

Impact of tax administration towards Government Revenue in Tanzania- Case of Dar-es salaam Region

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Abstract— Purpose of this study was to assess the impacts of tax administration on government revenue in Tanzania- case of Dar es Salaam region.

This study is more scientific and effective, whereby questionnaires have been used to access the required information. Researcher has been able to collect information from 85 respondents out of 100 targeted respondents from the area of the study.

Findings of this study have been analyzed and reveal that, Good tax design, Effective tax policy and laws, Tax administrative structure, Tax collection methods, Proper use of computerized system of maintaining taxpayer Register, Outsourcing revenue collections to private tax collectors, Internal and external capacity building, Intensive coordination with other entities and Proper maintenance of taxpayer's records are the main factors that enhance effective tax administration in Tanzania.

It is concluded that Corruption practices on taxation issues, lack of awareness of Local Tax payers, political pressure to relax tax collections, ineffective tax laws and policies, Insufficient budget or funds, High rate of Tax evasion and avoidance, Outsourced revenue retained by Revenue collectors, lack of tax compliance, are the challenges facing tax administration in Tanzania. Also concluded that eradication of the mentioned challenges above effects/results to , Adequate tax collections, Efficient tax system, High tax compliance by tax payers, Attainment of revenue targets, Increase in tax bases and declined cost of revenue collection, Minimum Tax evasion and avoidance, and High service delivery capability are the impacts that result from Tax administration.

Researcher has recommended for the following to be done on the way forward:-

Emphasis has to be put on the tax laws and policies mechanism to be reviewed time to time in order to save the purpose due to the prevailing situation, international tax environments, and the changes on the technology on tax administration.

Efforts should be put on improving the tax payer's convenience in the assessment and payment process whilst at the same time entrenching effective and modern human resource management practices in the tax authorities in respect to vetting, recruitment and selection of employees.

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Tax collection Authorities should ensure that all revenue receivables are paid promptly into designated bank accounts and failure to do so within the stipulated period of time should attract to the severe penalties to the officers concerned.

Index Terms— Index terms: Impact, Tax, Administration, Government , Revenue.

I. INTRODUCTION

In most developing countries, tax administration has been the critical and most important aspect in ensuring that there is enough revenue for the operation of the government. Various measures have been taken to ensure that people pay taxes to their government and that there is effective administration of tax to ensure enough government revenue. Drawing from most developing countries, Tanzania also depends heavily on tax as a key source of government revenue. Over the past years, the government has focused itself on raising revenue from a limited number of sources. Since 1988, Tanzania has been implementing fairly comprehensive tax reforms as part of widening economic reform program to bolster growth and achieve sustained macroeconomic stability.

Despite the good initiatives of the government, experience in the past years indicates that government's seemingly good plans have never successfully generated resources to meet its anticipated national targets and still it has a relatively low tax to GDP ratio, which lies considerably below average for sub-Saharan Africa. Revenue derived from taxes has been very low. According to the Christian Aid report, of March (2009), Tanzania is the second largest loser of Revenues in the East African region, and that, the revenues generated from governments fiscal and monetary plans are still far below the actual revenue required to finance and achieve targets.

Tanzania has remained both heavily Aid dependent and unable to invest faster in its own development, apart from having an anile base for tax collection, because of its low domestic revenue collections and that, a lot of revenue is still not being collected. Moreover, a large proportion of the budget still depends on unpredictable funds from development partners (DPs). This study therefore, focuses at addressing this problem by assessing the impacts of Tanzania's tax administration towards government revenue so as to come up with opinions to enhance adequate revenue to the government to carry out its operation and provide services to the public.

II. PROJECT GAP

Despite the large literature on tax administration and compliance, and their impact on tax revenue, there have been few attempts to examine its impacts on government revenue. Das-Gupta, Lahiri, and Mookherjee (1995) use macro-data on the Indian income tax to examine the impacts of a handful of tax administration enforcement variables on tax revenue. In an extensive study of the impact of a variety of Tax Administration activities in the US, Plumley (1996) looks primarily at return filing and taxpayer's compliance with the income tax rather than tax revenue.

In Tanzania, Mtasiwa (2013) in his study concentrated on factors causing inefficiency on tax revenue collection in Tanzania, Ouma (2004), in his study concentrated on the Effectiveness of revenue collection procedure. Again, Semboja and Therkliden (1992) in their study in Tanzania, focused on factors for poor tax collections in LGAs in Tanzania. There are rear studies in Tanzania that quantify the impact of tax administration on government revenues. Thus, while there are various studies on tax administration performance, a study which holistically analyses the impacts of tax administration on government revenue in Tanzania is lacking in the literature. This study aimed at filling this research gap.

III. BASIC OVERVIEW OF TAX ADMINISTRATION

Tax stands as a major source of government revenue not only for developed countries but also for developing countries. For countries to benefit from the opportunities afforded by globalization they must be able to mobilize adequate fiscal revenues and the most reliable way to get it is with an effective tax administration, (Jamala et al; (2013) noted that, tax revenues guide national development and also are used to finance a substantial part of government operations including provision of public social services. Thus, improving tax administration has long been a matter of concern to countries.

In many countries, especially in developing ones, the small amount of collected public revenue can be explained by the inability of tax administration to fulfill its function or by corruption at high or low levels. Okoye and Ezejiofor; (2014) share that; one of the problems which face developing countries in collecting tax revenues is the inefficient and ineffective tax administration. Hence, the efforts of collecting tax revenues cannot be achieved unless there is a strong tax administration which ensures proper tax collections and ensures the minimizing of tax evasion.

Despite many comprehensive central government tax reforms during the last two decades, local government revenue systems in sub-Saharan Africa have remained largely unchanged until recently. Many local tax systems in Anglophone Africa are characterized by high levels of arbitrariness, coercion and corruption (Bahigwa et al. 2004). For instance, in 2003/04, Tanzania conducted a comprehensive reform of its local revenue system. The tax reform initiatives may partly be considered as a response to the threatening a major fiscal crisis. In Tanzania, government has taken several efforts to improve tax administration, and these efforts may have contributed to some extent to a more efficient tax administration during the last

few years. Most tax reforms have been guided by the need to increase revenues. The 2016/17 budget estimates seem to depend to some extent on increases in direct tax revenues from improved administrative measures in tax collection and an extended tax base. This need underscores the eagerness on the part of the government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources.

Vehorn and Ahmad (1997), point out four models of tax administration in a decentralized environment which are; central government tax administration, central government tax administration with assignment of taxing powers to different levels of government, multilevel administration with revenue sharing, and self-administration by each level of government. Another tax administration model which is mostly preferred by most Tanzanian local governments is contracting out services to private companies. A complicated and non-transparent local government revenue system is costly to administer and it facilitates corruption and mismanagement (Bardhan and Mookherjee 2002). Government revenues must be adequate to finance government investment in human capital development and allocate a higher proportion of expenditure to social services such as education, health, infrastructures etc.

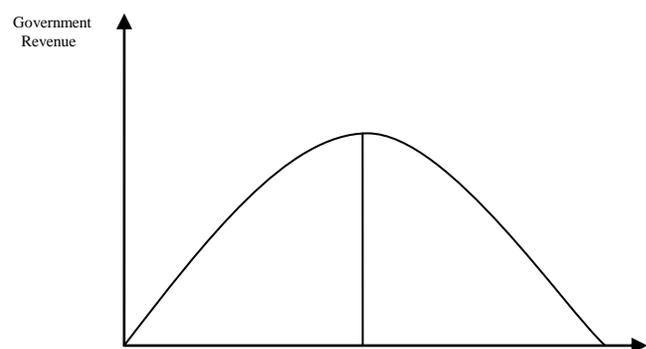
Although various studies (Chatama, Y. J (2013), Fjeldstad, O.-H., Piracha, M. & Magongo, J. (2011), Osoro, N.E. 1992a, Warioba, M, (1999), Gill, J. (2000) etc, have been conducted on tax administration in Tanzania, there is still a knowledge gap on the impacts of tax administration towards government revenue in Tanzania. More research is needed to further expand our knowledge on the impacts that tax administration have on government revenue in Tanzania. This study will address such gap.

IV. THEORY GUIDING THE PROJECT

This project has been based on Prof. Arthur Laffer theory on taxation, popularly known as the "Laffer Curve." It is a theoretical representation of the relationship between government revenue raised by taxation and all possible rates of taxation. This theory is demonstrated by a curve.

(i.e. Laffer curve) below:-

Figure 1: Laffer curve



This theory considered the amount of tax revenue raised at the extreme tax rates of 0% and 100%. The theory concludes that, a 100% tax rate raises no revenue in the same way that a 0% tax rate raises no revenue. This is because at 100% rate, there is no

longer incentive for a rational tax payer to earn any income, thus, the revenue raised will be 100% of nothing. Therefore it follows that there must exist at least one rate in between where tax revenue would be a maximum. The theory will help in understanding different tax rates charged by the government to tax payers and their impacts towards the government revenue.

V. EMPIRICAL LITERATURE REVIEW

A) STRUCTURE OF TAX ADMINISTRATION SYSTEM IN TANZANIA.

The united republic of Tanzania (URT) uses the widely used three tier tax administration systems, which is composed of:-

- i) The Central government taxes administration vested on the Tanzania Revenue Authority
- ii) Zanzibar's domestic consumption taxes administration vested on Zanzibar revenue board (ZRB), and
- iii) Local government taxes administration vested on local authorities. These include the city, municipals, town, ward, and village councils.

The constitution of the united republic of Tanzania, Para 10 of the first schedule of 1977 specifies union taxes (central government taxes) and non union taxes. The income taxes payable by the individuals and by corporations, custom and excise duties on goods manufactured in Tanzania are the union taxes specified in the constitution. All other taxes are non union

B) TAX COLLECTION PRACTICES IN TANZANIA.

In Tanzania, tax collection is controlled and serviced by Tanzania Revenue Authority (TRA) which came into operation in 1996 after being established by Act of Parliament No. 11 of 1995. Some taxes and fees are collected by the central government and channeled back to the local government, For Example; the collection of property tax in Dar es Salaam is assigned to the Tanzania Revenue Authority (Fjeldstad et al 2011).

Practices for collection of local taxes range from cases where local government authorities collect the taxes themselves to cases where tax collection is outsourced to private agents, semi-private partners and the central government. This has been also noted by Fjeldstad et al. (2009) that, the collection of a large number of local government revenue sources has been outsourced in recent years. In line with this, and as part of Public Private Partnerships (PPPs), the Councils outsource their revenue sources to the private collecting agents. Market cooperatives and private companies collecting tax on behalf of the local government are some of examples.

In Mwanza City Council, more than one-third of the council's own revenues in 2006 were collected by private agents. Another example from Mwanza City Council shows how the collection of fish market fees were outsourced to a fish dealer organization and the collection of fees at the central market were contracted to a vegetable cooperatives operating in the market. Also, Iringa District Council contracted villages to collect revenue from village businesses.

C) CHALLENGES FACING TAX ADMINISTRATORS IN GOVERNMENT REVENUE COLLECTION

The Government of Tanzania through a TSCP project has identified the un-willingness to Pay Taxes as one of the main contributing factor in LGA's finance problems. On the other hand Taxation is seen as a burden which every citizen must bear to sustain his or her government.

Kayaga (2010) notes that, financial constraints has led to hiring of tax officials who lack understanding of the tax laws they are administering. The foregoing problem is attributed to the insufficient administrative staff with requisite skills, and a high level of illiteracy among taxpayers and tax collectors. Further, Venkatachalam, P. (2009). argued that, the problems of tax administration in underdeveloped countries are basically problems of personnel; there is usually poor pay, lack of training, fraudulent activities of tax collectors, inefficiency and understaffing and lack of understanding of the importance to pay tax by tax payers.

Mzenzi (2013) found out that, collection rates charged by the Tanzania LGAs in various sources are generally low and are regarded as unrealistic. Rates are supposed to be revised regularly depending on different circumstances like change in the economy but the actual operationalization is constrained by a number of factors, prime amongst which is the bureaucratic nature of the Government system. This in turn leads to a number of rates to be outdated.

Despite the fact that Government tried to involve the private sector in order to decrease revenue administrative costs, this has turn out to become a challenge. Mzenzi (2013) and CAG (2013) both found out that revenue has declined and collecting agents are benefiting more than the councils. The majority of the collecting agents normally fail to remit the collected amount to the council. Poor planning before outsourcing and inadequate monitoring of performance of contract were also addressed by CAG as revenue outsourcing challenges.

Furthermore, Fjeldstad (2008) noted that, some of the challenges are; the revenue collectors retain some of outsourced revenue; Unwillingness of tax payers; Political pressure on the local tax administration to relax on revenue collection; and weak formulation and implementation of Bylaws. Also procedures for paying certain taxes are too cumbersome and do not encourage prompt payment of tax by payers. In some instances they go free by bribing tax officials.

Again, Mzenzi (2013) argued that, local tax payers lack sufficient knowledge on what type of product/businesses are subject to local taxes and the overall administration of the taxes concerned. Moreover, in some cases he found local tax payers are not aware about the payment procedures, timing for payment and even the amount to be paid.

The study in Nigeria by Soyode and Kajola (2006), in their study, pointed out that, the problems of tax administration in Nigeria are Tax Evasion and Tax Avoidance. Whereas Simiyu, (2010) in Kenya established that, tax officers accepted bribes when offered to reduce tax liability and demand for bribes when they visited, a situation that hugely affected revenue collection.

Also, Fjeldstad and Rakner (2003) established that, political interferences which comes in the form of directives, contributes to poor standard of services in tax administration. Some councils experience revenue shortfalls during election years. Moreover, Devas (2003) noted that, a growing number of residents live in informal settlements characterized by deficient basic services such as housing, clean water, electricity, sanitation, roads, and transport which poses a challenge to tax administration.

D) IMPACTS OF TAX ADMINISTRATION ON GOVERNMENT REVENUE.

The main advantageous of effective tax administration is to help countries to collect all taxes appropriately, minimize tax evasion, and corruption on taxation issues. Efficiency and effectiveness should be the watch word in designing a tax administration structure that will give the desired result (McPherson 2004).

In a study from Uganda, Iversen et al (2006), found substantial gaps between the local government estimates of the revenue yields from local markets, with the actual revenue yield collected by private agents. Similarly, Moore (2008). Fjeldstad (2006), provided that, local government tax administrations are often inefficient and not able to properly account for revenues collected, as a result, many African local governments are facing a governance crisis and poor service delivery capability. The way domestic revenue is raised significantly influences both economic growth and democratic consolidation (Braütigam et al 2008; Moore 1998, 2004; OECD-DAC 2006). In this perspective, the tax system may contribute to improved governance (Moore 2008; Fjeldstad and Moore 2008). Moreover, Gill (2000) added that, weaknesses in revenue administration lead to inadequate tax collections, hence shrinking the budgetary resource envelope, and affecting the government's ability to implement its policies and programs and provide public services.

Also, Graetz, (1997) argued that, How governments raise revenue not only affects policy outcomes, but also reflects political forces and induces political reactions. Further, Smith (2003) suggests that, although the South African Revenue Service (SARS) in post-Apartheid South Africa did a good job in raising revenue, the way it did so actually reduced fiscal redistribution while its failure to tap the large informal sector substantially reduced its state-building role.

Tax administration has to be performed in an efficient and effective manner in order to ensure an equitable and economically efficient taxation system exists. The importance of an efficient and effective tax administration is supported by Gill (2000) who stated that, while the tax policy and tax laws create potential for raising tax revenues, the actual amount of taxes flowing into the government Treasury, to a large extent, depends on the efficiency and effectiveness of the revenue administration.

e) FACTORS THAT ENHANCE EFFECTIVE TAX ADMINISTRATION ON GOVERNMENT REVENUE IN TANZANIA.

Gill, (2000) argued that, For the best administration to be effective, it needs to be supported by a sound legal system and to

operate in an environment that does not require it to face outright opposition from all its actual and potential clients. Also, Chatama (2013) found that, ICT contributes significantly on the tax collections in the large tax payers' department of Tanzania Revenue Authority (TRA). The study revealed that ICT has improved processing returns in time, minimizing operational costs and timely access of customers' tax records. Therefore, tax authorities should focus on improving ICT infrastructure in order to easy tax collection mechanisms and boost government revenue.

Casanegra de Jantscher & Bird (1992) provided that, three key ingredients seem essential for effective tax administration; the political will to implement the tax system effectively; a clear strategy; and adequate resources for the task at hand. It helps, if the tax system is well designed and relatively simple. Similarly, Gordon & Li (2009) observed that, the structure and nature of the economy enhance tax administration. For example, financial development, particularly the use of banking channels for payment, makes transactions easier to observe and makes tax administration easier. Also, McLaren (2003) noted that, optimal policy requires the administrative structure created to enforce it. Badly organized tax structure impedes the operating efficiency of the tax administration, while simple and transparent tax structure makes it much easier. Agreeably, the World Bank, (1991) provided that, in reform of tax administration, the importance of tax structure is clearly reflected, because tax administration and tax structure are interconnected and they have to be improved simultaneously in the tax reforms.

Further, Fjeldstad et al (2010), argued that, outsourcing can establish a platform from which change can be facilitated, but its initial impact and longer-term successful performance depends on, the strength and quality of the management; political commitment to support the reform; and transparency reflected in the provision of accessible and updated information to the general public on the data on the revenue potential, and actual collection.

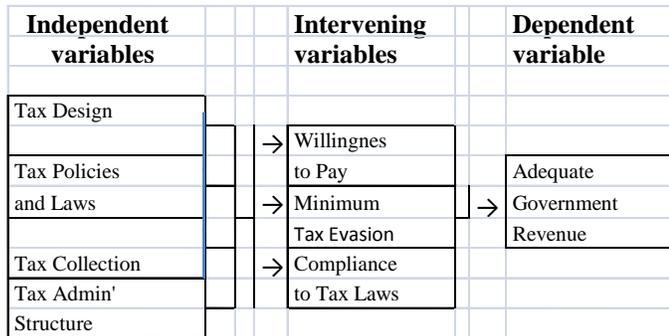
Kayaga (2010) in Uganda opined that, new technology alone is not sufficient if the government does not recognize the need for skilled tax officials. Effective tax administration requires qualified tax personnel with requisite skills to maintain these systems and operate them to their fullest potential. Computerization and appropriate use of modern information technology can help a lot. The technology must be carefully integrated into the tax administration if it is to increase output and not just costs.

Moreover, Aberbach, J. D., & Christensen, T. (2007) argued that, the tax which each individual is bound to pay ought to be certain and not arbitrary. The form of payment, the manner of payment, the quantity to be paid, etc ought all to be clear. The tax laws should be simple, clear and understandable both to those who must apply them and those who are subject to them. For a tax that is easily evaded causes resentment among the honest taxpayers and often decline in taxpayers' morality. They added that, the taxes should be fair with regard to the tax payer's ability to pay and in light of his family circumstances,

obligations and wealth.

Also, Slemrod & Gillitzer (2013) established that, good tax administration focuses on the collection of information in a world in which information is observable with error to varying degrees. Other elements of smart tax administration include emphasis on establishing good working relations with both the businesses that actually collect and remit most taxes and with the public in general, as well as with others engaged in similar activities both within the country.

Figure 2: Conceptual Framework



SOURCE: RESEARCHER'S DESIGN, (2016)

The conceptual framework above outlines the presumed relationship between the independent variables and the dependent variable under this project so as to observe the presumed or predicted outcomes. Thus, basing on both theoretical and empirical literature review, the above model was adopted in order to enhance comprehensive description on variables of tax administration.

VI.METHODOLOGY

With respect to the project methodology the following issues/points have been put into considerations:-

Data collection methods, project paradigm, research design, questionnaire, documentation method, validity and reliability of variables, data analysis and interpretations and research Ethical considerations as follows below:-

A.)Primary Data collection:- Primary data was used to acquire the first-hand information through the administration of questionnaire among tax administrators. Data were to test hypotheses of the work. Primary data played an important role, since has made researcher to explore the reality in a particular context concerning impacts of tax administration on government revenue.

B)Secondary Data collection:- Secondary data collection was used by reviewing literature on the subject with the view to testing it through questionnaires. The researcher collected data from TRA reports, reports and journals prepared by other researchers in related fields, books, and other publications relating to tax administration in Tanzania.

c)Project paradigm and Research design:- The project paradigm and research design used in this project are deductive paradigm and deductive research design of which spear headed towards the testing of theory and hypothesis testing, in order to determine and describe the respondent's views in the absolute truth of knowledge concerning the impacts of tax administration

towards government revenue in Tanzania.

d)Questionnaire:- In order to gain richer understanding on the impacts of tax administration on government revenue in Tanzania, data collection have been done using questionnaires. A set of structured questionnaires have been used to collect primary data from the respondents basing on the conceptual framework developed. This instrument is picked on the basis that, it has manage to capture relevant data to the research objectives. The questionnaire have been be drafted in such a way that have been able to be employed objectively to collect data that were propotional to the project variables.

e)Documentation method:- Documentary methods will have been used to support and give evidence of the data collected from a field. Review of Reports from TRA, journals prepared by other researchers in related fields, Textbooks, and other publications relating to tax administration in Tanzania have contributed fully to the secondary sources of data collection in this project.

f) Validity and reliability of Project variables:- A pre-test of all instruments have been done to the respondents so as to ascertain the suitability of the instruments in obtaining information required. Moreover validity of this study have been done through the close alignment of research questions, frame of reference, the design of the questions that have been administered to respondents, data collection methods, data analysis, specific objectives, and the research questions.

In order to ensure the reliability of this study, the researcher have desined questionnaires in a simple language, short, and not boring format so as to avoid respondent's confusion. Researcher also conducted a pre-testing of questionnaire as to test whether they will generate the sought data, then, the pilot tested questionnaires have been collected, redesigned and then redistributed to all target respondents for final data collection.

Inoder to test for the Internal reliability of the instruments Cronbach's alpha have been manipulated. The reliability of instruments was computed using SPSS and Cronbach's alpha was 0.794 higher than the recommended reliability which is Cronbach's alpha 0.7. This implies to the fact that the instrument that have been employed in this study is reliable.

g)Data analysis and interpretation:- Both descriptive and inferential statistics were used to discuss the findings of the study. The inferential statistics have been used to analyze the quantitative data obtained through quantitative approach by means of questionnaires so as to interpret the findings. Data have been processed and analyzed using SPSS (statistical package for social science) version 20 for window computer programmed and Microsoft office excel tool because they offer numerous statistical means to address the initial preposition of the study. Descriptive statistics also have been used describe the results or research findings what they mean and patterns of data that have been generated from the field.

h)Ethical considerations:- Researcher has insured that all research ethics have been adhered e.g anonymity, confidentiality, Freedom, plagiarism and feedback.

Preparation of anonymous questionnaire which enhanced freedom of respondents. Similarly, to enhance freedom a researcher has first seek consent from a respondent before

collecting any information and has respected respondent's freedom as to when to complete the questionnaires. Consequently, plagiarism has been highly avoided in this study to an extent of enhancing the integrity. Also, the researcher has provided feedback to all stakeholders concerning the study findings. Thus, the researcher has abided with all ethical principles in the whole process of the project.

VII. SUMMARY OF FINDINGS

Findings revealed that, Good tax design, Effective tax policy and laws, Tax administrative structure, Tax collection methods, the use of computerized system of maintaining taxpayer Register, Outsourcing revenue collections to private tax collectors, Enhancing relationship with other institutions like TRA, BRELA etc, and Proper maintenance of taxpayer's records, are the factors that enhance effective tax administration in Tanzania.

Tax administrators are facing different challenges in implementing their duties. These includes; Corruption practices on taxation issues, Political pressure to relax tax collections (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), Low Awareness on tax issues by Tax Payers, weak or Ineffective tax laws (by laws) and policies, staffs are not motivated, Insufficient tax budget, High rate of Tax evasion and avoidance, Outsourced revenue retained by Revenue collectors, and taxpayer's unwillingness to pay tax.

According to the findings it is evident that , tax administration strongly leads to Efficient tax system, Adequate tax collections, High tax compliance by tax payers, Attainment of revenue targets, Increase in tax bases and declined cost of revenue collection, Minimum Tax evasion and avoidance, High service delivery capability, and Strong willingness to pay tax by tax payers which essentially leads to adequate government revenue.

VIII. CONCLUSION

The efficiency of the tax system is determined by both appropriate legal regulation and the efficiency and integrity of tax administration. In many countries, a small amount of collected public revenue can be explained by the inability of tax administration to fulfill its function or by corruption at high or low levels. It is generally known that tax laws and tax policy are only as good as the tax administration.

Based on the study findings as already presented in the previous pages, the findings have revealed the factors that enhance effective tax administration on government revenue in Tanzania. Also various challenges face tax administrators in implementing tax duties and obligations as has been explained earlier. Further, findings also showed that, tax administration has positive impacts to the government revenue in Tanzania.

It was hypothesized that, tax design and Tax policies and laws, strongly influence government revenue in Tanzania. This hypothesis was supported by the findings which measured how tax design influences government revenue in Tanzania. Other findings revealed that, There is a significant relationship

between tax collection methods, and Tax administrative structure, with adequate government revenue in Tanzania.

IX. RECOMMENDATIONS

Recommendations to Tanzania Revenue Authority

From the finding of the study, the following recommendations are made to TRA;

a) TRA has to carryout taxpayer's education campaigns so as to uplift the level of public awareness on the importance of paying taxes and that tax evasion is a criminal offence, as well as providing training to revenue collection staffs on taxation issues for improvement

b) TRA management needs to frequently undertake market research and survey for the purpose of formulating efficient tax laws and policies and identify new sources of tax revenues and increase efforts on fighting against corruptions. ,

c) It should effectively make use of ICT facilities on tax administration, and integrate tax payment system with the mobile money services which will create easy of paying taxes leading to improved revenues.

d) It should establish effective taxpayer's database to assist municipalities and councils to be more precisely in making revenue budget estimate, collection, and spending, and should establish effective and proper disciplinary and legal actions to those breaking tax laws.

Recommendations to the government

The government which is the tax policy maker should ensure the following;

a) Tax policies and laws it makes are strong, and should ensure that organizations effectively apply those policies. Further, it needs to enact law that will enable LGAs to have information from other institutions like TRA, TCRA, Police and Judiciary etc, so as to improve estimates, to enforce compliance to the by-laws etc

b) It should make regular reviews on the existing tax policies and laws so as to cope with technological changes.

c) The government should fully modernize and automate all its tax system, improve tax payer's convenience in the assessment and payment process whilst at the same time entrenching effective and modern human resource management practices in the tax authorities.

d) Also, the government should make proper use of tax payer's money should be made and be seen to have been properly utilized. This will encourage tax payers to continue to pay taxes.

e) Should make sure that taxes are collected /paid in time into respective /designated bank accounts and failure to do so within the stipulated period of time attract strict penalties to the tax payer

f) Recruitment, selection / vetting of tax collection officers must be done very carefully in order to get employees with good tacked records.

g) Emphases should be put into e-commerce i.e buying and selling of goods and services (e.g Supermarkets, Television Programs, Travelling tickets etc.) in order to make tax

collection to be easily done and at low cost.

Recommendations for future research

This project was about the impacts of tax administration on government revenue in Tanzania. To open the new window for research, the following suggestions can be helpful for further studies:-

a) Future researchers should increase and use larger sample size to obtain data from different public organizations on taxation issues. 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.

b) The coming researcher is recommended to budget enough time for data collection and combine or use other tools of data collection so that large data can be collected from different LGAs..

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