

**CHALLENGES FACING PROPERTY TAX COLLECTION IN  
TANZANIA:  
A CASE STUDY OF DODOMA MUNICIPAL COUNCIL**

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TANZANIA:  
A CASE STUDY OF DODOMA MUNICIPAL COUNCIL**

**By  
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**Dissertation Submitted in Partial/ fulfillment of the requirement for Award of  
the Degree of Master of Science in Accounting and Finance of Mzumbe  
University**

**2015**

**CERTIFICATION**

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **an assessment of challenges facing property tax collection in Tanzania: The case study of Dodoma Municipal Council**, in partial fulfillment of the requirements for the award of the degree of Master of Science in Accounting and Finance of Mzumbe University.

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Accepted by the board of school of business.

**DECLARATION**

**I, Mwanaidi Ally Dedu,** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

**Signed** .....

**Date**.....

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Lastly, I thank all whose names do not appear in this report but their contributions are valued. May God bless you all! THANK YOU.

## **DEDICATION**

I wish to dedicate this work to my parents Fatuma Mkuki and my late father Mr. Ally Dedu. I also dedicate it to my husband Mr. Mwarab Yusuph, and to my sons Twaha, Yusuph and Luqman for their patience, love, support and sacrifice when dealing with this study. Their support and encouragements helped me to make this work successful, I will always be thankful to them.

## **ABSTRACT**

The study intended to assess challenges facing property tax collection in Tanzania. The researcher investigated property tax administration process and the problems associated with it, challenges facing property tax collections and taxpayer perception on property tax. The research was conducted in Dodoma municipal council. The researcher believed that the research findings could help the municipality to improve revenue collection in their jurisdiction.

Data were collected from sampled LGAs/municipal officials, tax consultants, educational professionals and property taxpayers within the municipality. Questionnaires and interview were employed to collect primary data from the selected sample of 143 respondents. The sample was drawn from the owners of buildings residing at Majengo, Uhuru, and Viwandani wards, municipal officials, academic professionals, tax consultants, wards executive officers and property tax collectors. Secondary data were obtained through reviewing different documents relating to property tax. Data were analysed using Descriptive Statistical analysis and presented using frequencies tables, histograms and graphs.

The study findings revealed that challenges facing property tax collection in Dodoma include the following: Lack of effective statutory rate, lack of means of transport, different methods of determining tax base, delay in payment and inconsistency in valuation process. Other challenges were: inadequate number of valuers of properties, lack of awareness of tax payers, corrupt behaviour of the officials, inadequacy in property tax administration, tax payers unwillingness to pay property tax, and lack of motivation of property tax collector. Taxpayer's showed resistance in tax payments due to negative perception on property tax paid due to the fact that they receive little or no benefit at all. Due to defiance's observed, the municipal is required to take required measures in order to achieve full collection of property tax and increase more revenue.

## **LIST OF ABBREVIATIONS**

DMC	-	Dodoma Municipal Council
DRC	-	Depreciated replacement Cost.
GDP	-	Gross Domestic Product
LGA	-	Local Government Authority
LGFA	-	Local Government Finance Act
NSSF	-	National Social Security Fund
TRA	-	Tanzania Revenue Authority
UK	-	United Kingdom
USA	-	United States of America
USRP	-	Urban Sector Rehabilitation Program
VEO	-	Village Executive Officer
WEO	-	Ward Executive Officer



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## **CHAPTER ONE**

### **INTRODUCTION AND PROBLEM SETTING**

#### **1.1 Introduction**

This chapter contains background information of the study, statement of the problems, research objectives, research questions, and significance of the study. Other issues discussed here are: scope of the study and limitations of the study.

#### **1.2 Background information of the study**

Many municipalities in Africa are financially weak and rely on financial transfers and assistance from the central government. Moreover, the revenue collection administrations are often inefficient and large amounts of revenues collected are inappropriately managed (Brosio, 2000).

Property tax has been important tax among many municipals in Africa and in world in general (Bahl, 2007). Property tax is the important and reliable source of local raised revenue for local government. Property tax is the relevant source of revenue because it links the service provided by local government and enhancement in property value. Revenue from property tax spent on different services such as fire, police protection, roads, drainage, and street lighting results in increased property values within the jurisdiction (Mann, 2001). It is internally, the increasing demand of public services and the local government need to finance some of its project by revenue from property tax making it an issue of concern globally that caused many countries to impose tax on real property (Roy, 2009).

The local government is interested on revenue from property taxes to finance local social services provision to the people. Property tax has an opportunity to enhance public fiscal policy decision on local government expenditure therefore property tax is required by the local Government (Bird & Slack, 2002).

In developing countries property tax is an issue of concern that has potential effect on local government revenue required for public finance (Aluko, 2005). Property taxes bring diversity and help to balance the state and local revenue system.

Property tax is very special ingredient of fiscal policy for municipal governments and the most important required local government source of revenue in most countries (Bahl, 2007).

In Africa the demand for public services is ongoing among the public. Local Government faces challenge on meeting the increasing demand for public services. There are so many factors associated with demand for public good whose responsibility delegated to government by the people (Kironde, 2000). Development of cities and towns in Africa is an issue of concern that resulted from urbanisation. Prior to independence, most African countries were predominantly rural with only a negligible percentage of the local population living in urban areas to serve the colonial masters. Rapid urbanisation in developing countries of Africa was experienced after the 1960s when most countries became independent (Kironde, 2000). In Tanzania most of the public infrastructures were developed during colonial era and after independence. Those public infrastructures tend to deteriorate due to lack of maintenance from the government. In urban areas services from Government do not match with the property tax charged, the drainage system and roads are poorly cleaned in most of the urban areas of Tanzania. An increase in property tax revenue was to be achieved by improving tax base of the local government authorities through valuation of all properties (Tibaijuka, 2007)

Property valuation conducted by the municipal council in order to acquire real property value in a selected municipal will further create comprehensive valuation that will allow provision of social services that cope with urbanisation. Property tax collection in Dodoma municipal is regarded as an important instrument in raising the revenue. The revenue collected in turn, allows infrastructure and social services improvement (Kayuza 2006). Studies conducted in Tanzania by Kelly and Musunu (2006) show that property tax revenues fall short on their potential, on account of low coverage, low valuation, low collection and an obsolete tax structure. Challenges facing property tax collection system are not covered; therefore this study aim to explore challenges facing property tax collection system in Tanzania.



### **1.3 Statement of the problem**

In most of the developing countries property tax has been a critical issue which needs to be re-addressed and increase effort of collecting. Tax evasion is a universal phenomenon that take place in all societies and economic system including both developed and developing countries (Chan & Henng, 2009). This is due to the fact that so many people owning properties and they escape from paying property tax (Aluko, 2005). In most of developing countries, property taxes collection has been poor since most of the properties are not valued, leaving a room for the property owner to escape from paying property tax willingly. Many people tend to evade paying property tax since they think that the government misuses taxes (Aluko, 2005) For example, when there is poor provision of social services, many people do escape from paying property tax because they don't understand how the government uses the money collected from taxes and they think that money collected from property taxes is benefits only few people while leaving most of people without services (Fjeldstard, 2004). In view of the inadequacy in the institutional framework and insufficient expertise and resources to monitor the intricacies of the tax compliance problems developing countries are particularly vulnerable to tax compliance.

Kapoor (2002) reported that there have been complaints among the tax payers concerning property tax collection system in Tanzania. Although it is important, property tax is not fully collected as required, irrespective of being recognised as major source of revenue for municipal government. Past studies by Kelly and Musunu (2006) show that the actual property tax revenue falls short; it's potential on accounts of low coverage, low valuation, low collection and outdated tax structure.

An investigation by Kayuza (2006) on real property taxation in Tanzania did not identify challenges facing property tax collection and the way to improve its collection, and from reviewed literature there has not been organized documented literature reporting on the challenge facing property tax collection in Dodoma municipal council.

Therefore, this study intended to fulfill the existing gap by assessing the challenges facing property tax collection in Dodoma municipal.

#### **1.4 Research objectives**

This study comprised two types of the objectives, the general objectives and the specific objectives.

##### **1.4.1 General objectives**

The general objective of the study was to assess the challenges facing property tax collection in Tanzania, using a case study of Dodoma municipality.

##### **1.4.2 Specific objectives**

Specifically the study aimed at achieving the following objectives:-

- i. To assess the property tax administration process in Dodoma municipal council and the problems associated with it.
- ii. To analyse the property tax payers perception of property taxation in Dodoma municipal council.
- iii. To investigate the challenges facing property tax collection in Dodoma municipal council.
- iv. To explore measures to deal with the challenges facing property tax collection in order to improve the system of property tax collection in Dodoma municipal council.

##### **1.4.3 Research questions**

The study concentrated on answering the following research questions:

- i. How are property taxes administered in Dodoma municipal council? And what are the problems associated with it?
- ii. What are the tax payers' responses/perceptions on property tax?
- iii. What are the challenges facing property tax collection system in Dodoma municipal council?

- iv. What measures should be taken to deal with these challenges so as to improve property tax collection system?

### **1.5 Significance of the study**

The results of the research have several contributions to tax stakeholders.

The results will be used by policy makers on making fiscal policy effective on the property tax and inclusion with the relevant factors for effective property tax collection in Tanzania. Dodoma Municipal council can use the finding of the study for improving timely and proper collection of property tax. The people of Dodoma Municipal can use the findings to know the importance of paying the property tax on timely basis and they will know their contribution to the government revenue collection system in general.

The research finding can be used by planners and researcher during taxation planning for increasing government revenue. Dodoma municipality can use the finding of the study for enhancement of property tax collection by identifying the factors for its effectiveness. If collected effectively the property tax will help the Municipal council to achieve its desired goal and objectives. The study will be useful to other people who wish to conduct research on related topic, simply because they will use the findings of study as the reference when reviewing literature. And the most interesting is that the research is requirement as a partial fulfillment of master's degree of science in Accounting and Finance at Mzumbe University

### **1.6 Scope of the study**

The study focused on challenges facing property tax collection in Tanzania. The study was conducted in Dodoma as case study since it is not possible to conduct this study in the whole country due to time factors and the size and geographic location of our country which is too wide and also due to lack of sufficient funds. Dodoma region has been selected because it is highly accessible to the researcher and many people own the buildings in planned land/areas.

### **1.7 Limitations of the study**

The research was constrained with a number of limitations. For instance, there was inadequacy of funds to cover larger areas in Dodoma. Furthermore, some respondents were reluctant to provide information during the study because of fear and lack of understanding; this forced the researcher to take more time to explain to the respondents the implication of the study. The researcher used both English and Kiswahili language to enable the respondent to understand the demand of the questions and researcher prepared the questionnaires in Swahili for those respondents who did not know English. The research was limited to Dodoma municipal council only.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The topic contains theoretical and empirical review of literature concerning property tax collection in Tanzania. Theoretical part explains different concepts and theory related to property tax, while the empirical review explains what other past studies say concerning the research topic.

#### **2.1 Theoretical frame work**

This part explains different concepts and theory relating to the property tax in general. Theoretical reviews help the researcher to review different theory relating to topic of the study and they help the researcher to derive the research question/hypothesis and the method to be used in conducting the research.

##### **2.1.1 Tax**

A tax is a fee charged ("levied") by a government on a product, income or activity. If tax is levied directly on personal or corporate income, then it is a direct tax. If tax is levied on the price of a good or service, then it is called an indirect tax. The purpose of taxation is to finance government expenditure. One of the most important uses of taxation is to finance public goods and service such as street lighting and street cleaning. Since public goods and services do not allow a non-payer to be excluded, or allow exclusion by a consumer, there cannot be a market in the good or service, and so they need to be provided by the government or a quasi-government agency, which tend to finance themselves largely through taxes. (Fullerton, 2008).

Tax is a pecuniary burden laid upon individuals or property owners to support the government, a payment exacted by legislative authority. Tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority and is any contribution imposed by government, whether under the name of import, duty, custom, excise, subsidy, aid, supply, or other name (Fullerton, 2008). For the purpose of this study tax will mean property tax.

### **2.1.2 Property tax**

Property tax is the annual amount paid by a land owner to the local government or the municipal corporation of his area. The property includes all tangible real estate property, the house, office building and the property he has rented to others (Kayaga, 2007).

Property tax is an ad valorem tax levy on the value of property that the owner of the property is required to pay to a government in which the property is situated. There are three general varieties of property: land, improvements to land (immovable man-made things, e.g. buildings) and personal property (movable things). Real estate is the combination of land and improvements to land (Kayaga, 2007).

Mann (2001) defined property tax as taxes that are imposed on capital with same types of capital taxed at rates above the average, others below. Hence, Property Tax plays a key role in Local public finance where it accounts for about more than fifty percent of local government revenues. Also, an individual property tax liability is the product of the tax rate and the property assessed value, the value the jurisdiction assigns to property.

Income Tax Act 2004 explain that gain or profit from any right granted to any other person for use or occupation of any property is chargeable to income tax example rent from National Housing Corporation or NSSF buildings for commercial renting business. Gain or profits for use or occupation of any property includes any royalties, rent, and premium or like consideration received for the use or occupation of property example rent from property owned by any person. This rent is taxable in both cases.

### **2.1.3 Importance of property tax payment**

**A source of local revenues,** Throughout the world property taxes are commonly employed as the main source of locally generated revenue for the good reason that there is no other major source of taxation revenue that is exactly geographically defined. It is possible to use local income taxes and/or local sales taxes for generating local government revenue but both have difficult administrative problems. Local

revenue may be generated from other sources, particularly rents from local government owned properties. In some cases, local income taxes are an important source of revenue. In many cases property tax is the major source of revenue.

**As a primary source of revenue**, property tax plays an important role in decentralization and the autonomy of local government. Full decentralisation of government incorporates the power to raise revenue independently in addition to powers allowing local governments to use the funds as they see fit (in accordance with the limits of their legal powers). In practice, local government autonomy is always limited. The duties of local governments are almost invariably such that it is impossible to discharge them without central government grants which detract to a greater or lesser extent from their independence. Increasing independent powers of raising revenues through property taxes thus becomes important.

**Support for other functions**, 'Valuation lists' compiled for local government may be used by other bodies, particularly those that can be termed "single function authorities" such as Water Boards. Water charges are commonly based on the assessed value in the valuation lists. Such procedures are very cost effective and may have a reasonable correlation with water usage in many circumstances (although cases do exist where commercial and industrial properties have low water consumption but have relatively high values). Drainage boards can also be funded by charges related to the valuation list, which has advantages over charges related only to the surface area of the property.

## **2.2 Property tax terms**

This part aims to explain some property tax terms used by researcher as explained below: These terms include: property tax evasion, requirement for property tax, property tax administration and principal of taxation.

### **2.2.1 Property tax evasion**

Property tax evasion has been increasing nowadays in most of developing countries because of poor records of properties and due to lack of information on rental income obtained in such properties by the owners. Due to lack of proper system to detect

income obtained from property lead to increase to a chance for property tax evasion (Aluko, 2005)

Lack of awareness of taxpayer and misuse of revenue from property tax are the main reasons which lead to individuals to evade paying property tax. This leads to losses of much revenue by most of developing countries. If people are given education on the importance of paying property tax will encourage them on paying property tax and will lead to reduction of property tax evasion. The government should have record of all properties and their values in each council. However poor valuation is one of factors which lead to property tax evasion in most of developing countries. (Kayuza, 2006)

### **2.2.2 Requirement for property tax**

Property tax requirement is highly associated with standard guide on property tax payments. Review of other works on property tax shows that property tax is different from other taxes in terms of method of assessment, varied basis of taxation, appeal approach, tax collection and enforcement and the administration procedures as a whole (Mann, 2001). The administration of property tax involves providing benefit to the local government and to the property tax payers. Although the benefit of paying property tax on the side of tax payer need to be critically identified due to lack of knowledge and awareness' on the use of revenue from property tax. Traditionally property tax was used to finance services such as roads construction, street lighting, cleaning of the roads and garbage collection (Mann, 2001)

As Kayuza (2006) on her study on real property taxation in Tanzania, observed that property tax is connected to the standards which are linked to the traditional principles of taxation which have been discussed below.

#### **Fairness based on benefit received**

Property tax should reflect the benefit received from local government expenditure.



**Fairness based on ability to pay**

Property tax level should be related to individual ability to pay in terms of both horizontal and vertical equity. This means that property owners with similar property of similar value should pay similar level of taxes.

**Neutrality**

Property tax should not distort the economical behaviour of individual, for example, the tax should not affect decision about where to live and where to work and the type of property to own.

**Understandability**

Property taxes should be in such a manner that is easily understandable to everyone in need of it.

**Accountability**

Clear structure of property tax provides opportunity for policy makers and tax authority to be held accountable in case of any problems.

**Ease of administration**

Property tax system should be simple in such a way that it is easy to administer the tax and easy to collect tax.

The standard to the large extent reflects real situation in practice of property tax system, the standard makes people feel comfortable when they see that the government cares for them by providing them with social services and live in clean environment.

Also, when people are aware of taxes and see the benefit of paying property tax from their government they become more comfortable, Good example of such is in Developed countries such as Canada, USA, and Australia where the people are aware of taxes and they are happy to pay tax which makes easier for tax collection authorities to administer without forcing anyone.

### **2.2.3 Property tax administration**

The system of property tax administration is highly connected to the function that it is expecting to offer to the public. Property tax is one of the sources of revenue for municipal council for meeting its responsibilities for the citizens. The property tax administration system is charged with different functions of property tax administration and collection.

However, efficiency in performing such function is largely influenced by facilitation from municipal authority. While cooperation from the taxpaying public impact upon the revenue collections, Property tax administration systems interact with tax payers in the process of identification and valuation of ratable property and collection of property tax. It has no authority to influence on service delivery to the tax payers, since it is not involved in decision making concerning the generated income from property tax. The rating on the charge of property tax is not clear on valuation in that respect higher value property to be charged less due to poor valuation process (Bowman, 2002). Currently, the residential property paid at the rate of 0.15percent while commercial property paid the rate of 0.2percent.

### **2.2.4 Principle of taxation**

The structure of property tax is based on efficiency and equity criteria. The property tax system should allow the property tax to be raised in a way that treat individual fairly. It reduces the interference on economic decision and does not impose unnecessary cost on property tax payer or on property tax administration.

Alm (1999), reported that property tax should satisfy the condition available for taxation. As an example, property tax is one of factors which lead to a function tax structure and many other factors, and it is not easy for tax system to achieve all of them at a time, as such it is quite common for example to find a property tax that has high efficiency but the reverse with respect to fairness.

## **2.3 Property tax in Tanzania**

Not like in other countries where property tax base may include land and building and to a lesser extent other asset, the tax base in Tanzania covers building only. That is where the property tax system is based on capital value of building.

According to the Urban Authorities Rating Act, 1983;

*...Ratable property is described to cover all building found within the taxing areas, which are in actual occupation together with the improvement on it or under any building. Improvement is described as a whole or any parts of buildings structure of whatever material constructed, which is of beneficial use or occupation and which is sufficiency permanent nature as normally to pass with land on deposition.*

However, the level of exemption provided for under the law governing property tax contribute to the reduction of the size of the tax base of any rating authority in Tanzania.

### **2.3.1 Exemptions**

Taxable property is exempted from property tax liability in accordance with the provision of both the local governance finance Act, 1982 and the Urban Authorities (Rating) Act, 1983. The law excludes the following buildings from property taxation:

1. Property in the personal occupation of the president
2. Property used for public utility undertaking.
3. Premises used primarily for public worship but excluding property used for residential or social purposes in connection with places of public worship;
4. Public libraries and public museums;
5. Cemeteries and crematories;
6. Railway infrastructures
7. Other property as may be prescribed by the concerned urban local authority.

Furthermore, in accordance with Section 19 a council is authorised to exempt any tenement from paying rates subject to ensuring that there are other sources of revenue to compensate for the revenue of exempted property. Besides a local

government may reduce payment of a rate on account of the inability to pay it; or exempt, any person or category of persons from liability to pay the rate.

### 2.3.2 Valuation

The basis of property tax is the market value of a building, or where the market value cannot be ascertained, the replacement cost of the building as determined by qualified valuers. Besides, the rating legislation provides for self-assessment. In accordance to Section 8 (4) of the UART 1983 of the rating authority, where it deems necessary or may require the owner of the ratable property to furnish the authority with the value of the property. But this legal provision is practically dormant. According to the rating law, valuation of ratable properties is to be undertaken for preparation of a valuation roll after a jurisdiction has been declared a ratable area by the minister responsible for Local Government. A valuation surveyor is appointed to survey the properties, estimate the value to be rated and to prepare the valuation roll. The ratable value of the property to be determined is the market value or the replacement cost depends on the case. Section 22(1) of the urban rating authority Act of 1983, reads as follows:-

*...The ratable Value of premises shall be the market value of premises or where the market value cannot be ascertained the replacement cost of the building, structure and other development comprised in the premises after deducting the amount which it would cost at the time of valuation to restore the premises to a condition in which they would cost at time of valuation to restore the premises to a condition in which they would be as serviceable as they were when new provided that ratable value shall not be less than 75% of the replacement cost.*

In accordance with subsection (2) of section 22 of the rating act:

**Replacement cost:** means in relation to building, structure and other developments, the amount which it would cost, at the time when the premises are being valued to provide all buildings, structure and other development as they were when new if the premises consisted of an undeveloped site.

**Development cost:** means any kind of works or improvements carried out on or in land and includes a particular foundation, excavations, drainage systems, and pathways, aprons and other prepared surfaces; and

**Reference to buildings and structures** include references to machinery which is attached to and forms an integral part of any building or structure.

Although the most reliable valuation method in estimating the market value of the property is the sales comparison approach, this has proved difficult in Tanzania situation. The use of the sales comparison approach is restricted by a number of factors such that valuers have resorted to the use of cost approach as the most appropriate. While reliability of the sales comparison approach depends heavily on availability of property transactions data, the property market in Tanzania is not active enough to generate sufficient sales data. Also in the absence of a centralised data bank the inadequate data available is not readily accessible as it tends to be confined to the individual valuation firms (Mwasumbi, 2001). Completion of valuation exercise is followed by the preparation of a valuation roll. The estimated ratable values are recorded in the valuation roll. According to section 8(2) of the rating act, a roll shall show in respect of each here:

1. The area and situation of the property valued;
2. The name and address of the owner thereof;
3. The name of the leaseholder or, where an improvement stands on parcels belonging to more than one leaseholder, the names of such leaseholders;
4. A brief description of the property and improvement included therein;
5. The area of land comprising the property;
6. The ratable value of the property.

Section 8(3) provides for preparation of a new roll every five years or such longer period as the minister may approve. The legislation makes it obligatory for the rating authority to publish the roll and invites the public to inspect it. Section 11 of the rating act requires the rating authority to publish in gazette and in at least one newspaper circulating in the area of the rating authority indicating that the roll or supplementary roll is open for public inspection at the offices of the rating authority. The authority is also required after the publication of a notice to serve by post upon each owner or occupier of the property listed in the roll or supplementary roll. The notice should inform such a person that a roll or supplementary roll has been

published, the times at which such roll may be inspected, and the date on or before which objection to the roll must be lodged with the rating authority.

### **2.3.3 The tax rate**

Tanzania local government authorities have two types of rates which they levy as provided in the urban authorities Rating Act of 1983. They levy a general rate over the whole areas of the municipal jurisdiction. Special rate is imposed and levied only on specified areas of the Municipal jurisdiction where there is a specified project which has been approved by the council and has been undertaken and which has benefited the owner of rate able property in the areas. However, the special rate can only be levied with the consent of the minister responsible for local government affairs.

The property tax rates are not fixed in the rating legislation but are set by rating authorities in accordance with section 20 of rating act, as well as Section 15 of the LGFA of 1982. Thus, a local government authority sets a tax rate chargeable as a percentage of the assessed value of the property.

Besides rates based on value of ratable property, local authorities are also empowered to levy flat rates in areas where properties are yet to be valued, be it in planned or unplanned areas. Under section 13 of the LGFA, 1982 local authorities are authorized to make by-laws imposing rates. Flat rate property tax is therefore levied on buildings and rates are specified in by-laws made by a responsible rating authority. The flat rates vary depending on the size, use and in some cases location of ratable properties.

### **2.3.4 Principal-Agency theory**

Agency theory explains social relations involving a delegation of authority (by a principal to an agent), and starts from the observation that the relationship generally results in problems of control. The most important problem arises from difficulties in motivating an individual or organisation to act on behalf of another. Moreover, the problem of motivation is a result of difficulties associated with the inability of principal to observe and control the actions of the agent.

Milgrom and Roberts (1992) assert that: “Principal-agent problems are situations in which one party (the principal or the property tax payer) relies on another (the agent or the authority collecting property tax) to do work or provide services on his or her behalf. When agent’s actions cannot be easily monitored and their reports easily verified, the agent may have greater chance to pursue their interests rather than the principal’s interest. Then, to provide incentives for the agents to behave in the principal’s interests, it is necessary to arrange for them to bear some responsibility for the outcomes of their actions and therefore to bear more risk than would otherwise be desired (Alm, 1999). In this study the principals are the taxpayers who are responsible to pay property tax and the agent are the municipals (tax collectors) who are responsible for tax collection, the agency problem is that the municipal is failing to provide social services to the taxpayer on time.

#### **2.4 Empirical studies**

In a study conducted by Bird and Slack (2002), Property taxes appear to be minor revenue sources when measured in terms of their share of a country’s GDP (Gross Domestic Product) and total national tax revenues. For example, in developed countries the property taxes were a bit more than 1% of GDP and about 4% of all tax revenue.

In a study conducted by Franzsen (2001) in Australia on impact of property tax to the economy, revealed that local authorities rely almost exclusively on property tax as an own source of revenue. Similarly, the study conducted on property taxes in rich countries revealed that highest property tax to GDP ratio recorded in Canada 4.1%, US 2.9% and Australia 2.5%.

The study conducted by Youngman (2005) in U.S.A on Legal Issues in Property Valuation and Taxation revealed that property tax provides information on a stable, longstanding and endlessly controversial revenue source that serves as a basis of autonomous local government finance. More generally, property tax is very essential on areas of taxation, finance, economics, and commerce since it contributes about 29.2% tax and brings into sharp focus many political issues concerning payment of government services.

Additionally, the study conducted in Malawi by Kelly & Montes (2001) On revenue mobilization found that developing countries tend to generate significantly less property tax revenue typically at a maximum of 40 percent of local government revenue, 2 percent of total government revenue and 0.5 percent of GDP.

In another study conducted in Tanzania by Kayuza (2006) found that property tax generate very low levels of revenue when measured against the potential due to inadequacies in administration of the tax. Property tax coverage is low as large proportion of the property tax base are not valued and less revenue is collected from ratable properties captured in the property tax database. The study further observes inadequacies of non-supportive relationship among the key actors in property taxation. Property tax payers express resistance on paying their tax bills on account of receiving little benefit or none in return for the taxes they pay.

Kayuza (2006) concentrated on perception of the taxpayers but had little to say about the property tax system, the challenges it faces and why it fails to collect revenue with the source from property tax. So this study was established to cover the gap by exploring the challenges facing Dodoma municipal council in collecting property tax, property tax administration process and taxpayers perception on property tax.

Similarly the study conducted in Tanzania by Fjeldstad (2004) on whether to pay or not to pay tax found that responsibility of paying property tax relied on the citizen which indicated on 20% of the property tax owners managed to pay appropriate amount of property tax while the rest are undervalued which indicated the loss of revenue associated with property tax. The study recommended on insuring citizen participation on paying timely property tax with appropriate amount but it didn't mention the challenges that caused that problem, so this study considered all the challenges.

Most of these studies are based on the side of the tax payers leaving the tax collection system untouched; also evidence shows that the authority responsible for collection of property tax does not reach the targeted figures something that leaves unanswered questions to whether the property system is inefficient.



### **2.4.1 Property tax administration**

Various previous studies related to property tax administration have been conducted by other researchers as follows:

Kayuza (2006) found that efficient property tax administration relies upon the efficiency of each of the key steps involved in the process of taxing real property. Property identification, valuation and assessment, and tax collection are the key components of any property tax administration system. There is evidence of a correlation between the trust that citizens have in the tax administration to operate the tax system fairly and efficiently, and their propensity to voluntarily meet their tax obligations (Feld and Frey, 2002). Indeed, Kirchler et al. (2008) describe a 'slippery slope' model of compliance that stresses that maximum voluntary compliance requires both power and trust: the tax authority needs the power to enforce compliance, but also the trust of citizens. An absence of either or both of these reduces the efficiency of tax collection (Gayer & Mourre, 2012).

In the study conducted by Franzsen (2005), on an evaluation of the property tax in Tanzania found that, successful property tax reform must develop property tax systems and tax administrative system procedures that are sustainable over time. Sustainability can be taken to the development of simplified approaches to valuation, collection and enforcement. Often countries face several operational difficulties in the administration of the property tax, such as having insufficient qualified staff, appropriate and accurate property valuation.

Bird (2008) on his study on Tax Challenges Facing Developing Countries, the study revealed that, how a tax system is administered affects its yield, its incidence, and its efficiency. Administration that is unfair and capricious may bring the tax system into disrepute and weaken the legitimacy of state actions; the study further revealed that, Good tax administration is a difficult task even at the best of times and in the best of places.

Tax administration is rooted in the theory of revenue collection which Bird (2008) describes as an outcome that gives an undisputed justification of the positive theory of the state and its relationship with the market economy.

What is not clear from the debate is the emphasis on a good property tax administration system being efficient and effective, but failing to show how such efficiency and effectiveness can be achieved, hence much more money is invested and less is collected.

Administration of local property taxes might be decentralized or it might be managed at higher level of the government, this is the primary reason for decentralizing the administration of local taxes. The municipal tax administration has to deal with three basic tasks (Schreurs, 2006):

1. Tax registration and inspection (tax office): processing and checking the tax declarations, inspections and control on the declared data;
2. Tax collection (cashier's office): collecting the local tax revenues at the municipality's cash desks
3. Accounting (finance department): performing the accounting of the amounts paid by the taxpayers via bank transfers.

From the reviewed literature, no past study had been conducted on problems of property tax administration process in Tanzania.

Therefore, this study aims at covering a gap by investigating on problems of property tax administration process in Dodoma municipal council.

#### **2.4.2 Challenges facing property tax collection**

Various other studies relating to challenges facing property tax collection have been conducted by various researchers as follows:

Baskota *et al.* (2012) on their study on challenge facing property tax in Nepal found that the Municipalities face three broad challenges in property tax collection: low capacity, low compliance and lack of incentives.

Rao (2012) on his study on property tax system in India found the following as the challenges facing property tax in India: ambiguity in ownership and poor information and records about the properties, predominance of the informal sector in the market for immovable properties and poor information system, low capacity, lack of interest in reforms and high cost of tax administration in developing and transitional countries to design and enforce the tax, visibility of the tax and its unpopularity with

the voters as the benefits received are generally not commensurate with the tax paid, and other forms of properties do not attract a similar tax. Other challenges were:- predominance of vested interests and large scale exemptions and concessions, arbitrary, uncertain and mysterious ways of determining the tax base, static nature of the tax base and political difficulties in undertaking periodic valuations, wide discretion to the tax officers and high compliance cost associated with the tax.

Sarker (2012 ) in his study on Challenges To Collect Property Taxes in Bangladesh found the following challenges facing property tax collection in Bangladesh:-

Ownership identification: Irregularity of assessment, Illicit collusion between tax payer and assessor, Lack of political will, Lack of assessors, Irregularity of billing, Ignorance of people, unfavourable collection procedure and lack of political will to enforce penalties

Franzsen (2001) in his study on an evaluation of the property tax in Tanzania, found following as challenges facing property tax collection:-

- i. It is inherently difficult to administer in a horizontally equitable fashion, particularly when property prices are changing rapidly. It is therefore difficult to impose very heavy taxes on this base. In addition, the absence or scarcity of clear ownership titles is a challenge for this form of taxation,
- ii. The lack of political will to enforce payment,
- iii. The complexity of the property tax system inherited from the colonial era is often poorly suited to local conditions,
- iv. The absence of systems for identifying taxable properties, i.e. street names, house numbers, parcel numbers and The failure of those responsible to carry out basic administrative tasks.

Kayuza (2006) in her study on real property taxation in Tanzania found the following challenges facing property taxation:- weak administrative capacity, lack of employee motivation, and lack of enforcement from the taxing authority.

Tanzi (2004) found the following tax challenges to developing countries, all developing countries have to address four basic problems: (1) the structure of the economy, which makes it difficult to impose and collect taxes; (2) the limited

capacity for tax administration; (3) the poor quality of basic data and; (4) in many developing countries, the fact that the political setup is less amenable to rational tax policy than it is in advanced countries.

Kayaga (2007) in his study on tax challenges facing developing country found the following as challenge facing tax collection in Uganda:

Governments face insufficient administrative staff with no skills, high levels of illiteracy among taxpayers and tax collectors, lack of sufficient computer equipment and facilities, and lack of reliable statistical data.

Donatille et al, (2013) on their study of Assessment of challenges faced by tax collectors and tax payers in rural areas: A case study of Nyaruguru District found the challenge facing tax collectors included the small number of tax collectors specialised in the field of finance, poor tax payers' perception on the relevance of tax payment, taxpayers 'culture to evade and avoid taxes, social disapproval among taxpayers against tax offences, taxpayers' delay in tax declaration, starting business activity without trading license, traditional mode of tax payment, and lack of means of transport to facilitate easy reach of taxpayers for tax collection.

From the reviewed literature no past studies conducted to cover challenges facing property tax collection in Tanzania. Therefore, this study aimed at bridging the gap by investigating the challenges facing property tax collection in Dodoma municipal council.

### **2.4.3 The property tax payers' perception**

Various other studies relating to property tax payers perception have been conducted by various researcher as follows:-

Kayuza (2006) in her study on real property taxation in Tanzania, found that public acceptability of property tax (the study indicated indirect public unacceptability of property tax where by taxpayers resist to pay), unequal treatment of taxpayer (the study revealed that there are some ill feelings among some of the property owners resulting from unfair treatment by the tax authority that taxpayers were subjected to, Some respondents wondered as to why they should continue to pay property tax if others were not paying) and misappropriation of revenue (There is a strong feeling

among the taxpayers that collected revenue was being embezzled. The taxpayers felt they had the right to know how their money was being spent since no money was committed to providing services for the local community) are the taxpayer's perception in Dar es Salaam.

Taxes are widely perceived to be unfair. Taxpayers see few tangible benefits in return for the taxes they pay. Virtually no development activities are undertaken through councils' financial sponsorship, and even the existing capacities are not producing the expected services due to lack of operation and maintenance funds (Semboja and Therkildsen, 1992). The deterioration and in some cases non-existence of public services heighten taxpayers' perceptions of exploitation from an unequal contract with government, and this promotes tax resistance (Semboja & Therkildsen, 1992). Although most taxpayers are unable to assess the exact value of what they receive from the government in return for taxes paid, it can be argued that they have general impressions concerning their terms of trade with the government. In this context, it can be assumed that taxpayers' behavior is influenced by their satisfaction or lack of satisfaction with the terms of trade with government (Gayer & Mourre, 2012). Thus, if the system of taxes is perceived to be unjust, tax resistance may be considered as an attempt by the taxpayers to adjust their terms of trade with the government. The argument that tax resistance correlates with deteriorating public services is supported by other studies.

It is pointed out that the success of property tax rests primarily upon the honesty of taxpayers. The author further states that one of the factors that contribute to dishonesty of taxpayer is the complexity of the tax system, as it may lead to administrative failures. From the taxpayers' perspective it can be deduced that the most common complaint about taxes is straightforward – they are too high (Slemrod & Bakija, 1996).

Gayer and Mourre (2012) supports this statement. They states that if you go into almost any English Country pub, order some drinks, settle by the bar and then work the subject of tax into the Conversation by asking the locals what they think of property tax – a Clean Air Act version would go something like this: 'We pay too

much tax', 'it's the government that is to blame', It's not worth working so hard anymore because anything you earn is taken away again'.

According to Gayer and Mourre (2012) taxes are always unpopular and only an idiosyncratic minority is likely to say that it pays too little taxes. They further highlighted that, one thing is certain, namely that everywhere in the world taxpayers want more value for their money collected in property taxes.

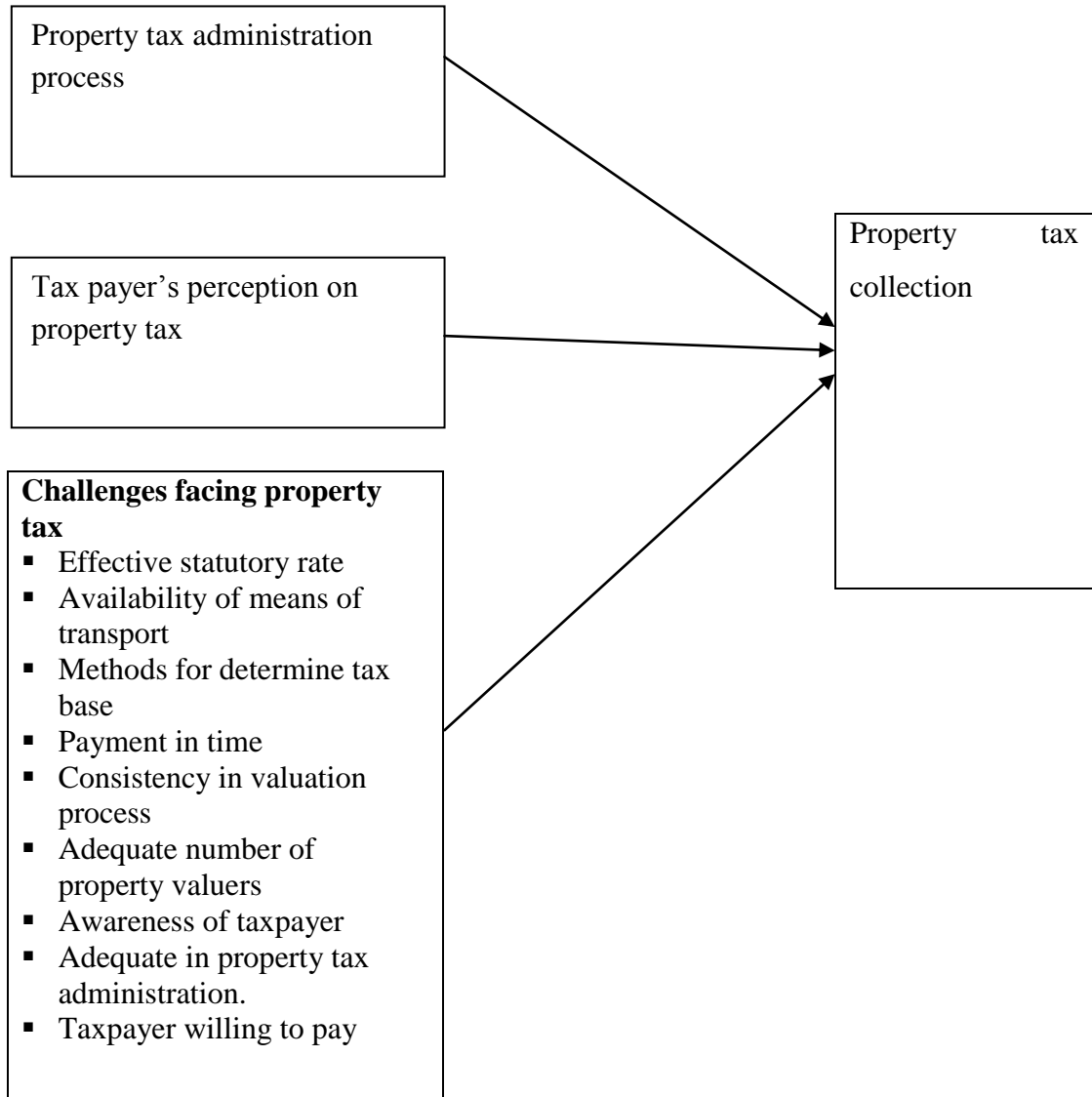
According to reviewed literature, No study has been conducted on taxpayer's perception on property tax in Dodoma. Therefore, this study aims at covering the gap by studying the taxpayers' perception on property tax in Dodoma municipal council.

## **2.5 Conceptual framework**

In order to understand the factor affecting property tax collection in Tanzania, there was a need to have a comprehensive conceptual framework. According to Smyth (2004) a conceptual framework should assist a researcher to organise his/her thinking and complete an investigation successfully. The model consists of three parts. The first part consists of factors for successful property tax collection. The second part of the model comprised of property tax administration process and the last part consist of the taxpayers' perception on property taxation. In this model, it is assumed that the property tax administration process, the factors for successful property tax collection and taxpayers perception lead to effective property tax collection.

The interrelationship between and among the variables is presented diagrammatically for supplementary understanding of challenges of property tax collection System.

**Figure 2.1: Conceptual framework**



**Source: Researcher own conceptualization (2015)**

Under the conceptual framework (Figure 2.1) the researcher discussed concerning the interdependence which was between independent variables as well as dependent variables, from the research topic which was an assessment of challenges facing property tax collection in Tanzania. The model has three independent variables and one dependent variable as explained below:.

### **Independent variable (1)**

This independent variable analysed the challenges facing property tax collections. The challenges were viewed from two angles, from the point view of tax payers who believe the causes for non-payment of property tax are the subject of failure of government on planning for effective statutory rate, availability of means of transport, methods for determining tax base, consistency in valuation process, adequate number of property valuers and property tax administration. On the other angle, the government see the causes of poor property tax collection is due to tax payers non awareness of their responsibility on paying property tax against the property they owned.

### **Independent variable (2)**

This independent variable analysed how the government is formulating, administrating and controlling the property tax collections.

### **Independent variable (3)**

This independent variable analyses the tax payer's perceptions and willingness to pay the property tax in Tanzania.

### **Dependent variable**

The dependent variable was property tax collection which was measured by asking the property owner if they pay property tax or not, further more the property owner were asked to elaborate more on the reasons if they do not pay property tax. Property tax collection is the process of colleting tax from the owner of the buildings, or is the tax in building. Property tax collection is increasing in low amount because Dodoma municipal council has no good strategies of increasing it.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The topic explains about research design, selection of the study areas, data types, sample and sampling procedures, data collection method, data analysis and data presentation method used.

#### **3.2 Research design**

The research design is the plan of scientific research that guides the researcher in collecting analysing and interpreting observed facts (Kothari, 2004).The study focused on non-experimental design that involved discussion and asking questions a representative sample of the population using questionnaire and interviews to get both quantitative and qualitative data. The researcher used non-experimental design since the objectives of the study were known.

#### **3.3 The area of study**

The research was conducted within Dodoma Municipal council, particular the Department of finance and from three selected wards namely Majengo, Uhuru and Viwandani. Although Dodoma municipality has 30 wards, the study was conducted in those three wards because of the availability of data and there are many buildings for living and for commercial hence become easier to evaluate property tax collection. The Dodoma municipality council is one of the municipal councils in Tanzania with problems on its property tax collection system; hence the Municipality loses revenue and provides poor services to its community (Dodoma report, 2008/09). For that reason, the results can be a representative of other Local Governments in Tanzania having the same problems. The researcher used case study design because it emphasize on the use of results into problems solving and evaluation and strategy, so the results of the study can be used by municipal in minimizing the problems of property tax collection.

### **3.4 Data types and sources**

Two types of data were collected so as to meet objectives of the study; that is primary and secondary data. Primary data were obtained directly from the respondent; secondary data were obtained through reviewing various documents related to property tax. Sources of information were the property owners, tax consultants, educational professionals, ward executive officers and officials from Dodoma Municipality since they are the ones who deal with property tax administration, and from different articles and past research relating to property tax.

### **3.5 Sample and sampling procedure**

A sample is a small group of individuals that is observed and whose findings allow generalisation about population (Kothari, 2004). Both Probability and non-probability sampling techniques were employed where purposive sampling procedures were used to get information from municipal officers, tax consultants, educational professionals, ward executive officers and tax collectors. Under probability sampling, a simple random sampling procedure was applied to obtain information from property owners by multiply the population of each ward by a sampling fraction of 0.5 percent.

#### **3.5.1 Sampling Frame**

In this study, the information and opinions from taxpayers were collected. Sampling frame was drawn from a list of the entire population who reside in the selected three wards in Dodoma municipal making a total population of 24707 of which 10,082 from Majengo, 6177 from Uhuru and 8448 from Viwandani which were used to get a sample of 143 respondents.

#### **3.5.2 Sampling unit**

The sampling unit was comprised of the individual household property taxpayer from Majengo, Uhuru and Viwandani wards, officials from municipal, tax consultant, educational professionals and wards executive officer from the three wards.

### **3.5.3 Sampling technique**

Sampling technique is a definite plan for obtaining sample from a given population (Kothari, 2004). In this study the researcher used simple random technique and purposive sampling to get a sample required for the study, property owner were obtained by using probability sampling. The municipal official, ward executive officer, and tax collector, tax consultant, educational professionals were selected purposively since the researcher consider that they have the required information for research purpose. In this study, sampling procedure/technique was done in two stages.

#### **Stage 1 (Sampling of area for the study)**

The researcher purposively selected the three wards Majengo, Uhuru and Viwandani wards among thirty wards, the researcher thought that the wards selected would yield sufficient information for the study because they have good urban representative and there are many buildings which are built in planned land in these wards.

#### **Stage 2 (Sampling of respondents)**

The researcher decided to use both probability and non-probability sampling to obtain respondents.

In probability sampling, every member of the population has a chance of being selected and generalisation of the findings can be done. The researcher used probability sampling to gather information from property owner. In this case, stratified sampling was used by grouping selected wards into sub-population, computed the sampling fraction, and then multiplied the sampling fraction by every sub-population to get a sub-sample. To get the actual sample, all sub-samples were added. Stratified sampling is used to study population that consists of sub groups that differ in characteristics (Ary et al., 1996). In this study, this technique was used to get proportional respondents based on wards.

### 3.5.4 Sample size

Sample is a set of respondents selected from a larger population for collecting information (Kothari, 2004). Samples are used in researches rather than the whole population because of costs in terms of funds, time materials that can be involved in surveying the whole population.

In this study the sample of 143 respondents were selected from 24707 sampling frame that was considered to represent a studied population. The research selected a sample of 143 people due to limited time and lack of adequate fund to conduct research on large sample. The 143 Respondents involved in this study comprised:-

- i) 20 respondents from purposive sample comprised of 2 officers from Dodoma municipal council finance department, 3 Ward Executive Officers and 2 property tax collectors from each ward, 5 academic professional and 4 tax consultants.
- ii) 123 respondents from probability sampling as calculated and shown in Table 3.1 below:-

**Table 3.1: Sample size**

Wards	Sub-population	Sampling fraction	Sub-sample
<b>MAJENGO</b>	10082	0.005	50
<b>UHURU</b>	6177	0.005	31
<b>VIWANDANI</b>	8448	0.005	42
<b>Total Population</b>	<b>24707</b>	<b>Actual sample</b>	<b>123</b>

**Source:** Dodoma municipal data (2015)

### 3.6 Method for data collection

Data means facts, opinion and statistics that have been collected together and recorded for reference or for analysis (Kothari, 2004). The study used data from two sources which are primary and secondary; primary data were obtained by the questionnaires and interviews while secondary data were obtained from reviewing various documents. Both primary and secondary data were collected by using different data collection methods as discussed below.

### **3.6.1 Interview**

This was the method used to obtain data where the researcher interviewed the officers from the municipality, tax consultants, educational professionals, ward executive officers and property tax collectors by asking them different questions about property tax. The researcher used both structured and unstructured questions in order to get relevant information. Before actual session, interviewer made sure that the interviewee was comfortable and out of fear that could cause the interviewee to give untrue information. The researcher used interview in order to get direct response from respondents.

### **3.6.2 Questionnaire**

This was the main method of data collection, questionnaires which were prepared by considering the main research questions were delivered to property tax owners by hand after clarifying to the respondents the purpose of the study and the importance of his/her contribution to the study. The questionnaires were both open and closed ended questionnaires that allowed the respondents to indicate the appropriate answer regarding the problems of property tax collection system.

### **3.6.3 Documentary review**

Researcher has gone through various documents and articles to find out information relevant to this study. This method enabled the researcher to get secondary data. Secondary data was obtained from books, journals, reports and checklists where summaries and abstract was reviewed to get information.

### **3.7 Detailed field work**

Primary data were collected by the use of interview and questionnaires administered to respondents as the technique of data collection. These involved going physically with questionnaires to be filled by selected respondents and interviewing the respondents to give their opinion on the subject matter.

### **3.8 Data processing and analysis**

The data processing was done after both primary and secondary data had been collected. Both qualitative and quantitative data was processed, analysed and presented using graphs, tables, words and charts.

#### **3.8.1 Data Processing**

Data processing was done at field and in the office to make them ready for analysis. Data processing involves manipulation of data such as editing of collected raw data to detect errors, categorisation of the open-ended questions, coding, entering in computer and preparation of table and diagrams

#### **3.8.2 Data Analysis**

After data collection, quantitative data were analysed using descriptive statistics which was done by using the SPSS programme. Descriptive statistical analysis is a method that involves statistical distribution such as frequency, table and chart, calculation of simple measures like average and percentages. Qualitative data were analysed qualitatively by context analysis approach where the researcher at first tried to understand respondents' views, interpret them and put in writing and then matched the explanations with the literature and empirical findings from other study.

#### **3.8.3 Data presentation**

After data analysis and processing data were presented using different forms such as words, charts, tables and graphs.

### **3.9 Data quality control**

#### **3.9.1 Reliability**

Reliability is the degree to which a respondent keeps up his/her answers (Burns & Bush, 2001) i.e. the consistency with which repeated measures produce the same results across time and across observers. To ensure reliability, this study employed two methods of data collection; Questionnaires and interviews. In order to crosscheck the reliability of the information given, interview were used.

### **3.9.2 Validity**

Validity is defined as the accuracy of the measurement. It is an assessment of the exactness of the measurement relative to what actually exist (Burns & Bush, 2001). To ensure validity of measures, the data were gathered from property tax payer and tax collectors and the interviews conducted to clear any ambiguity that may arise.

Besides, the researcher increased the quality of the analysis by explaining the research purpose and objective clearly to the respondents before starting the interviews or questionnaires given to them.

The researcher knew that most of the respondents did not understand English language, for that reason the researcher prepared questionnaires in Swahili language, therefore no language barrier was experience.

## CHAPTER FOUR

### ANALYSIS AND PRESENTATION OF FINDINGS

#### 4.1 Introduction

This chapter presents the findings of the study based on research objectives and research questions. The findings are presented in descriptive statistics tables, graphs and words that express the respondents' view as to the challenge facing property tax collection, property tax administration process and problem associated with it and taxpayer's perception.

#### 4.2 Response rate

All questionnaires distributed to the respondents were returned by 100%, the following table shows a summary of questionnaire distributed and those which were returned.

**Table 4.1: Response rate**

Place	Questionnaire distributed/interview	Questionnaire returned/interview
Uhuru ward	31	31
Viwandani ward	42	42
Majengo ward	50	50
Municipal officer, WEO, collector, tax consultant, and educational professional.	20	20

**Source:** Survey data (2015)

#### 4.3 Respondent profile

The following is the demographic information of the respondents: This information helps to know the status of my respondents.



### 4.3.1 Age of respondents

Table 4.2 present age of respondent in which the findings show that majority (91%) of respondents had the age ranging from 26-56 years. This implies that between the age of 26-56 years is the age where most of people can own their houses.

**Table 4.2: Age of the respondent in general**

Age	Frequency	Percentage
19-25yrs	12	9
26-35yrs	20	15
36-45yrs	40	30
46-55yrs	28	21
56yrss-above	34	25

**Source:** survey data (2015)

### 4.3.2 Marital status of respondent

Findings from Table 4.3 shows that majority (63%) of respondents were married meaning that married people have family which become necessarily for them to own houses for their families, 17% of respondents were single, 11% were separated and 4% were widow.

**Table 4.3: Marital status of the respondents**

Marital status	Frequency	Percentage
married	90	63
single	32	17
separated	15	11
widow	6	4

**Source:** Survey data (2015)

### 4.3.3 Education level of respondent

Table 4.4 shows the education level of the respondents where majority of respondents (59%) were having primary and secondary education, which implies that most respondents were not paying property tax due to lack of education about property tax payment, 35 respondents which are equal to 30% of respondents were having college education, and 8 respondents which are equal to 6% of respondents were having informal education.

**Table 4.4: Education level of the respondent**

Educational level	Frequency	Percentage
primary	50	35
secondary	35	24
college	50	35
informal education	8	6

Source: survey data (2015)

#### 4.3.4 Employment status of Respondent

Findings from table 4.5 indicates that majority of respondents (78%) were employed and self-employed, this implies that most of respondent had enough income for paying property tax, while other few were not employed(22%)

**Table 4.5: Employment status of respondents**

Employment status	frequency	percentage
Employed	61	43
Unemployed	32	22
Self employed	50	35

Source: survey data (2015)

#### 4.3.5 Property tax administration process and problems associated with it

The first objective of the study was to assess property tax administration process and the problem facing property tax administration process.

From the reviewed literature and from the research findings it was revealed that property tax is administered through a process of property identification, property valuation and property tax collection. In property tax identification all details concerning property within the jurisdiction of taxation are required to be known for easy collection of property tax, such information includes plot size, location, and identifiers such as plot and block numbers, name of street, subdivision and administrative jurisdiction, property ownership information like physical address, and property owners' address. Property valuation and assessment involves carrying out of new valuation of property and maintaining of valuation roll.

Property tax collection involves collection of property tax from taxpayer but this depends on identification and valuation of property, if property identification and valuation is well done then it will be easy for property tax collection process.

The study findings show that there is problem with property tax administration process in Dodoma municipal council, this question was directed to the Municipal officers, Tax consultants, educational Professional, tax collectors and ward executive officers. The respondents were asked to indicate whether the given statement is true or not by agreeing or disagreeing with the given statement. Table 4.6 shows the percentage of the respondents who agreed with the statement and those who disagree. The findings show that 18 respondent equal to 90% of respondents agreed that there is poor identification of property, 16 respondent equal to 80 percent of respondents agreed that there is lack of valuation and assessment of property while 14 respondent equal to 70% of respondents agreed that there is inadequacy in property tax collection system.

**Table 4.6: Problems of property tax administration process**

Problems	Frequency of those who agree	Frequency of those who disagree	Percentage of those who agreed	Percentage of those who do not agreed
Poor identification of property	18	2	90	10
Lack of valuation and assessment	16	4	80	20
Inadequate system of property tax collection	14	6	70	30

**Source: Survey data (2015)**

#### **4.3.6 Challenges facing property tax collection**

The second objective of the research was to assess the challenges facing property tax collection in Tanzania;

This question was directed to the official from municipal, Ward executive officer and property tax collector who deals with property tax collection, all official were asked to indicate whether the given suggestion is the challenge to property collection by agreeing or not agreeing with the suggested challenge. The following table shows the

frequencies and percentage of those who agreed about the challenge and those who disagree.

**Table 4.7: Challenge facing property tax collection Dodoma Municipality**

Suggested challenge	Frequencies of those who agreed	Percentage of agreement	Frequency of those who disagree	Percentage of those who disagree
Lack of effective statutory rate	9	82	2	18
Lack of means of transport	8	73	3	27
Different methods of determining tax base	9	82	2	18
Delay in payment of property tax	10	91	1	9
Inconsistency in valuation process	7	64	4	36
Inadequate number of valuer of property	8	73	2	27
Lack of awareness of tax payers	10	91	1	9
Some of official have corrupt behavior	7	63	4	37
Inadequacy in property tax administration	7	63	4	37
Tax payer unwilling to pay	6	55	5	45

**Source:** research data (2015)

Findings show that 10 respondents equal to 91 percent of the respondents agreed that there is lack of education among taxpayers (Table 4.7), 10 respondents equal to 91 percent of the respondents agreed that there is delay in payment of property tax, 9 respondents equal 82 percent of respondents agreed that there are different methods used in determining property tax, 9 respondents equal to 82 percent of the respondents agreed that there is lack of effective statutory rate in Dodoma municipal, 8 respondents equal to 73 percent of respondents agreed that there are inadequate number of valuers in Dodoma municipal council, 8 respondents equal to 73 percent of respondents agreed that there are lack of means of transport in Dodoma municipal council, 7 respondents equal to 64 percent of the respondents agreed that there are inconsistency in valuation process in Dodoma municipal council, 7 respondents equal to 63 percent of respondents agreed that some official have corrupt behavior, 7 respondents equal to 63percent of respondents agreed that the property tax administration is inappropriate and 6 respondent equal to 55 percent of the respondents agreed that some respondents are not willing to pay property tax .

### 4.3.7 The taxpayers' perceptions of property tax

Third objectives of the study were to assess taxpayer perception on property taxation. In order to answer the question on taxpayers perception to property taxation, the researcher conducted an enquires to the view of taxpayer`s perception about property taxation. The taxpayers were asked to indicate their level of understanding about property tax on whether they agree or disagree about the given statement. The following table show the percentage of the respondents who agreed with the statement.

**Table 4.8: Taxpayer perception**

<b>Statements relating to general property tax issues</b>	<b>Frequency of respondents who agree with statement</b>	<b>Percentage of respondents who agreed with statement.</b>	<b>Frequency of responds who disagree</b>	<b>Percentage of respondents who disagree</b>
Misappropriation of property tax revenue	90	73	33	27
Property tax rate is too high	112	91	11	9
Some of the official have corrupt behavior	119	97	4	3
I don't know why I should pay property tax	120	96	3	4
Unequal treatment of taxpayers	104	85	9	15
I don't know how to calculate my own property tax	100	81	23	19
The government does not provide enough information on how they use taxpayer money	111	90	12	10

**Source: survey data (2015)**

The findings show that 111 respondents equal to 90 percent of respondents agreed that the government does not provide enough information on how it uses property tax revenue(Table 4.8), 100 respondent equal to 81 percent of the respondents said that they don't know how to calculate their own property tax, 120 respondent equal to 96percent of respondents said that they don't know the importance of paying property tax, 119 respondents equal to 97 percent of respondents said that the some of the property tax collector official have corrupt behavior, 112 respondents equal to

91 percent of respondents said that the property tax they pay is too high, 104 respondents equal to 85 percent of the respondents agreed that there is unequal treatment of taxpayer, while 90 respondent equal to 73 percent of the respondents agreed that there is misappropriation of revenue by the municipal council.

#### 4.3.8 Measure to improve property tax collection in Dodoma Municipality

What measure should be taken to improve property tax collection? This question was directed to official from municipal ward executive officer and tax collectors. When they were asked about the measure to improve property tax collection the respondent responded as follows, the findings are presented according to their percentage of agreement with the statement.

Findings from Table 4.9 show that 82 percent of respondents strongly agreed that the most important measure to improve property tax collection is to improve social services to the society, 73 percent of the respondents said that more education should be given to the tax payer, while 55percent of respondents agreed that the authority should reduce the valuation procedures, 64 percent of respondents agreed that the authority should re-evaluate the property to know the real value of properties, 73percent of the respondent agreed that property valuation procedure should be reduced, 55 percent of the respondent agreed that there should be transparency on the use of property tax revenue.

**Table 4.9: Measure to improve property taxation**

Measure to improve property tax collection	Frequency of respondent who agree with statement	Percentage of those who agreed	Frequency of those who disagree	Percentage of those who disagree
Reduce valuation procedure	6	55	5	45
Improve social service	9	82	2	18
Transparency on the use of property tax	6	55	5	45
Property valuation procedures	8	73	3	17
More education to tax payer	8	73	3	36
Re-evaluation of property	7	64	4	17

Source: Survey data (2015)

## **CHAPTER FIVE**

### **DISCUSSION OF THE FINDINGS**

#### **5.1 Introduction**

The present chapter presents the discussion of the findings and the issues that have emerged during the study. The main purpose of the study was to assess the challenges facing property tax collection in Dodoma Municipal council. Property tax administration process, challenges facing property tax and then taxpayers' perception.

#### **5.2 Property Tax Administration Process**

The first objective of the study was to investigate the property tax administration process and the problem associated with it. The following is the discussion of the findings about the property tax administration process in Tanzania. From reviewed literature and interview conducted it was seen that in order to have good property tax administration process, there should be good property identification, property valuation and assessment and good property tax collection system.

##### **5.2.1 Property identification**

The study findings show that for property tax administration process to be effective there should be good process of property identification, but the findings from Dodoma municipal council shows that there is no good process of property tax identification in Dodoma municipality (Table 4.6). The response from interview indicates that 18 respondents equal to (90%) agreed that property identification is the problem in Dodoma municipal council. This implies that there is poor property tax collection since property tax collection depends on property identification. The findings of the study concur with that of Dillinger (1992) who reported that good property tax administration process should have good property identification.

Effective property identification should have information such as cadastral map which contains all information needed for property taxation such as plot and block numbers, name of street, subdivision and administrative jurisdiction (Dillinger,

1992). But this map is lacking from property tax environment in Dodoma, and the ones available have inadequate information to enable identification of taxable property. This makes it difficult for the municipality to collect property tax effectively. The findings are similar to that of Kayuza (2006) and that of Schreurs (2008) who found that for effective property tax administration process there must be good property tax identification.

### **5.2.2 Property valuation and assessment**

The reviewed literatures show that good property tax administration process should have a good process of property valuation and assessment. But the findings show that there is poor property valuation in Dodoma municipal whereby majority of respondents (80%) equal to 16 respondents agreed that there is poor property tax valuation (Table 4.6). This is because there is inadequate number of valuers. Empirical study revealed that Dodoma municipal council has only two valuers who cannot value all the property within the municipal.

The study shows that the valuation officers within the municipal council in Dodoma have limited capacity to handle the valuation of all properties in Dodoma municipality as well as maintenance of valuation rolls in place, there are inadequate qualified valuers in Municipal which makes it difficult for them to do the valuation of all properties.

Apart from the inability to carry out new valuations, Municipal Valuers are not able to conduct supplementary valuation, which is necessary for the maintenance of the valuation roll. For effective property taxation, the identification and valuation functions should be continuous activities of property tax administrators (Dillinger, 1992). New properties must be identified and valued for inclusion in the roll. These findings also support the findings of Kayuza (2006), Schreurs, (2008) and Dillinger (1992) who found that good property tax administration process should have good process of valuation of property.



### **5.2.3 Property tax collection process**

The findings show that a good property tax administration process should have a good system of property tax collection, but the study findings show that property tax collection in Dodoma is poor; this is supported by respondent who agreed by 70 percent equal 14 respondents, that there is poor property tax collection in Dodoma (Table 4.6). This is because of poor identification of properties and valuation of properties.

Where ratable properties have not been identified and valued the taxing authority would experience difficulties in collecting property tax revenue as the taxable objects and the tax subjects would be unknown. Likewise, if the identification and valuation processes are poorly done the collection of revenue will suffer. Hence, success in revenue collection relies on proper identification and valuation of the potential taxable properties. These findings are similar to Kayuza (2006), Schreurs (2008) and Dillinger (1992) who found that for proper tax administration system to be effective there must have efficient property identification, effective valuation and effective property tax collection.

### **5.3 Challenge facing property tax collection**

The second objective of the research was to assess the challenge facing property tax collection in Tanzania, the followings is the discussion about the challenge facing property tax collection in Tanzania:-

#### **5.3.1 Lack of awareness of taxpayers**

The research findings show that 95 percent of the respondents agreed that lack of awareness to taxpayers is the most challenge facing property tax collection in Dodoma Municipal (Table 4.7), tax payer have no enough education about property tax, on how property tax is calculated and this make it difficult for them to pay property tax on time. The finding is similar to Donatile, *et al* (2013) who also found that lack of education to tax payer about the importance of paying tax as the major challenge for property tax collection in Nyaruguru district

### **5.3.2 Delay in payment of property tax**

The study findings show 90 percent of respondents agreed that delay in payment of property tax is one of the challenges facing property tax collection in Dodoma (Table 4.7). This shows that delay in payment is one of the factors affecting property tax collection in Dodoma. These findings are similar to Donatile, *et al*, (2013) who also found that taxpayers' delay in tax declaration is one of challenges facing property tax collection in Nyaruguru district.

### **5.3.3 Different methods of determine tax base**

The findings show that 88percent of the respondents agreed that different methods used to determine property tax base is one of the challenges facing property tax collection in Dodoma. This shows significant findings that different method to determine tax base is one of the challenges facing property tax collection in Dodoma. These findings are similar to Kayuza (2006) who also found different methods used to determine tax base as one of the challenges facing property tax collection in Dar es Salaam.

### **5.3.4 Lack of effective statutory rate**

When they were asked to state whether lack of effective statutory rate is one of the factors affecting property tax collection, the respondents agreed by 85 percent that lack of effective statutory rate is one of the challenges facing property tax collection in Dodoma municipal. These findings are consistent with Donatile *et al*. (2013) who also found that lack of effective statutory rate is one of the challenges facing property tax collection in Nyaruguru District.

### **5.3.5 Inadequate number of valuers**

The analysis of findings shows that respondents agreed by 80 percent that the inadequate number of valuers is one of the challenges facing property tax collection in Dodoma municipal council (Table 4.7). This shows significant findings to support the statement that inadequate number of valuers is one of the challenges facing property tax collection in Tanzania. The findings match to Kayuza (2006) who also

found that inadequate number of valuers as one of challenges facing property tax collection in Tanzania.

### **5.3.6 Lack of means of transport**

The study findings show that the respondents agreed by 75percent that lack of means of transport is one of the challenges facing property tax collection in Dodoma municipal(Table 4.7). This shows significant findings that lack of means of transport to tax collector is one of challenges facing property tax collection in Tanzania. These findings are similar to Donatile, *et al.* (2013) who also found that lack of means of transport to tax collector as one of challenges facing property tax collection in Nyaruguru district.

### **5.3.7 Inadequate property tax administration**

When they were asked on whether or not the inadequate property tax administration as one of the challenges facing property tax collection, most of respondents by 65percent agreed that the inadequate property tax administration as one of the challenges facing property tax collection in Dodoma municipal council (Table 4.7). These finding are similar to Kayuza (2006) who also found that weak administrative capacity is one of the factors affecting property tax collection in Tanzania.

The study also matches to Franzsen (2001) on his study on an evaluation of the property tax in Tanzania, who they found difficulty in tax administration as challenges facing property tax collection.

### **5.3.8 Corrupt behaviour of some tax collectors**

When asked on whether corrupt behavior is one of challenges facing property tax, most of the respondents agreed by 67percent that corrupt behaviour of some of officers is one of the challenges facing property tax collection in Dodoma (Table 4.7). If tax payers don't trust the tax collector it becomes a serious problem in taxation system which will lead to poor revenue collection, this is similar to previous research by Kayuza (2006) and to Franzsen (2001) who found a similar challenge, which prove that the mistrust is one of the challenges facing property tax collection.

#### **4.3.9 Taxpayer are unwilling to pay**

The study findings show that 60percent of respondents agreed that Non-compliance by the taxpayers is another serious problem impacting negatively upon property tax collection (Table4.7). Voluntary compliance is limited as taxpayers feel they get insignificant benefit in return to the taxes they pay. Taxpayers' unwillingness to pay makes property tax collection a difficult undertaking resulting in very low collection levels.

On the other hand, taxpayers find the probability of being caught for not paying property tax too low. In addition, even where one was caught for non-compliance the prescribed penalties are generally affordable. The findings are similar to Kayuza (2006) who found that there is taxpayers' resistance to pay property tax due to their fact that they don't receive any benefit in return to their property tax they pay.

The above analysis is similar with the previous researches and papers such as the paper presented by Harry M. Kitillya (2011) commissioner general from Tanzania Revenue Authority on 4th ITD global conference on "tax and inequality" New delhi, India

*Problems affecting Real Property Tax Administration in Tanzania and its Impact on Equity: Inconsistency in valuation/assessment of properties. Property tax system in Tanzania is affected by a number of problems particularly, the inconsistency in valuation/assessment of properties, Time lag between valuations, Lack of effective statutory rates of property tax, and Overall inadequate property tax administration.*

#### **5.4 Taxpayers perception**

The third objective was about the taxpayer perception. The following is the discussion of the taxpayers' perception on property tax.

#### **5.4.1 The government does not provide enough information on how they use taxpayer's money**

The findings show that 111 respondent equal to 90 percent of the respondents were of the opinion that the government does not provide enough information on how they use taxpayer's money (Table 4.8). This shows the significant finding that most of taxpayers perceive that government does not provide enough information on how taxpayer's money is used. The finding is similar to Smith and Kinsey (1987) on their study on Understanding taxpaying behaviour, who also found that 76 percent of the taxpayers perceived that the government does not provide enough information on how they use the taxpayer's money.

#### **5.4.2 I don't know how to calculate my own property tax**

It was also found that 119 respondents equal to 97 percent said that they don't know how to calculate their own property tax (Table 4.8) This is supported by respondent education which shows that 44 percent of respondents have primary education and informal education. This shows significant findings that most of property tax payers in Dodoma don't know how to calculate their own property taxes. The finding is similar to that of Smith and Kinsey, (1987) on their study on Understanding taxpaying behaviour, who also found that 56 percent of respondent said that they don't know how to calculate their own property tax.

#### **5.4.3 I don't know why I should pay property tax**

The majority of respondents by 119 respondents equal to 97 percent said that they don't know the importance of paying property tax, which means that taxpayer have no knowledge about property tax (Table 4.8). The finding is similar to Kayuza, (2006) who found that taxpayers have no enough knowledge about property tax in Dar es Salaam and Smith and Kinsey (1987) on their study on Understanding taxpaying behaviour, who also found that 20 percent of respondents said they did not know why they should pay.

#### **5.4.4 Some of officials have corrupt behaviour**

The study also revealed that 119 respondents equal to 97 percent of respondents believes that some of tax collectors have corrupt behavior (Table 4.8), this shows a significant findings that some of taxpayers believe that some of officials have corrupt behaviour. The finding is similar to Donatile, *et al* (2013) who also found taxpayers perceived that there is corruption in some of officials in Nyaruguru district. The finding is also similar to Kayuza (2006) who also found that the taxpayers in Dar es Salaam believed that some tax officials in Dar es Salaam have corrupt behaviour.

#### **5.4.5 Property tax paid is too high**

The findings revealed that 112 respondent equal to 91 percent of the respondents were of the opinion that the property tax paid was too high as compared to their property value (Table4.8). This shows the significant finding that most of property tax payers perceived that they pay high property tax compared to the property they own. The finding is similar to that of Smith and Kinsey (1987) on their study on Understanding taxpaying behaviour, who also found that 87 percent of the respondents believed that the property tax they pay, is too high compared to the property they own.

#### **5.4.6 Unequal treatment of the taxpayer**

Also, the findings show that 104 respondent equal to 85 percent of respondents were of the opinion that there is unequal treatment of taxpayers (Table 4.8). This shows the significant finding that most of respondents believed that there is unequal treatment of taxpayers. These findings are similar to Kayuza (2006) who also found that the tax payers perceive that there is unequal treatment of tax payers by taxing authority.

#### **5.4.7 Misappropriation of property tax revenue**

It was also revealed that 90 respondent equal to 73 percent of the respondents were of the opinion that there is misappropriation of property tax revenue by the municipal council (Table4.8). These findings are similar to Kayuza (2006) who also found that

the tax payers perceive that there is misappropriation of revenue from property tax authority. The finding is similar to that of Smith and Kinsey (1987) on their study on Understanding taxpaying behaviour, who they also found that 79 percent of taxpayer perceived that there, is misappropriation of property tax revenue by the taxing authority.

## CHAPTER SIX

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 6.1 Introduction

The previous chapter discussed the findings on the “*assessment of challenges facing property tax collection using a case of Dodoma Municipal Council*” This chapter aims at presenting the summary, conclusion, recommendations and the suggestion for further research. The chapter starts by presenting the summary of the study on the main findings, followed by conclusion and finally recommendations.

#### 6.2 Summary

The overall objectives of this study were to assess the challenges facing property tax collection in Tanzania. The specific objectives for this study were: first to assess the problem of property tax administration process in Tanzania, the second objective was to assess the challenges facing property tax collection in Tanzania, and the third objective was to investigate the taxpayers’ perception on property tax. The researcher used both questionnaire and interview to collect primary data from a selected sample of respondents, and secondary data were obtained by reviewing different documents relating to property tax. The research findings show that property tax administration process in Dodoma is hindered by poor identification of property, poor valuation and poor property tax collection system. The findings also revealed that the challenges facing property tax collections include: Lack of awareness to taxpayer, delay in payment of property tax, different methods of determine property tax base, lack of effective statutory rate and inadequate number of valuers. Other challenges are lack of means of transport, inconsistency in valuation process and corrupt behaviour of some of tax collectors. The study also found the following as the tax payer perception:- The government does not provide enough information on how they use taxpayer’s money, many taxpayers don’t know how to calculate their own property tax, many tax payers don’t know why they should pay property tax, some taxpayers believed that some of tax collection officials have corrupt ubehavior, many taxpayers said that the property tax they pay is too



high, taxpayers believed that there are unequal treatment of the taxpayers and misappropriation of property tax revenue.

### **6.3 Conclusions**

Based on findings, analysis and discussions the researcher made the following conclusions:-

The researcher found the problems associated with property tax collections in Dodoma municipal include:-

Lack of effective statutory rate, lack of means of transport, different methods of determining tax base, delay in payment, inconsistency in valuation process, inadequate number of valuers of property, lack of awareness of tax payers, corrupt behavior of the officials, inadequacy in property tax administration, tax payers unwilling to pay property tax, negative perception of taxpayer on property tax paid and lack of motivation of property tax collector. Most challenges discussed here have positive impact to the property tax collection.

The property tax information is not updated on time basis which shows the deficiency in the municipal council where valuation is done. Lack of sufficient funds for survey, and identification of new properties that are not valued and those improved remain to be a problem in keeping the property tax information up to date. In order for property taxation to be effective it requires valuation to be maintained after its establishment, so property identification and valuation should be on-going process.

Municipal council needs to cooperate with taxpayers in order to increase property tax compliance, this can be achieved only if the authority will educate the tax payers on the importance of paying property tax and ensure the tax payers the returns they will get after paying their property tax, because most of tax payers were reluctant in paying property tax because they were not getting good social services from municipal council. The authority needs to find means by which it will provide municipal services in order to collect more property tax since the tax payers will be willing to pay property tax.

#### **6.4 Policy implication**

After the analysis of findings obtained from this study, it was revealed that the findings have important implication to both property tax payers and Municipal council. This is because the property owner will know the importance of paying their property tax on time and voluntarily. By doing so they will enable the local government authority to use the revenue generated from property tax in providing better social services and infrastructure as one of the responsibilities of the local government authority to provide social services to the public such as roads, education, water and sanitation and good health services. The study also can be used by the government to reform the policy for property tax administration system.

The municipal council and the government in general can use the findings of this study since it has explained to a large extent the property taxation situation, and the responsible persons can use the findings of the study to be accountable and make necessary reforms to improve property taxation and hence the property taxation will be effective.

#### **6.5 Recommendations**

According to the findings, discussion and conclusion, the researcher made the following recommendations for the Dodoma Municipal council to increase the amount of property tax collection as well as to improve development activities and living standard of the community in general:

1. Employ adequate number of personnel who have training on property tax collection, surveyors and property valuers.
2. Educate tax payers on the importance of paying property tax as well as educate tax collectors on how to behave and communicate during collection of property tax thus will motivate and influence tax payers to pay.
3. Special course on property tax collection and budgeting should be given frequently to employees responsible for property tax collection.
4. Motivation should be given to property tax collectors so that property tax collectors will be motivated and collect more property tax hence more revenue.

5. Information should be given to property tax payers on property tax collection and expenditure once in every year
6. The municipal council should improve the social services such as increasing the number of dust bins, cleanliness of municipal areas, as well as business environment, also construction and improvement of infrastructures like roads, sanitation and drainage
7. Tax collectors should be given means of transport that could help them move easily from one place to another while collecting tax thus efficiency and effectiveness of revenue collection will increase.
8. Strong steps should be taken upon people who are reluctant to pay property tax, such as to send them to court.
9. Distribute property tax demand as early as possible so that property tax payers would have much time to prepare the payments.
10. To avoid use of flat rate taxes, the municipal council should use valuers to value property so as to remove inequity as the municipality will collect more property tax from the people with more valuable property.
11. Re-establish the valuation system, the finding showed that valuation of property is one of the challenges facing property tax in Tanzania, since there is inadequate number of valuers to perform the valuation, so the municipal council should re-form the valuation system in order the valuation to be conducted effectively. For example, a property that was valued two years ago and now renovated their value actually increases but the increased value is not reflected in the databases. That way municipal council loses much revenue as many buildings are renovated every day. So, my recommendation is that the municipal council should review its policy on property valuation adhering to the principles of taxation.
12. Property taxation should be justified by service delivery. The payee of property tax claimed that there is lack of infrastructure and there is poor service delivery, this leads to poor living environment in some areas.
13. Property taxpayers feel that there is inequity in property taxation in which some property owners not paying their property tax bills and no action is taken against them. Also, there was variation in assessment of tax liability

where some taxpayers have their tax bill determined on the basis of assessed ratable values and other on the flat rate which were somewhat arbitrary as to a considerable degree they do not reflect difference in characteristics of taxable properties.

14. Property tax payer would be willing to cooperate by paying property tax as long as the municipal council will be responsible for citizen's demands for public services.

### **6.6 Suggestion for further research**

As the findings of this research are based on only one municipal council, there is a need to conduct studies on assessment of factors affecting property tax collection in other municipals councils in Tanzania by doing so factors affecting property tax collection in Tanzania will be well known.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE FOR TAX PAYER

Dear respondent:

This questionnaire aim at collecting some information concerning the research titled AN ASSESSMENT OF CHALLENGES FACING PROPERTY TAX COLLECTION, A case study of Dodoma Municipal. The student Mwanaidi Dedu from Mzumbe University is conducting this study for the partial fulfillment of Master degree of science in Accounting and Finance. Kindly respond appropriate. All data will be kept confidential and the data collected will be used for academic purposes only.

#### PART I: BACKGROUND INFORMATION

1. Provide your full names.....
2. For how long have you owned this proper.....
3. What is your highest level of education?
  - (a) Primary ( )
  - (b)Secondary ( )
  - (c) College education ( )
  - (d)Other level if any ( )
4. What is your marital status?
  - (a) Married ( )
  - (b) Single ( )
  - (c) Separated ( )
  - (d) Widow ( )

5. What is your occupation?

- (a) Employed ( )
- (b) Unemployed ( )
- (c) Self employed ( )
- (d) Others if any ( )

6. What is your gender?

- (a) Male ( )
- (b) Female ( )

7. Which of the following categories best describes your age?

- (a) 18-23 years ( )
- (b) 24-33 years ( )
- (c) 34-43 years ( )
- (d) 44-53 years ( )
- (e) 54-above years ( )

8. Which of the following categories best describes your annual income?

- (a) Less than 500,000 ( )
- (b) 500,000-4000, 000 ( )
- (c) 4000, 000-6000, 000 ( )
- (d) Above 6000,000 ( )
- (e) Other level if any ( )

9. Did you pay your property tax?

- (a) Yes ( )
- (b) No ( )

8. If no why.....

10. How can you describe the amount of property tax you pay?

- (a) Too high ( )
- (b) Average ( )
- (c) Low ( )

11. For your opinion, is there effectiveness for tax collection system in Tanzania?

- (a) Yes ( )
- (b) No ( )
- (c) Low ( )

## **PART II**

14. Indicate your understanding on whether you agree or disagree with the statement below

<b>Statements relating to general property tax issues</b>	<b>Frequency of those agreed</b>	<b>Frequency of those disagreed</b>
Misappropriation of property tax revenue		
It is not fair to pay property tax		
Property tax rate is too high		
Waste and corruption in government is high		
I don't know why I should pay property tax		
Unequal treatment of taxpayers		
Property tax not acceptable by Public		
I don't know how to calculate my own property tax		
The government does not provide enough information on how they use taxpayers money		

These are the question I have prepared for you today, Thank you for your cooperation and participation in this research and for your valuable time.

**APPENDIX II: QUESTIONNAIRES FOR TAX COLLECTOR/OFFICER  
FROM FINANCE DEPARTMENT**

Dear respondents:

These questionnaires aim at collecting some information concerning the research titled AN ASSESSMENT OF CHALLENGES FACING PROPERTY TAX COLLECTION, A case study of Dodoma Municipal. The student Mwanaidi Dedu from Mzumbe University is conducting this study for the partial fulfillment of Master degree of science in Accounting and Finance. Kindly respond appropriate. All data will be kept confidential and the data collected will be used for academic purposes only.

**Part i: Background information**

1. Name of an officer.....
2. Name of department.....
3. Your occupation/position.....
4. What is your age.....
5. What is your sex?
  - (a)Male ( )
  - (b)Female ( )
6. What is your level of education?
  - (a)Primary ( )
  - (b)Secondary ( )
  - (c)University ( )
  - (d) Other (specify)

**Part ii: Technical questions**

1. How long have you been a financial department officer in this municipal?

- (a) Less than a year ( )
- (b) Less than three year ( )
- (c) Less than five year ( )
- (d) Less than ten years ( )
- (e) More than ten years ( )

2. Have you attended any course on property tax collection?

- (a) Yes ( )
- (b) No ( )

3. If yes what is your opinion on that course?.....

4. If no, why?.....

5. Do you keep records concerning property tax collection?

- (a) Yes ( )
- (b) No ( )

6. If yes, for how long?.....

8. What problems do you face in property tax collection on your municipal?

.....

9. Can you suggest a better method of property tax collection to solve the problems you mentioned above?.....

.....

10. Are there any challenges facing Dodoma municipal with regards to property tax collection?

- (a).Yes ( )
- (b).No ( )

## 11. Challenges facing property tax collection

Please indicate your level of agreement or disagreement with each of the following statements. For each statement below please circle the number that best describes your view on your firm

Challenge facing property tax collection	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Inconsistency in valuation process is one of the challenge	1	2	3	4	5
Taxpayer unwilling to pay is one of challenge facing property tax collection	1	2	3	4	5
Lack of means of transport is one of challenge	1	2	3	4	5
Lack of effective statutory rate	1	2	3	4	5
Different method used to determine tax base.	1	2	3	4	5
Delay in payment by property tax payer	1	2	3	4	5
Lack of awareness of property tax payer	1	2	3	4	5
Corrupt behavior of some of the official.	1	2	3	4	5
Inadequate number of valuer is one of the challenge	1	2	3	4	5
Inadequate in property tax administration is one of the critical challenge	1	2	3	4	5



Measure to improve property tax collection system

1. By improving the quality of social services provision will motivate property tax payer to pay their property tax at time

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

2. By totally decentralising the payment of property tax to street government will reduce the corruption behavior.

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

3. More education is required to motivate the property owner pay their property tax.

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

4. Direct and shortly valuation procedures

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

5. How do you rank the property tax awareness to Tanzania citizens?

- (a) Too high ( )
- (b) Average ( )
- (c) Low ( )

6. How does the education level influence property payer to pay their property tax

- (a) Too high ( )
- (b) Average ( )
- (c) Low ( )

7. Give your opinion on the following if you think are the problem on property tax administration in Dodoma municipal?

**Table for Problems of property tax administration process**

Problems	Frequency of those who agree	Frequency of those who disagree
Poor identification of property		
Lack of valuation and assessment		
Inadequate system of property tax collection		

**Source: Survey data (2015)**

8. How do you administer property tax?

.....

9. Do you have any additional comments?

.....

These are the question I have prepared for you today, Thank you for your cooperation and participation in this research and for your valuable time.

**APPENDIX III: INTERVIEW SCHEDULE FOR WARD EXECUTIVE OFFICER.**

Dear respondents:

This questionnaire aim at collecting some information concerning the research titled AN ASSESSMENT OF CHALLENGES FACING PROPERTY TAX COLLECTION, A case study of Dodoma Municipal. The student Mwanaidi Dedu from Mzumbe University is conducting this study for the partial fulfillment of Master degree of science in Accounting and Finance. Kindly respond appropriate. All data will be kept confidential and the data collected will be used for academic purposes only.

**Part 1: Background information**

1. Name of ward.....

2. Occupation.....

3. What is your age?.....

4. What is your sex?

(a)Male ( )

(b)Female ( )

5. What is your highest level of education?

(a)Primary ( )

(b)Secondary ( )

(c)University ( )

(d) Other (specify)

6. How long have you been ward executive officer for his ward?.....

**Part II: Technical question**

7. Have you attended any course on property tax collection?

(a).Yes ( )

(b).No ( )

8. If yes what is your opinion on that course?.....

9. If no, why?.....

10. What problems do you face in property tax collection on your municipal?  
.....

11. Can you suggest a better method of property tax collection to solve the problems you mentioned above?.....  
.....

12. Are there any challenges facing Dodoma municipal with regards to property tax collection?

(a).Yes ( )

(b).No ( )

13. Have you ever been given any means of transport by your employer?

(a).Yes ( )

(b).No ( )

14. If no, WHY?  
.....

15. Do you have any additional comments?.....

16. How property tax is administered?.....

Measure to improve property tax collection system

17. By improving the quality of social services provision will motivate property tax payer to pay their property tax at time

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

18. By totally decentralising the payment of property tax to street government will reduce the corruption behaviour.

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

19. More education is required to motivate the property owner pay their property tax.

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

20. Direct and shortly valuation procedures

- (1) Strongly Agree ( )
- (2) Agree ( )
- (3) Neither agree nor disagree ( )
- (4) Disagree ( )
- (5) Strongly disagree ( )

21. How do you rank the property tax awareness to Tanzania citizens?

- (a) Too high ( )
- (b) Average ( )
- (c) Low ( )

22. How does the education level influence property payer to pay their property tax

- (a) Too high ( )
- (b) Average ( )
- (c) Low ( )

23. Give your opinion on the following if you think are the problem on property tax administration in Dodoma municipal?

24. Give your opinion on the following if you think are the problem on property tax administration in Dodoma municipal?

**Table for Problems of property tax administration process**

Problems	Frequency of those who agree	Frequency of those who disagree
Poor identification of property		
Lack of valuation and assessment		
Inadequate system of property tax collection		

**Source: Survey data (2015)**

These are the questions I have prepared for you today, Thank you for your cooperation and participation in this research and for your valuable time.

**APPENDIX IV: INTERVIEW SCHEDULE FOR TAX  
CONSULTANTS/EDUCATIONAL PROFESSIONAL**

Dear respondents:

This questionnaire aim at collecting some information concerning the research titled **AN ASSESSMENT OF CHALLENGES FACING PROPERTY TAX COLLECTION**, A case study of Dodoma Municipal. The student Mwanaidi Dedu from Mzumbe University is conducting this study for the partial fulfillment of Master degree of science in Accounting and Finance. Kindly respond appropriate. All data will be kept confidential and the data collected will be used for academic purposes only.

**Part 1: Background information**

1. Name of Firm.....
2. Occupation.....
3. What is your age?.....
4. What is your sex?
  - (a)Male ( )
  - (b)Female ( )
5. What is your highest level of education?
  - (a)Primary ( )
  - (b)Secondary ( )
  - (c)University ( )
  - (d) Other (specify)
7. How long have you been tax consultants/ educational professional in this firm?  
.....

**Part II: Technical question**

7. How do you rate property in Tanzania

- (a) Too high
- (b) Moderate ( )
- (c) Too low

8. Is there any challenge facing property tax collection in Tanzania?.....

9. If yes, what are they? .....

10. How property tax is administered?.....

11. Can you suggest a better method to solve the challenge you mentioned above?.....

12. What do you think should be done in order to improve property tax collection in Tanzania?  
.....

13. Are there any challenges facing Dodoma municipal with regards to property tax collection?  
.....

14. Do you have any additional comments?.....



15. Give your opinion on the following if you think are the problem on property tax administration in Dodoma municipal?

**Table for Problems of property tax administration process**

Problems	Frequency of those who agree	Frequency of those who disagree
Poor identification of property		
Lack of valuation and assessment		
Inadequate system of property tax collection		

**Source: Survey data (2015)**

These are the questions I have prepared for you today, Thank you for your cooperation and participation in this research and for your valuable time.