



## TANZANIA - July 2017

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### GOVT DEFENDS PROPERTY TAX MEASURES ..... 1

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#### Govt Defends Property Tax Measures

The government has defended its decision to transfer the collection of Property Tax from local government authorities to Tanzania Revenue Authority (TRA), saying the move has no intention of depriving municipals of their much-needed funds.

Speaking in Parliament this morning, the Deputy Minister for Finance and Planning, Dr Ashatu Kijaji said the money, being collected by TRA, will be sent back to local government authorities in line with their budgets.

"Property Tax will remain to be a source of revenue for local government authorities as it has always been. We have only changed the system of collecting it," she said.

Dr Kijaji was responding to a question from Ms Cecilia Paresso (Special Seats - Chadema) who wanted to know how the Central Government plans to compensate local government authorities for the loss of revenue resulting from transferring Property Tax to TRA.

According to Ms Paresso, the government has failed to send back the funds - collected by TRA through Property Tax - back to local government authorities, and thus the need for the Central Government to compensate for the loss.

"In Kinondoni for example, the plan was to send back Sh10 billion during the financial year 2016/17 but so far, nothing has been received," she said, alleging that the Central Government has either failed or should bring a Constitutional Amendment to officially scrap local government authorities in the running of Tanzania's affairs.

But according to Dr Kijaji, available data show that the government has recorded tremendous achievements with regard to the collection of Property Tax since the revenue source was transferred to TRA.

She said the taxman officially started collecting Property Tax in October 2016, initially targeting 30 out of 183 local government authorities.