

Citizens' perceptions and attitudes towards taxation, tax enforcement and tax officials

Results from Afrobarometer Round 5 Survey in Tanzania

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www.afrobarometer.org



What is the Afrobarometer?



- The Afrobarometer (AB) is a comparative series of public opinion surveys that measure public attitudes toward democracy, governance, the economy, leadership, identity, and other related issues.
- The AB is an independent, non-partisan, African-based network of researchers.
- The first round of surveys took place in 1999-2001 in 12 countries. The Network is now conducting “Round 5” surveys in up to 35 countries during 2011-2013.
- **Purpose:** To measure popular perspectives on the social, political, and economic environments in each country where it is implemented and across Africa.
- **Goal:** To give the public a *voice* in policy making processes by providing high-quality public opinion data to policy-makers, policy advocates and civil society organizations, academics, media, donors and investors, and ordinary Africans.

Country Coverage: 1999-2012

- **Round 1, 1999-2001, 12 countries**
 - *Southern Africa: Botswana, Lesotho, Malawi, Namibia, South Africa, Zambia, Zimbabwe*
 - *West Africa: Ghana, Mali, Nigeria*
 - *East Africa: Tanzania, Uganda*

- **Round 2, 2002-2003, 16 countries**
 - *Cape Verde, Kenya, Mozambique, Senegal*

- **Round 3, 2005-2006, 18 countries**
 - *Benin, Madagascar*

- **Round 4, 2008-2009, 20 countries**
 - *Burkina Faso, Liberia*

- **Round 5, 2011-2013, up to 35 countries**
 - *Algeria, Burundi, Cameroon, Cote d'Ivoire, Egypt, Ethiopia, Guinea, Mauritius, Morocco, Niger, Togo, Tunisia, Sierra Leone, Sudan, Swaziland*

Who is the Afrobarometer?

- A Pan-African Network of survey researchers and analysts.
- In each country there is a *National Partner* responsible for survey implementation. In Tanzania, the National Partner is REPOA.
 - Four *Core Partners* provide technical assistance and Network management:
 - *Center for Democratic Development (CDD), Ghana*
 - *Institute for Democracy in South Africa (Idasa), South Africa*
 - *Institute for Development Studies (IDS), University of Nairobi, Kenya*
 - *Institute for Empirical Research in Political Economy (IREEP), Benin*
 - Two *Support Units* for capacity building and quality assurance
 - *Michigan State University*
 - *University of Cape Town*
 - Round 5 *Core Funders* include
 - *DFID*
 - *SIDA*
 - *USAID*
 - *Mo Ibrahim Foundation*

- Nationally representative sample of adult citizens
 - *all respondents are randomly selected*
 - *every adult citizen has an equal and known chance of being selected*
- Face-to-face interviews in the language of the respondent's choice
- Standard survey instrument across all countries for comparability
- The survey interviewed 2400 adult Tanzanians; A sample of this size yields results with a margin of error of +/-2% at a 95% confidence level.
- Field work for Round 5 in Tanzania was conducted between May and June 2012.
- Afrobarometer's work in Tanzania is coordinated by REPOA and field work was carried out by REPOA.

	Weighted	Un-weighted
Mean Age	39.9	39.4
Gender		
Male	50.1	50.1
Female	49.9	49.9
Location		
Urban	30	31.7
Rural	70	68.3
Education		
None	7.9	8
Primary	71.6	69.6
Secondary	16.1	18.4
Higher	3.6	4.0
Region / Province		
Region 1		
Region 2....		

Afrobarometer Round 5 Tanzania Survey Results:

Perceptions and attitudes towards
taxation, tax enforcement and tax
officials

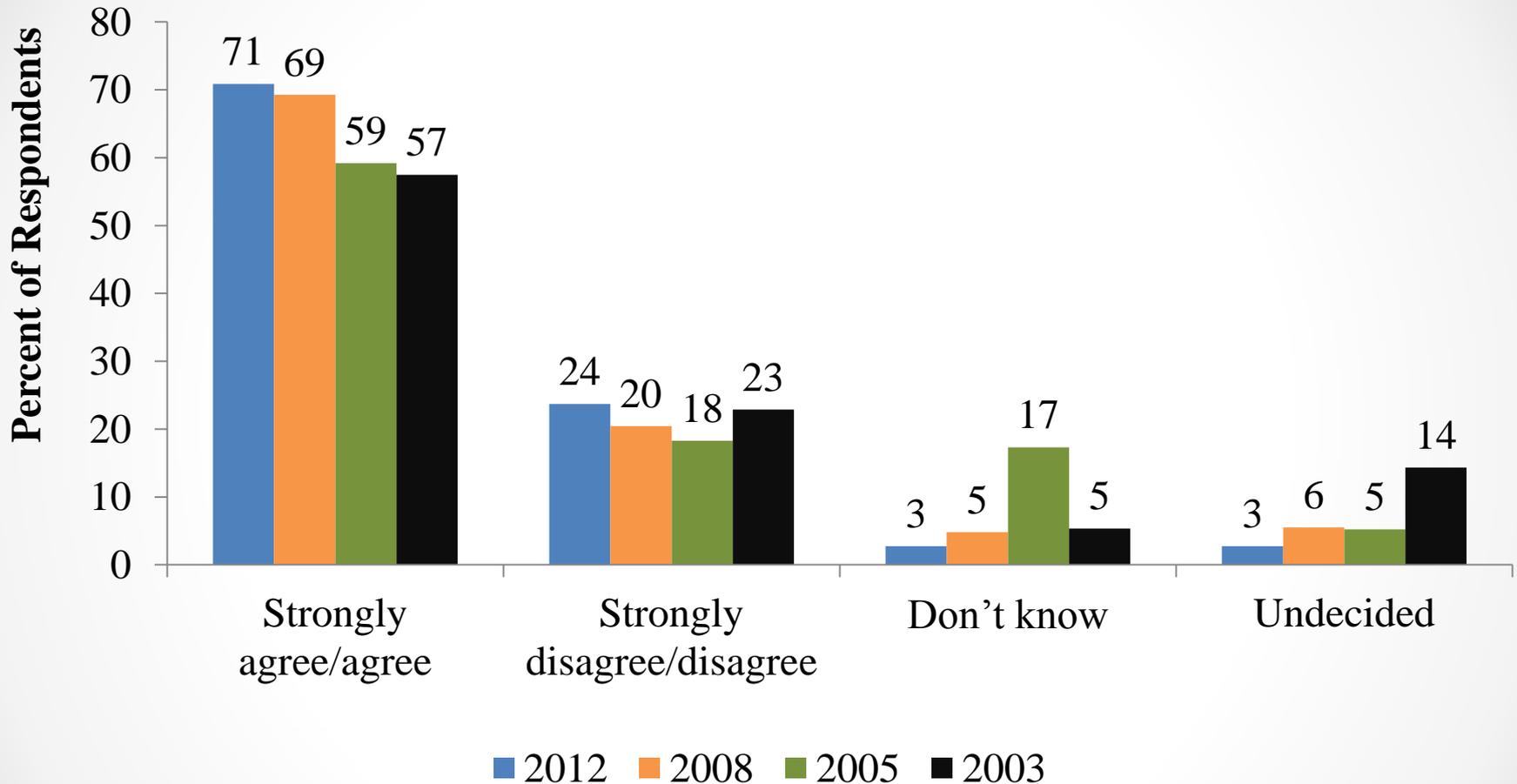
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Views on legitimacy of tax authorities' mandate and attitudes towards taxes

Key Findings

- 7 out of 10 Tanzanians agree that tax authorities have the right to make people pay taxes. More positive responses in 2012, compared to 2003.
- A higher percentage of respondents in Zanzibar and urban areas agree that authorities should make people pay taxes, compared with respondents in mainland and rural areas respectively.
- Opinion is divided however about whether people must pay taxes for development to happen.
- The more educated one is the more likely s/he is to say people must pay taxes for development (2012)

People agree that authorities should collect taxes



Note: Some numbers do not add up due to rounding

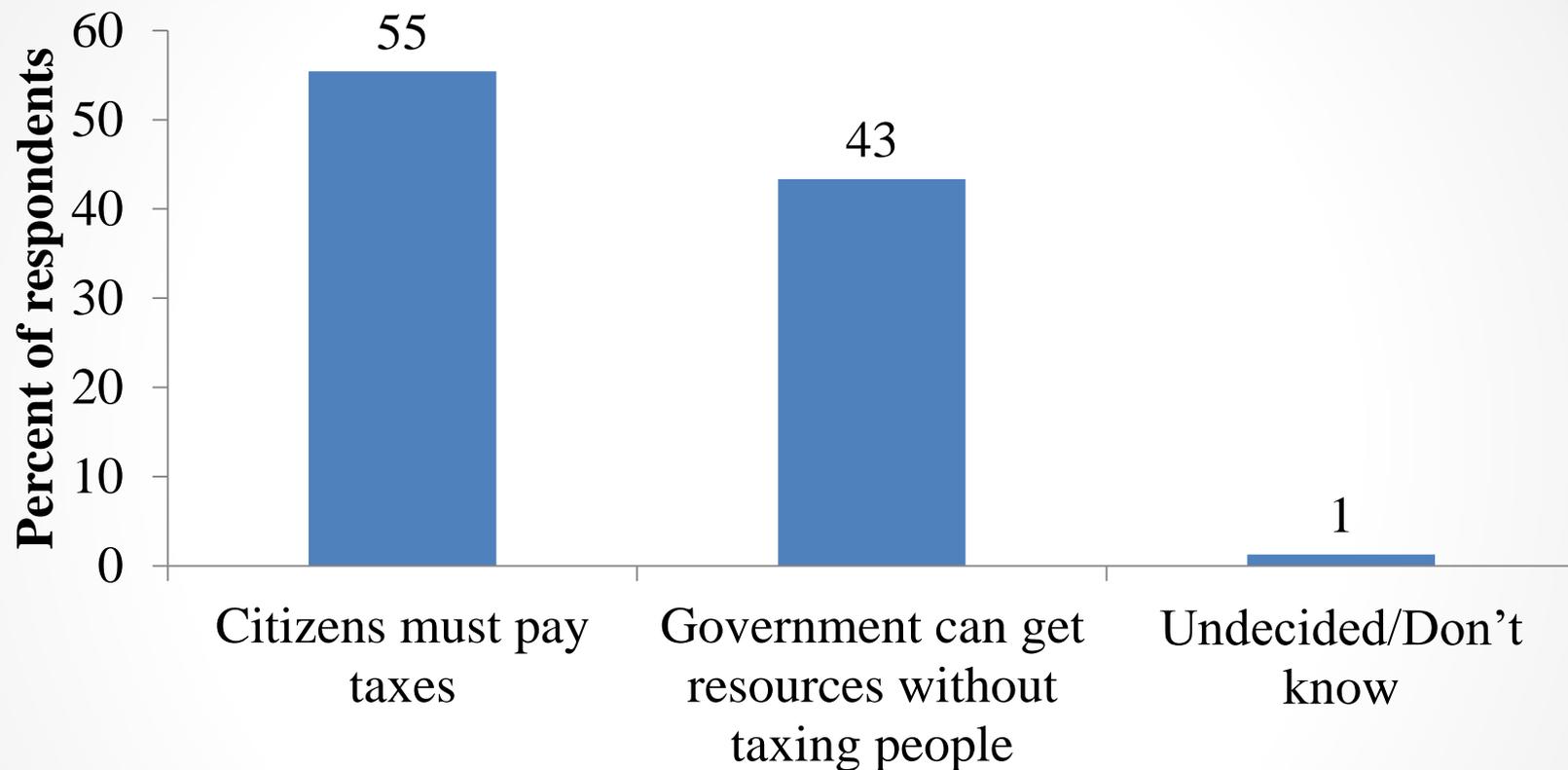
Q: Please tell me whether you disagree or agree? The tax authorities always have the right to make people pay taxes

Views on legitimacy of tax authorities' mandate by locality, 2012

	Mainland vs. Zanzibar		Urban vs. Rural		Total
	Mainland	Zanzibar	Urban	Rural	
Strongly agree/agree	71	76	73	70	71
Strongly disagree/ disagree	24	18	23	24	24
Don't know	3	5	1	4	3
Undecided	3	1	3	3	3
Total	100	100	100	100	100

Q: Please tell me whether you disagree or agree? The tax authorities always have the right to make people pay taxes

Opinions divided about whether people must pay taxes for Tanzania to develop, 2012



Q: Which of the following statements is closest to your views? (% who chose each option)

Must people pay tax for the country to develop? 2012

	None	Primary	Secondary	Post-Secondary	Total
Citizens must pay their taxes to the government for our country to develop	43	54	63	69	55
The government can find enough resources for development from other sources without having to tax people	52	45	36	30	43
Undecided	4	1	0	1	1
Don't know	1	0	0	0	0
Total	100	100	100	100	100

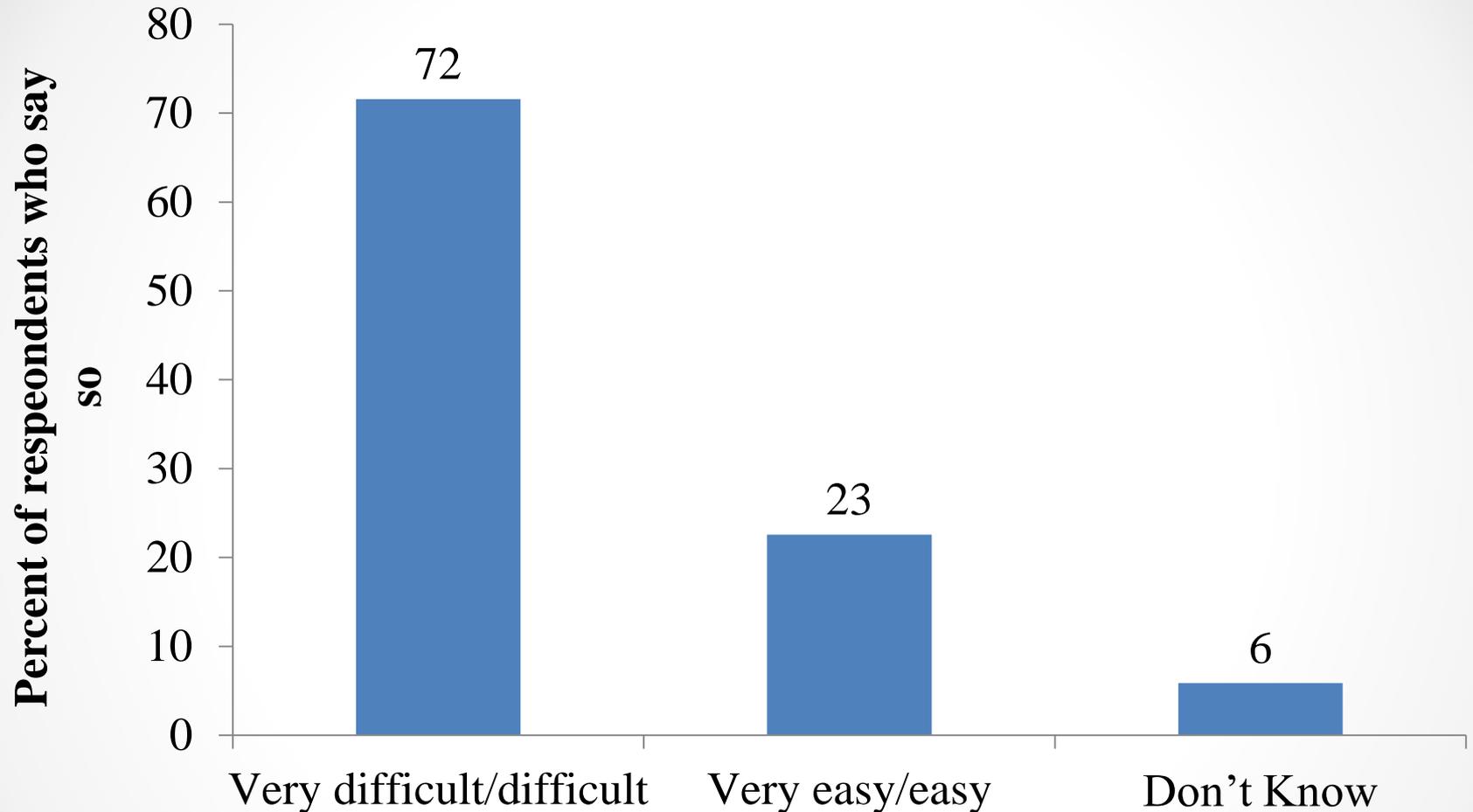
Q: Which of the following statements is closest to your views? (% who chose each option, by educational attainment)

Access to tax information and understanding of tax policies

Key findings

- 72% say it is difficult to know about the taxes and fees they are supposed to pay to government.
- Access to tax information perceived to be more difficult by people in Zanzibar and rural areas.
- People are misinformed about VAT and income tax policies.
 - 55% think they have no obligation to pay VAT though they unknowingly pay.
 - 37% of those in paid employment think they are not required to pay income tax.
 - 39% of the self employed think they are not required to pay tax on earnings.

It is difficult to access tax information, 2012



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

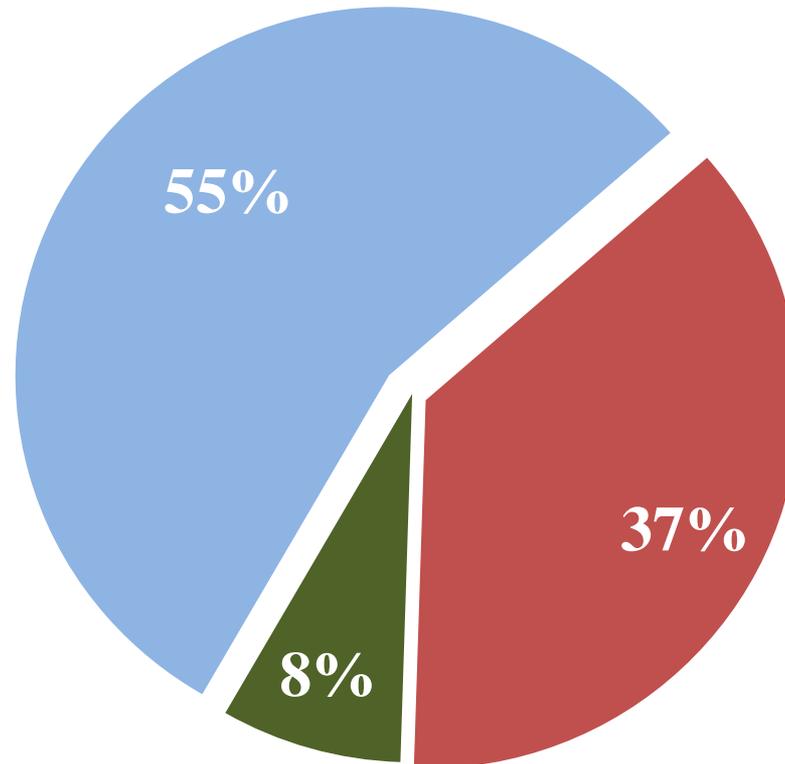
Access to tax information, by locality, 2012

	Mainland Vs. Zanzibar		Urban vs. Rural		Total
	Mainland	Zanzibar	Urban	Rural	
Difficult/very difficult	71	84	71	72	72
Easy/very easy	23	13	27	21	23
Total	100	100	100	100	100

Note: Some numbers do not add up due to rounding off errors

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

People are misinformed about tax obligations...VAT obligation, 2012



■ No, I am not required to pay ■ Yes, I am required to pay ■ Don't know

Q: Are you required to pay value added tax on the food or goods that you buy from shops or traders? (% who say yes, no & don't know)

Understanding of obligation to pay VAT by locality, 2012

	Mainland vs. Zanzibar		Urban vs. Rural		Total
	Mainland	Zanzibar	Urban	Rural	
Yes, I am required to pay	36	67	45	33	37
No, I am not required to pay	56	30	49	58	55
Don't know	8	3	5	9	8
Total	100	100	100	100	100

Q: Are you required to pay value added tax on the food or goods that you buy from shops or traders?

Understanding of employed persons' obligation to pay income tax by locality, 2012

	Urban vs. Rural		Total
	Urban	Rural	
Yes, I am required to	62	53	56
No, I am not required	34	38	37
Don't know	4	10	7
Total	100	100	100

Q: If you have paid employment, are you required to pay an income tax, that is, a tax deducted from your wages by your employer?

Understanding of self employed persons' obligation to pay tax on earnings by locality, 2012

	Urban vs. Rural		Total
	Urban	Rural	
Yes, I am required to	64	53	57
No, I am not required	34	42	39
Don't know	2	5	4
Total	100	100	100

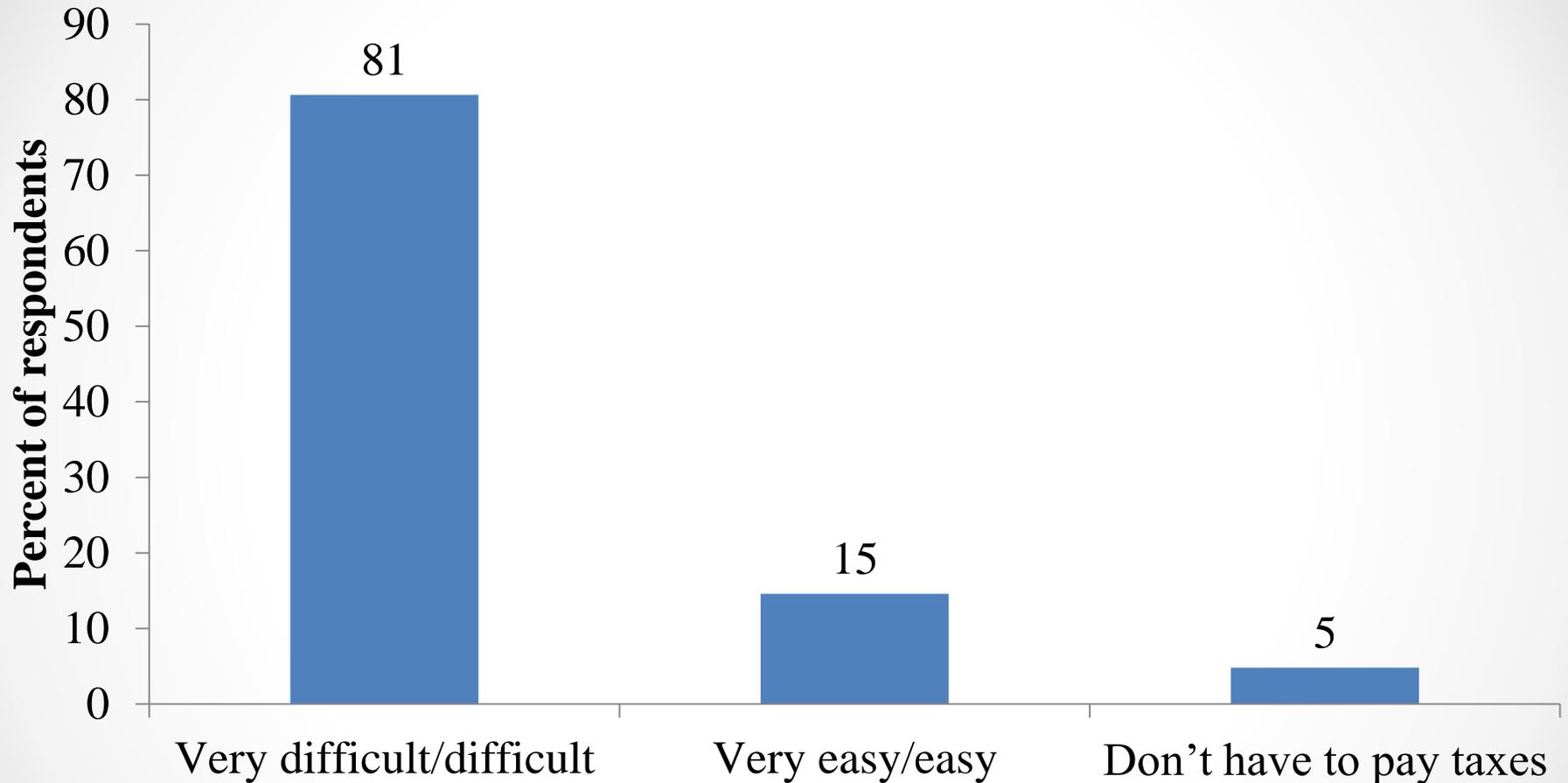
Q: If you are self employed, are you required to pay a tax on the earnings from your business or job?

Views on strength of tax enforcement and integrity of tax officials

Key findings

- Compared to 2005, perceived strength of tax enforcement seem to have diminished.
 - 81% believe it is difficult to avoid taxes (2012);
 - 96% said authorities would enforce law if one refused to pay taxes (2005).
- 86% believe that tax officials are corrupt.
- Corruption perception much higher in 2012 compared to 2005 (54%).

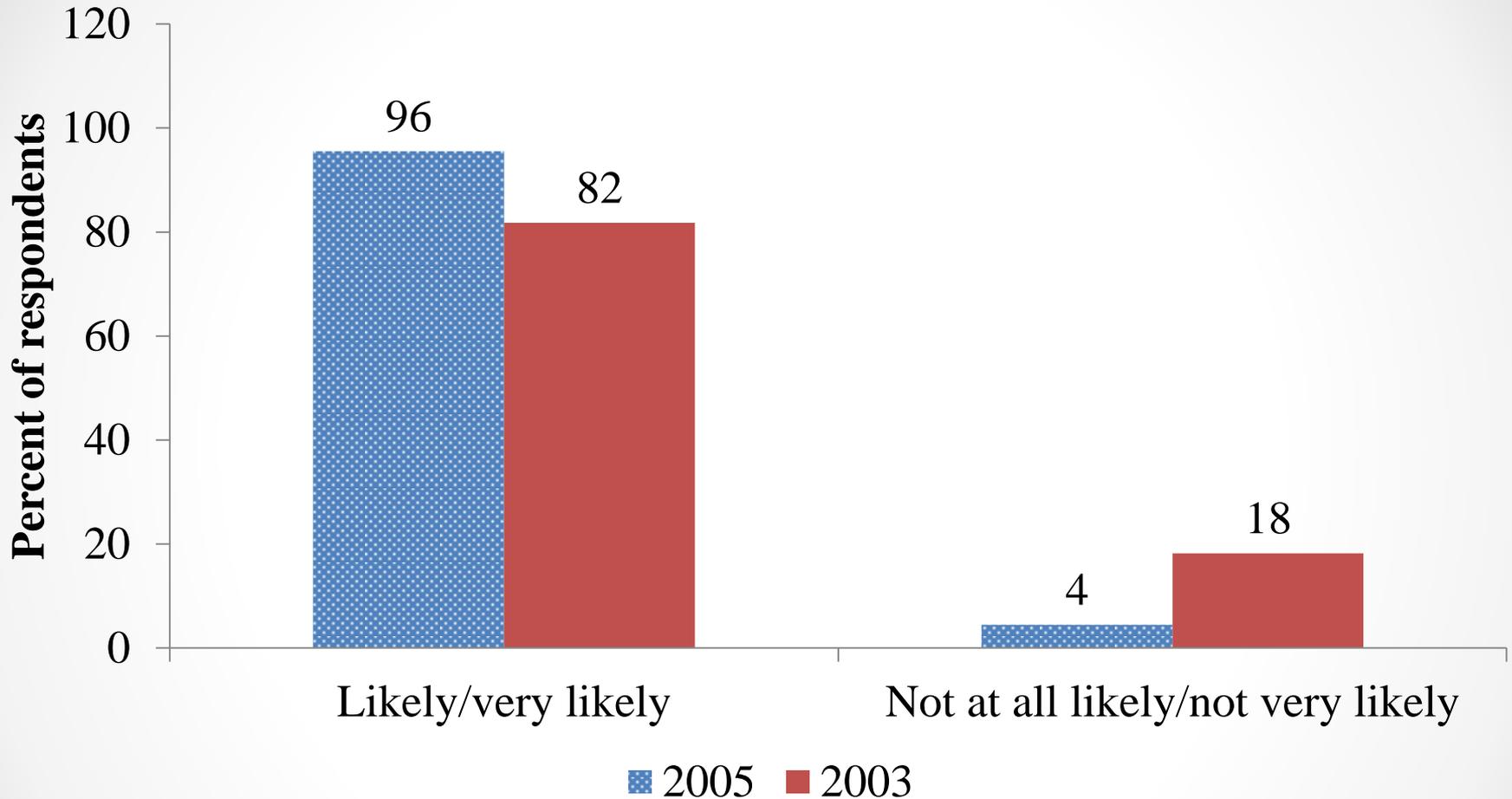
Strength of tax enforcement, 2012



Note: Numbers do not add up due to rounding off errors

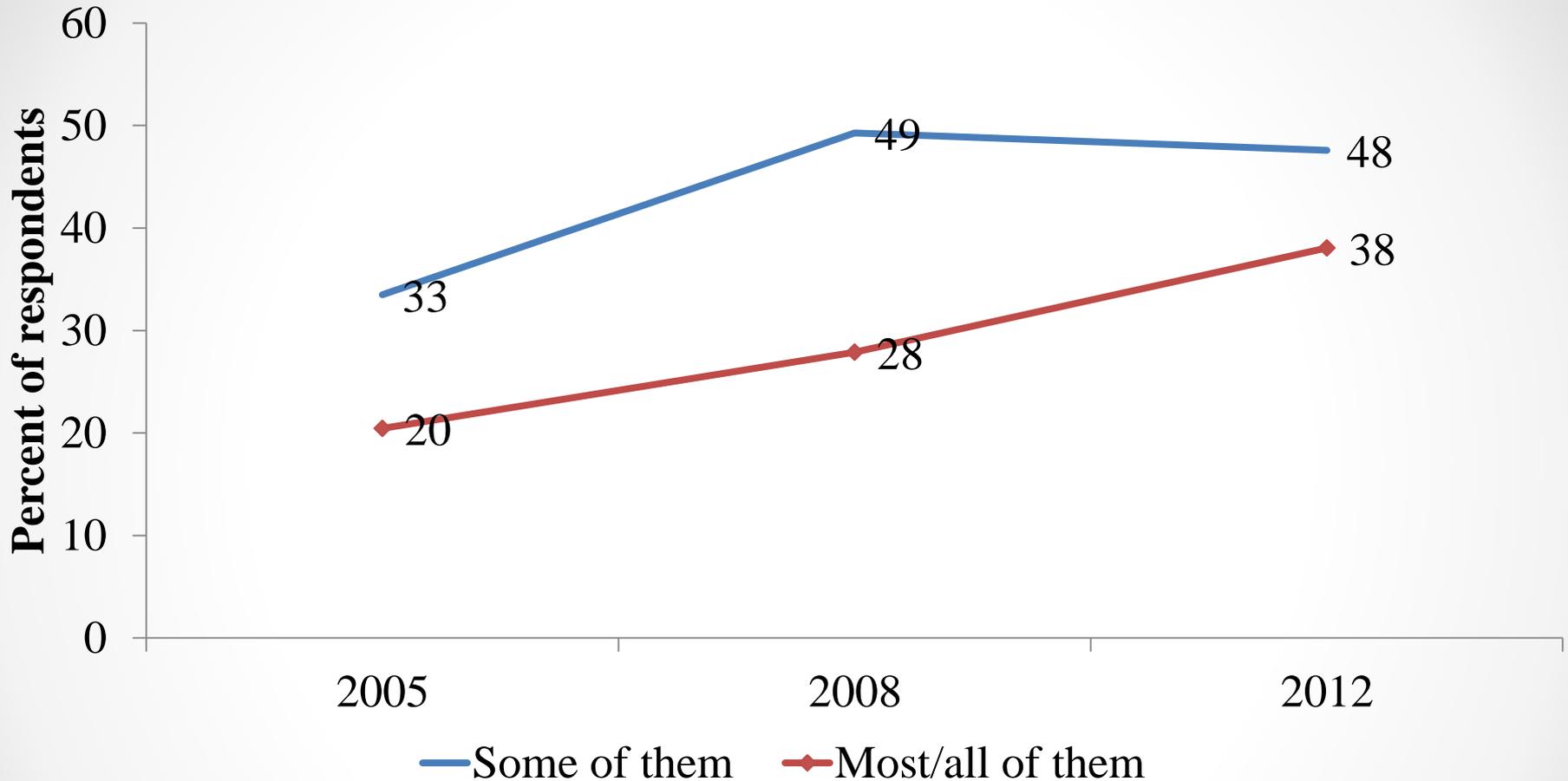
Q: How easy or difficult is it to avoid paying the income or property taxes that you owe to government?

Strength of tax enforcement prior to 2012...



Contrast with slide 22, Q: *How likely do you think it would be that the authorities could enforce the law if a person like yourself did not pay a tax on some of the income they earned?*

Corruption perception of tax officials



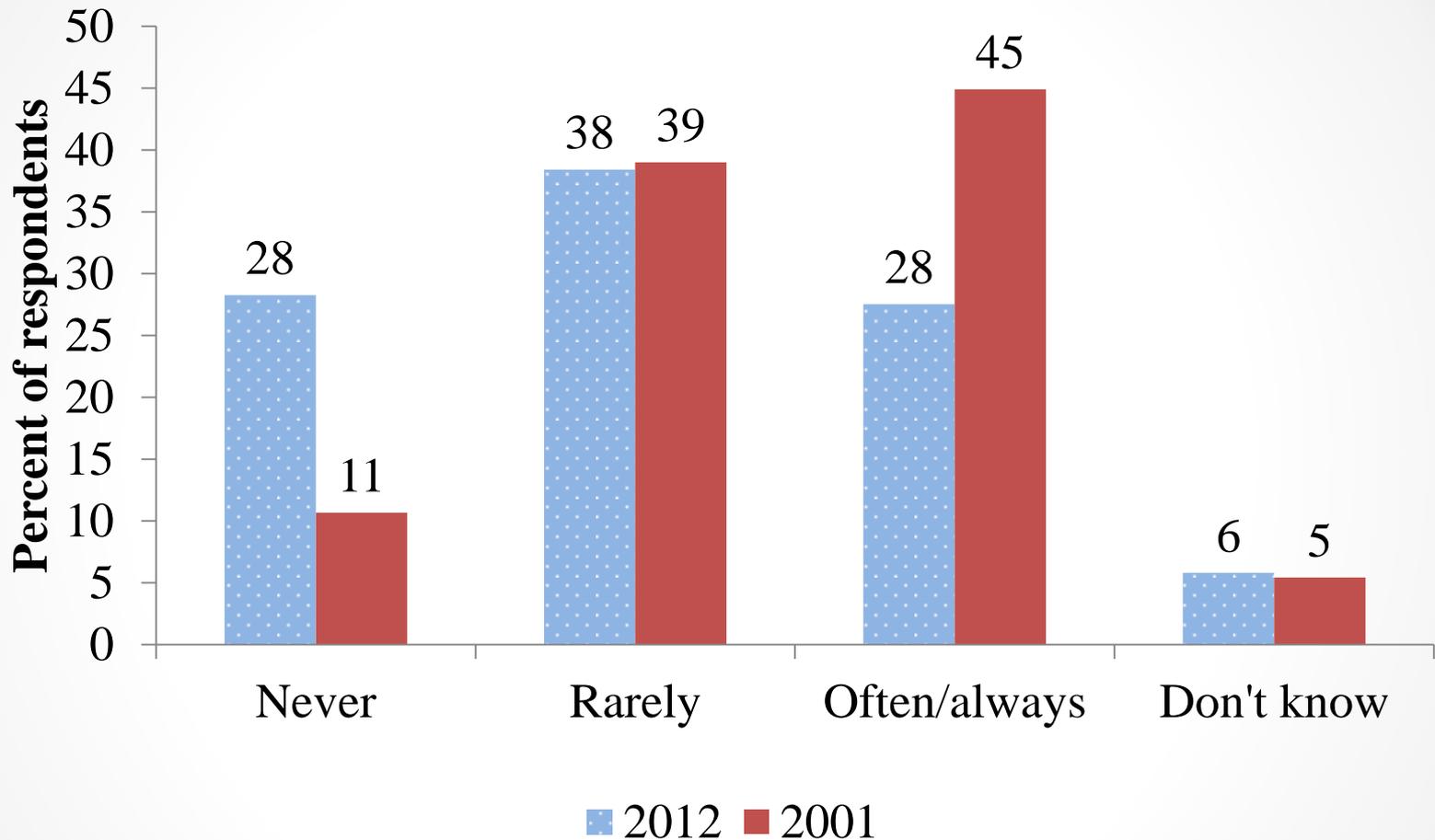
Q: How many of Tax Officials, like TRA officials or the local government tax collector, do you think are involved in corruption, or haven't you heard enough about them to say?

Views and attitudes towards tax compliance

Key findings

- People avoid taxes less often today (2012) compared to a decade ago.
- Self reported compliance rates slightly higher in Zanzibar and Rural areas compared to Mainland and Urban areas.
- Only slight difference in self reported compliance rates between men (77%) and women (80%).
- The more educated are more likely to admit they would not pay tax if they get an opportunity/ have not paid in the past.
- Three main reasons why some people do not pay taxes:
 - they cannot afford to pay (25%);
 - they are too high (25%); and,
 - the poor services they receive from the government (15%).
- 64% prefer higher taxes with more services to low taxes with fewer services.

Does everyone pay taxes?



Note: The response categories in 2001 were “Never” “Occasionally” “Most of the time” and “always”. For comparison purposes, this analysis adopts the 2012 response categories.

Q: How often, in this country do people avoid paying the taxes that they owe the government?

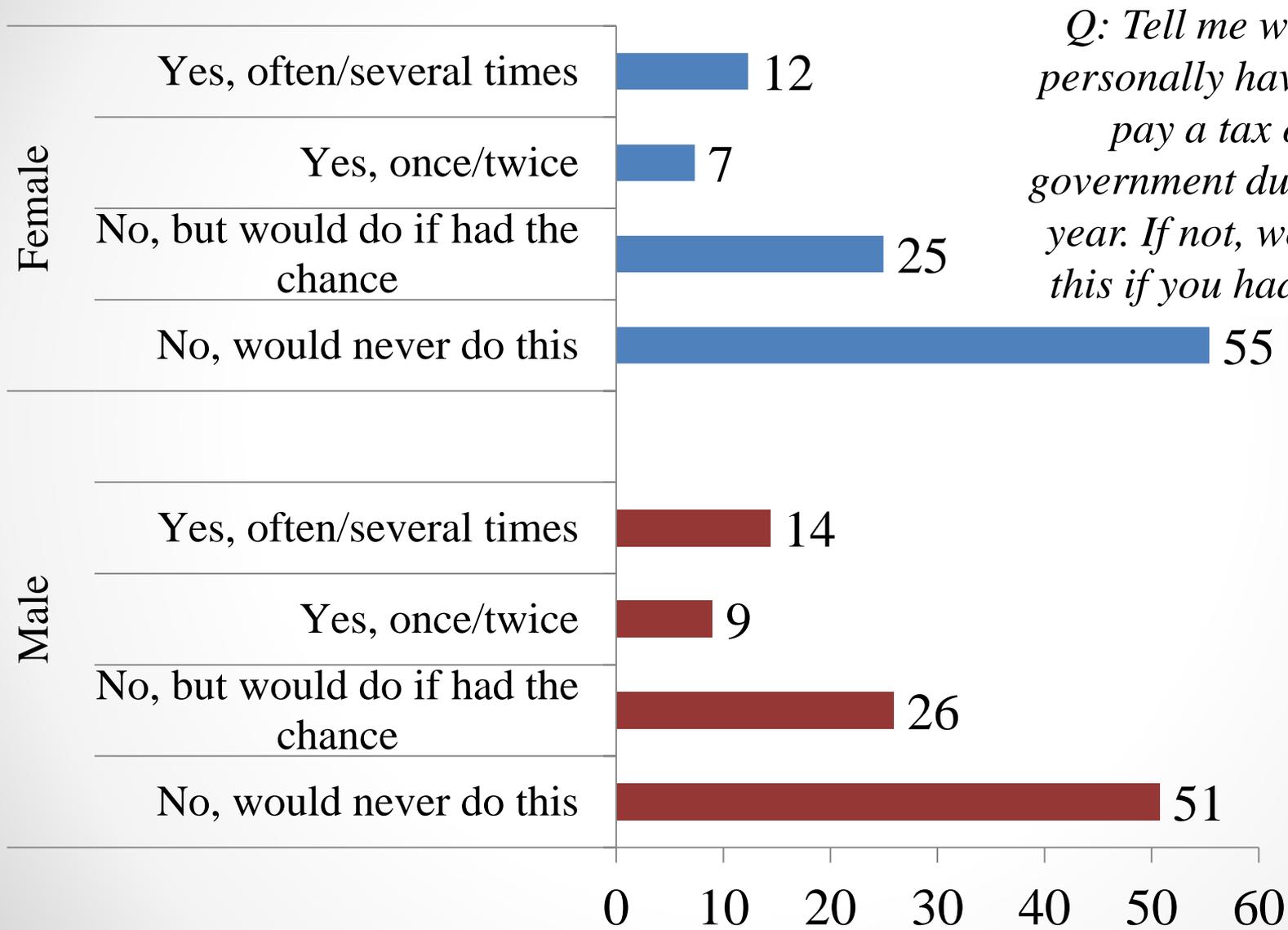
Self-reported tax compliance, 2012

	Mainland vs. Zanzibar		Urban vs. Rural		Total
	Mainland	Zanzibar	Urban	Rural	
No, would never do this	53	69	51	54	53
No, but would do if had the chance	26	21	28	24	25
Yes, once or twice	8	2	8	8	8
Yes, often or several times	14	7	12	14	13
Total	100	100	100	100	100

Note: Numbers do not add up due to rounding off errors

Q: Tell me whether you personally have refused to pay a tax or fee to government during the past year. If not, would you do this if you had a chance?

Self reported compliance, by gender, 2012



Q: Tell me whether you personally have refused to pay a tax or fee to government during the past year. If not, would you do this if you had a chance?

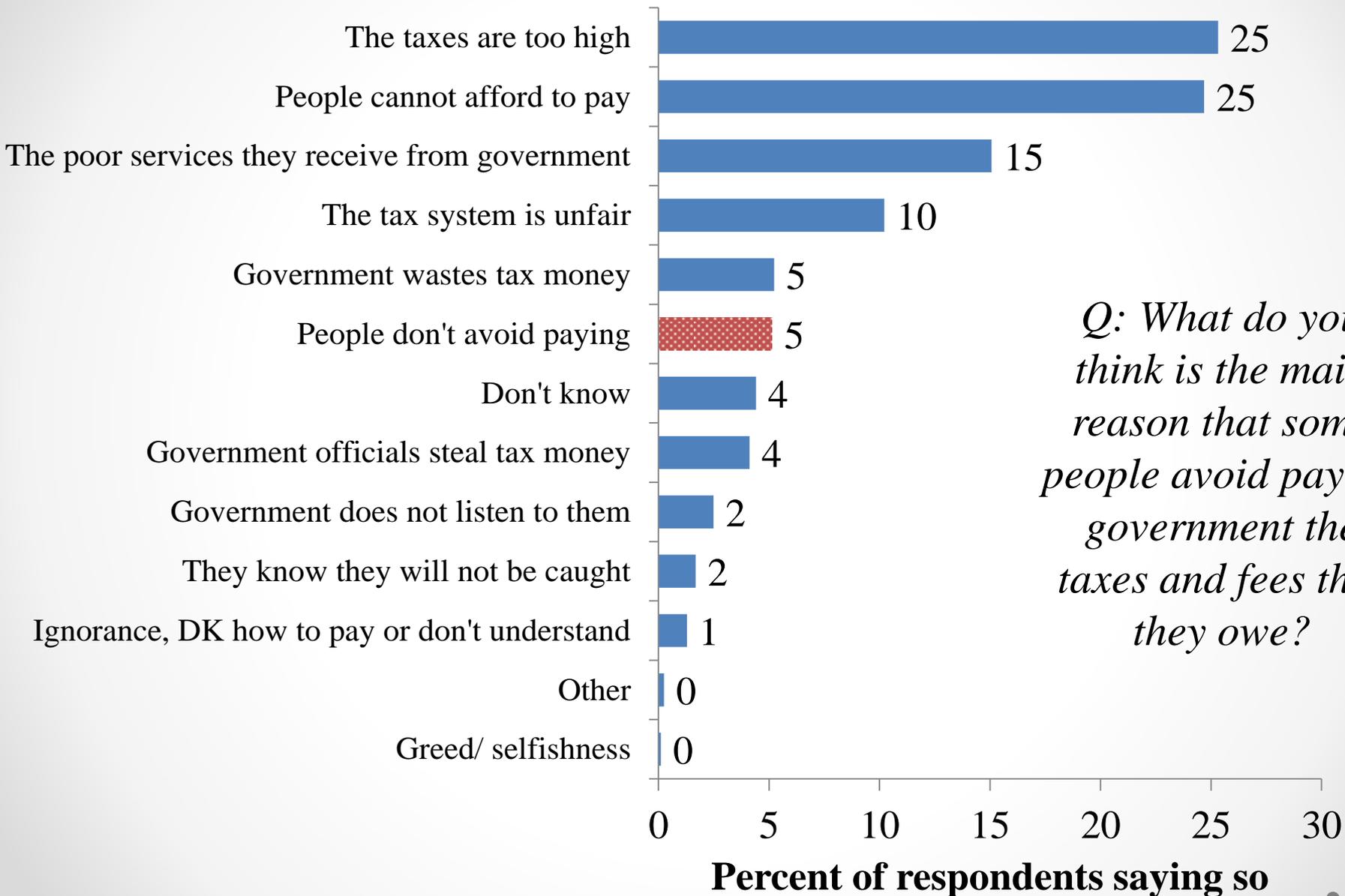
Self reported tax compliance by education level, 2012

	None	Primary	Secondary	Post-Secondary	Total
No, would never do this	60	54	47	45	53
No, but would do if had the chance	23	25	30	27	25
Yes, once/twice	5	8	8	12	8
Yes, often/several times	12	13	15	16	13
Total	100	100	100	100	100

*rather controversial - do the more learned try harder to not pay taxes?

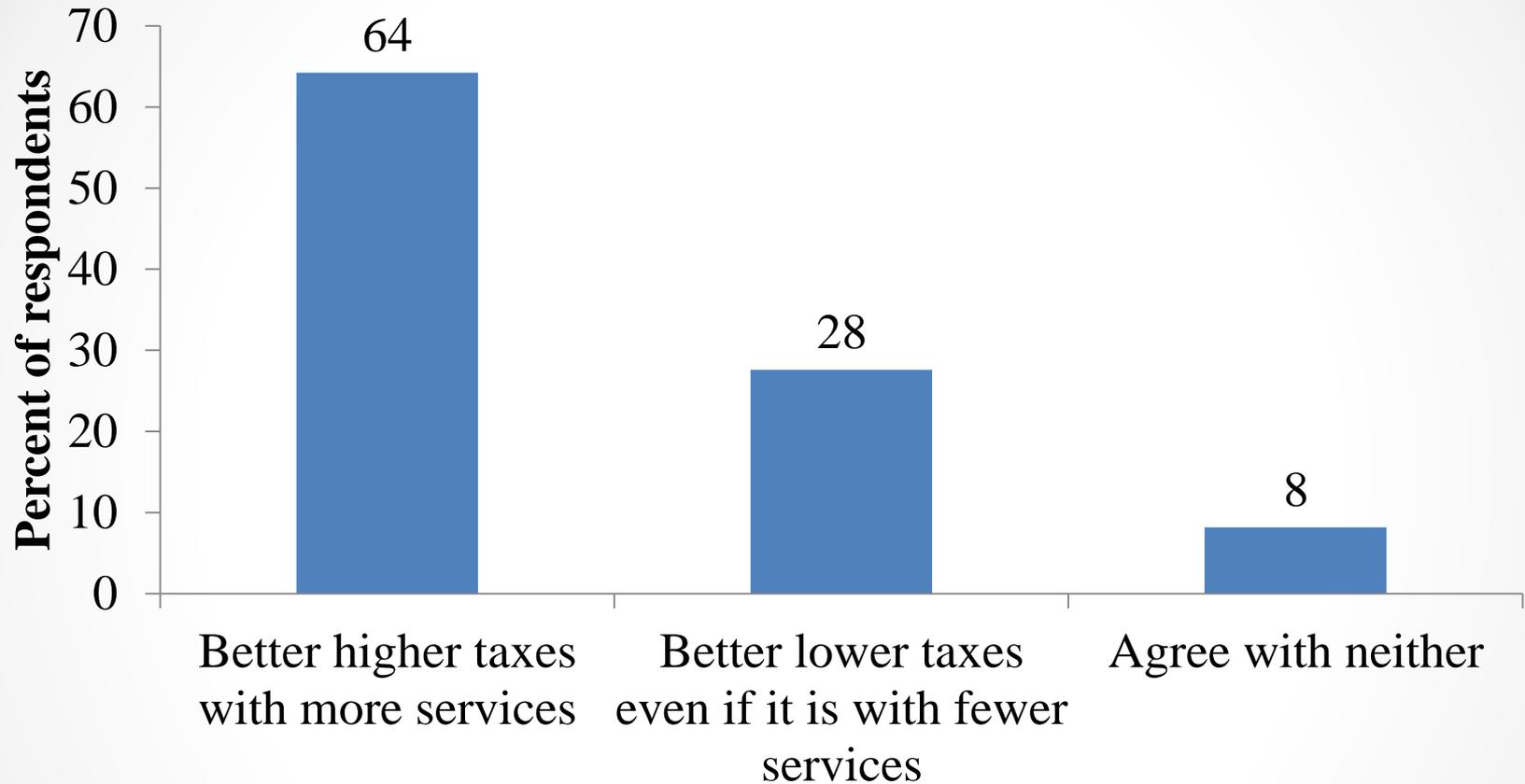
Q: Tell me whether you personally have refused to pay a tax or fee to government during the past year. If not, would you do this if you had a chance?

Why people avoid/don't pay taxes, 2012



Q: What do you think is the main reason that some people avoid paying government the taxes and fees that they owe?

Higher taxes with more services preferred to lower taxes with fewer services, 2012



Q: Which of the following statements is closest to your view? (% of respondents who chose higher taxes with more services vs. lower taxes with fewer services)

Preference over higher taxes with more services by education level, 2012

	None	Primary	Secondary	Post-Secondary	Total
It is better to pay higher taxes, if it means that there will be more services provided by government.	55	62	73	79	64
It is better to pay lower taxes even if it means there will be fewer services provided by government.	37	28	23	17	28
Agree with neither	7	9	4	4	8
Total	100	100	100	100	100

Note: Numbers do not add up due to rounding off errors

Q: Which of the following statements is closest to your view? (% who agree with each option)

Conclusions

- drive for more revenue raised domestically is likely to remain a key component of Tanzania's fiscal policy in the foreseeable future.
- Encouraging trend—more people view the mandate of tax authorities positively. Are willing to pay higher taxes for more/quality services.
- Difficulty in accessing tax information and level of misinformation about tax issues poses a challenge for compliance.
- Growing distrust of tax officials damaging to the professional image of tax authorities
- Looking ahead, what can be done?
 - More public outreach by tax authorities, CSOs & educationists;
 - Citizens also have to seek tax information more proactively.
 - Tax authorities have a challenge to preserve their integrity—be more forthright with tax payers, clean up ranks of corrupt officials, and enforce taxes justly.



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