**FEATURE** 

#### **SURVEY**/Business

# Why private sector wants government to address multiplicity of taxes

By Lydia Shekighenda

THE recently released fifth annual report of a L survey of business leaders in Tanzania titled 'Business Leader Perceptions of the Investment Climate in Tanzania"- 2012 outlined several factors that make doing business difficult in the country.

The report, launched by the Private Sector recently in Dar es Salaam, finds that the problem of reliable electricity is the top barrier to doing business in Tanzania followed closely by issues such as the level of taxes, corruption, tax administration and access to finance respectively.

Business leaders also called for rationalization of the level of taxation in the country, which they said was very high due to the multiple fees and levies charged by authorities or regulatory bodies.

The report notes that tax administration needs to be improved and made more efficient by reducing the cost of compliance on licensing and regulations.

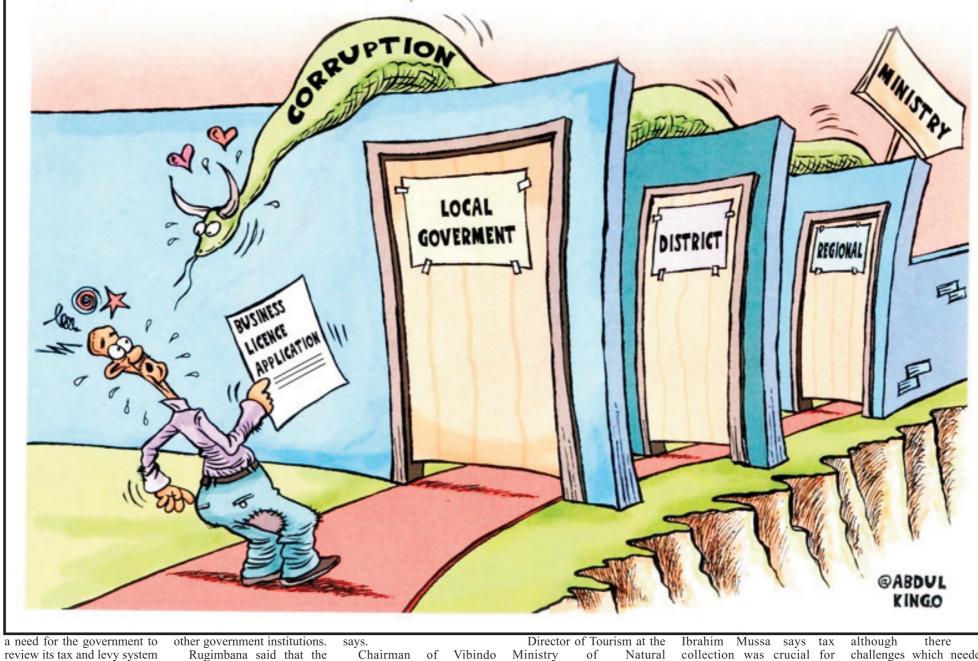
The report says despite taking a number of reforms to improve business environment, Tanzania has slowly moving downwards in the ranking on the global competitiveness index. Its investment climate is less favorable when compared to other countries in Sub-Saharan Africa like Kenya, Rwanda and South Africa. Tanzania is currently ranking 134 in the World Bank's Doing Business Report 2013 (out of 187 countries), indicating again a fall from last year's position.

"There is need to take heed of the report in prioritizing the business environment reforms agenda," noted TPSF Executive Director, Godfrey Simbeye. Government and political society are called to focus on these issues and to engage in convincing efforts to overcome such important hurdles. An improved investment climate in Tanzania is a necessary condition boost productivity, to create jobs and incomes, and to sustain the economic and social progress from the past decade.

Confederation of Tanzania Industries Executive Director Christine Kilindu said that businesspeople have no problem with paying the taxes outlined by the government but the problem was the multiple levies which they were required to pay.

She says there were four taxes identified by the government and businessmen under CTI have no problem with them but there were also 18 levies which CTI members

Kilindu said that there was regional government and



review its tax and levy system to provide relief to the business community.

Latifa Sykes of Hotel Association Tanzania (HAT) is the hotel sector was not happy with multiplicity of taxes which the government was introducing without prior-consultations.

"It is not that we don't want to pay taxes but we need to be well informed about the taxes and given time for doing administrative arrangements before starting paying them,"

Sykes says the abruptly introduction of taxes by the government has been interfering with their businesses especially when they had already received booking from their customers because they cannot change the charges.

Executive Secretary of Tourism Confederation of Tanzania (TCT) Richard Rugimbana said that the government should consider the justification of its tax structure because to bring fairness in the business.

He says in tourism sector they pay 14 taxes whereby to

Rugimbana said that the businessmen want to pay tax to the government but at the same time to get profit.

He says business people need to be informed earlier about the new taxes which will be introduced so that they can make administrative arrangements.

Rugimbana says in tourism business a customer can make booking one year before and at the middle of the season the government introduce new taxes ..."this makes the environment of doing difficult,"

Abdulkadir Mohamed Secretary of Tanzania Air Operators complained over a number of taxes being paid by air operators saying that the situation causes them to operate under difficult environment.

He said tourism business goes together with aviation but there were over twenty taxes which the air operators had to pay and its administration was also cumbersome.

"The government should consider of reviewing these central government, taxes to reduce the burden posed in the business," he

Chairman of Vibindo Society Gaston Kikui faulted Tanzania Revenue Authority's system collecting taxes from small scale entrepreneurs.

He says the relationship between TRA and small scale entrepreneurs was not good because the Authority set the taxes basing on the physical appearance of entrepreneur.

Kikui says there was a need for the government to review its tax payment system to do away with difficulties encountered by the entrepreneurs in paying the taxes.

A businessman Cyril Arko says taxes determine the business environment thus if there were multiple taxes it was obvious that entrepreneurs will fail to compete in the market.

He says the process of paying taxes and levies was cumbersome discouraging even people who are willingly to pay.

He said a person can spend up to four struggling to pay taxes suggesting that there should be one point where entrepreneurs can pay all the

will continue to improve its tax administration to minimize the inconveniences encountered by the tax

IPP Executive Chairman Dr Reginald Mengi savs corruption is an enemy of business and ordinary citizens.

He cited the recently released Transparency International's 2013 Global Corruption Barometer which showed that Tanzania is among 14 most corrupt countries in the world.

"The impact of corruption is enormous, not only to business but to the population at large...in short corruption is simply theft and at the end of the day the burden is borne by poor Tanzanians," Dr Mengi said.

He noted that there is political will to fight corruption in the country, but problem implementation.

Speaking in Dar es Salaam recently at a seminar to share experience on the secret of Korea's economic development Mzumbe University Lecturer Dr. Prosper Honest Ngowi said that the barriers to doing business identified in the business leaders perception report should be addressed in order for the country to transform to the middle income economy.

He said that it was upon the government to address such issues for the country to attain its vision of becoming the middle income country.

The fieldwork for the survey was commissioned by BEST-AC and undertaken by Ipsos-Synovate in course of

#### UNITED REPUBLIC OF TANZANIA MINISTRY OF ENERGY AND MINERALS

development of the country

Tourism

Resources and



#### **PRESS RELEASE**

### THE 2ND ARUSHA INTERNATIONAL GEM, JEWELRY & MINERAL FAIR 28-31 OCTOBER, 2013

The Ministry of Energy and Minerals (MEM) and the Tanzania Mineral Dealers Association (TAMIDA), invites all stakeholders in energy and mineral sector and all locally licensed mineral dealers and gemstones miners to the 2nd Arusha International Gem, Jewellery and Mineral Fair (AIGJMF) that will be held at the Mount Meru Hotel in Arusha, Tanzania from 28-31 October 2013.

Through this regional concept, the participating countries will be able to share resources and knowledge, in order to build a value-addition infrastructure that brings more direct benefit back to their countries - which they could otherwise not sustain as a single entity.

To the buyer, the fair will provide a more intimate venue where they can trade at the source, at preferred pricing – with special dispensation for export that does not exist at other times of the year. To the exhibitor, AIGJMF promises to provide crucial business links to the world. The 2013 AIGJMF will continue to build the foundation for an international consortium that consists of buyers, sellers, industry experts, and government representatives who will work towards harmonization, formalization and sustainability of the gemstone trade in Sub-Saharan Africa.

Exhibition fee of USD 1,000 is applicable before 31st August, 2013. A fee of USD 1,250 will be charged for a late confirmation/registration thereafter. The event organisers will allocate the booths on a first come-first to be served basis. So far, a significant number of local licensed gemstone dealers have registered to exhibit, and Organisers expect more to register before the registration deadline, which is set for 30th September, 2013.

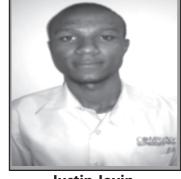
Registration information can be obtained from zonal mines offices located at *Arusha*, *Mwanza*, Dar es salaam, Mtwara, Mpanda, Shinyanga, Mbeya and Singida. Information can also be obtained from the event website: www.arushagemshow.com; or by email at info@arushagemshow.com; or by contacting the following phone numbers: 0786366968, 0767498869 and 0767223387.

The AIGJMF Organising Committee

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**Justin Jovin** 



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