

The Economist Review

“Tax Reform & Policy Planning”

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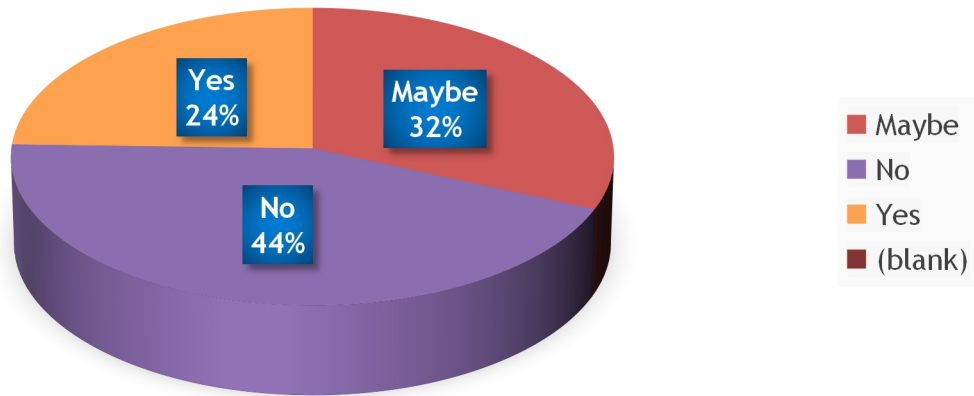
Objectives

The tax structure is one importance aspects of the multifaceted concept of the quality of taxation. It deals with the design of tax policy to achieve desired policy objectives, while at the same time promoting economic growth, minimizing distortions and reducing the cost of tax collection. This insight focuses on he effects of taxation on Economic Growth.

High marginal tax rates can discourage work, saving, investment, and innovation, while specific tax preferences can affect the allocation of economic resources. But tax cuts can also slow long-run economic growth by increasing deficits. The long-run effects of tax policies thus depend not only on their incentive effects but also their deficit effects, reduce the purchasing power of the citizens where by it lead to the discouraging of production process and hence lack of employment since the production capacity has fallen

“Upon looking on the case of neutrality treatment between tax payers, the government needs to see this posture with a great eagle eye because treating domestic and foreign tax payers equally this can greatly lead to decrease on the consumption of our local products hence our local industries will deteriorate very fast hence our great aim of increasing investment by our local people will decay, also in the case of revenue collection due to creation of neutrality in the business, some taxes might be lowered so as to favour the local industries but in other word this might be a way to which the foreign investors get a relief on tax because every investor great aim is to reduce the tax and move to the tax free countries hence this will be looked as way to which revenue will be lost a very great rate”

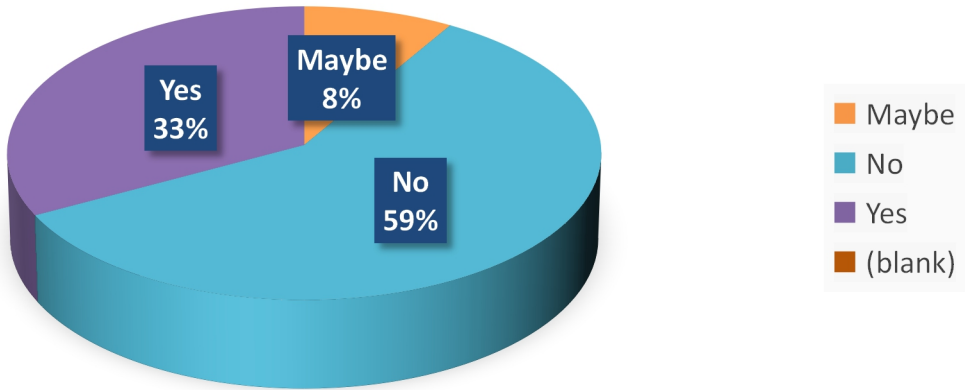
Government evaluated the level of tax burden and Investment attraction strategy



The results show that 59% of the respondents respond to "NO" to justification of the tax burden on business income to differ by firm size, age of the business entity ownership structure, industrial sector or location can be differences, but also our tax system need to neutralize its treatment to foreign and domestics investors while 33% respond to "YES" the government justify the tax burned on respond to business income as respectively and 8% respond to maybe the government justify.

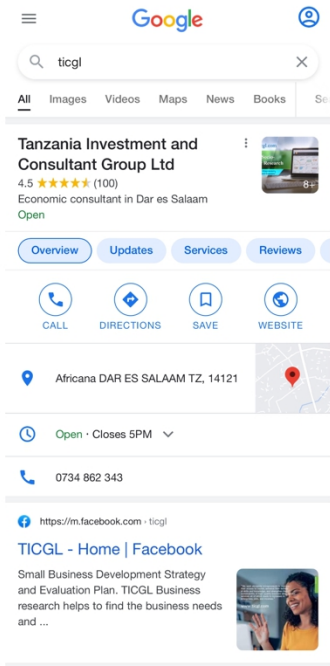
Tanzania Revenue Authority is a threat for people with dream of possessing their start up companies, even when you just have an idea without money if you dare to register a company even without doing any work at the end of the year TRA demand a person to pay taxes that inspire people to do things local without registration as even if they don't register they keep on making money despite the fact that their dream of being employment creators has been killed at the TRA desk officer

Tax burden on business income by firm size, age of the business entity



The results show that 44% of the respondents respond to "NO" on consistence on the government evaluation on the level of tax burden on a broader development objectives and its investment attraction strategy, while 32% of the respondent respond to "MAYBE" the government evaluation are consistence while 24% respond on tax burden are consistence on its objective and its investment attraction strategy.

- a. The government should set policies that would encourage the economic growth and development in the country whereby the policies won't be burden for the users in order to increase the revenue.
- b. Tanzania should be ego to learn from the developed countries especially on the investment policy and tax treatments to the foreign investors so as to increase the number of employment opportunities to the growing number of youths.
- c. Reduction of bureaucracy from government officials, this will speed up issuing of permits for investor especially foreigners.



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THE
ECONOMIST
REVIEW

ECONOMIST PLATFORM FOCUS
ON ANALYSIS OF
INTERNATIONAL AFFAIRS
BASED ON BUSINESS,
ECONOMY, POLITICS, SOCIAL,
TECHNOLOGY AND LEGAL


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