
	No proper co-ordination between the different levels of government in particular decision on tax rates to different areas.	4	4.45
	Harsh enforcement mechanisms (intervention from politicians)	2	2.23
	Bureaucracy at the Municipal Council, causing waste of time when making payments.	3	3.34

Source: Researcher

Table 4:8 Challenges (Billboards and market cess)

TYPE OF TAX	CHALLENGES BEING FACED NO. OF RESPONDENTS.	NO. OF RESPONDENTS	%
BILL BOARDS	There is no fixed amount to pay on the bill board Tax payers sometimes pay less than what they are required to pay	2	2.23
	Some bill boards are not registered to the tax collectors so it is difficult to know whether they exist or not.	2	2.23
	Intentional tax evasion and resistance from taxpayers, this is the result of having no trust in the local government to use revenues to provide the expected services	7	7.78
	Weak legal enforcement resulted by weak Bylaws and penalty	4	4.45
	Political interference For example during election councilors prohibit collection of tax with reason that they don't want their people to be disturbed	2	2.23
MARKET CESS	No funds to invest into the expansion of the markets Some areas are idle because councils are not able to start investments	2	2.23
	No ownership of the markets by councils, so they have no power to collect tax effectively	5	5.56

Source: Researcher

4.4 Discussion on Findings

This chapter presents a discussion of the findings and issues that emerged from the study. The main purpose of the study was to gain in depth understanding of the challenges faced by LGAs' in implementing strategies adopted to enhance revenue collections. In this study, tables were employed to present the data received through questionnaire. A combination and comparison between what people said, and what is written in the documents (reviewed documents) was used as evidence for

understanding the larger cultures and social context in which the particular society under study belongs. The main objectives of the study was to investigate the challenges faced by LGAs' in implementing strategies adopted to enhance revenue collections using Kinondoni,Temeke and Ilala MC as a case study. So, the findings from the study points out that, there is a gap between LGAs' budget and revenue collections (Table 4.3). However, there are strategies being taken by LGAs' to enhance revenue collection such as outsourcing revenue collections, integration of Database that is KMC, TMC and IMC and TRA; Introduction of Municipal revenue collection database (MRECOM); Introduction of GIS; Review of bylaws.

In implementing these strategies they face some challenges like declaration of the false returns by taxpayers, lack of transport facilities to the municipal tax collectors, weak revenue collection administrative capacity, lack of employee motivation, weak bylaws and penalties, and political interference. The discussion in this chapter is structured to reflect upon the implications of the research findings and propose policy options that can help to address the prevailing strategies to enhance revenue collections.

4.4.1 Gap that Existed between LGAs' Budgets and Revenue Collections

The findings indicates that there is a gap between LGA's budget and actual collections for all councils as indicated in the research findings(Table 4.3) and presented literature. For example in 2003/04, Kinondoni MC estimated to collect Tshs.4,838,000,000 but managed to collect only Tshs 4,013,000,000 so having a deficit of Tshs.825,000,000. Not only kinondoni MC but also Temeke MC estimated

to collect Tshs 5,253,900,000 but managed to collect only Tshs 3,585,900,100 making a difference of Tshs. 1,667,999,900. The same year Ilala MC estimated to collect 3,359,660,128 but managed to collect only Tshs. 3,043,209,000 making a difference of Tshs 316,451,128. Apart from those with unfavorable results, year 2002/03 and 2007/08, KMC were having favorable results, and year 2002/03,2005/06-2007/08 TMC were also having favorable gaps. Therefore the study indicates that there is gap between estimated revenue and actual amount collected by councils almost in every year for some council, As a result of this, LGAs' are supposed to generate revenue from local sources, which they cannot manage. As a result they depend on the central government grants because the revenue generated is not sufficient to support their operations.

4.4.2 Strategies being taken by local Government Tax System to enhance

Revenue Collection after Rationalization of Local Government Taxes

In order to improve revenue collection, councils use some strategies to make sure that they collect more to cover the gap that rose due to rationalization of some Local government taxes. Some of the strategies prove failures and some succeed. Major strategies used for enhancing revenue which is collection by council revenue collectors (staff) and outsourcing some of the revenue sources to agents, others are integration of Database,

Enhancement of policy linkage between service delivery improvements and tax Compliance, Review of Bylaws, Computerization of revenue management, Strengthened revenue collection system, Both methods prove success and to some areas prove failure.

(a) Outsourcing Revenue Collections

Outsourcing revenue collection by LGAs is not a not an alien phenomenon in Tanzania. Several LGAs have at times outsourced administration of certain revenue sources including property rate (flat rate), market fees, bus stand fees and pacing fees. In assessing the success of outsourcing, it has been argued that although outsourcing does not offer a 'quick-fix' in terms of increasing local government revenues or to reduce the tax administrative problems that LGAs' face, in general, revenue from the outsourced sources did actually increase with significant improvement in predictability as well (REPOA,2008). For some council the outsourcing of revenue collection has increased revenue and made the revenue flow more predictable. However, other councils have experienced serious problems due to corruption, as well as exceptionally high profit margins for the private agents at the expense of accomplishing reasonable returns for the councils.

Revenue collection using council revenue staff is one of the strategy used by both municipalities, the strategy is used in some sources which are not run by collecting agents. The amount of revenue collected by council staff is not fixed like that of collecting agent. The revenue varies from one month to another depending on the peak of the season. For example at Ferry Fish market, revenue is collected by council staff. To a certain extent this proves failure due to the reason that, some of unfaithful council staff colludes with tax payers to minimize taxes intentionally or misuse tax revenues. In Dar es salaam MC the two main revenue sources currently collected by private collectors are fees for vehicles and passengers at Ubungo Bus Terminal (UBT) and fees from parking vehicles in the city centre. Based on the council's own assessment and the research team from REPOA, it was revealed that lack of capacity

in tax collection has resulted in the agent retaining a larger portion of the revenues collected at the UBT. Moreover the city council signed a contract with the agent for five year period without annual adjustments of the nominal amount of money to be submitted to the council in order to reflect changes in the consumer price index and increased business activities at the terminal. Therefore, the study indicates that, agents may benefit to the expense of the council if at all there was no through analysis of the revenue to be collected per month for the entire year. In some cases, the evaluation is underestimated and hence, the council the council may loose lots of revenue from a viable source for the entire year.

(b) Integration of Database that is KMC, IMC and TMC with TRA

Another strategy is integration of Database of companies registered with TIN (that is KMC, IMC, and TMC) declared revenue figures to enhance relationship with other institutions with the aim of sharing experience and learning new techniques of collecting revenue. The database helps to identify all registered taxpayers from TRA and this strategy help municipalities to trace to trace them easily at a lowest cost. However to date a full database has not been provided.

(c) Enhance policy linkage between service delivery and tax Compliance

In all the case councils, taxpayers' unwillingness to pay taxes and fees was reported as a major obstacle to enhancing local government revenues. This has also been documented in studies from other councils across Tanzania in recent years (e.g., Fjeldstad and Semboja, 2000, 2001). In order to improve revenue collection LGA have a strategy of linking between service delivery improvements and tax compliance to encourage tax payers to comply. Butnon-compliance by the taxpayers

is another serious problem impacting negatively upon many taxes especially property tax collection. Voluntary compliance is limited as taxpayers feel they get insignificant benefit in return to the taxes they pay. Taxpayers' unwillingness to pay makes property tax collection a difficult undertaking resulting in very low collection efficiency levels. As also argued by Walker (1970), it is always difficult and expensive to collect tax if the people disagree with the system and the level of taxation, which is being imposed. The Municipal Councils are perceived to be good at making promises that are rarely fulfilled. For instance public persuasive announcements are made occasionally to remind taxpayers about their obligation to pay taxes as:

"pay your taxes and: be proud of your clean Municipality, expect improved roads and clean Municipalities surroundings; obtain soft loans for your business from your respective Municipal Council. Please pay your taxes to avoid penalties". (Daily Newspaper, 30thJanuary 2003). To the taxpayers these are mere words, which are rarely taken seriously because they are not transformed into actions. In reality it is very rare for the Municipal Councils to deliver services and also to institute penalties on the non-compliant taxpayers.

(d) Strengthened Revenue Collection System such as GIS and MRECOM

Revenue collection systems are the modern technological tools for effective storage, retrieval and manipulation of spatial and non-spatial data. In LGAs there are systems like Geographical Information System (GIS), Municipal Revenue Collection Manager (MRECOM) which monitors and control the Revenue system for Council revenue enhancement. Motivated managers are expected to supervise the whole

process of revenue collection and make sure that all difficult areas to collect are covered. Also these machines are very useful because stored records can neither be deleted nor altered compared to normal receipts or other registers whereby they can be altered several times.

(e) Review of Bylaws

Another strategy used was to review bylaws to know which laws are outdated and make necessary amendments and new laws to be enforced. The finding reveals that most legislation is outdated and has inadequate penalties to deter repeat offender as a result taxpayers find the probability of being caught for not paying tax is too low. In addition even where one was caught for non-compliance the prescribed penalties are generally affordable to the extent of owners to comply. Also, the bylaws' formulation process is slow and inefficient. The long and circuitous route for bylaws to be passed and enacted into law by the minister does not allow for effective rule-making. What is lacking currently is a robust provision in the by-laws for effective enforcement of for example service levy. This could include attachment of assets such as bank accounts as is practiced by TRA in case of defaults in respect of central government taxes.

(f) Computerization of Revenue Management

In order to enhance efficiency and minimize human error and corruption opportunities, a simple computerized revenue management system would be feasible. Such a system should be able to automate the key tax administration functions of registration, assessment, collection and accounting for the revenue collected. The Institute of Tax Administration has recently designed a similar system at affordable

costs to manage local revenue collection. The findings show that revenue collection is not fully computerized and this system of revenue management is yet to be implemented. As a result of using manual system they face a lot of problems such as high costs for collection, fraud, underpayment and leakages in revenue could be made worse by massively expanding the current taxable base without the use of adequate computerized solutions. The problems of tracking and identifying fraud or dishonest revenue collectors are only compounded by the usage of manual or centralized systems due to the resources and overheads needed to monitor and control such problems. A decentralized, automated revenue collection system allows for increased and timely access to information that would otherwise take too much time and effort to generate from the available hard copy records.

4.4.3 Challenges faced by Local Government Authorities in Implementing the Strategies Adopted to Enhance Revenue Collection

Inability to collect fully the revenues due to them due to poor administrative capacity to assess the revenue base; explicit and intentional tax evasion and resistance from taxpayers; corruption, including embezzlement of revenues; external pressure on the local finance department to provide optimistic projections; and political pressure on the local tax administration to relax on revenue collection

(a) Revenues collected are retained by the agent, and some cases revenue potential reflected in the contracts is underestimated in case of outsourced revenue.

Outsourcing offers no 'quick-fix' to increase local government revenues, or to reduce the tax administration problems that local government authorities face. For some council, outsourcing of revenue collection has increased revenue and made the

revenue flow more predictable. However, other councils have experienced serious problems due to corruption, as well as exceptionally high profit margins being retained by agents. The study shows that agents did not comply with their contracts .This is evidenced by the research done by REPOA on Outsourcing revenue collection, case study at Ubungo bus Terminal (UBT) which reveals that the agent contracted to collect entry fees from vehicles and passengers at UBT in Dar es Salaam in 2006 retained almost 60% of the revenues collected.

(b) Resistance from tax payers due to the reason that they see few tangible benefits in Return for the taxes they pay. The reason for low levels of collection can be attributed to a number of factors including lack of taxpayers understanding of the process, how the tax is collected and how the revenue is ultimately used. Kelly (1998) suggests that a comprehensive collection enforcement needs to rely on a combination of three mechanisms firstly, incentives secondly, sanctions and thirdly penalties. The principle objective must be to provide incentives so that majority of tax payers comply by the due date.

The incentives can range from discounts for prompt or early payment to visible signs of the expenditure or revenue locally. Sanctions need to be applied to those taxpayers who have not paid by the due date. Where sanctions have failed the next stage in the enforcement process is to initiate a serious of fines, interest penalties and ultimately seizure of personal and real property. For the collection and enforcement system to be effective, timely and rigorous implementation of the three enforcement mechanisms, which should create an environment greater compliance, is critical.

(c) Corruption which varies by types of taxes, methods of tax collection and location

Tax evasion and fiscal corruption have been universal and persistent problems throughout history with many-sided important economic consequences. The problems of fiscal corruption and tax evasion are caused by the aggregate effects of numerous decisions by taxpayers, tax collectors, administrators, and (local) government decision makers. Fundamental issues to be addressed in this context are to redesign the current local revenue structure and to strengthen financial management. Moreover, measures are required to enhance taxpayers' compliance and to improve the accountability of tax collectors and councilors.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Overview

A considerable number of items were covered by this study on examining the challenges facing LGA's in implementing the strategies to enhance revenues. This chapter will focus first on the summary of the study; it will then draw up conclusion from the chapters and finally make some recommendations have been presented and discussed under the appropriate subheading to the government in particular and to other stakeholders in general

The rest of this chapter is presented as follows. There will be a summary of key findings which will be presented according to research questions, after presenting the summary of key findings the researcher will make conclusions, the researcher will also present implications according to the findings, there will be recommendations and finally the areas for further research.

5.2 Summary of Key Findings

Below are the findings from the research according to the research questions.

(a)   The research question one was "What gaps exist between LGAs budgets and revenue collections?". The findings on research question one shows that there is a gap that exists between LGAs budgets and revenue collections for the following reasons. First of all there is a gap due to under collection of revenue as a result of weak legal mechanism to enforce tax payments. Secondly, the gap is due to lack of participation of revenue staff during budgeting process so as a result budget officers produce un realistic budget.

(b)The research question two was "what strategies are adopted by LGAs tax system to enhance revenue collection?" The findings on research question two indicate the strategies that LGAs use in order to enhance revenue collection. In this research municipal councils have been using the following strategies to enhance revenue collection in difference types of taxes. The major strategy in collecting city service levy which is the main source of income for most council is the introduction of managers with full decision over the revenue source and advice the Municipal treasury/council. The motivated managers supervise the whole process of revenue collection and make sure that all difficult areas to collect are collected.

Another strategy is integration of Database that is KMC, IMC, TMC and TRA to help identify all registered taxpayers from TRA and this will help municipalities to trace them at a lowest cost. The third strategy is introduction of MRECOM. These machines are useful because stored records can neither been deleted nor altered compared to normal receipts and other registers whereby they can be altered several times. Fourth strategy is the introduction of GIS to easy collection of tax especially property tax. This system shows new built house in a certain area so if it is properly used it will help to recognize those who are yet to pay property tax. Fifth strategy is review of bylaws to point out the ones which are outdated, suggest for update and enforce new ones. Legal mechanism to enforce tax a payment that is most legislation are outdated and has inadequate penalties to deter repeat offenders. The sixth strategy is outsourcing revenue collection to private collectors to increase revenue from existing sources. This strategy has not been used by all councils, due to the reason that, in outsourcing there are more difficulties than benefits.

(c) The research question three was "What challenges are faced by LGAs in implementing the strategies adopted to enhance revenue collection from permitted taxes and sources of revenue to cover such gaps." The findings according to this question are as follows; Councils are facing difference challenges in adopting the strategies like, taxpayer unwillingness to pay tax, this is due to the reason that they don't see the public services improved proportional to the taxes they pay. The second challenge is that, staffs are not motivated, as they are the ones who collect tax they collude with tax payers and receive bribe so they report what tax payers require him/her to report so there is much under collection of tax. The third challenge is weak bylaws and penalty as a result there is weak legal mechanism to enforce tax payments that is most legislation are outdated and has inadequate penalties to deter repeat offenders. Fourth challenge is political interference.

Some of politicians misuse their positions by causing taxpayers not to pay tax especially during elections councilors prohibit collection of tax with reason that they don't want their people to be disturbed. As a result of this tax is not collected in full. Fifth challenge is in case of outsourcing, some of outsourced revenue are retained by the agent. And sometimes the stated amount is not submitted by agent as agreed in the contract.

Sixth challenge is Inabilities to attract, remunerate, and retain specialized valuers (case of property tax). Valuation of properties is important so as to know exactly the amount of tax for every property. The seventh challenge is external pressure on the local finance department to provide optimistic projections as a result what is collected seems to be as if there is under collection while in actual fact there is no under collection.

5.3 Conclusions

Generally, it has been observed that, adequate and buoyant local revenues are critical to ensuring the viability and sustainability of local authorities and the quality of services they provide. However, there is often a perception that healthy local revenues are necessary in tension with economic development or poverty alleviation. For the majority of local authorities, own source revenue on average accounts for less than 20 per cent of the total budget. There are many instances where local authorities have to rely almost exclusively on fiscal transfers from the centre. This has been exacerbated by the abolition of development levy and other nuisance taxes. Apart from the central government transfers Municipal councils also generate revenue from various own sources, main sources are like city service levy, property tax, business licenses, bill boards, user charges, sale of land, bus stand fees, and billboards.

Although LGAs' are supposed to generate revenue from local sources there has been much dependence on the central government grants because the revenue generated is not sufficient to support their operations. In order to improve revenue collection, councils use some strategies to make sure that they collect more to cover the gap that rose due to rationalization of some Local government taxes which are integration of Database, Review of Bylaws, Computerization of revenue management, Strengthened revenue collection system by strengthening its own source revenues major focus on widening revenue base, stronger punishment for council staff and politicians found guilty of mismanagement and Outsourcing collection of some taxes to private agents.

5.4 Recommendations

From the findings of the study the following emerged as the challenges faced by LGAs in implementing strategies to enhance Revenues.

(a) Weak Formulation and Implementation of Bylaws

The formulation and implementation of by-laws have been plagued with a number of problems. First, the bylaws' formulation process is slow and inefficient. The long and circuitous route for bylaws to be passed and enacted into law by the minister does not allow for effective rule-making. So in order to succeed the time taken should be short. Secondly, some legislation are outdated and has inadequate penalties to deter repeat offender. In addition to even one is caught for noncompliance, the prescribed penalties are generally affordable to the extent of owners to comply. It is recommended that the process of formulating bylaws should be efficient, and the time taken should be short.

(b)   Nonpayment of tax (Taxpayer resistance to pay taxes)

The issue of not paying because others don't pay and no action taken against them by the rating authority, also emerged as one of the disincentive to compliance on the part of the property taxpayers. A substantial number of people who own properties including politicians who are expected to be exemplary do not pay their dues. Some of the taxpayers' opinion is that if they pay their tax bills while others are not paying it would amount to betrayal to their neighbors. Non-compliance by the taxpayers is another serious problem impacting negatively upon property tax collection. Voluntary compliance is limited as taxpayers feel they get insignificant benefit in

return to the taxes they pay. Taxpayers' unwillingness to pay makes property tax collection a difficult undertaking resulting in very low collection efficiency levels. It is also argued that, it is always difficult and expensive to collect tax if the people disagree with the system and the level of taxation, which is being imposed. Strengthening policy linkages between service delivery improvements and tax compliance .to further improve tax compliance; local councils will ensure the supply of essential services. Until own revenue sources are sufficient, formula based central government transfers will need to be fully implemented to provide equitable, needs-based financial and human resources so as to enable LGAs to fulfill their role of delivering quality services.

On the other hand taxpayers find the probability of being caught for not paying property tax too low. In addition even where one was caught for non-compliance the prescribed penalties are generally affordable. This is because the tax liability for individual property owners is generally very low due to tax rates also being very low. Hence even the prescribed penalties are smaller and can hardly induce the property owners to comply. As a result substantial property tax sums remain unpaid and consequently affecting the council's revenue performance.

It is also worth noting that the taxing authority is less plausible to the taxpayers as it has failed to live up to the expectations of the taxpaying community. The Municipal Councils are perceived to be good at making promises that are rarely fulfilled. For instance public persuasive announcements are made occasionally to remind taxpayers about their obligation to pay taxes as: "pay your taxes and: be proud of your clean Municipality, expect improved roads and clean Municipalities

surroundings; obtain soft loans for your business from your respective Municipal Council. Please pay your taxes to avoid penalties". (Daily Newspaper, 30th January 2003). To the taxpayers these are mere words, which are rarely taken seriously because they are not transformed into actions. In reality it is very rare for the Municipal Councils to deliver services and also to institute penalties on the non-compliant taxpayers. It is recommended that municipal councils be serious on the issue of instituting penalties for noncompliance taxpayers.

(c) Computerization of Revenue Management

In order to enhance efficiency and minimize human error and corruption opportunities, a simple computerized revenue management system would be feasible. Such a system should be able to automate the key tax administration functions of registration, assessment, collection and accounting for the revenue collected. The Institute of Tax Administration has recently designed a similar system at affordable costs to manage local revenue collection. It is recommended that, LGAs computerize its revenues in order to minimize corruption in revenue collection and accounting.

(d) Outsource Revenue Collection

A major challenge facing privatized revenue collection in LGA is related to the assessment of the revenue potential for various tax bases. Currently this assessment of the revenue is conducted on an ad hoc basis, often based on the previous year's reported collection. Substantial underestimation of the revenue potential may imply that actual collection by the agent is substantially higher than what is reflected in the contract. Consequently, there is a risk of ending up in a situation where the agent keeps the substantial portion of the revenues collected, which already seems to be the

case in some council. To meet its objectives, the councils' outsourcing systems need to establish criteria that ensure that private contractors accomplish a reasonable return to the LGA. Hence, it is important for each council to conduct a rigorous assessment of the revenue potential before outsourcing takes place or is expanded, and to update the assessment regularly. One option for consideration is to move the responsibility for revenue assessment out of council administration by establishing an independent body responsible for such assessments.

(e) Sharing Resources for Efficient Revenue Collection

It is important that LGAs and TRA share their databases. In particular, this applies to data on business income and turnover, which is required for establishing revenues from sources that are shared by both central and local government revenue authorities. A taxpayer information centre should be established for all taxpayers ; one that responds to requests for all types of local and central government taxes, fees, and licenses.

5.5. Limitation of the Study

This section indicates challenges anticipated or faced by the researcher. The study was about analyzing the challenges faced by Local Government Authorities in implementing strategies to enhance revenue. In this study, the researcher faces some challenges like lack of funds to visit some other LGAs in order to know whether they face the same problem or not. According to URT (2010), Tanzania has about 147 LGAs. Given the time allocated for this study and researchers financial constraints this study focus only three LGAs in

Dar es salaam region. Apart from financial constraints researcher decided to choose Dar es salaam region is that, own-source revenue in Dar es salaam contributes a large share in total LGA revenues. For example in 2005/2006 Dar es salaam region own source revenue amounted to a total of TZS 17,300 million which is equal to 30% of total LGA revenues. (Venkatachalam, 2009). Although the study is done in three LGAs only the findings will save to provide a general picture on the challenges faced by LGAs in implementing strategies to enhance revenues, thus the study will be useful despite of these limitations. Some secondary data were not easy to be accessed as there were kept as confidential. Some officials were unwilling to disclose the vital information in the guise that the information was sensitive. The researcher made an extra effort to seek permission to have access on that data.

5.6 Area for Further Research

As it has been observed in this study that there are many challenges facing LGAs in implementing strategies to enhance revenue, that's why there is a gap between budget and actual collections. There is a need to conduct a research on the same issue in other LGAs as the study was limited with time and money, so the researcher was not able to visit other councils than Dar es salaam municipalities. This would reveal the actual situation and would solve the problem of councils being financially dependent to the central government despite of the many revenue sources that they are having.

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APPENDICES

QUESTIONNAIRES

INTRODUCTION

Dear respondents,

I am Prisca Kimario, an MBA student at the Open University of Tanzania, and staff of the MINISTRY OF FINANCE, Accountant General's department. I am conducting a study on "T**he strategies and challenges faced by Local Government Authorities (LGAs) in enhancing Revenue Collections", i**n partial fulfillment of the requirements for the degree award. This questionnaire intends to capture data for the study and should take you about twenty minutes to complete. Your participation in this questionnaire is voluntary and the information you provide will be treated in the strictest confidence. You are not required to include your name or address anywhere in the questionnaire. The answers from this questionnaire will be used for academic purposes and only aggregate data will be incorporated in the research report. The completed questionnaires will be collected by the researcher from you. The results of this study are expected to help in advising the best ways to improve revenue collections. If you have any question related to this study please do not hesitate to contact the researcher on telephone no 0757 855 444 or e-mail: primo872002@yahoo.com

For its usefulness and value, answers you provide should represent your most honest opinion on the issue(s) raised in each question.

Please, tick or circle the appropriate answer

1.   Sex   **(a**).Male   (b) Female

2.   Age   **(a**) 20-30   **(b**)31-40   **(c**) 41-50

(d) 51 -60   **(e)** 61-70

3.   Highest Qualification

(a)   O Level   **(b**) A Level   (**c)** Diploma

(d)   Advanced Diploma   **(e)** Bachelor's Degree **(f)** Postgraduate qualification

4.   For how long have you being employed by the council /being engaged by the

council?   …………………………………………………………………

5.   What strategies have your council taken over the last 5 years to enhance

revenue collections in the following areas.

City service Levy

   i.   …………………………………………………………………………
   ii.   …………………………………………………………………………
   iii.   …………………………………………………………………………
   iv.   …………………………………………………………………………
   v.   …………………………………………………………………………
   vi.   …………………………………………………………………………

Property Tax

   i.   …………………………………………………………………………
   ii.   …………………………………………………………………………
   iii.   …………………………………………………………………………
   iv.   …………………………………………………………………………
   v.   …………………………………………………………………………
   vi.   …………………………………………………………………………

Billboards

   i.   …………………………………………………………………………
   ii.   …………………………………………………………………………

iii. ....

iv. ....

v. ....

vi. ....

User Charges

i. ....

ii. ....

iii. ....

iv. ....

v. ....

vi. ....

Sale of Land

i. ....

ii. ....

iii. ....

iv. ....

v. ....

vi. ....

Market Cess.

i. ....

ii. ....

iii. ....

iv. ....

v. ....

Other Revenues

i. ....

ii. ....

iii. ………………………………………………………………………………………

iv. ………………………………………………………………………………………

………………………………………………………………………………………

v. ………………………………………………………………………………………

6. In implementing the strategies so identified in revenue enhancement what challenges have you been facing?

City Service Levy

i. ………………………………………………………………………………………

ii. ………………………………………………………………………………………

iii. ………………………………………………………………………………………

iv. ………………………………………………………………………………………

v. ………………………………………………………………………………………

vi. ………………………………………………………………………………………

Property Tax

i. ………………………………………………………………………………………

ii. ………………………………………………………………………………………

iii. ………………………………………………………………………………………

iv. ………………………………………………………………………………………

v. ………………………………………………………………………………………

vi. ………………………………………………………………………………………

Billboards

i. ………………………………………………………………………………………

ii. ………………………………………………………………………………………

iii. ………………………………………………………………………………………

iv. ………………………………………………………………………………………

v. ………………………………………………………………………………………

User Charges

i. ………………………………………………………………………………………

ii. ....

iii. ....

iv. ....

v. ....

vi. ....

Sale of Land

i. ....

ii. ....

iii. ....

iv. ....

v. ....

vi. ....

Market Cess

....

i. ....

ii. ....

iii. ....

....

iv. ....

Other Revenues

i. ....

ii. ....

iii. ....

iv. ....

v. ....

vi. ....

7. If your council outsource some of the revenue collection services,.

(a) Which ones are outsourced?

   i.   …..………………………………………………………………………………

  ii.   ……………………………………………………………………………………

 iii.   …………………………………………………………………………………….

(b) What were the reasons behind such decision?

(i)……………………………………………………………………………..

(ii)……………………………………………………………………………..

(iii)……………………………………………………………………………

(iv)……………………………………………………………………………

(v)……………………………………………………………………………

(c) If not what were the reasons behind such decisions

(i)…………………………………………………………………………

(ii)………………………………………………………………………..

(iii)……………………………………………………………………….

(iv)……………………………………………………………………….

(v)………………………………………………………………………..

8. If outsourced how many agencies are involved in the revenue collection exercise ?

(please list)

     (1)……………………………………………………..

     (2)……………………………………………………...

     (3)…………………………………………………………

     (4)…………………………………………………………

     (5)…………………………………………………………

9. What suggestions can you put forward to the council for further enhancement of

Revenue collection?

     (1)………………………………………………………………………………..

     (2)……………………………………………………...

     (3)…………………………………………………………………………………

(4)……………………………………………………………………………….

(5)………………………………………………………………………………

(6)………………………………………………………………………………

(7)…………………………………………………………………………

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Thank you for your time and concentration