



Tanzania Revenue Authority earns good marks but still earning citizens' trust

Afrobarometer Dispatch No. 329 | Veronica Kakengi and Derick Msafiri

Summary

Tax revenues play an essential role in financing government expenditures, which can benefit citizens through effective public services, infrastructure, and development (Bird, 2010). This requires that citizens pay their taxes and that the government administer taxes effectively and efficiently – requirements that represent significant challenges in many countries (Saad, 2014).

The Tanzania Revenue Authority (TRA) is charged with assessing, collecting, and accounting for all tax revenues in the country. Between 2006 and 2011, the World Bank-supported Tax Modernization Project claimed remarkable progress, including almost tripling revenue collections, through technology upgrades, training, taxpayer education, and revised tax rates (World Bank, 2017). Even so, analysts say the TRA remains vulnerable to tax evasion and barriers to tax compliance, difficulty in accounting for the informal sector, and corruption (Katera, & Ngalewa, 2009; Fjeldstad, Kagoma, Mdee, Sjursen, & Somville, 2018; Miyandazi, 2019).

Over the past two years, the government has introduced tax-awareness campaigns in secondary schools and plans to incorporate tax education in the primary school curriculum (Citizen News, 2018; allAfrica.com, 2018), in addition to using news media such as television and radio to provide tax education.

Data from the most recent national survey by Afrobarometer show that most Tanzanians are aware of the TRA, support its right to make people pay taxes, and think it is effective in collecting taxes and enforcing tax codes. Perceptions that tax officials are corrupt have decreased substantially, but even so, fewer than half of citizens say they trust the TRA.

Afrobarometer survey

Afrobarometer heads a pan-African, non-partisan research network that conducts public attitude surveys on democracy, governance, economic conditions, and related issues across Africa. Seven rounds of surveys have been completed in up to 38 countries since 1999. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice with nationally representative samples.

The Afrobarometer team in Tanzania, led by REPOA, interviewed 2,400 adult Tanzanians in May 2017. A sample of this size yields country-level results with a margin of error of +/-2 percentage points at a 95% confidence level. Previous surveys were conducted in Tanzania in 2001, 2003, 2005, 2008, 2012, and 2014.

Key findings

- Almost eight in 10 Tanzanians (78%) “agree” or “strongly agree” that tax authorities have the right to make people pay taxes.

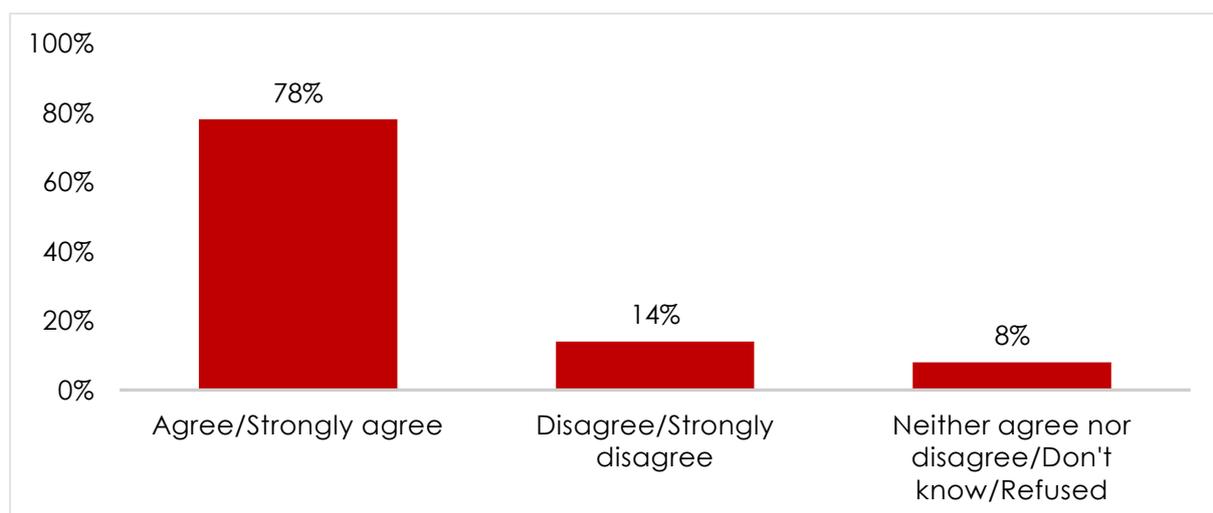
- Three-quarters (74%) of Tanzanians say they have heard of the Tanzania Revenue Authority (TRA).
- Among those who have heard of the TRA, the overwhelming majority (86%) say it is at least “somewhat” effective in the collection of taxes and enforcement of tax codes.
- Only one-fifth (19%) of Tanzanians say ordinary citizens are likely to be able to use bribes or personal connections to evade paying their taxes. But more than six out of 10 (62%) say rich people probably can.
- The share of Tanzanians who see “most” or “all” tax officials as corrupt has declined from 37% in 2014 to 14%, a 23-percentage-point drop. Perceptions that at least “some” tax officials are corrupt are still the majority view (59%) but are considerably less widespread than in the previous survey round (80%).
- Still, only about half (48%) of Tanzanians say they trust the TRA “somewhat” or “a lot,” a 12-percentage-point drop from 2014.

Legitimacy of TRA

More than three-fourths (78%) of Tanzanians “agree” or “strongly agree” that the tax authorities always have the right to make people pay taxes (Figure 1).

Men (81%) and urban residents (87%) are somewhat more likely than women (76%) and rural dwellers (74%) to endorse the TRA’s legitimacy in collecting taxes. Support for the government’s right to make people pay taxes increases significantly with respondents’ education level and economic status¹, ranging from about seven in 10 among the least-educated and poorest respondents to about nine in 10 among the best-educated and wealthiest (Figure 2).

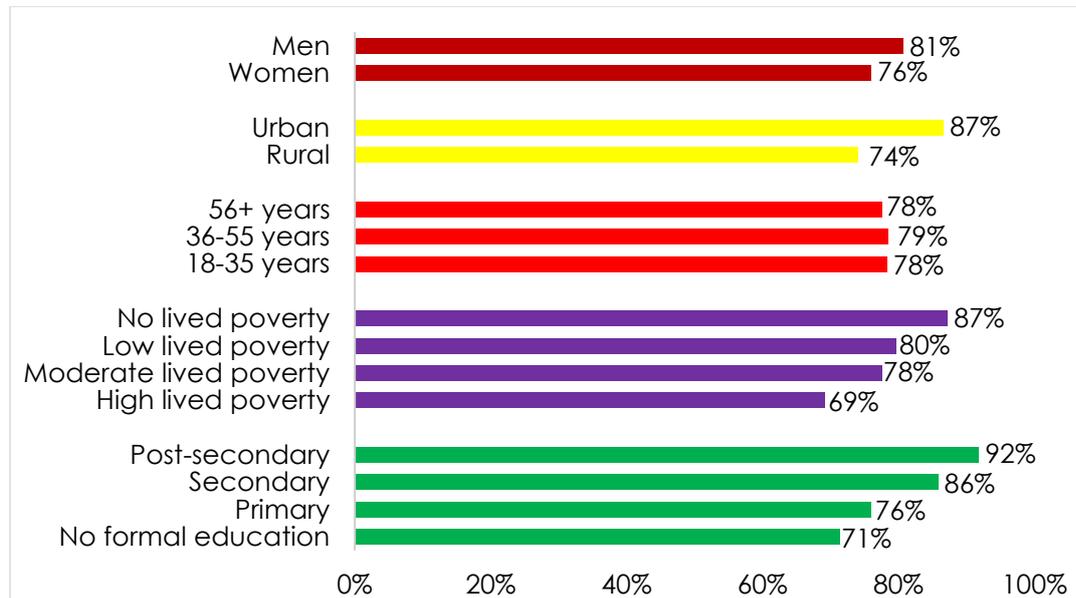
Figure 1: People must pay taxes | Tanzania | 2017



Respondents were asked: For each of the following statements, please tell me whether you disagree or agree: The tax authorities always have the right to make people pay taxes?

¹ Afrobarometer’s Lived Poverty Index (LPI) measures respondents’ levels of material deprivation by asking how often they or their families went without basic necessities (enough food, enough water, medical care, enough cooking fuel, and a cash income) during the preceding year. For more on lived poverty, see Mattes, Dulani, & Gyimah-Boadi (2016).

Figure 2: People must pay taxes | by socio-demographic group | Tanzania | 2017



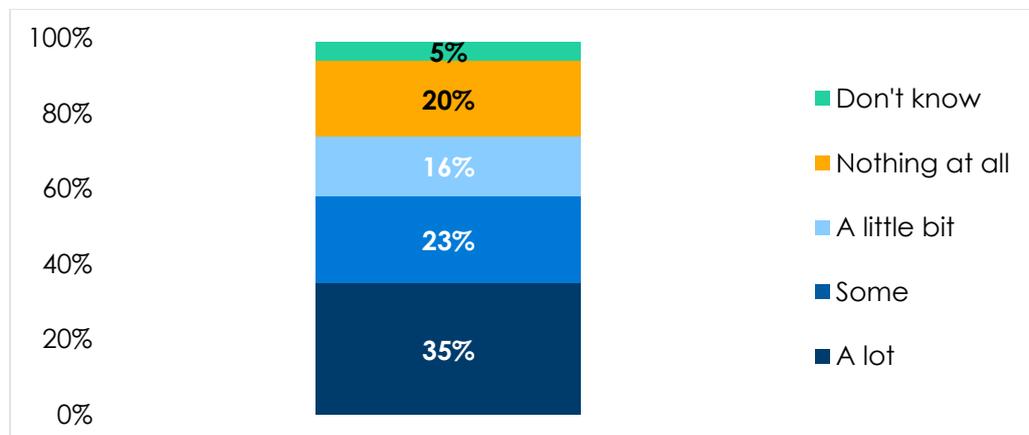
Respondents were asked: For each of the following statements, please tell me whether you disagree or agree: The tax authorities always have the right to make people pay taxes? (% who “agree” or “strongly agree”)

Awareness of the TRA

Awareness of the tax-collecting authority may play a role in inducing compliance by taxpayers. Three-fourths (74%) of Tanzanians say they have heard about the TRA and its responsibilities, including more than one-third (35%) who have heard “a lot” about them. One in four respondents say they haven’t heard about the TRA (20%) or they “don’t know” (5%) (Figure 3).

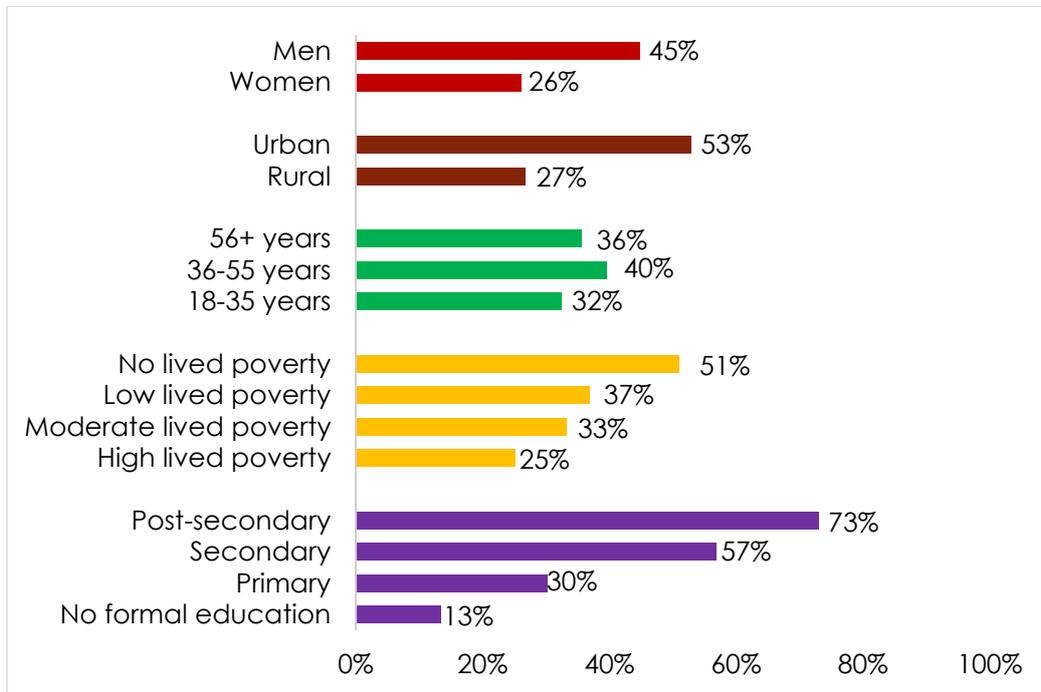
Men and urbanites are almost twice as likely to have heard “a lot” about the TRA as are women and rural residents (Figure 4). The same is true of the economically best-off compared to the poorest citizens. Among respondents with post-secondary education, almost three-fourths (73%) say they have heard “a lot” about the TRA, compared to just 18% of those with no formal education.

Figure 3: Awareness of TRA | Tanzania | 2017



Respondents were asked: How much, if at all, have you heard about each of the following government agencies and their responsibilities: The Tanzania Revenue Authority (TRA)?

Figure 4: Have heard 'a lot' about the TRA | by socio-demographic group
 | Tanzania | 2017

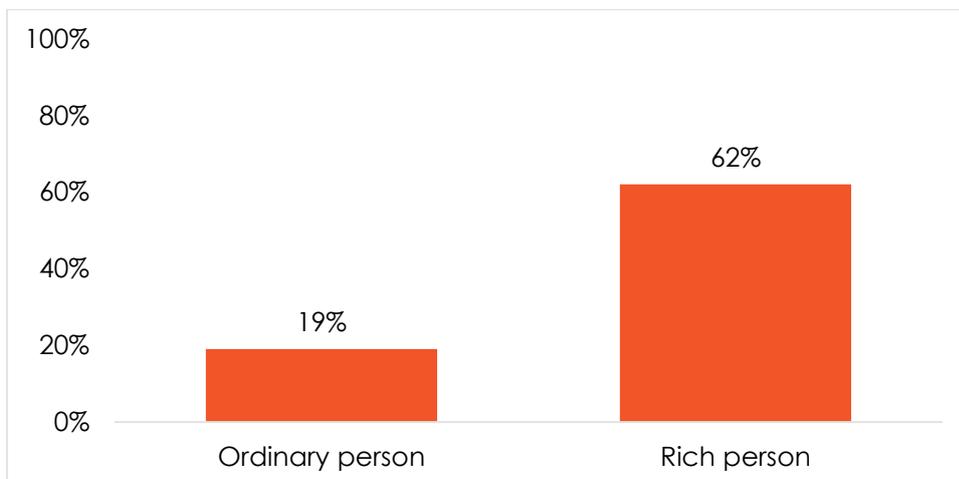


Respondents were asked: How much, if at all, have you heard about each of the following government agencies and their responsibilities: The Tanzania Revenue Authority? (% who say "a lot")

Tax evasion

Only about one-fifth (19%) of Tanzanians believe it is "somewhat likely" or "very likely" that an ordinary person could use bribes or personal connections to get away with not paying required taxes. But more than six in 10 (62%) say that a rich person could probably do so (Figure 5).

Figure 5: Could probably use bribe to evade paying taxes: Rich vs. ordinary person
 | Tanzania | 2017

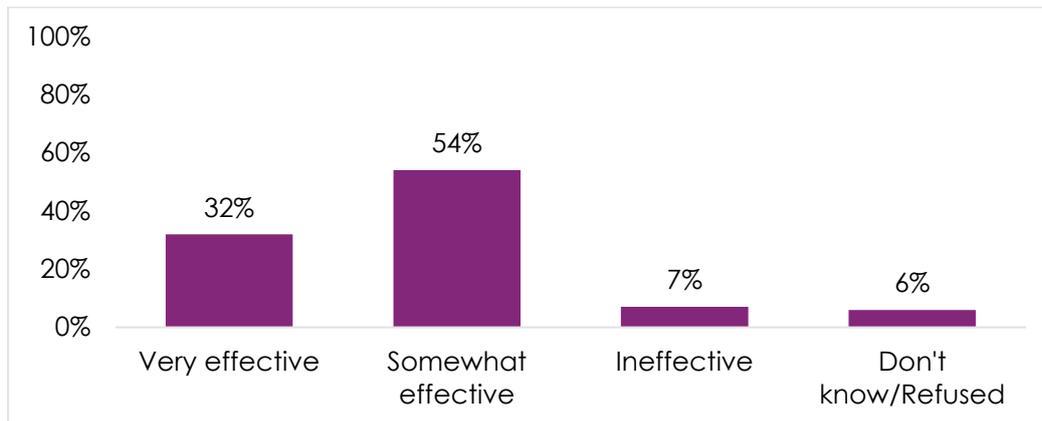


Respondents were asked: In this country, how likely do you think it is that [an ordinary person/a rich person] could pay a bribe or use personal connections to get away with avoiding paying taxes they owe to government? (% who say "somewhat likely" or "very likely")

Effectiveness of the TRA

Among Tanzanians who say they have heard of the TRA, an overwhelming majority (86%) say the agency is “somewhat effective” (54%) or “very effective” (32%) in the collection of taxes and enforcement of tax codes. Only 7% see the TRA as ineffective (Figure 6).

Figure 6: Effectiveness of the TRA | Tanzania | 2017



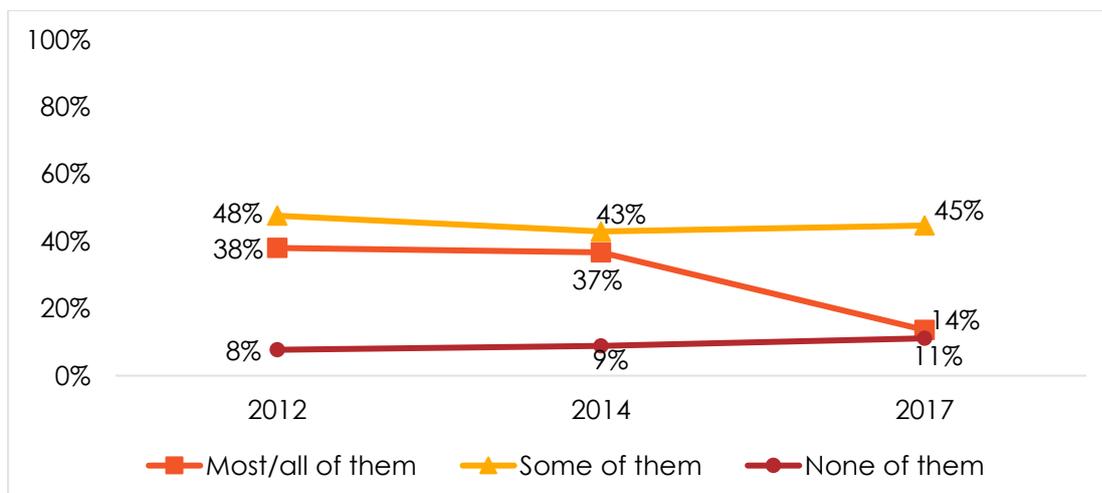
Respondents who said they have heard about the TRA were asked: Do you think the Tanzania Revenue Authority or TRA has been effective in fulfilling its responsibility to collect taxes and enforce Tanzania's tax code, or haven't you heard enough to say?

Perceived corruption and popular trust in tax officials

The proportion of Tanzanians who say “most” or “all” tax officials are corrupt has dropped by 23 percentage points since 2014, from 37% to 14%. Perceptions that at least “some” tax officials are corrupt are still the majority view (59%) but are considerably less widespread than in the previous survey round (80%).

Only one in 10 respondents (11%) believe there is no corruption at all among tax officials (Figure 7). Almost one in three respondents (31%) say they “don't know” or refused to answer the question, an increase from 12% in 2014.

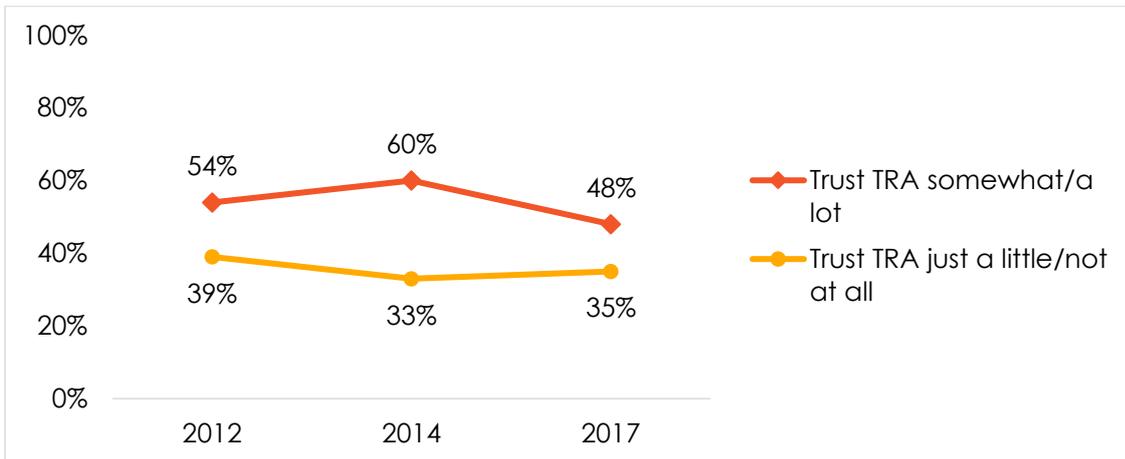
Figure 7: Perceived corruption among tax officials | Tanzania | 2012-2017



Respondents were asked: How many of the following people do you think are involved in corruption, or haven't you heard enough about them to say: Tax officials, like Tanzania Revenue Authority (TRA) officials or local government tax collectors?

Despite declines in perceived corruption, only about half (48%) of Tanzanians say they trust the TRA “somewhat” or “a lot,” a 12-percentage-point drop from 2014. The proportion who express “a lot” of trust in the tax authority actually increased by 10 points over the period, but the share who say they trust it “somewhat” dropped by more than half, from 40% to 18%. More than one in three respondents (35%) say they trust the TRA “just a little” or “not at all” (Figure 8).

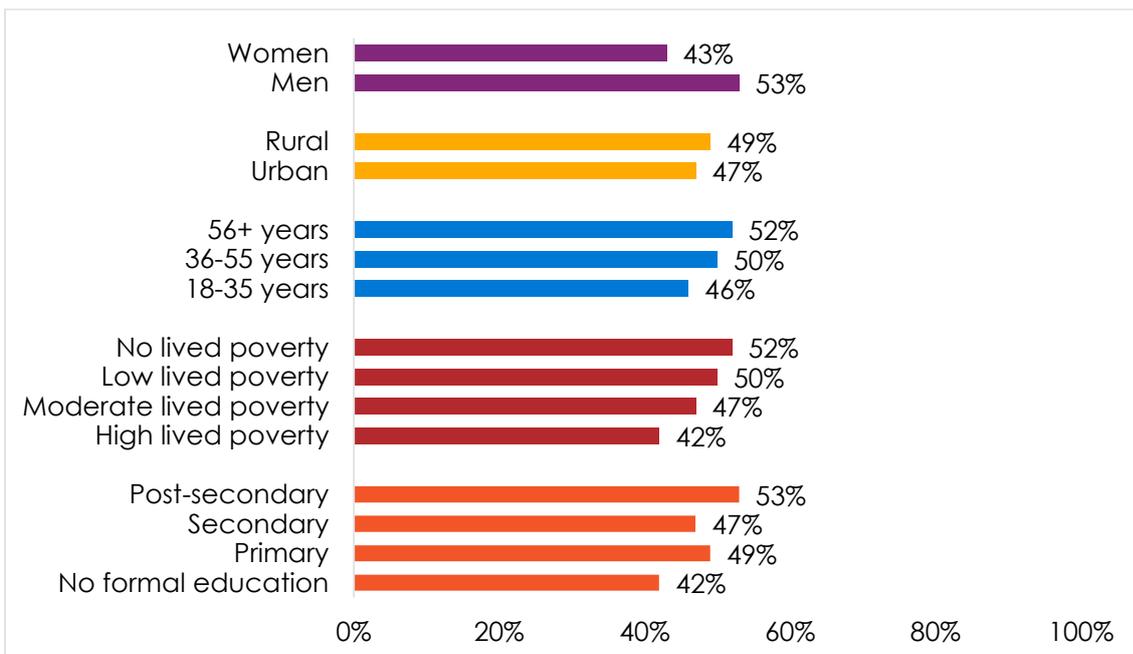
Figure 8: Trust in the tax authority | Tanzania | 2012-2017



Respondents were asked: How much do you trust each of the following, or haven't you heard enough about them to say: The Tanzania Revenue Authority (TRA)?

Men have more confidence in the TRA than do women (53% vs. 43%), and trust increases with age, economic status, and education level (Figure 9).

Figure 9: Trust in the tax authority | by socio-demographic group | Tanzania | 2017



Respondents were asked: How much do you trust each of the following, or haven't you heard enough about them to say: The Tanzania Revenue Authority (TRA)? (% who say they trust it “somewhat” or “a lot”)

Conclusion

A majority of Tanzanians are aware of the TRA and think it's doing a fairly good job. But while public perceptions of corruption have decreased, there is still work to persuade the population that the wealthy can't buy their way out of paying taxes and that tax officials are trustworthy.

Do your own analysis of Afrobarometer data – on any question,
for any country and survey round. It's easy and free at
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Afrobarometer, a nonprofit corporation with headquarters in Ghana, heads a pan-African, non-partisan research network. Regional coordination of national partners in about 35 countries is provided by the Ghana Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation (IJR) in South Africa, and the Institute for Development Studies (IDS) at the University of Nairobi in Kenya. Michigan State University (MSU) and the University of Cape Town (UCT) provide technical support to the network.

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