

**PROBLEMS HINDERING THE EFFECTIVENESS OF REVENUE
COLLECTION: THE CASE OF MOROGORO MUNICIPAL
COUNCIL**

**By
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**A Dissertation Submitted in Fulfillment of the Requirements for Award of the
Degree of Master of Science in Accounting and Finance (Msc AF)
of Mzumbe University**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled “**Problems Hindering the Effectiveness of Revenue Collection: The Case of Morogoro Municipal Council**”, in partial fulfilment of the requirements for the Degree of Master of Science in Accounting and Finance of Mzumbe University.

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DEDICATION

This dissertation is dedicated to my parents who invested in my education and to my family inclusive of My beloved Husband Mr. Abdul Dachi and my children Akiza Dachi, Muweza Dachi and Imaan Dachi for their patience, sacrifice and understanding which were necessary for the materialisation of this intense duty.

ABBREVIATIONS AND ACRONYMS

ALAT	Association of Local Authorities in Tanzania
CEO	Chief Executive Officer
CIT	Corporate Income Tax
EAC	East African Community
GDP	Gross Domestic Product
IDA	International Development Agency
LGAs	Local Government Authorities
PIT	Personal Income Taxes
PSI	Pre-shipment Inspection
REPOA	Research on Poverty Alleviation
SGS	Société Générale de Surveillance
SIDP	Sustainable Industrial Development Policy
SPSS	Statistical Package for Social Science
TATEPA	Tanzania Tea Packers Ltd
TRA	Tanzania Revenue Collection
VAT	Tax and Value Added Tax

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ABSTRACT

This study examined the problems which hindered the effectiveness of revenue collection in Morogoro Municipality, inspired by the fact that there were statements of lower revenue collection making the national economy to remain stagnant and the causes were unexamined. The study looked at the institutional framework, the infrastructure and facilities, the others factors hindering revenue collection and the efforts taken in place.

The study used a cross-sectional research design with a sample of thirty-four (34) respondents who were selected by using convenience sampling technique. Data were collected by using questionnaires, interviews, and documentary review method. Quantitative data were analyzed by using SPSS while qualitative required the use of Microsoft Word.

Findings revealed that within the institutional framework the factor which hindered revenue collection was failure to put in place some of the procedures for revenue collection. The greatest problems were: political interference and or interference by policy markers, shortage of qualified personnel for revenue collection, lack of by-laws for some revenue sources, to mention just a few. These problems resulted to lack of effectiveness of municipal revenue collection to a great extent as affirmed by 83.3% of respondents. However fewer efforts were done to address these problems.

The study recommended that the regulations and procedures be put in place, politicians communicate with the municipal council prior to taking any decision, facilities and qualified personnel be increased, corruption be fought, and that further studies be conducted while focusing on the daily challenges facing revenue collectors working under supervision of the accounting department.

CHAPTER ONE

INTRODUCTION

1.1. Overview of the Problem

This chapter is arranged into different sections. It begins with the background information which provides a history on the establishment of Tanzania revenue collection. This section is followed by the problem statement which clearly demystifies the problem that existed on the study area while showing its magnitude and the gap that the study intended to bridge. The subsequent section is the research questions followed by the research objectives, and final section is the significance of the study.

1.2. Background Information

1.2.1 Introduction

Morogoro Municipality is the Headquarters of Morogoro Regional. It is one of the oldest towns in the history of Tanzania [by then Tanganyika]. In the 18th century, Arabs used Morogoro as a stop over and route for slave caravans from the Hinterland to the Coast before shipping them to the far-east through the Indian Ocean.

Morogoro Municipality is about 195 kilometres to the west of Dar es Salaam and is situated on the lower slopes of Uluguru Mountains whose peak is about 1,600 feet above sea level. It lies at the crossings of longitudes 37.0 east of the Greenwich Meridian and latitude 4.49 South of Equator.

Morogoro Municipality has a total land area of 531sq.kms. This land coverage constitutes 0.4% of the total regional area. The major physical features include the famous Uluguru Mountains, which lie in the southeast part, and Mindu mountains, which lie in the western part

According to Population and Housing census of 2012, the population of the Municipality was 302,622 and Population growth rate in the Municipality is 4.7% per annum and the average income of a person per year is Tshs.355, 000.00.(MMC 2012)

1.2.2. Vision of the Council

The vision of the Council represents development status the Council is aspiring to achieve for its people in a specified future. Key elements considered are, high standard of living and sustainable socio – economic development. Hence Morogoro Municipal Council aspires to have: “A community with a higher standard of living provided with a sound and quality sustainable socio – economic services by 2025”

1.2.3. Mission

The mission statement depicts the purpose of the existence of the institution. In other words, the mission statement of Morogoro Municipal Council addresses two major questions, first, what is the council business and secondly, who are key clients. There are four major elements, which have been considered in formulation of the mission

1.3. Background of the study

Tanzania just like its neighboring countries (Kenya, Uganda, etc) has a long history of revenue collection. From 1992, the country faced serious fiscal problems arising from the gap between stagnant revenues and public expenditures swollen by large government expenditures (IDA, 2012). In the country there is the Tanzania Revenue Authority (TRA) established by the Act No. 11 of 1995 and started its operations in July 1996.

During the 1996/97, the Government fiscal policy was set to enhance revenue collection and improve expenditure management through expenditure control measures aiming at restraining the fiscal deficit. On the revenue side the measures that were implemented included the strengthening of tax administration through the establishment of the Tanzania Revenue Authority (TRA, 2012).

Before the establishment of the current TRA, tax administration in Tanzania was directly under the Ministry of Finance operating under loosely related three revenue departments of Customs and Excise, Income Tax and Sales Tax and Internal Revenue (REPOA, 2009).

Moreover, the Tax administration in Tanzania was under three independent Revenue Departments, which operated under the civil service framework. The Ministry for Finance was responsible for the direction and control of these independent departments whose performance in revenue collection was not very good (REPOA, 2009). The Government was determined to improve the revenue collection situation and one way of doing this was through an improved Tax administration system, which operates under a direction of one institution (TRA, 2005). It is against this background that the idea of establishing a semi-autonomous Tax administration was conceived by the Government and the Tanzania Revenue Authority (TRA) was born on the 1st of July 1996.

TRA was formed as an integrated semi-autonomous agency of the Government responsible for the administration of taxes, duties and levies of the Central Government (REPOA, 2009). The first integration process of the tax administration started right from 1996 when the three revenue departments were brought under one roof to form TRA. The process is now at the advanced stage as a number of processes and system have now been merged. One Stop Centre districts, which provide all tax services to taxpayers under one roof, were established and Income Tax and Value Added Tax (VAT) Departments were merged to form the Domestic Revenue Department.

The Authority, which administers a number of taxes, is under a Chief Executive Officer (CEO) who is in turn under the supervision and control of a Board of Directors. According to a topical report by TRA (2012) the TRA was established in order to improve the tax administration and for this reason it was given the following specific roles and functions in order to achieve this objective:

- i) Assess, collect and account for all Central Government Revenue,

- ii) Administer effectively and efficiently all the revenue laws of the Central Government,
- iii) Advise the Government on all matters related to fiscal policy,
- iv) Promote voluntary tax compliance,
- v) Improve the quality of services to the taxpayers,
- vi) Counteract fraud and other forms of tax evasion,
- vii) Produce trade statistics and publications

Since the establishment of TRA in 1996, the Government has from year to year been reviewing the tax structure so as to rationalize the tax system and to make it more business and investment friendly (URT, 2010). This supports the Government initiatives of poverty alleviation program, which goes hand in hand with the Sustainable Industrial Development Policy (SIDP – 1996-2020). This policy puts emphasis on the promotion of Small and Medium Enterprises (SMEs) including the simplification of tax laws, licensing and registration. SMEs all over the world play an important role in socio-economic development, whereby they contribute significantly to jobs creation, income generation and stimulation of growth in both urban and rural centers. For that reason the Government continues to review its tax structure so as to achieve this objective.

Despite the establishment of the Tanzania Revenue Authority (TRA) in 1996, tax collection revenue remained dismally low: in 1997/98, Tanzania's tax revenue of 12.4 percent of GDP was among the lowest in the region. Tax evasion was endemic as a result of institutional weaknesses in the TRA, poor infrastructure, and antiquated business processes (IDA, 2012).

The Central Government taxes comprise direct and indirect taxes. The direct taxes account for around 30% of total tax revenue, while the indirect taxes account for 70% of total tax revenue. Direct taxes include the Personal Income Taxes (PIT), Corporate Income Tax (CIT) and Withholding Taxes on business, capital and investment incomes.

The indirect taxes comprise taxes on international trade transactions and on domestically produced goods and services, namely the value added tax, excises and import duties.

The tax base and rate structure of the Tanzanian tax system has been rationalized and streamlined with a view to instituting a fair, simple, equitable, efficient and taxpayer/investor-friendly tax regime. A number of nuisance taxes have been abolished, the regulatory framework has been harmonized, an incentive regime has been put in place and the rates have been gradually reduced (Fjeldstad, 1995). In order to attract investment the Government has abolished protectionist excises, replaced the distortionary Sales Tax with Value Added Tax and removed the two-tier Corporate Tax that provided for a reduced rate for residents and higher rate for non-residents for a single rate.

Most rates are now in line with the internationally accepted best practice, requiring no more than fine-tuning. Corporate tax rate is 30%, (Currently corporate tax is 30% as announced in the parliamentary budget of 2009/2010 by the minister of finance and economic affairs Hon. Mustafa Mkullo, while VAT is chargeable on goods and services at 20% (Currently 18% as announced by parliamentary budget of 2009/2010).

There are also specific-rate excises on mostly traditional excisable products viz. tobacco, alcoholic drinks, soft drinks and petroleum products while ad valorem rates are on non-utility motor vehicles and mobile phone service. Two non-zero import duty rates at 10% and 25% are applicable under the East African Community (EAC) Customs Union on importation of goods and services, depending on Customs classification codes, but raw materials and capital goods are zero-rated. Withholding taxes on business and capital incomes such as dividends, interest and royalties are also applicable at the rates ranging between 10% and 20%.

From the above history on revenue collection in Tanzania, it is understood that some efforts like establishing the TRA which was operating under the Ministry of finance, have been made to improve revenue collection in the country. However, despite those efforts, the situation in revenue collection appears to be unsatisfactory.

Facts from (URT, 2010) have indicated that there are certain unknown factors hindering revenue collection in the country. It is for this reason that this study is considered as important to be conducted for examining the problems hindering revenue collection in especially in Morogoro Municipality.

1.4. Statement of the Research Problem

The revenue collection sector is seen to be amongst the important sectors which greatly contribute for increase of the national economy. Information from the United Republic of Tanzania (2012) on the analysis of Tanzania's budget revenue projections, has indicated that the government of Tanzania has focused itself on raising revenue from a limited number of sources such as taxation on drinks, fuel, cigarettes and tobacco products, Value Added Tax and Pay as You Earn (PAYE). The same document also shows that Tanzania loses much revenue through uncollected tax and mispricing.

Moreover, there are statements of lower revenue collection making the national economy to remain stagnant (TRA, 2005), yet the motives behind this lower revenue collection are not known. Similarly, a study undertaken by Edna (2011) at Bagamoyo District Council on the impact of outsourcing revenue collection in local government revealed that revenue collection trend in Tanzania has been going down for the few past years.

While this might be true, there was no existing study justifying the downward trend of revenue collection especially in Morogoro Municipality; i.e. the problems hindering effective revenue collection in Tanzania were not very known. Along with that, little was known on the institutional framework and the infrastructure used in revenue collection. Given this justification, this particular study was conducted so as to examine the problems hindering the effectiveness of revenue collection in Morogoro Municipality.

1.5 Research Objectives

1.5.1 Overall Objective

This study generally examined the problems hindering the effectiveness of revenue collection in Morogoro Municipality.

1.5.2 Specific Objectives

In order to demonstrate the demarcation and a clear direction of this investigation, the following specific objectives were adopted:

- i) To examine the institutional framework adopted for revenue collection in Morogoro Municipality,
- ii) To examine the tools and infrastructure used in revenue collection in Morogoro Municipality
- iii) To find out other specific factors hindering effective revenue collection in Morogoro Municipality,
- iv) To identify the efforts taken in response to the factors hindering effective revenue collection in Morogoro Municipality,

1.6 Research Questions

1.6.1 Overall Research Question

The overall research question of this study was “what are the problems hindering the effectiveness of revenue collection in Morogoro Municipality?”

1.6.2 Specific Research Questions

This study was guided by the following research questions:

- i) What is the institutional framework adopted for revenue collection in Morogoro Municipality?
- ii) What are the facilities and infrastructure used in revenue collection in Morogoro Municipality?

- iii) What are other specific factors hindering effective revenue collection in Morogoro Municipality?
- iv) What are the efforts taken in response to the factors hindering effective revenue collection in Morogoro Municipality?

1.7 Significance of the Study

This study attempted to examine the problems hindering the effectiveness of revenue collection in Morogoro Municipality. The study has been useful in several ways. It had firstly to contribute significantly to the current limited literature on the problems hindering effective revenue collection in Tanzania, specifically in local government authorities. In this regard it had to serve as a benchmark for researchers and academicians in the domain of revenue collection. It had secondly to provide data for researchers to investigate and use its results in other areas of focused interest. It had lastly to stand as a partial fulfillment for the requirements of the award of the Degree of Master of Science in Accounting and Finance of Mzumbe University.

1.8 Limitations and Delimitations of the Study

This study aims at examining the problems hindering the effectiveness of revenue collection in Morogoro Municipality. The study limited itself to revenue collection overseers and other people with concern in revenue collection affairs in Morogoro. It documented the problems which were stumbling blocks of effective revenue collection in the study area and how the Municipal council attempted to solve them for improved revenue collection.

The study selected Morogoro Municipal Council as study area due to the fact that there were revenue collection activities but less was known on the problems which hindered the effectiveness of revenue collection in the area. Also, the selection of the area was due to limited financial resources. Due to financial and time limitations, the study cross-sectional research design by selecting a sample size of ten percent to draw inferences.

CHAPTER TWO

LITERATURE REVIEW

2.1. Overview

Literature review is a critical summary of the readings on the topic under study, generally prepared in context or to identify gaps and weaknesses in prior studies so as to identify a new area of investigation (Polit, 1983:616). This chapter which forms the literature attempts to present a summarized literature review in two major parts in particular: theoretical part and empirical part. After giving a clarification on revenue collection, the theoretical literature review presents sections such as: revenue collection enforcement (a theoretical perspective), and the challenges behind revenue collection. The empirical literature review touches on factors affecting revenue collection in Tanzania, and the challenges affecting revenue collection system in Tanzania.

2.2. Revenue Collection

2.2.1. Understanding Revenue Collection

The concept of revenue is conceptualized differently depending on the field in which is being uttered. For business undertakers, revenue, as defined by the International Development Agency (IDA), is the income that a company gets from its usual business activities, generally from the vending of goods and services to customers (IDA, 2012). Some companies get revenue from interest, royalties, or other fees. Generally, revenue may refer to business income, or it may refer to the amount, in a monetary unit, received over the course of a certain period of time.

While in the domain of accounting revenue is often referred to as the “top line” due to its position on the income statement at the very top, for non-profit organizations revenue is referred to as gross receipts (Bleaney, 1995). With reference to this definition, revenue is herein demystified as incorporating contributions from individuals and companies, support from government agencies, income from activities related to the organization’s

mission, and income from fundraising activities, membership dues, and financial investments such as stock shares in companies.

Others contend that revenue is the monetary consideration received or to be received for the products so sold or the services rendered to the customer by any business entity for a particular time period. An organization needs to value the amount of revenue earned for a particular financial period so that it can present its financial statements properly and timely and can account for only those revenue which can be realized. Such revenues can be earned by utilizing economic resources of the enterprise.

For the sake of this study, revenue is the money obtained by the government in the form of cash or cash equivalents. This is a bit different from tax revenue. Tax revenue is the income that a government receives from taxpayers. Revenue is also a calculation or estimation of periodic income based on a particular standard of accounting practice or the rules established by a government or government agency.

2.2.2 Revenue Collection in Tanzania

The Central Government has two primary avenues of budget resources: domestic revenue, which includes both tax and non-tax revenues; and External Assistance, which comprises of grants and loans from bilateral or multilateral agencies (URT, 2006). The majority of domestic revenue collected in Tanzania is in the form of tax revenues, which, in 2003/04 accounted for 92% of the total Central Government domestic revenue. These tax revenues are collected by the Tanzania Revenue Authority (TRA), an executive agency under the Ministry of Finance that was established in 1996 (REPOA, 2008). The TRA is mandated to collect major taxes including Income Tax, Value Added Tax, Import Duty and Excise Duty (URT, 2006).

Between 2000/01 and 2003/04 Tanzania has witnessed an average annual increase in Central Government tax revenues of 12% (adjusted for inflation).

These increases have primarily been attributed to economic growth and substantial improvements in the tax administration (REPOA, 2008). It is the Government's policy to increase domestic revenue collections at a faster rate than GDP growth in order to finance increased expenditure and reduce dependence on donor funding in the budget (URT, 2006). The Government is also committed to taxation policy that does not hinder growth in business and investment, that is equitable and fair, that has low compliance and administrative costs, and that is as simple as possible. Each year, the Ministry of finance coordinates the Task Force on Tax Reform in the February-April period (REPOA, 2008). This forum invites submission and proposals from other Government institutions, the general public and the private sector, analyses them and makes recommendations to the Minister for the budget revenue measures.

Along with that, tax administration in Tanzania has a three-tier structure, namely Central Government tax administration, tax administration in Zanzibar and Local Governments tax administration (TRA, 2010). The Tanzania Revenue Authority (TRA) administers the Central Government taxes; Zanzibar Revenue Board administers domestic consumption taxes in Zanzibar, while the Local Authorities administer the various local imposts (TRA, 2010). Central Government taxes are the major revenue earner for the Government, accounting for about 90% of domestic revenue (TRA, 2010).

2.3 Theoretical Literature Review

2.3.1 Revenue Collection Enforcement: A Theoretical Perspective

Numerous economists rely on the theory of public goods to explain the role of the government. By means of their ability to coercively enforce, governments can obtain the resources to fund the provision of public goods. This coercion is defined as the ability to alter someone's behavior by means of physical force, or the threat of it (Arias, 2007).

The alternative, private (i.e. market) provision, leads to under provision because of the free rider problem inherent in the financing of public goods (Acemoglu, and Robinson, 2005). This premise seeks to clarify how a certain government with such dues can come about. Most developed countries nowadays give confirmation of governments with such a role. But, history reveals that such state prerogatives cannot be taken for granted (Arias, 2007). For example, rulers in early modern states need not rely on state-administered revenue collection based on centralized coercive enforcement to obtain resources.

Moreover, Acemoglu and Robinson (2005) state that the provision of protection in the form of a standing army created and financed by the state is a modern phenomenon. During feudal times, kings depended on the military forces at the head of feudal lords to fight wars. The Church used to provide many of the public goods we assume today to be the responsibility of state authorities, such as poverty relief (Greif, 1998). This theory sheds light on why, if not by the threat of force, resources are transferred to rulers, and provides an endogenous explanation for the evolution to state-administered revenue collection by means of coercive enforcement and the creation of standing armies.

During the second half of the eighteenth century a series of reforms were implemented by the Spanish Bourbon kings in their American possessions: the creation of a standing army became a priority, and the fiscal administration was centralized and dramatically expanded (Arias, 2007). By means of a game theoretical analysis, it is understood that simultaneous transition to a state administered revenue collection and centralized coercive enforcement, and the creation of a standing army, is due to the free rider problem inherent in the financing of public goods.

Importantly, the success of such a transition hinges on the perception of a threat of conflict. When the provision of public good takes precedence a non-coercive mechanism for the collection of taxes will lead to under provision of the good.

If the crown seeks to raise money to wage a war by means of excludable, private benefits, each contributor will not internalize the benefit to others of one more soldier and so will lower his contribution (Arias, 2007). That is, we face the well-known free rider problem in the financing of public goods. The problem is one of contracting tax payment that is, committing to pay.

The theoretical findings show that centralized coercion at the hands of the state allows the elite groups to commit to contribute to the financing of an army, and thus the state to provide an increased level of protection. A coercion-based revenue collection mechanism assures each contributor that all other contributors are paying as well (Knight, 2002). In addition, a state of conflict aligns the payoffs of all actors regarding the provision of a standing army. All parties are benefited and thus willing to cooperate, otherwise conflict is not overcome. The transition then yields a Pareto-improving outcome.

Besides, the state of conflict makes investment in coercive enforcement and the provision of protection as a public good credible on the part of the state authorities. An additional and innovative contribution of this theory is to suggest that rule by coercion is not the only means through which rulers may rule (knight,2002). That is, contrary to the common conception, enforcement by the state does not necessarily entail the concentration of coercion. Despite the lack of a standing army throughout the first 250 years of Spanish colonial rule and of centralized state administration collecting revenue, the Spanish crown was able to obtain large sums from its American possessions . Why were resources transferred to the crown if there was no state coercive structure directly collecting taxes?

An analysis of the fiscal history of colonial Mexico demonstrates that the key was the ability of the ruler to provide excludable benefits to contributors through the goods or services offered (Knight, 2002).

The crown achieved this by creating and protecting excludable benefits, and by being able to identify those receiving them. This was possible despite the lack of centrally controlled coercive power at the hands of the crown. Instead, the crown relied upon its regulatory authority to perform such a role, which was accepted throughout the period, and on its ability to identify those benefiting from the protection provided.

Revenue collection was enforced by the threat of losing the right to what can be called private protection, a private good. Consequently, the present analysis demonstrates that the mechanism to collect revenue is endogenous to the nature of the services provided by the state (Arias, 2007).

Historians and other social scientists have long drawn attention to warfare as a determinant of political transitions in particular, in terms of the creation of centrally organized militias and regular armies, and the state's fiscal administrative capacity. Tilly (1993) argues that the expansion of Western European states was driven by their increasing ability to extract fiscal resources. Tilly (1993) also argue that in the presence of common interest public goods, such as creating armies to fight wars, investments in legal and fiscal state capacity are complements. These papers, however, have not proposed a specific channel through which the threat of war opens the door to a system of rule based on centralized coercive enforcement and an increase in the state's fiscal capacity.

The present paper does precise that Kiser and Linton (2001) are the most closely related to this research in that they study analytically the link between warfare and the fiscal system. The importance of threats of conflict has also been emphasized regarding the transition to democratic political institutions. Even if not directly addressing democratic transitions, this paper is related to the recent literature, mostly in economics, studying such transitions.

Acemoglu and Robinson (2001) argue that giving up political power allows the elite to commit with the poor to future income redistributions, and thus avoid revolutions. For Ticchy and Vindigni (2006), in a democracy the masses are empowered by the rich to induce them to fight wars.

Political rights are therefore obtained in exchange for military duties; again, a democratic political transition comes about as a way to commit to future redistribution. In both these papers what defines democracy in their theoretical setup is who chooses the tax rate: the elite or the poor. In that sense, their paper is about fiscal institutions. The present paper, if not about democracy, studies fiscal institutions as well and in particular the equilibrium tax rate. But, in contrast to them, it further allows for the choice of revenue collection mechanism: coercive or non-coercive. That leads us to a more conceptual difference of the present paper with respect to the literature: the state here is an actor in itself, and not only machinery controlled by either the rich or the poor.

Furthermore, the state is not only an actor (a government) that makes decisions but is also defined in terms of its interaction with other groups in society that hold stakes. In so doing, there is a need to account for the constraints that rulers face when trying to implement regime changes. This theory is thus closely related to the literature that studies the state as a self-enforcing institution. Greif (2006) for example, highlights the importance of military strength and external military threats in determining the self-enforceability of Genoa's political system, and its interdependence with the economic system, during the late medieval period.

2.3.2 Challenges Behind Revenue Enhancement

The rationalization of taxes at the grass root level and especially the cessation of the development levy, mean that many district councils, in the very short period to come, will lose 40-50 percent of their own generated revenues (Mkula, 2009).

This has raised concern among stakeholders at both the local and central levels that the financial self-sufficiency of local authorities is undermined and that some councils are moving towards bankruptcy. Fjeldstad (2002) cited in Mregi (2008) argues that there are reasons to be concerned about the short-term impacts of the tax rationalization. The reform also represents an opportunity for local governments to implement much needed reforms of their revenue systems and to look at new approaches for revenue enhancement and cost saving.

Before the process of rationalization it was understandable that the local tax system was overripe for reform. It was difficult, costly to manage and exacerbated inequity (Faraji, 2006). Tax evasion was prevalent, often reflected in constant public resistance to pay. Moreover, the connection between central and local government tax systems were commonly feeble resulting to double taxation and inconsistencies between tax policies implemented at various levels of government. For example the Association of Local Authorities in Tanzania (ALAT) advised the government to abolish development levy (Mkula, 2009 and Mregi, 2008). This advice was partly based on considerations of revenue generation, administrative costs, income distribution and economic efficiency.

Besides, the widespread tax resistance threatened to undermine the legitimacy of local authorities. Although there are reasons to question the speed at which the recent rationalization of local taxes took place and the limited consultation with local authorities, similar considerations as those taken by ALAT ten years ago seem to have been the foundation for the current reform (Mregi, 2008).

One main managerial dilemma today for many of the councils is their incapacity to collect fully the revenues due to them. In most Council there are enormous gaps between reported and projected revenues (Nzingula, 2007). Recent studies by Mkula (2009) and Faraji (2006) concluded that this is due to:

- i) Poor administrative capacity to assess the revenue base;

- ii) Poor administrative capacity to enforce the taxes;
- iii) Explicit and intentional tax evasion and resistance from taxpayers;
- iv) Corruption, including embezzlement of revenues;
- v) External pressure on the local finance department to provide optimistic projections; and
- vi) Political pressure on the local tax administration to relax on revenue collection.

In this setting, basic issues to be addressed in the context of local government financial reforms are to redesign the current revenue structure and to strengthen financial management. Moreover, measures are required to enhance taxpayers' compliance and to improve the accountability of tax collectors and councilors.

There is definitely a room for further improved financial management in most local authorities as well as improved co-ordination between the different levels of government. In particular, there is a need to simplify the license and fee structures by reducing the number of rates and coverage. Fees and licenses that have regulatory functions, such as sand fees, hunting and business licenses, should be harmonized with central government taxes, to avoid double taxation and conflicts with national development policies such as employment creation and environmental protection (Nzingula, 2007). Furthermore, uniform rates on agricultural taxes, that is, crop cess, are necessary to minimize distortions. In this context it might be worth considering the possibility to centralize the collection of certain local taxes. For instance, cess on export crops could be collected by the Tanzania Revenue Authority (TRA) at their points of export.

Property tax has some attractions as a local revenue base since it is imposed on immobile assets and therefore is difficult to avoid - at least in principle (Faraji, 2006). However, it also has some obvious weaknesses which need to be taken into

consideration before heavy reliance is placed on it. For instance, problems of valuation and tax enforcement often occur due to political interventions and administrative weaknesses. Furthermore, harsh enforcement mechanisms may result in intervention from politicians facing complaints from their constituents (Mregi, 2008). Hence, experience advocates cautiousness when extending property tax to district councils, and when imposing a commercial land tax in local authorities.

A basic requirement when further redesigning the local tax system is greater emphasis on the cost-effectiveness of revenue collection, taking into account not only the direct costs of tax administration, but also the overall costs to the economy, including the compliance costs to the taxpayers (Faraji, 2006). In addition, losses through corruption and tax evasion need to be reduced. Such improvements may take a long time to achieve, although additional simplification of the local revenue system should provide a positive contribution towards these aims. Nzingula (2007) state that some councils have started to explore methods to reduce the financial gap caused by the tax rationalization by:

- i) Outsourcing revenue collection to private collectors to increase revenues from existing sources such as natural resource products, including charcoal, wood and other forest products, and livestock auction fees;
- ii) Reducing costs, for example by limiting the number of meetings and workshops and by retrenching surplus staff; and
- iii) Imposing more cost-effective spending, for example on electricity and stationeries.

2.4 Empirical Literature Review

2.4.1 Factors Affecting Revenue Collection in Tanzania

The amount of literature that straightforwardly talks about an analysis of factors affecting the revenue collection is fairly limited as far as the number of studies, as well as the number of examined countries or tested periods are concerned.

A combination of several factors explains the drop in tax revenue in financial year 1992/93:

Immediate revenue losses owing to: *reduced tax* rates not offset by a sufficient reduction in, *exemptions* and the assumed reduction in *tax evasion and avoidance*; and The fact that the required strengthening of *tax administration* to follow up the tax reforms, has proved difficult to implement in the short term.

a) Reduced Tax Rates

Fjeldstad (1995) states that during financial year 1992/93 the following tax reductions were introduced:

- i) The personal income tax rates were reduced to a range of 5 to 30 percent from the range of 7.5 to 40 percent;
- ii) The corporate income tax rates were reduced for resident companies to 35 percent from 45, and for non-resident companies from 50 to 40 percent;
- iii) The rate structure of customs duty was changed from the existing rates (in percent) 0, 20, 30, 40 and 60 to 0, 10, 20 and 30;
- iv) All excise tax rates above 20 percent were lowered to that level and locally produced sugar, soap, textiles and other commodities were exempted from excise; and
- v) All industrial raw materials were exempted from customs duty and sales tax.

These reforms were in line with the recommendations made by the Tax Commission. It was considered that high tax rates in the past had adversely affected productivity in the industries, which in turn led to increased operational overheads and thus affected the competitiveness of locally produced commodities vis-à-vis imports. However, the major reductions in tax rates were implemented without *de facto* and *de jure* broadening the tax base.

I have not been able to provide sufficient information for estimating the likely revenue loss due to the various tax rate reductions, but I would expect the losses to be significant.

b) Tax Exemptions

Much tax revenue has been lost through exemptions. For instance, the exemptions granted on imports in 1989 constituted more than 96 percent of the potential taxes on these imports (World Bank, 1992). According to Fjeldstad (1995) all types of tax and duty exemptions granted to the central government, local governments, political parties, and commercial enterprises were abolished from June 1992. The Government expected revenue to increase by TShs. 9,850 million due to the abolition of tax exemptions – a far too optimistic estimate. In addition, the abolishment of these exemptions was only partly implemented, and there are still many ambiguities in the system.

Moreover, the level of tax exemptions in Tanzania is high. This can be seen by comparing the level of exemptions granted in Tanzania with that in Uganda and Kenya. In Tanzania, between 2005/6 and 2007/08 tax exemptions averaged 3.9 percent of GDP (URT, 2010). In 2008/9 tax exemptions were 2.8 percent of GDP and in 2009/10, 2.3 percent. In comparison, in Kenya and Uganda exemptions amounted to 1 percent and 0.4 percent of GDP respectively. If Tanzania would harmonize its tax exemptions with the level achieved in Kenya, more than TZS 600 billion would have been saved in 2007/08 alone.

The significance of the amount granted in exemptions can be illustrated by comparing it to missed tax revenue targets. In 2008/09 and 2009/10 the Government missed its revenue target by TZS 453 billion on average. In the same period, tax exemptions granted averaged TZS 724 billion per year. If tax exemptions had been brought in line with the level of exemptions granted in Kenya, TZS 484 billion would have been saved in 2008/9 and TZS 302 billion in 2009/10. In other words, the shortfall in revenue collection would have been largely offset (URT, 2010).

c) Tax Evasion and Avoidance

A common problem in the Tanzanian tax system is tax evasion, which appears to be substantial and widespread. The Government expected that reduced rates would contribute to reduced tax evasion. However, it is not prudent to include such revenues in budgetary estimates, particularly when there is little reason to expect them to be realized.

A major problem in this respect is under valuation of imported goods, which applies to most own-funds imports. This is due to the fact that the importer has access to foreign exchange without going through Bank of Tanzania records. Central Bank funded imports (where the importer offers local currency in exchange for foreign), as well as government and parastatal imports, are in general easier to value, but are often exempted from taxation. Administrative constraints and corruption at entry points increase the problem of undervaluation of imported goods (Basu and Morrissey, 1993). As a measure to reduce undervaluation, pre-shipment inspection (PSI) was introduced.

On behalf of Bank of Tanzania, the Government engaged the international companies, the Société Générale de Surveillance (SGS), Contecna and SSI, to inspect shipments to Tanzania from ports abroad. The PSI programme involves inspection of imports to Tanzania in the country of exportation, together with an assessment of the invoice price of the goods to be imported.

The purpose of the pre-shipment inspection is to ensure that the foreign exchange outlay is commensurate with the price, quality and quantity of the goods being imported. This measure must be considered as a short-run solution to the basic problem of unsystematic and unreliable import valuation. In the course of the financial year 1992/93 the pre-shipment inspection companies were empowered to assess the amount of duty payable at the time of inspection of imports. The intention was to reduce bureaucracy and tax evasion. In the case of imports financed by Bank of Tanzania's foreign exchange, values are pre-checked at the point of shipment.

However, the minimum value of the shipments controlled (USD 5,000), gave importers incentive to split their shipments into units each valued below the minimum limit, and thereby avoiding the control . There are also indications that Zanzibar's position as a "Freeport" to some extent has contributed to the avoidance of import duties. Lower (or to some extent zero) rates on goods imported to Zanzibar, led many importers to let their imports pass through Zanzibar, and then "re-import" these goods to the mainland.

Thus, by splitting the import shipments into units valued below the USD 5,000 limit, and by importing via Zanzibar, importers could effectively avoid taxes. The revenue loss due to this kind of tax avoidance is difficult to assess in quantitative terms. It is, however, reasonable to assume the loss to be significant since the Government has considered it necessary to reduce the limit of pre-shipment control to USD 2,500.

d) Tax Administration

The 1992/93 budget estimates seem to depend to some extent on increases in direct tax revenues from improved administrative measures in tax collection and an extended tax base. According to the budgetary figures for 1992/93 Tshs. 1,808 million was to come from improved measures in tax collection . Taxes on income and wealth did increase as share of total tax revenue in the financial year 1992/93, due to reduced tax revenue from the other major tax sources. However, measured in percent of GDP income tax revenue was in fact reduced compared to previous years.

The Government has taken several efforts to improve tax administration, and these efforts may have contributed to some extent to a more efficient tax administration during the last few years (Fjeldstad, 1995). The tax administration was also capable of collecting a significantly higher amount of revenues (both in absolute and relative terms) in financial year 1991/92 than in the preceding years. In the financial year 1992/93 new tax rates and new procedures for collecting tax revenues were introduced.

Such measures are usually difficult to implement in the short run without being supplemented by a considerable strengthening of tax administration, otherwise the administration may not manage to adopt the new system in a proper way. This factor probably plays a major role in explaining the revenue shortfall in fiscal 1992/93, although difficult to quantify.

The drop in tax revenues experienced in financial year 1992/93 is not unique. Experience from other developing countries has shown that structural economic reforms often entail short-run revenue losses (IMF, 1992). Empirical studies also show that fiscal revenues, in general, tend to exhibit greater variability in less developed countries than in developed market economies (Bleaney et al., 1995). These differences seem to reflect characteristics of the economy such as inflation, output variability and openness. A widespread objective of tax reforms in many low income countries has been to shift from reliance on taxation of imports (and exports) to domestic taxation by broadening the tax base - by introducing value-added taxation and extending the individual income tax base. This objective has been pursued in line with trade liberalization and the need to promote productive efficiency by reducing the level of effective protection.

Although (and more unusually) Tanzania's indirect tax structure is dominated by taxes on domestic goods and services rather than on imports, taxes on international transactions are not likely to increase significantly in the coming years, and may even grow less than GDP. Broadening the domestic tax net to a larger commodity and income tax base requires substantial strengthening of tax administration, which has proved to be difficult to implement in the short term. Achieving increased revenues from such a change assumes that the administration responsible for collecting domestic taxes from an extended base is able to enforce these taxes. This is, in general, a much more difficult task than collecting tariffs from a more limited customs space.

Hence, when tariff rates are reduced, without an accompanying removal of tax exemptions and a strengthening of tax administration, revenue will immediately be reduced. The reductions in tax rates during the financial year 1992/93 were premature, since they were introduced without widening the tax base. This is probably the major explanatory factor behind the shortfall of revenues. A tempting solution to this dilemma would be to increase the tax rates again, for instance to the level before the reductions. However, this may prove to be a shortsighted, solution. Frequent changes in tax policy may contribute to increased uncertainty in the business community (including potential foreign investors), and may call into question the credibility of the Government's policy.

On the other hand, a stable tax policy environment may encourage the business community to take a longer-term perspective in their finance and investment decisions. Tax changes should therefore be made after transitional arrangements have been adequately considered, and they should be presented as per of a long-term strategy. However, due to the decrease in tax revenue collection, the Government decided to re-impose several tax rates and also introduce new taxes on some items in financial year 1993/94. It also resorted to bank borrowing to finance its deficits, resulting in continued high inflation.

2.4.2 Challenges Facing Revenue Collection System in Tanzania

In order to have better control of revenue collection, the Government of Tanzania initiated and has implemented a number of local government reforms. These reforms, to a great extent, aimed at increasing the resources available to local government authorities and improving the management of those resources. But of even greater significance is the need to improve on the collection of revenue from the existing sources of local government authorities. Relatively a bit of effort has been directed at imparting improved procedures for collection of revenue from councils' own sources to council's staff.

Despite certain positive developments on the part of the Central Government, local government authorities in the country still face a number of setbacks. One such major administrative challenge is the inability to collect fully the revenue due to them. The huge gaps between reported and projected revenues in country's revenue data are an indication of inability to collect and this is due to:

- i) Weak administrative capacity to assess taxes and levies and then to enforce revenue laws and by-laws;
- ii) Taxpayer resistance and low tax morale on the part of the citizenry;
- iii) Corruption, including embezzlement of revenues;
- iv) External pressure on the local finance department to provide optimistic projections; and
- v) Political pressure on the revenue collectors to relax on revenue collection(URT,2010).

In specific terms revenue flow for local government authorities (LGAs) is limited by the following factors:

- i) Cashew nut fee is collected at a rate of 5 per cent of the indicative prices instead of the market price
- ii) Some individuals avoid selling their cashew nut produce at the auction through the Warehouse Receipt System contrary to the requirements of the law,
- iii) Sometimes there are delays by financial institutions,
- iv) Lack of packaging materials,
- v) Transport problems,
- vi) Non cash remittance for the export levy – usually LGAs receives farm inputs equivalent to the export levy collected by the central government. This is contrary to the requirement in the Cashew nut legislation; LGAs is mandated to manage natural resources like forest and products from forests. In the process LGAs spends more to ensure that procedures are

followed in harvesting natural resources. But LGAs gets 5 per cent from The Central Government in respect of earnings accruing to the Ministry responsible for natural resources from resources use in Masasi District, LGAs is a shareholder in TATEPA (Tanzania Tea Packers Ltd.) but dividend received is not considered sustainable because of poor performance of the company,

- vii) There are few sources of revenue, for example there are only six guest houses in the area and the compliance level by guest house operators is very low,
- viii) LGAs collects revenue from various sources, but the collection is not backed by legal instruments. For example there is no By-Law for collection of service levy, produce cess, forest produce cess. The only applicable and legal instrument used to collect revenue is the Produce cess By-Law of 1985,
- ix) Lack of records and information on all businesses conducted in the district and their respective taxes,
- x) LGAs depend mostly on transfers from the Central Government.
- xi) The lack of By-Laws denies the Council more opportunities to collect revenue from a number of sources. For example livestock products are not captured as revenue sources which can contribute, albeit in a small way, to the Council's budget. Businesses such as animal slaughtering, meat shop, sell of live animals, milk and other fees related to animal management form revenue sources to the council but are not considered because there is no legal backing. (REPOA ,2008)

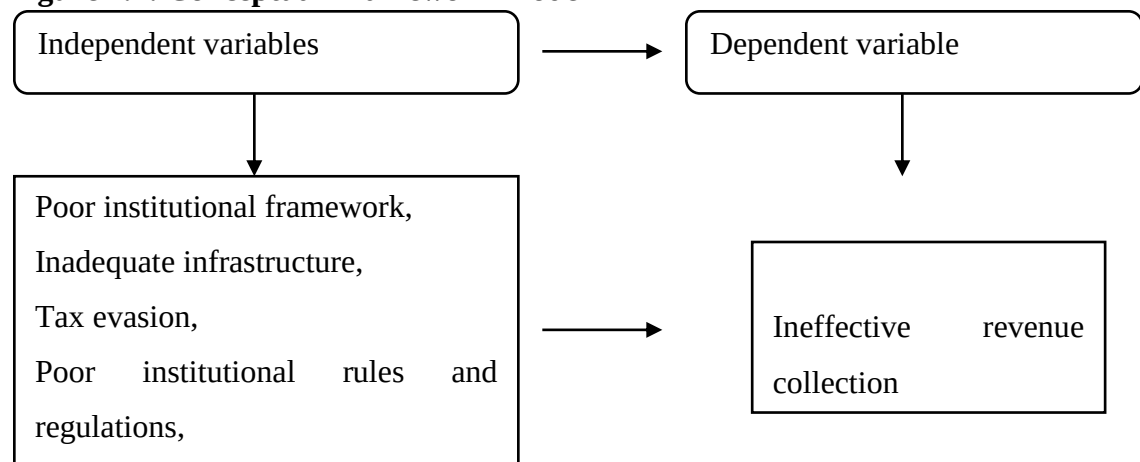
The recent decision to carve off some Council from LGAs may constitute another own-source revenue setback in the short run, as the LGAs has hitherto enjoyed and benefitted from urban revenue sources located in Masasi Town. Now that Masasi Town has been carved off from LGAs, such sources will have to be relinquished. On a positive note

however, this decision may force the LGAs to seriously re-think its current revenue mobilization strategies and hence tap more effectively and efficiently into the hitherto untapped own revenue sources scattered around its rural wards.

2.4.3 Conceptual Framework

This study illustrates a conceptual framework in two major groups of variables as shown in **Figure 2.1**.

Figure 2.1: Conceptual Framework Model



Source: Constructed by the Researcher, 2012

From the above **Figure 2.1** Conceptual Framework Model, this study assumes that there are numerous factors affecting revenue collection in Morogoro Municipality. These factors include poor institutional framework, inadequate infrastructure, tax evasion, poor institutional rules and regulations related to revenue collection and poor technology. These are termed as independent variables since they have a certain negative influence on revenue collection.

However, since the above factors termed as independent variables may not only be the hindrances of revenue collection Morogoro Municipality, the study gives a chance to the researcher to collect other factors that may result to ineffective collection through its specific objectives.

2.4.4 Summary and Knowledge Gap Analysis

This study focusing on the problems hindering effective revenue collection in Morogoro Municipality has reviewed, among its important points, theories on revenue collection, the factors hindering revenue collection in Tanzania, and the challenges facing revenue collection system in Tanzania.

Reviewed literature has indicated that there are a number of factors affecting revenue collection nationwide along with numerous challenges to effective revenue collection. Such as reduced tax rates, exemptions, tax evasion and avoidance and tax administration have been identified as challenges to effective revenue collection nationwide. Other identified issues on the side of challenges facing revenue collection system are the administrative challenges which include the inability to collect fully the revenue. The huge gaps between reported and projected revenues in country's revenue data are an indication of inability to collect revenue.

In a nutshell, the amount of literature that straightforwardly talks about an analysis of factors affecting the revenue collection is fairly limited as far as the number of studies for the tested period is concerned. There are still a number of setbacks on the part of local government authorities particularly the Morogoro Municipality. Facts indicate that things are not moving smoothly with revenue collection in the said Municipality. Moreover, there are no studies revealing the problems hindering effective collection in that specified area of this study. That being the fact, this study is proposed to be conducted to examine the problems at the bottom of effective revenue collection in Morogoro Municipality.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter presents various steps that were adopted by the researcher in studying the research problem along with the logic behind them. In essence, the chapter presents the research design, description of the study area and its rationale, the study population, the sampling frame and sample size, sampling techniques, types and sources of data, data collection methods, and the way data were presented and analyzed.

3.2 Research Design

Kothari (2004:31) defined a research design as “the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. It is the conceptual structure within which research is conducted; it constitutes the blue print for collection, measurement and analysis of data (Ibid).

For the sake of this study, however, cross-sectional research design was applied. This type of research design facilitates the researcher to examine a section of the population at a single-time period (Kothari, 2004:4). The rationale for adopting this type of research design was based on time constraint; i.e. since the time allotted for this investigation was scarce and the collection of data was not repetitive. It did not involve going to field repetitively. The collection of data was done once at a particular time; hence after data collection was finished, the analysis was put into effect and reporting followed.

3.3 Description of the Study Area

The Morogoro Municipality is the only Municipality of Morogoro region with estimated population of 302,622 for the year 2012 census.

The Municipality's population has been increasing from year to year owing to factors like: population migration, infrastructure development, industrial development, to mention just a few.

The rationale for choosing Morogoro Municipality stemmed from the ground that the area is commercially reputed in the region and include many sources of revenue collection as compared to other geographical areas within the region (URT, 2002). Moreover, there were apparently no studies done on the problems hindering effective revenue collection.

3.4 Study Population

Cohen (2000) shows that population is a group from which the researcher expects to get useful information and draw conclusions for the study. In this study the targeted population consisted of people who were believed to have useful information relating to the study. They were those people who were involved in the collection of revenue, municipal treasurers, heads of departments such as works, agriculture, etc and other municipal revenue collection stakeholders.

3.5 Sampling Frame and Sample Size

3.5.1 Sampling Frame

Sampling frame consists of a list of items from which the sample is to be drawn (Kothari, 2004:153). This study was conducted to examine the problems hindering the effectiveness of revenue collection in Morogoro Municipality. Therefore, the sampling frame consisted of all stakeholders who were involved in the overall issue of municipal revenue collection; i.e. they were workers from the accounting department which is concerned with issues of revenue collection in Morogoro Municipality. The Morogoro Municipality had a totality of 33 employees in the department of accounting (Human Resources Department, 2012), in addition to 35 other stakeholders of Municipal revenue collection. This was the sampling frame.

3.5.2 Sample Size

With regard to sample size Manheim (1977:270) asserts that a sample is a part of the population which is studied in order to make inferences about the whole population. The selection of the sample for this study based on the statement found in Rwegoshora (2006) asserting that the study of a very large population would require a long time, a large number of interviews, large amount of money, and uncertainty of data collected by numerous investigators. In order to save the limited time, money and reduce the number of interviews, this study was limited to a sample of thirty-four (34) respondents which is fifty percent (50%) of the population, supported by Huysamen (1991) who asserted that there are several ways of determining a sample size such as mathematical formula principle.

3.6 Sampling Techniques

Convenience Sampling Technique Shaughnessy et al, (2000) cited in Adam and Kamuzora (2008:139) maintain that convenience or accidental sampling procedure involves selecting respondents primarily on the basis of their availability and willingness to respond. Thus, the researcher had to select respondents from their respective strata on the basis of their readiness to provide data for the realisation of this work. Under this sampling technique, the researcher selected thirty-four (34) respondents who were willing to cooperate with her.

3.7 Types and Sources of Data

3.7.1 Sources of Primary Data

Primary data are those collected afresh and for the first time and thus happen to be original in character (Kothari, 2004:95). The researcher collected these data directly from respondents through the use of questionnaire, and interviews.

3.7.2 Sources of Secondary Data

Secondary data are those obtained from literature sources or data collected by other people for some other purposes (Adam and Kamuzora, 2008:138). On the other hand they are data which have already been passed through the statistical process. The researcher collected these data from documented materials, such as books, reports, and electronic archives in forms of websites. The purpose of applying this method is to get archival data to support undocumented ones.

3.8 Methods of Data Collection

Kothari (2004) advises that while deciding about the methods of data collection to be used for the study, the researcher should keep in mind two types of data; namely primary and secondary. The instruments for collecting data are therefore selected depending on the type of data the researcher would be collecting.

In order to collect the data needed in this study; the researcher used questionnaire, interview and observation methods for collecting primary data, and documentary method for collecting secondary data. This study involved the collection of quantitative data supplemented with qualitative ones.

3.8.1 Questionnaire

Questionnaires were at first pre-tested by a small number of respondents and then after they were distributed to respondents by the researcher to collect data from officials and workers in the revenue collection sector. In this regard, questionnaires were distributed to a total number of thirty (30) respondents to feel them freely and return them to the researcher for data compilation. Through questionnaires, they were expected to provide quantitative data to be analysed quantitatively.

3.8.2 Interview

Interviews were arranged to allow respondents to freely provide their views related to the problem that was being investigated. The purpose of applying this method was to

supplement the questionnaire method of data collection so as to obtain the qualitative data which would not have been collected through questionnaires.

Interviews were semi-structured; i.e. some of the questions and topics were predetermined. Other questions arose during the interview session and thus the method appeared to be informal and conversational, but carefully controlled and structured. Interviews were used to collect data from respondents who did not have time to fill in questionnaires but could express themselves verbally. However under this method, interviews were conducted to four (04) respondents to deeply collect qualitative information pertaining to the problems hindering effective revenue collection in Morogoro Municipality.

3.9. Validity and Reliability

3.9.1. Validity

Validity refers to the quality of a procedure or instrument in research (Kombo and Tromp, 2006). In order to obtain accurate, correct and meaningful data, the instruments were presented to my research supervisor for intellectual comments and suggestions. After incorporations of all the suggestions, the instruments were pre-tested at Morogoro municipality before administering them in the field.

3.9.2. Reliability

Reliability refers to how consistent a research instrument or procedure is (Orodho, 2003). In the present study the researcher ensured that adequate data are obtained. Triangulation of instruments was used to obtain reliable data (Questionnaires, interviews, Observation, and documentary review).

3.10 Data Analysis and Presentation

Once the questionnaire or other measuring instruments have been administered, the mass of raw data collected must be systematically organised in a manner that facilitates

analysis (Mugenda and Mugenda, 1999). In order to facilitate data from questionnaires, interviews and documentary sources, findings were extracted and presented to answer the research questions.

Quantitative data were analyzed by using the Statistical Package for Social Science (SPSS) software to compute percentages, tabulation and cross-tabulation of responses. Variables were therefore defined in the SPSS variable view window, and thereafter data were entered and analyzed descriptively in the SPSS data view window. Qualitative data (data from interviews, observation) were processed by entering them into a computer and by editing, classifying and entering them into a computer to draw meaningful conclusions.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF THE RESEARCH FINDINGS

4.1. Overview

This chapter presents the findings that were collected from respondents to respond to the subject matter of problems hindering the effectiveness of revenue collection in Morogoro municipality. Before presentation of the findings that base on research questions, the chapter provides demographic details of respondents. The findings of this chapter are founded on the specific research objectives and/or the research questions. The following sections, of which each one represents a single specific research objective and or a research question, are covered in this chapter:

- i) Institutional framework adopted for revenue collection
- ii) Tools and infrastructure used in revenue collection
- iii) Other Specific factors hindering effective revenue collection

Efforts taken in response to the factors hindering effective revenue collection

The quantitative data presented in tabular forms and pie charts (figures) were collected from 30 respondents who filled in questionnaire sheets. Data from interviewees, and documentary sources were used to buttress to raw data.

4.2. Demographic and Social Details of Respondents

This study started with examining the demographic and social details of its respondents. Under this section the aspect of sexes of respondents was given prior consideration.

4.2.1 Sex of Respondents

In this study, the aspect of sexes of respondents was scrutinized simply to justify the participation of both genders in the study. However, this would help the researcher to know which group was more willing to cooperate with her in the course of the study. Findings on this aspect are presented in synopsis in Table 4.1.

Table 4.1: Sex of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	8	26.7	26.7	26.7
Male	22	73.3	73.3	100.0
Total	30	100.0	100.0	

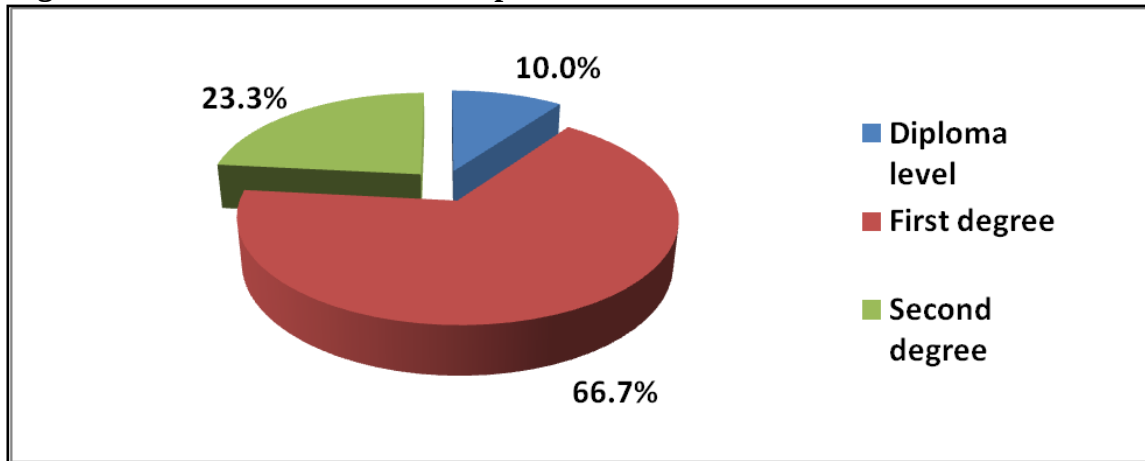
Source: Field data, 2013

Table 4.1 indicates that 22 (73.3%) respondents were male, while 8 (26.7%) respondents were female. This definitely implies that the participation of men in the study surpassed that of women. Despite the plurality of men in this study, during interviews with respondents it was revealed that among workers of Morogoro municipality who were working in the area of municipal revenue collection women are many than men. This was also identical with facts perused from office reports demonstrating that women employed for municipal revenue collection are many than men (Administrative report, 2012). Thus, the prevailing number of male participants in this study implies that they were willing to participate in the study than women who are many as employees.

4.2.2 Education Levels of Respondents

The aspect of education levels of respondents was secondly scrutinized in this study. Education is an important aspect determining the intellectual capacity working of an individual. Nangawe (2004) highlighted that education is one of the factors for awareness and for reaching high job performance. Thus, in this study, the aspect of education would help to determine the intellectual capacity of those who were working in collecting municipal revenue. The higher their education was, would indicate efficiency in the exercise of revenue collection. Relevant findings are presented in Figure 4.1.

Figure 4.1: Education Levels of Respondents



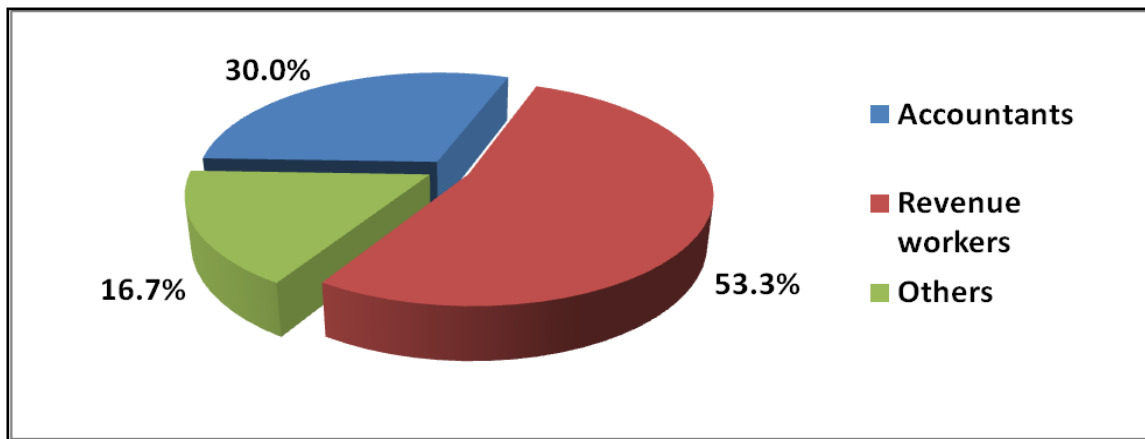
Source: Field data, 2013

As presented in Figure 4.1 findings show that 66.7% of respondents were first degree holders, 23.3% were second degree holders and 10.0% of respondents were diploma holders. Thus, majority respondents were first degree holders. This implies that they had a good level of education for undertaking the activities of revenue collection. Interviews with respondents further revealed that most of them had degrees in the domain accounting and economics, which enabled them to handle their daily tasks competently. They were all workers who were involved in the collection of municipal revenue. They were workers from the accounting department of Morogoro municipal council.

4.2.3 Positions of Respondents

Under the section of personal details respondents, the aspect of positions of respondents was also examined. This was in order to ascertain the participation of different employees in the study. The positions of participants are presented Figure 4.2.

Figure 4.2: Positions of Respondents



Source: Field data, 2013

Figure 4.2 points out that 53.3% of respondents were municipal revenue workers. They were the majority since the study had to target them numerously as they directly concerned with issues of revenue collection and thus they were well knowledgeable with that exercise. They were not revenue collectors but they were handling daily activities of revenue such as distributing demand notes, receipts, etc. to revenue collectors. In sum, they were overseers. Along with that, 30.0% of respondents were accountants and 16.7% were people with other different positions including other stakeholders. According to information collected from interviews, it was indicated that “others” were individuals who had also their own interests in the affairs of revenue collection and people who owned sources of revenue in some departments. Thus, all important stakeholders of municipal revenue collection were selected to constitute the study’s sample.

4.3 Institutional Framework Adopted for Revenue Collection

In this study on the “problems hindering the effectiveness of revenue collection in Morogoro municipality”, the first research question was “*What is the institutional framework adopted for revenue collection in Morogoro Municipality?*” Under this specific research question the researcher aimed at examining whether the institutional framework was a problem towards effective municipal revenue collection.

The researcher assumed that some problems within the organisational framework may hinder effective revenue collection. Under this assumption, the study carried this research question. In order to come up with findings to answer the research question, various questions were posed to respondents as presented next.

4.3.1 Existence of Revenue Collection Department

Under this sub-section respondents were primarily asked to indicate if there was any department that was concerned with Municipal revenue collection. There was an assumption that the non existence of this department would be one of the problems that hindered effective municipal revenue collection. Answers as compiled from respondents are presented in Table 4.2.

Table 4.2: Existence of Revenue Collection Department

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	4	13.3	13.3	13.3
Yes	26	86.7	86.7	100.0
Total	30	100.0	100.0	

Source: Field data, 2013

As depicted in Table 4.2, findings indicate that 26 (86.7%) said “Yes” to indicate that there was a department that was concerned with issues of municipal revenue collection at Morogoro municipal council, and only 4 (13.3%) respondents answered “No” to indicate that there was no such department. To clarify the above information, a compilation of interviews indicated that there was a department that was overseeing the exercise of municipal revenue collection. This was the “accounting department”. However, for those 4 (13.3%) respondents who answered negatively in Table 4.2 to indicate that there was no department concerned with revenue collection, their answers

meant that there was no specific department that was known as “revenue collection department”; but the revenues were collected under the accounting and finance department. Thus, as there was a department concerned with revenue collection, the issue of having a specific department responsible for municipal revenue collection was not a problem for effectiveness revenue collection at Morogoro municipal council.

4.3.2 Availability of Revenue Collection Employees

Under the section of institutional framework, the researcher secondly examined the availability of employees employed for revenue collection. Respondents were asked whether there were any workers/employees who were specifically concerned with the collection of revenue at Morogoro Municipal Council. Their answers were amassed and presented as shown in Table 4.3.

Table 4.3: Existence of Revenue Collection Employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	3	10.0	10.0	10.0
Yes	27	90.0	90.0	100.0
Total	30	100.0	100.0	

Source: Field data, 2013

Information in Table 4.3 reveals that 27 (90.0%) respondents said “Yes” to indicate their acceptance on the availability of employees concerned with municipal revenue collection, while 3 (10.0%) respondents said “No” to imply that there were no employees concerned with revenue collection. Deducing from the views held by majority (90.0%) respondents facts indicate that there were employees who were concerned with the collection of revenue for the municipality.

However, this was not a problem that hindered effective revenue collection, but the problem may be another, identified in the research process discussed next.

4.3.3 Existence of Procedures for Revenue Collection

The existence of procedures was also examined in order to see whether the lack of some guiding procedures was a problem hindering effective municipal revenue collection at Morogoro municipal council. In this vein, respondents were asked whether there were any municipal procedures/regulations adopted for effective revenue collection. Findings on this question are presented in Table 4.4.

Table 4.4: Existence of Procedures for Revenue Collection

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	2	6.7	6.7	6.7
Yes	28	93.3	93.3	100.0
Total	30	100.0	100.0	

Source: Field data, 2013

From Table 4.4, findings revealed that 28 (93.3%) respondents said “Yes” to imply that they agreed there were some procedures for revenue collection, while 2 (6.7%) respondents said “No” to mean there were no procedures. Facts from interviews buttressed the existence of procedures in maintaining that the procedures are in existence and are likely not to be well followed.

In addition to the above findings, information from questionnaires as mentioned by respondents has outlined the existing procedures as presented in Table 4.5.

Table 4.5: Procedures/Regulations for Revenue Collection

S/N	Procedures	Frequency	Percent
	Follow up regulations	12	40.0
	Distribution of demand notes	9	30.0
	The local government finance Act of 2000	8	26.7
	Putting in place the fees and charges by-laws	7	23.3
	Establishing revenue collection section C in the by-laws	6	20.0

Source: Field data, 2013

Table 4.5 displays the procedures that were adopted by the Municipal council for ensuring effective revenue collection. Among them, the most prevalent were: the follow up regulations, followed by the procedure of distribution of demand notes and the local government finance Act of 2000. These were some respondents-well known regulations or procedures that were adopted by the municipal council for effective municipal revenue collection.

Thus, from the above findings in Table 4.5, we can see that there were procedures/regulations that were adopted by the municipal council to ensure effective revenue collection. So, the matter of existence of procedures was not a problem for effective municipal revenue collection as they were in existence.

4.3.4 Application of Procedures/Regulations

Along with the above findings, the study went further scrutinising the application of the mentioned procedures. Respondents were asked whether those procedures/regulations were adequately used for ensuring effective revenue collection at the Municipal council. Answers to this question are presented in Table 4.6.

Table 4.6: Application of Procedures

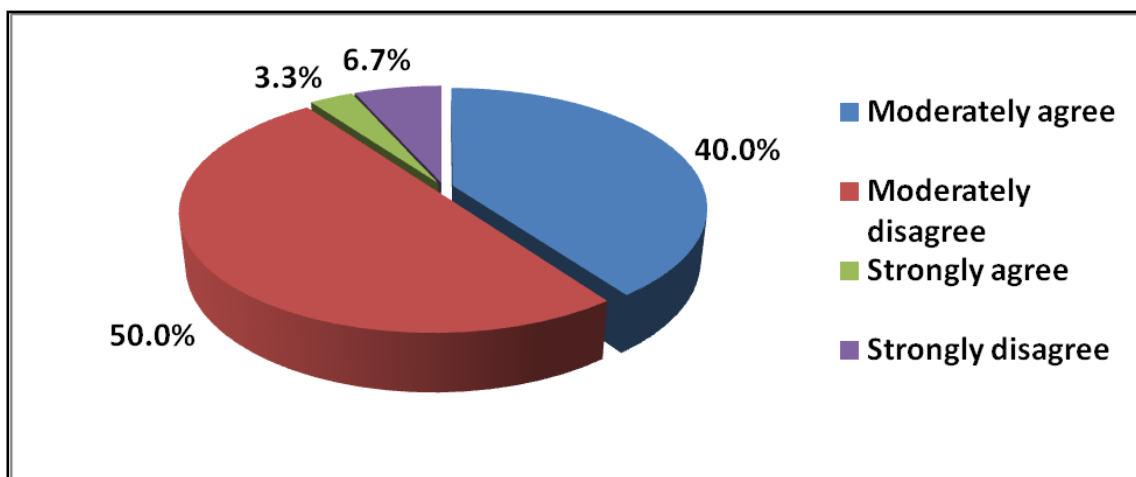
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	20	66.7	66.7	66.7
	Yes	10	33.3	33.3	100.0
	Total	30	100.0	100.0	

Source: Field data, 2013

Findings in **Table 4.6** indicates that 20 (66.7%) respondents said “No” to mean that the procedures were not well put into application, while 10 (33.3%) respondents said “Yes” to mean that the procedures were well used. To evidence these tabular-form presented findings, information from interviews maintains that “some” of the procedures were put into application to ensure effective municipal revenue collection while there was some sort of negligence for other procedures. This justifies the “No” and “Yes” answers displayed in Table 4.6. Interviews further demonstrated that it is the role of the Municipal council to establish procedures and follow them clearly. This also compromises with documentary information recorded by Mringo (2007) which states that the Municipality defines clear procedure for budgeting, budget implementation, and collection of revenues, accounting and audit aligned with national procedures for public finance.

In addition to the above analysis on the application of procedures for effective municipal revenue collection, respondents were asked to demonstrate the extent to which they agreed or disagreed that the procedures were adequately used for effective revenue collection. Findings on the extent of their agreement and disagreement are presented in Figure 4.3.

Figure 4.3: Extent of Agreeing or Disagreeing



Source: Field data, 2013

Figure 4.3 exhibits that 50.0% of respondents moderately disagreed that the procedures were adequately used for effective revenue collection, while 6.7% of respondents strongly disagreed. On the other side of the coin, 40.0% of respondents moderately agreed that the procedures were adequately used for effective revenue collection and 3.3% of respondents strongly agreed. In sum, 56.7% of respondents agreed and 43.3% disagreed.

4.3.5. Summary of the First Research Question

The first research question concludes that the whole institutional framework was not the problem that hindered revenue collection at Morogoro Municipal council, but only some elements such as not putting revenue collection procedures into application was a problem. Findings within this research question indicated that there was a department that was concerned with overseeing the revenue collection; this was the “accounting department”. There were employees who performed revenue collection activities as it was affirmed by 90.0% of respondents.

There were also some procedures for revenue collection as said by 93.3% of respondents although 66.7% of respondents said they were not effectively put into application. However, the fact of not putting it into effective application was one of the problems that caused poor revenue collection.

4.4 Tools and Infrastructure Used for Revenue Collection

The second research question of this investigation was “*What are the facilities, tools and infrastructure used for revenue collection in Morogoro Municipality?*” Under this research question the researcher examined the tools or facilities and infrastructure that were used for effective revenue collection. This objective was inspired by the idea that if there were weak facilities and infrastructure used in revenue collection then it would be a problem behind poor municipal revenue collection. Therefore, there was a need for the researcher to observe the situation of the existing Municipal infrastructure and facilities. In order to get the desired findings, respondents were invited to answer to a set of questions which are analysed subsequently.

4.4.1 Availability of Tools/Facilities and Infrastructure

Under this sub-section respondents were asked to indicate whether there were any tools or facilities and infrastructure that were used for effective municipal revenue collection. A compilation of answers to this question is presented in Table 4.7.

Table 4.7: Availability of Tools/Facilities and Infrastructure for Effective Revenue Collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	11	36.7	36.7	36.7
	Yes	19	63.3	63.3	100.0
	Total	30	100.0	100.0	

Source: Field data, 2013

Findings in Table 4.7 points out that 19 (63.3%) respondents said “Yes” to show to mean that they agreed there were tools/facilities and infrastructure that was used by the municipal council for effective revenue collection. On the other hand, 11 (36.7%) respondents said “No” to mean that they disagreed on the availability of the tools/facilities and infrastructure for effective revenue collection. Findings from interviews indicated that there were facilities that were used. However some facilities such as cars were not adequate while the Municipality has numerous sources of revenue which need many cars.

Along with the above findings, respondents were also asked to mention the available tools and infrastructure that was used for revenue collection by the municipal council. The tools and infrastructure cited are presented in Table 4.8.

Table 4.8: Tools/Facilities and Infrastructure Used for Revenue Collection

Tools/Facilities and Infrastructure		Frequency	Percent
Tools/facilities	Receipts	12	53.3
	Cars	12	50.0
	Log books	7	30.0
	Computers	6	26.7
	Demand notes	5	23.3
Infrastructure	Office building	4	30.0
	Roads	4	30.0

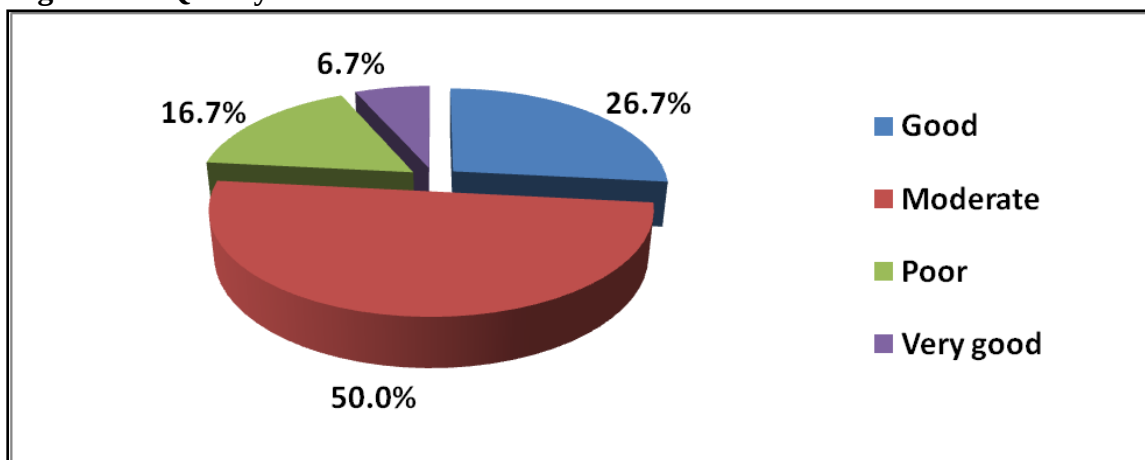
Source: Field data, 2013

Seeing **Table 4.8**, information shows that there were tools/facilities and infrastructure used to for municipal revenue collection. On the side of tools/facilities there were receipts, cars for facilitating transportation, log books, computers for data recording, and demand notes. On the side of infrastructure there were office buildings and roads which were passable.

4.4.2 Quality of the Infrastructure

Also, the study examined the quality of the infrastructure that was used for revenue collection under the hypothetical view that the poor the infrastructure was would affect revenue collection in one way or another and vice versa. Data on the quality of the infrastructure are presented in Figure 4.4.

Figure 4.4: Quality of the Infrastructure



Source: Field data, 2013

As illustrated in **Figure 4.4**, findings show that 50.0% of respondents said the infrastructure was of moderate quality, 26.7% of respondents said the infrastructure was of good quality, 16.7% of respondents said the infrastructure was of poor quality and 6.7% of respondents said the infrastructure was of very good quality. From the views propounded by 50.0% who said the quality was moderate, 26.7% who said it was good and 6.7% who said the quality was very good, these findings deduce that that the quality of the infrastructure was satisfactory. This can be supported by a compilation of interviews which stipulate that the infrastructure that is being used is moderate although not very developed.

Therefore, the quality of the infrastructure was not a problem towards the inhibition of effective municipal revenue collection at Morogoro municipal council, since it was evidenced in questionnaires, interviews, and observation.

4.4.3 Summary of the Second Research Question

This research question briefly asserts that the issue of tools/facilities and infrastructure used for revenue collection did not constitute the problem that hindered revenue collection at Morogoro municipal council. This is because the findings of this research question indicated that there were tools/facilities and infrastructure that was used for municipal revenue collection as affirmed by 63.3% of respondents and interview findings. There was also a satisfactory infrastructure of which 50.0% of respondents said it was moderate and 26.7% of respondents affirmed that it was good. Moreover, findings indicated that there were no deficiencies observed within the infrastructure which would result to poor municipal revenue collection.

4.5 Other Specific Factors Hindering Effective Revenue Collection

The third research question of this study was “*What are other specific factors hindering effective revenue collection in Morogoro Municipality?*” Under this research question the researcher aimed at ascertaining additional factors which hindered effective revenue collection, under the assumption that there would be some other factors inhibiting effective revenue collection different from those already mentioned in section 4.4. In order to answer this specific objective, respondents were asked to answer to a number of questions as analysed in the subsequent sub-sections.

4.5.1 Existence of Other Factors

As the study also aimed at finding out whether there were additional factors which hindered effective revenue collection, this subsection inquired respondents whether there was existence of those factors. Answers from respondents are presented in table 4.9.

Table 4.9: Factors Hindering Effective Revenue Collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	100.0	100.0	100.0

Source: Field data, 2013

From **Table 4.9**, information indicates all 30 (100.0%) respondents said “Yes” to definitely agree that there were other problems which hindered effective revenue collection at the municipal council apart from those already mentioned in section 4.4. Findings from interviews similarly indicated that there were other factors which hindered effective revenue collection. Hence, there is no doubt on the availability of other problems as the problem of revenue collection was not satisfactory.

Besides, respondents were asked to mention those other problems which hindered effective revenue collection at the Municipal council. The mentioned problems are presented in Table 4.10.

Table 4.10: Other Problems

S/No	Problems	Frequency	Percent
	Political interference and or interference by policy makers	20	66.6
	Shortage of qualified personnel for revenue collection	15	50.0
	Lack of by-laws for some revenue sources	13	43.3
	Theft/corruption	12	40.0
	Tax evasion	9	30.0
	Poor proper accounting system	8	26.7

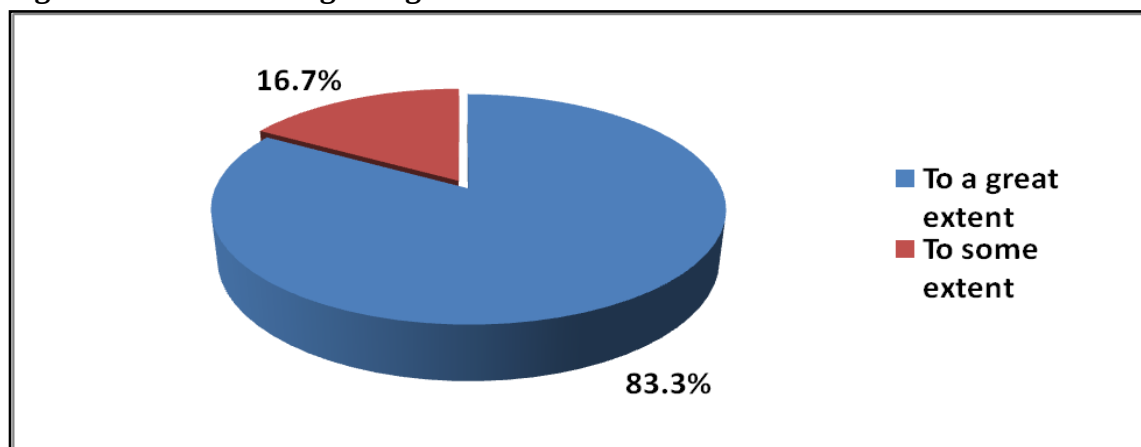
Source: Field data, 2013

As presented in **Table 4.10**, information indicates that there were different additional problems which led to inhibition of effective municipal revenue collection. As seen from the table, findings show that 20 (66.6%) respondents said political interference was the leading problem that hindered effective revenue collection. With regard to this problem, facts collected from interviews asserted that the municipality has by-laws which indicate how the revenues can be collected. However when it comes to the application of the by-laws, some political leaders, or local government leaders interfere with views contrary to what is stipulated in the by-laws. Sometimes they fail to support the Municipal which has to collect revenues by following the amended by-laws. As a result the Municipal fails to collect revenues properly, which may cause their budget to be in deficit.

From **Table 4.10**, information subsequently indicated that 15 (50.0%) respondents said the shortage of qualified personnel for revenue collection was another problem behind ineffective revenue collection.

Along with the above facts, respondents were asked to show the extent to which they agreed with the fact that the above factors were hindering effective revenue collection at Morogoro municipal council. Relevant findings are presented in **Figure 4.5**.

Figure 4.5: Extent of Agreeing



Source: Field data, 2013

As presented in **Figure 4.5**, information indicates that 83.3% of respondents said they agreed too to a great extent while 16.7% of respondents agreed to some extent. Interviews also maintained that the above factors inhibited revenue collection to a great extent.

4.5.2 Summary of the Third Research Question

This research question deduces that there were other factors which resulted to ineffectiveness of municipal revenue collection at Morogoro municipal council as it was avowed by 100.0% of respondents who participated in the study through filling in questionnaire sheets. This was also said by interviewees. Such problems included: political interference and or interference by policy markers, shortage of qualified personnel for revenue collection, lack of by-laws for some revenue sources, to mention just a few. These problems resulted to lack of effectiveness of municipal revenue collection to a great extent as affirmed by 83.3% of respondents.

4.6 Efforts Taken In Response to the Factors Hindering Effective Revenue Collection

The fourth and last research question of this study was *“What are the efforts taken in response to the factors hindering effective revenue collection in Morogoro Municipality?”* This research question simply aimed at examining whether there was any institutional efforts done with regard to the problems that hindered effective revenue collection at Morogoro municipal council, under the hypothetical view that where there is a problem, a solution also exists. That being the fact, the researcher dissected the solution done as analysed next.

4.6.1 Possibility of Institutional Efforts

This sub-section required respondents to agree or disagree whether any institutional efforts was already taken in response to the factors hindering effective revenue

collection at the Municipal Council. A synopsis of findings collected from respondents is presented in Table 4.11.

Table 4.11: Institutional Efforts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	19	63.3	63.3	63.3
	Yes	11	36.7	36.7	100.0
	Total	30	100.0	100.0	

Source: Field data, 2013

As shown in **Table 4.11**, information denotes that 19 (63.4%) respondents said “No” to imply that there was no institutional effort which was already taken in response to the factors that hindered effective municipal revenue collection, while on the other hand 11 (36.7%) respondents said “Yes” to mean there was some effort done in response to the factors. Information from interviews has similarly affirmed that fewer efforts are being undertaken. There is likely some negligence in the fight against the existing problems inhibiting revenue collection.

4.6.2 The Efforts

Under this sub-section respondents who agreed that there were some efforts already taken institutionally to redress the factors that hindered effective municipal revenue collection were invited to mention, in their questionnaire sheets, all the efforts that they believed were taken. The mentioned efforts are presented in Table 4.12.

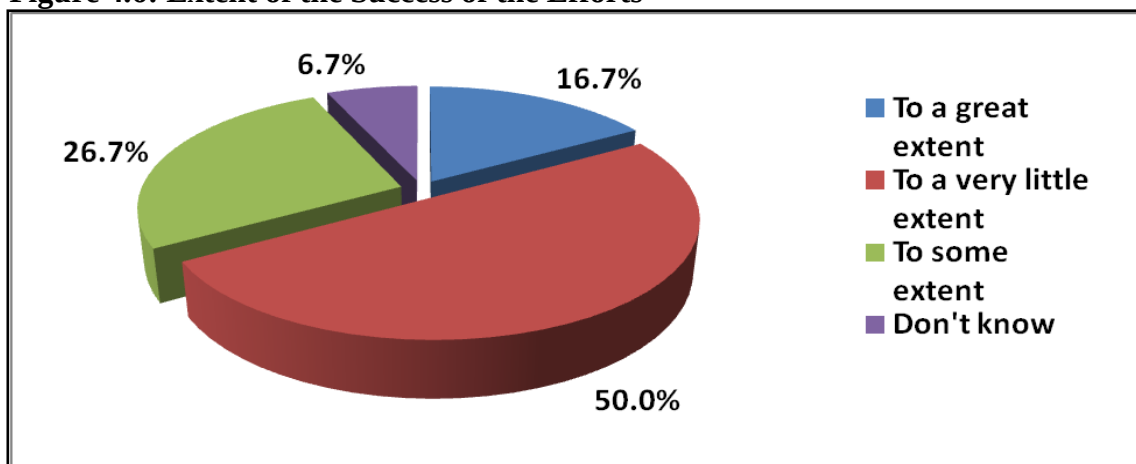
Table 4.12: Efforts Taken in Response

S/No	The Efforts	Frequency	Percent
	Educating payers on the importance of tax pay	5	16.7
	Improving the infrastructure	4	13.3
	Negotiation with politicians on the importance of tax	2	6.7
	Privatization of revenue sources	2	6.7
	Training personnel	1	3.3

Source: Field data, 2013

In addition to findings in Table 4.12, respondents were asked to indicate the extent to which they thought the efforts were successful in redressing the factors hindering effective revenue collection. Relevant data are summarized in **Figure 4.6**.

Figure 4.6: Extent of the Success of the Efforts



Source: Field data, 2013

Figure 4.6 points out that 50.0% of respondents said the efforts were successful to a very great extent, 26.7% of respondents said the efforts were successful to some extent, 16,7% of respondents said the efforts were successful to a great extent and 6.7% of respondents said they did not know the extent to which the efforts were successful.

4.6.3 Summary of the Fourth Research Question

This last research question infers that there were a fewer efforts that were taken in place to address the factors that hindered effective revenue collection at Morogoro Municipal Council. About 63.3% of respondents affirmed that there were no efforts and 36.7% of respondents said some efforts were taken. Interviews similarly affirmed that fewer efforts were taken. However there was some negligence in the fight against the existing problems which inhibited revenue collection. Some of the efforts shown by respondents were: educating tax payers on the importance of tax pay, improving the infrastructure, negotiating with politicians, privatizing revenue sources, to mention just some. However, the success of these efforts was to a very little extent, making ineffective revenue collection continuous.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Overview

Research findings are not the end of the research process. Findings should be treated scientifically and used by different consumers for different purposes including solving the problem that inspired the conduction of the investigation. In that respect, this chapter presents the research summary, conclusion, and recommendations which different actors and research consumers should work on for the betterment of effective municipal revenue collection at Morogoro municipal council and/or any other council or district where applicable.

5.2. Summary

In synopsis, this study notes there were problems which hindered the effectiveness of revenue collection at Morogoro Municipal council. The study examined the institutional framework. Within this, there was the problem of failure to put in place some of the procedures for revenue collection which was one of the problems that caused poor revenue collection.

Along with that, the study examined tools/facilities which were used for revenue collection expecting that they would constitute the problems hindering effective municipal revenue collection. However, the tools/facilities and infrastructure that were used for revenue collection were satisfactory. Thus there were no major problems which hindered effective revenue collection as far as tools/facilities and infrastructure was concerned.

The greatest problems which hindered effective municipal revenue collection included: political interference and or interference by policy markers, shortage of qualified personnel for revenue collection, lack of by-laws for some revenue sources, to mention

just a few. These problems resulted to lack of effectiveness of municipal revenue collection to a great extent as affirmed by 83.3% of respondents. However fewer efforts were done to redress these problems.

It is, through these problems that different recommendations are provided in this study with a view that stakeholders will work on them and further studies may be built on them to examine the ulterior situation.

5.3. Conclusion

In conclusion, the Morogoro municipal council is facing problems in the whole exercise of revenue collection. These problems reside specifically on the failure of politicians to make decisions without communicating with the municipal council as the organ concerned with overseeing the day to day activities of revenue collection. A fewer problems are within the institutional framework and perhaps they may located within the non application of the available procedures. Given those problems that were inhibiting the effectiveness of Morogoro municipal revenue collection, the following recommendations are put forward.

5.4. Recommendations

5.4.1 Put in Place the Procedures/Regulations

Findings have revealed that there were some procedures and regulations which were available at the Morogoro municipal council for effective revenue collection. But, some of the available procedures and regulations were not put into application and thus making revenue collection not to be effective. It is therefore recommended that the Municipal council should ensure that all of its guiding principles, rules and regulations are appropriately put into application so as to have a sound revenue collection at Morogoro municipal council.

5.4.2 Communication between Politicians and the Municipal Council Officials

Findings have equally revealed that politicians happened to make decisions without communicating with the municipal council, which decisions affected the regulations of revenue collection. As a result the Municipal council was failing to collect revenue since the implementing force is the politicians who could not cooperate with the Municipal council. Therefore, communication before any decision between the two parts is hereby encouraged as it is vital for effective revenue collection.

5.4.3 Increase Qualified Personnel

The study showed that there were qualified personnel for overseeing revenue collection activities at Morogoro municipal council. But they were inadequate to maintain the work. Thus, there is a need for the municipal council to raise the number of existing revenue overseers to as to make the work move smoothly. This will also help to reduce the work load to the existing inadequate team.

5.4.4 Increasing Facilities

The study found out that some facilities were inadequate though it was not a major problem hindering the effectiveness of revenue collection. Facilities such as cars were inadequate to ease transportation. For that reason, there is a need to have extra cars or extra means of in-town transport to allow even revenue collection overseers to undertake their activities with minimum use of physical efforts.

5.4.5 Fighting against Theft/Corruption

Along with the above, theft was also found to be one of the problems that hindered the effectiveness of revenue collection at Morogoro municipal council. Given this situation, the municipal council should ensure that there is adequate transparency in revenue collection as a means of minimizing theft and/or corruption.

5.4.6 Further Scientific Studies

Problems always arise and always need solutions. Where there is a problem, there is a need to seek for a solution. However, the treatment of one problem is the beginning of another (Bleaney, et al.1995). It is true that the end of this research is the beginning of another. Thus, further scientific studies are encouraged to examine the future situation revenue collection not only at Morogoro municipal council but also in any other geographical area. Very specifically, a study should focus on the daily challenges facing revenue collectors working under supervision of the accounting department. This is because it was observed that there may be some problems with that team concerned with revenue collection from the hands of payers.

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APPENDICES

APPENDIX I:

QUESTIONNAIRE FOR RESPONDENTS

MZUMBE UNIVERSITY

SCHOOL OF BUSINESS

MSc. ACCOUNTING AND FINANCE

Dear Respondent,

I am a student from Mzumbe University. May I request for your assistance in answering to the questions written herein? The purpose of this questionnaire is to collect data on “*Problems hindering the effectiveness of revenue collection: the case of Morogoro Municipal Council*”. Any data you are going to provide for the sake of this, are for academic purposes and not otherwise. They will be treated and kept confidentially.

Thanks for your cooperation

Section A: Preliminary information

1. Sex (*Please tick where appropriate*)
 - a. Female []
 - b. Male []

2. Education level (*Please tick*)
 - a. O. Level []
 - b. A. Level []
 - c. Diploma Level []
 - d. First degree []
 - e. Second degree []

3. What is your position?
 - a. Revenue collector []
 - b. Accountant []
 - c. Treasurer []
 - d. Other []

Section B: Institutional framework adopted for revenue collection

4. Is there any department that is specifically concerned with the collection of revenue collection at Morogoro Municipal Council?
 - a. Yes []
 - b. No []
5. Are there any workers/employees who are specifically concerned with the collection of revenue at Morogoro Municipal Council?
 - a. Yes []
 - b. No []
6. Are there any municipal procedures/regulations adopted for effective revenue collection at Morogoro Municipal Council?
 - a. Yes []
 - b. No []
7. What are the procedures/regulations adopted by the Municipal Council or Municipal department for ensuring effective revenue collection? (*Please mention*) _____

8. To what extent do you agree/disagree that the procedures/regulations are adequately used for effective revenue collection at the Municipal Council?
 - a. Moderately agree []
 - b. Moderately disagree []
 - c. Strongly agree []
 - d. Strongly disagree []

Section C: Facilities and infrastructure used in revenue collection

9. Is there any infrastructure you are using for effective revenue collection?
- a. Yes [] b. No []

10. Please mention the tools/facilities and infrastructure you are using to ensure effective revenue collection

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____

11. How is the quality of the infrastructure you are using for effective revenue collection?

- | | | | |
|-------------|--------|--------------|--------|
| a. Poor | [] | c. Good | [] |
| b. Moderate | [] | d. Very good | [] |

Section D: Other specific factors hindering effective revenue collection

12. Do you think there are any factors hindering effective revenue collection at the Municipal Council?

- | | | | |
|--------|--------|-------|--------|
| a. Yes | [] | b. No | [] |
|--------|--------|-------|--------|

13. What are the factors hindering effective revenue collection at the Municipal Council? (*Please mention*)

- a. _____
- b. _____
- c. _____
- d. _____

14. To what extent do you agree that the above factors are hindering effective revenue collection?

- | | | | |
|----------------------------|--------|----------------------|--------|
| a. To a very little extent | [] | c. To a great extent | [] |
| b. To some extent | [] | | |

Section E: Efforts taken in response to the factors hindering effective revenue collection

15. Are there any institutional efforts taken in response to the factors hindering effective revenue collection at the Municipal Council?
- a. Yes [] b. No []
16. What are the institutional efforts taken in response to the factors hindering effective revenue collection at the Municipal Council? (Please mention)
- a. _____
- b. _____
- c. _____
- d. _____
17. To what extent do you think those efforts have been successful in redressing the factors hindering effective revenue collection?
- a. To a very little extent [] c. To a great extent []
- b. To some extent []

APPENDIX II

SEMI-STRUCTURED INTERVIEW GUIDE

1. What is the position of the respondents?
2. What is the respondents' tenure (how long has he/she been working in that position)?
3. Is there any department that is specifically concerned with the collection of revenue collection at Morogoro Municipal Council?
4. Are there any workers/employees who are concerned with the collection of revenue at Morogoro Municipal Council?
5. Is there any department that is specifically concerned with the collection of revenue collection at Morogoro Municipal Council?
6. Are there any workers/employees who are specifically concerned with the collection of revenue at Kinondoini Municipal Council?
7. Are there any municipal procedures/regulations adopted for effective revenue collection at Morogoro Municipal Council?
8. Are those procedures/regulations adequately used for ensuring effective revenue collection at the Municipal Council?
9. To what extent do you agree/disagree that the procedures/regulations are adequately used for effective revenue collection at the Municipal Council?
10. What are the procedures/regulations adopted by the Municipal Council or Municipal department for ensuring effective revenue collection? (*Please mention*)
11. Is there any framework that is used in for the collection of revenue at the Municipal Council?
12. What the facilities you are using to ensure effective revenue collection
13. Apart from the above enumerated facilities, are there any other tools you are using for effective revenue collection?
14. What are the other tools you are using for effective revenue collection?
15. Is there any infrastructure you are using for effective revenue collection?

16. What are the constituting parts of the infrastructure you are using for effective revenue collection? (*Please mention*)
17. How is the quality of the infrastructure you are using for effective revenue collection?
18. Do you think the infrastructure helps to contribute to effective revenue collection in Morogoro Municipal council?
19. Do you think there are any factors hindering effective revenue collection at the Municipal Council?
20. What are the factors hindering effective revenue collection at the Municipal Council?
21. To what extent do you agree that the above factors are hindering effective revenue collection?
22. Are there any institutional efforts taken in response to the factors hindering effective revenue collection at the Municipal Council?
23. What the efforts taken in response to the factors hindering effective revenue collection at the Municipal Council?
24. To what extent do you think those efforts have been successful in redressing the factors hindering effective revenue collection?