

**AN ASSESSMENT OF THE CHALLENGES FACING PROPERTY
TAX COLLECTION SYSTEM: A CASE STUDY OF
KINONDONI MUNICIPAL**

**AN ASSESMENT OF THE CHALLENGES FACING PROPERTY
TAX COLLECTION SYSTEM: A CASE STUDY OF
KINONDONI MUNICIPAL**

By

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**Dissertation Submitted in Partial Fulfilment of the Requirements for Award of
the Degree of Master of Science in Accounting and Finance of**

Mzumbe University

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by Mzumbe University, a dissertation/thesis entitled **AN ASSESSMENT OF CHALLENGES FACING PROPERTY TAX COLLECTION SYSTEM**, in partial/fulfilment of the degree of Master of Science in Accounting and Finance of Mzumbe University.

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

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DEDICATION

I wish to dedicate this work to my parents and Elibariki Moita and Agnes Loi. Also to my uncle Isack and my family for their patience, support and sacrifice when dealing with this study. Their support and encouragements helped me to make this work successful, I will always be thankful to them.

ABSTRACT

Property tax is among the internal reliable and economical source of revenue for the municipals since it is easy to collect when the system is effective. Efficiency in property tax collection system depends on many things, the two (2) major things that are taxpayer education and the level of public service provide by the government in return. The purpose of this study was to assess the challenges facing property tax collection system in Kinondoni municipal and to suggest measures to improve the situation.

Data were collected from sampled LGAs/TRA officials and property taxpayers within the Region. Questionnaires, observation and interview were the methods employed to collect data from the selected sample of 150 residents from Tandale, Manzese, Sinza, Kinondoni and Mikocheni. Statistical package SPSS was employed to facilitate the analysis of data which was done using descriptive statistics.

Resistance from settlers who claims that they don't see what their money does because they still live with garbage on their gates is the big challenge observed in this thesis. Unawareness of property tax, Inadequacy in the system, Obsolete database and long valuation procedures were also identified as challenge. To address the challenges, an immediate attention by the authorities responsible is required to tackle the challenges so as to make the system effective to get the desired results.

LIST OF ABBREVIATIONS

TRA	Tanzania Revenue Authority
UNHCS	United Nations Center for Human Settlement
GDP	Gross Domestic Product
USA	United States of America
NSSF	National Social Security Fund
USRP	Urban Sector Rehabilitation Program
LGA	Local Government Authority
VEO	Village Executive Officer
WEO	Ward Executive Officer
LGFA	Local Government Finance Act
PRIMS	Property Rate Information Management System

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CHAPTER ONE

INTRODUCTION

1:1 Background of the study

Property tax is highly important source of locally raised revenue required for government expenditure in many parts of the world. It makes the reliable internal source revenue for local governments. In a traditional point of view, property tax has been identified with local government for reasons of its visibility and the inability of the tax object to shift location as a result of the imposed tax (Mosha 2010). Property tax is considered as relevant local source of revenue because of the linkage between the type of services provided by local government and the enhancement in property values.

Revenue from property tax spent on different services such as fire, police protection, roads, drainage, street lighting results in increased property values within the jurisdiction. It is internally, the increasing demand of public services and the local government need to finance some of its project by revenue from property tax making it an issue of concern globally that decussated many countries to impose tax on real property (Roy, 2009).

The local government is interested on revenue from property taxes to finance local social services provision to the people. Property tax has an opportunity to enhance public fiscal policy decision on local government expenditure therefore is required by the local Government (Bird, 2001).

In developing countries property tax is an issue of concern that has potential effect on local government revenue required for public finance. Property taxes bring diversity and help to balance the state and local revenue system. Property tax on the current market value is an important part of property taxation system because a

market value based property tax has a comparatively stable and reliable base that is attractive during troubled economic (Franzsen & Semboja, 2004).

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

In Africa the demand of public services is on going among the public. Local Government faces challenge on meeting the increasing demand of public services. There are so many factors associated with demand of public good whose responsibility delegated to government by the people. Development of cities and towns in Africa is an issue of concern that resulted from urbanization. Prior independence, most African countries were predominantly rural with only a negligible percentage of the local population living in urban areas to serve the colonial masters. Rapid urbanization in developing countries of Africa was experienced after the 1960s when most countries became independent (Kironde, 2000).

In Tanzania most of the public infrastructures were developed during colonial era since independence up to now. Those public infrastructures tend to deteriorate due to lack of maintenance from the government. In Dar es Salaam there is a decline in government expenditure on services resulting in rapid decline of the urban infrastructure fabric (UNHCS-HABITAT, 1996). Similar situation was observed in Nairobi where on average there was an average annual decrease of approximately 28%. However, deterioration of services and urban infrastructure in countries of sub Sahara Africa is not only a result of rapid urban growth but also low rate of economic growth, Inefficient management, weak technical and institutional capacities to increase service coverage and poor governance (Njenga, 2002).

In urban areas services from Government do not match with the property tax charged, the drainage system and roads are poorly cleaned in most of the urban areas of Tanzania. An increase in property tax revenue was to be achieved by improving tax base of the local government authorities through valuation of all properties (Tibaijuka, 2007). Kinondoni municipal is constrained by the property tax collection where by the actual collection tend to differ with estimated, In 2010/2011 property tax budgeted was 2,139,373,294/= but the actual was 786,866,155/=. In 2011/2012 the property tax budget was 2,567,248,000/= but the property tax actual collection until April was 442,532,127/=. The budget figure tend to be different with the actual property tax collection from both years as a result of amendments of the property tax collection by the Government which handle all authority to the Tanzania Revenue Authority (TRA) but also low enforcement on property tax collection which embraces the room of insufficient collection. Kinondoni municipal fail to take proper action to property tax evaders because of the shifting collection responsibilities to TRA.

Property valuation conducted by the municipal council in order to acquire real property value in a selected municipality will further create comprehensive valuation that will allow provision of social services that cope with urbanization. Property tax collection in Dar es salaam city is regarded as an important instrument in raising the revenue. The revenue collected in turn, allows infrastructure and social services improvement (Kayuza 2006). Studies conducted in Tanzania by (Kayuza and Musunu 2006, 2004) shows that property tax revenues fall short on its potential, on account of low coverage, low valuation, low collection and an obsolete tax structure. Challenges facing property tax collection system are not covered; therefore this study aim to explore challenges facing property tax collection system in Tanzania.

1.2 Statement of the Problem

Property taxation in developing countries is an issue of concern that need to be reviewed and put some more effort to increase its collection. This is because there are many individuals who own properties but do not pay taxes. Efforts to increase property tax collection are constrained by ratable rate in the valuation of property. Property tax collection system in most of the developing countries is poor as most of the properties are not valued thus leaving room for property owner escape paying taxes voluntarily. Many people tend to evade paying property tax especially when they feel the government misuse taxes, for example when there are poor provision of social services most of the people are likely to escape paying taxes because they feel and see that their money benefit only a small group of people while leaving the majority suffering.

There has been complains among the taxpayers concerning property tax collection system (Kapoor, 2002). Property tax collection needs special administration that is related to the collection system that is expected to enhance proper collection. Despite its importance, property tax is not yet collected to its full potential irrespective of being recognized as major own-source revenue for municipal governments. Past studies in this topic by (Fjelstad, Kayuza and Musunu) indicate that the actual property tax revenues fall short of its potential on account of low coverage, low valuation, low collection and an outdated tax structure.

Significantly, neither of the past studies have placed a money value on its potential nor attempted to estimate the additional property tax revenues that might be generated by plugging in the systemic and operational loopholes (Bird, 2004). Similarly Kayuza (2006) conducted the study on an investigation on implementation and taxpayer perceptions, these past studies based on the side of the property tax payers but this study focused on property tax collection system. Therefore this study aims at assessing the challenges facing property tax collection system in Tanzania and to suggest areas for improvement if any.

1.3 Research objectives

1.3.1 General Objective

The general objective of this study was to assess the challenges facing property tax collection system in Tanzania, Kinondoni municipal being a case study.

1.3.2 Specific Objective

Specifically the study aimed at achieving the following objectives

- a. To assess the effectiveness of current property tax collection system
- b. To explore measures to deal with those challenges so as to improve property tax collection system

1.4 Research Questions

The study concentrated on searching for data to answer the following research questions.

- a. What are the challenges facing property tax collection system
- b. What measures should be taken to deal with these challenges so as to improve property tax collection system?

1.5 Significance of the Study

Having an effective and efficient system can help among other advantages achieving the desired goals or target. To the municipal council, when the property tax collection system is efficient *ceteris paribus* the budgeted revenue from property tax will be achieved.

Findings can be utilized by planners and other researchers during taxation plan for increasing government revenue. Moreover, the Tanzania Revenue Authority can utilize the study on enhancement of property tax collection by identifying the factors for tax effectiveness.

Policy makers can use the study findings on making the fiscal policy effective on the property tax and inclusion with the relevant factors for effective property tax

collection. Management (Municipal) can use the findings of the study improving timely proper collection of property tax specifically on property value. Residents of Kinondoni can use the study findings to know the importance of paying the property tax on timely basis. In addition to that they will recognize the contribution it makes to government revenue.

1.6 Scope and limitation of the study

This study was conducted in Kinondoni municipal, all the findings in this study comes from sources within the jurisdiction of the council. The study is confined to this area because of time and finance limitations therefore not necessarily the findings will be valid to other regions because of differences in location and concentration of properties.

The main limitation that happened when conducting this study was the failure to get all the questionnaires from respondents, to address this problem, the sample size had to be reduced to 150 questionnaires that were correctly answered to avoid presenting false information.

In summary, this chapter talks about the general background of this study followed by the statement of the problem which is about challenges facing property tax collection system and lastly on the research objectives and questions that were used to find the results presented in this study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This section aims at reviewing literature used as a background by the authors in analyzing the problems of property tax collection system in Tanzania. By describing fundamental property tax theory, the author provided the importance of property tax collection. In addition a theoretical view of property tax is presented in this chapter. This review highlights the thinking, views and opinions of other scholars in relation to the study.

2.1 Theoretical framework

2.1.1 Definition of terms

2.1.1.1 Tax

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

2.1.1.2 Property tax

Property tax/millage tax is an ad valorem tax levy on the value of property that the owner of the property is required to pay to a government in which the property is situated. There are three general varieties of property: land, improvements to land (immovable man-made things, e.g. buildings) and personal property (movable things). Real estate is the combination of land and improvements to land (Johnsson, 2009).

(Chourdury Richard 1993) explained that property tax is the one assessed on capital/wealth/property of the individuals and the tax is imposed on the wealth/asset in the form of land, buildings, gold, credit instrument, cash etc. which are different types of property/capital. Also Richard Musgrave, Peggy Musgrave (1989) defined property tax as taxes imposed on pieces property imposed (payable by the owner) and thus be of the impersonal type. Or property tax is the tax imposed on the combined property holdings of a person, or in his net worth, thus being in the nature of a person tax.

Harvey S. Rosen says that property tax is taxes that imposed on capital with same types of capital taxed at rates above the average, others below. Hence, Property Tax plays a key role in Local Public Finance where it accounts for about 75% of Local Governments' Revenues. Also an individual's Property Tax liability is the product of the tax rate and the property's assessed value, the value the jurisdiction assigns to the property. Furthermore, he classified this property tax into three types namely;

Annual capital/Annual tax on net wealth refers to the tax where it is a regular annual charge on the assessed value of net wealth of the Tax payer, also a tax assessed on wealth but a once for all charge.

Capital levy: it is the one where charge imposed and such occasion may not arise even once in a generation.

Death duty/Inheritance tax: means a non-recurrent levy imposed on wealth of an individual where its ownership passes on to the inheritor in the event of death of the former.

Mponguliana R.G. stated that, Property would include both immovable and movable property like buildings, furniture etc. similarly, it would include both tangible properties like buildings which can be visibly seen and intangible property like copyrights, patent right etc. which cannot be visibly seen.

Income Tax Act 2004 explains that gains or profits from any right granted to any other person for use or occupation of any property is chargeable to income tax e.g. rent from National Housing Corporation or NSSF buildings for commercial renting business. Gains or profits for use or occupation of any property include any royalty, rent, premium or like consideration received for the use or occupation of property e.g. rent from property owned by any person. In both cases this rent is taxable.

2.2 Theoretical framework of research

2.2.1 Importance of property tax payment

Property tax is the major means of Government revenue in many countries, in which charged on property. The property value normally appreciates as time goes on, in that respect the property tax is directly related to the value of property. Government revenue expected to increase with time due to property value increase. Tax contribution is related to the ability to pay by property tax payers basing on income obtained from such property. This increasingly indicated that the property tax payer's ability to provide such contribution to the Government revenue is increasing (Slemrod & Bakija, 2001).

Taxation on property is supported by both benefit and ability-to-pay considerations. There is much evidence that is found within the tax literature. It is argued that the property tax burden needs to be distributed according to the benefits that the individuals gain from the government expenditures. Property tax payment depends on ability to pay and willingness of the taxpayer whereas enforcement mechanism by the government also impact tax collection. In most of the developed world property tax payment is connected to the trust and willingness of tax payers. This reduces the chance of property tax evasion. Such kind of tax payers believes on return of property tax provided through the enjoyment of public goods, which does not necessary relate to the amount of property tax contributed (UN-Habitat, 2011).

2.2.2 Property tax evasion

The room for property tax evasion is one of the increasing issues in developing countries. This is a result of poor recording of the property and missing information on rental income obtained in such property by the owner. Absence of proper system to detect income obtained from property increase the room for property tax evasion. The individuals who evade from paying property tax in most case is due to unawareness and misuse of revenue from property tax. This gives room for much revenue loss by most of developing countries. Property tax awareness will stimulate the moral of property tax payment and reduce the room of property tax evasion. The government through each council should have a database of all property available with their value. However poor valuation of the property is one of the factors that perpetuate property tax evasion (Davis, 1983).

2.2.3 Requirements for a property tax system

The requirement for property taxation is highly linked to the principles associated to provide standard guide on property tax payment. Literature on property tax still indicates that property tax is different from other taxes in terms of methods of assessment (annual value, unit or area based, value based), varied basis of taxation (land only, land and improvements, improvements only), appeals approach, tax collection and enforcement, and administration procedures as a whole (ibid 2001). In that respect the administration of property tax involves providing benefit to the government and property tax payers. However, the benefit of paying property tax to the side of taxpayer need to be critically identified related to the knowledge and awareness on the use of revenue from property tax to the taxpayers. Traditionally, property tax was levied to finance services that are visible such as roads, street lighting and cleaning, garbage collection, neighborhood parks and so on (Mann J 2001).

As grouped in Kayuza study on perception of taxpayers, property tax is connected to the standards which are linked to the traditional principles of taxation which include: Fairness based on benefits received, property taxes should reflect the benefits received from government expenditures. Fairness based on ability to pay, property tax levels should be related to individual's ability to pay in terms of both horizontal and vertical equity (Pound T 2007). Thus property owners with similar value properties should pay similar levels of taxes, whereas taxpayers with high value properties should pay relatively higher taxes. Neutrality: property tax should not distort economic behaviour of individuals. For instance the tax should not affect decisions about where to live and work, and also the type of improvements to make to one's property. Accountability: property taxes need to be designed in ways that are easily understandable. Clear tax structures provide room for policy makers and tax authorities to be held accountable. Ease of administration: property tax systems need to be simple such that it is easy to administer the tax and cheap to collect (Slack, 2001). The standards to the large extent reflects real situation in practice of property tax system, people are comfortable when they see that the government cares for them when they can access social services (water, electricity, health care) and when they live in clean environment.

Also when people are aware of taxes and see what it does through the government, they become more compliant. This is evidenced by the situation in developed countries where people are aware of taxes and they are happy to pay tax whenever they fall due something that makes it easier for the tax authorities to administer. All these standards are relevant to property taxation because are supported by the finding in this study.

2.2.4 Property tax administration system

The property tax administration system is highly connected to the function that is expecting to offer on the public good provision. The municipal authority, apart from other sources depends on property tax revenue for meeting its responsibilities. The

property tax administration system is charged with various functions of property tax administration. However efficiency in performing such functions is largely influenced by facilitation from the municipal authority. On the other hand cooperation from the tax paying public impacts upon the revenue collection functions. While the property tax administration system interacts with taxpayers in the processes of identification and valuation of ratable properties and collection of property tax, it has no authority to influence on service delivery to the taxpayer. This is because it is not involved in making decisions concerning the generated property tax revenue. The rating on the charge of property is very confusing on the valuation in that respect higher value property to be charged less due to poor valuation process (Bowman, 2002). Currently rate differs with type of ownership of the property whereas residential property pays 0.15% while commercial properties rate is 0.20%.

2.2.5 Principles of taxation

The property tax structure is based on efficiency and equity criteria. It has been indicated that appropriate property tax system should allow property taxes to be raised in a way that treat individuals fairly. It minimizes interference in economic decisions, and that does not impose undue costs on taxpayers or administrators. Property tax should satisfy the condition available for taxation (Alm, 1999).

Taking property taxes as an example, factors that lead to a functional tax structure are so many and it is not easy for a tax system to achieve all of them at a go. As such it is quite common for example to find property tax system that scores high on efficiency criteria but the reverse with respect to fairness. The British property tax system is illustrative as it records high revenue collection levels (Vlassenko, 2001) but there are equity deficiencies inherent in the system (Plimmer, et al, 2000).

2.2.6 Property taxation in Tanzania

The Tax Base

Unlike in other countries where property tax base may primarily include land and buildings and to a lesser extent other assets the tax base in Tanzania cover buildings (or improvements) only. Thus the tax is based on the capital value of buildings. According to the Urban Authorities (Rating) Act,

“rateable property is described to cover all buildings found within the taxing jurisdiction, which are in actual occupation together with the improvements on, in or under any such building. Whereas improvements are described as the whole or any part of a building structure of whatever materials constructed, which is capable of beneficial use or occupation and which is of sufficiently permanent nature as normally to pass with land on disposition”.

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

Exemptions

Taxable property is exempted from property tax liability in accordance with the provisions of both the Local Government Finances Act, 1982 and the Urban Authorities (Rating) Act, 1983. The law excludes the following buildings from property taxation:

- Property in the personal occupation of the President;
- Property used for public utility undertakings;
- Premises used primarily for public worship but excluding property used for residential or social purposes in connection with places of public worship;
- Public libraries and public museums;
- Cemeteries and crematoria;
- Civil and military aerodromes;

- Property appropriated for sporting purposes and that used solely for educational purposes
- Railway infrastructure;
- Other property as may be prescribed by the concerned urban local authority.

Furthermore, in accordance with Section 19 a council is authorized to exempt any tenement from paying rates subject to ensuring that there are other sources of revenue to compensate for the revenue of exempted property. Besides a local government may reduce payment of a rate on account of the inability to pay it; or exempt, any person or category of persons from liability to pay the rate.

Valuation

The basis of property tax is the market value of a building or where the market value cannot be ascertained, the replacement cost of the building as determined by a qualified valuer. Besides, the rating legislation provides for self-assessment. In accordance with Section 8 (4) of the UARA, 1983 the rating authority where it deems necessary or expedient may require the owner of the rateable property to furnish the authority with the value of the property. But this legal provision is practically dormant. According to the rating law, valuation of rateable properties is to be undertaken for preparation of a valuation roll after a jurisdiction has been declared a rateable area by the Minister responsible for Local Government. A valuation surveyor is appointed to survey the properties, estimate the rateable values and to prepare the valuation roll. As pointed out earlier, the rateable value of the property to be determined is the market value or the replacement cost as the case may be. Section 22 (1) of the Urban Authorities (Rating) Act of 1983 stipulates that:

....the rateable value of premises shall be the market value of premises or where the market value cannot be ascertained the replacement cost of the buildings, structures and other developments comprised in the premises after deducting the amount

which it would cost at the time of valuation to restore the premises to a condition in which they would be as serviceable as they were when new.

Provided that rateable value shall not be less than 75 per cent of the replacement cost. In accordance with subsection (2) of section 22 of the rating act:

- i. “replacement cost” means, in relation to buildings, structures, and other development, the amount which it would cost, at the time when the premises are being valued to provide all buildings, structures and other development as they were when new if the premises consisted of an undeveloped site;
- ii. “development” means any kind of work or improvements carried out on or in land and includes in particular foundations, excavations, drainage systems, and pathways, aprons and other prepared surfaces; and
- iii. references to buildings and structures include references to machinery which is attached to and forms an integral part of any building or structure.

Experience shows more reliance on the replacement cost approach for rating valuation in Tanzania. Although the most reliable valuation method in estimating the market value of the property is the sales comparison approach, this has proved difficult in the Tanzanian situation. The use of the sales comparison approach is restricted by a number of factors such that valuers have resorted to the use of cost approach as the most appropriate. While reliability of the sales comparison approach depends heavily on the availability of property transactions data, the property market in Tanzania is not active enough to generate sufficient sales data. Also in the absence of a centralised data bank the scanty data available is not readily accessible as it tends to be confined to the individual valuation firms (Mwasumbi, 2001).

Completion of the valuation exercise is followed by the preparation of a valuation roll. The estimated rateable values are recorded in the valuation roll. According to Section 8 (2) of the rating act, a roll shall show in respect of each hereditament:

- a) the area and situation of the property valued;
- b) the name and address of the owner thereof;
- c) the name of the leaseholder or, where an improvement stands on parcels belonging to more than one leaseholder, the names of such leaseholders;
- d) a brief description of the hereditament and improvement included therein;
- e) the area of land comprising the hereditament;
- f) the rateable value of the hereditament.

Section 8 (3) further provides for preparation of a new roll every five years or such longer period as the Minister may approve. The legislation makes it obligatory for the rating authority to publish the roll and invite the public to inspect it. Section 11 of the rating act requires the rating authority to publish in the Gazette and in at least one newspaper circulating in the area of the rating authority indicating that the roll or supplementary roll is open for public inspection at the offices of the rating authority.

The authority is also required after the publication of a notice to serve by post upon each owner or occupier of the hereditament listed in the roll or supplementary roll. The notice should inform such person that a roll or supplementary roll has been published, the times at which such roll may be inspected, and the date on or before which objection to the roll must be lodged with the rating authority.

Tax Rates

Local government authorities in Tanzania can levy two types of rates as provided for in the Urban Authorities (Rating) Act of 1983. A general rate is levied over the whole area of the council's jurisdiction and paid by any person covering an

immovable property situated within the area of jurisdiction. Whereas a special rate is imposed and levied only in specified area of the jurisdiction of the council where a specified project approved by the council has been undertaken and has benefited the owners of the rateable property in the area. The special rate however can only be levied with the consent of the Minister responsible for local government affairs.

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

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

2.2.7 Principal-Agent theory

Agency theory explains social relations involving a delegation of authority (by a principal to an agent), and starts from the observation that the relationship generally results in problems of control. The most important problem emanates from difficulties in motivating an individual or organization to act on behalf of another. Moreover the problem of motivation is a result of difficulties associated with the inability of the principal to observe and control the actions of the agent. Milgrom and Roberts (1992) assert that: "Principal-agent problems are situations in which one party (the principal or the property tax payer) relies on another (the agent or the authority collecting property tax) to do work or provide services on his or her behalf. When agent's actions cannot be easily monitored and their reports easily

verified, the agent may have greater chance to pursue their interests rather than the principal's. Then, to provide incentives for the agents to behave in the principal's interests, it is necessary to arrange for them to bear some responsibility for the outcomes of their actions and therefore to bear more risk than would otherwise be desirable (Alm, 1999).

2.2.8 Major impediments to raising property tax revenue

The primary function of property tax as a local source of revenue is to generate sufficient revenue for local government expenditure. The local government authorities partly depend on this revenue for the provision of public services. It is unlikely that property tax revenue as a share locally raised revenue would increase to satisfactory levels unless deliberate measures are taken to change the situation. Currently property tax on average contributes less than 20% of the locally generated revenue for the municipal councils in Dar es Salaam.

While records on property tax revenue collection depict a gradual annual increase as compared to the previous years, collection levels with respect to the actual potential should be an issue of concern if the municipal councils in Dar es Salaam are to improve on their financial strength. It is of more concern when the increasing number of taxable properties captured in the property tax database does not bring a corresponding increase in collected revenue. The following are the major factors undermining property tax revenue collection.

a. Weak administrative capacity

This is an aspect that results from the inadequacy in a number of aspects. With respect to property taxation the absence of adequate and quality data about the tax base and taxpayers (property owners) has resulted in problems associated with valuation, revenue forecasting, inaccurate budgeting, and inadequate billing and revenue collection. Thus with limited information about property tax objects and tax

subjects it becomes difficult for the councils to collect sufficient property tax revenue.

On the other hand the inadequate data in terms of quantity and quality emanates from lack of capacity in generating such data. Municipal councils are lacking sufficient number of employees with the requisite skills, proper and adequate facilities including transport facilities. Moreover the council employees are not well remunerated for them to work effectively in data collection, valuation, billing, revenue collection as well as enforcement. While there is high dependence on local leaders for identification of tax base and taxpayers, data collection, distribution of tax bills as well as revenue collection, there is no prescribed remuneration for them. The sub-ward leaders are not salaried employees and in most cases they are remunerated on daily allowances whenever there is an assignment to follow up. According to the World Bank report (Franzsen & Semboja, 2004), revenue leakage as a result of fraud and corruption is a problem that has been reported to be happening with the rating authorities.

b. Exemption from property tax liability

The estimated number of potential rateable properties in Dar es Salaam appears to be quite large to generate considerable amount of revenue. While the precise number of properties in Dar es Salaam is yet to be established, the problem is also to measure the accurate size of the tax base. Apart from the exemptions stipulated in the Urban Authorities Rating Act, 1983 another exemption order was introduced in accordance with the Urban Authorities (Finance) Act, 1982 by the Prime Minister in 1997 and became effective as from January 1998. As a result of this order the scope of exempted properties has widened. Some business property have been granted exemption on grounds that they are used for public purpose although in reality they are profit making.

With the uncertainties surrounding exemption powers and type of properties exempted from liability to property tax Municipal valuers experience difficulties in following up property tax payments. Properties under government ownership are in essence not exempted from liability of rates but the rating law requires the responsible government departments and institutions to contribute finances for service charge to local authorities in lieu of rates. However the government departments have not been adhering to this legal provision. The order is referred to as The Urban Authorities (Rating) Exemption from Liability of Rates Order 1997.

...though the number of exempted properties, which are also not included in the established property tax database is not known there are enough indications to believe that exemptions considerably erode the tax base. (Musunu 2002)

c. Taxpayer unwillingness to pay

Non-compliance by the taxpayers is another serious problem impacting negatively upon property tax revenue collection. Voluntary compliance is low and this is manifested by the need for the property tax administrators to make close follow up for the taxpayers to comply. Again due to the data inadequacy councils are not in position to come up with accurate numbers of delinquent taxpayers as well as the unpaid tax amounts.

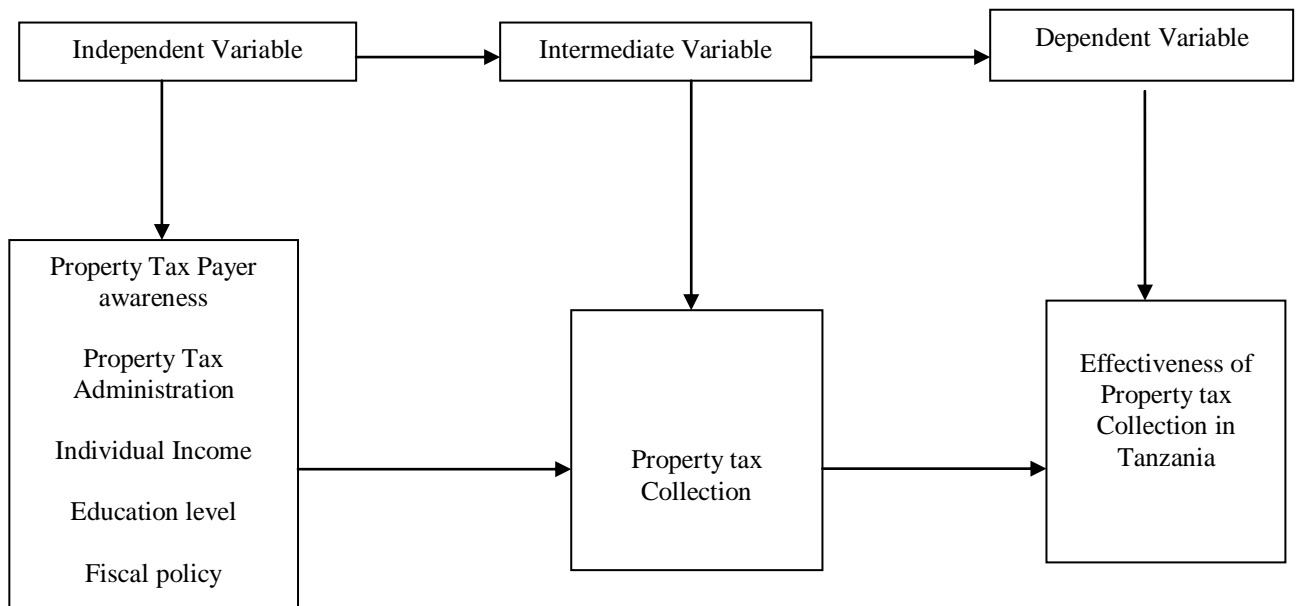
Although property tax is reported to have improved when the city commission was in power 1996 - 1999 (Franzsen & Semboja, 2004) the situation has been different under the Municipal Councils. Similar findings of taxpayers' unwillingness to pay local taxes have been reported in a study by Fjeldstad (2004). Taxpayers' resistance to pay local taxes is seriously affecting revenue collection. In his study, respondent citizens claimed that they received little in return for the taxes they pay. Apart from poor service delivery they felt public funds were misused, and they were also not happy with dishonest revenue collectors.

The discussion focused on the practice of property tax collection in Dar es Salaam. Among the aspects discussed are related to obstacles that are responsible for weak revenue performance by the Municipal Councils. The study will find out if these past hindrances still hinder revenue collection in municipal.

2.3 Conceptual Framework

The conceptual framework scrutinizes the independent, intermediate and Dependent variable related to challenges of property tax collection system in Tanzania. The interrelationship between and among the variables is presented diagrammatically for supplementary understanding of challenges of property tax collection System. Independent variables will be Taxpayer awareness, Tax Administration, Individual Income, Education level, Fiscal policy, Fiscal System and Tax law all these factors are highly depend on property tax effectiveness in Tanzania. Property tax collection is an intermediate variable.

Figure 1: Conceptual Framework



Source: Researcher's conceptualization

2.4 Empirical studies

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

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

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

The study conducted in China by Yong man (1994) on the impact of property tax on government revenue found that property tax influenced the decision of not for profit organization in form of decisions to rent or own, location decision, market share, and the effect of the exemption on neighboring property values. Additionally the study conducted in Malawi by Kelly R. & Montes M. (2001) on revenue mobilization found that developing countries tend to generate significantly less property tax revenue typically at a maximum of 40 percent of local government revenue, 2 percent of total government revenue and 0.5 percent of GDP (ibid).

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

Kayuza concentrated on perception of the taxpayers but had little to say about the property tax system, the challenges it faces and why it fails to collect revenue with the source from property tax. So this was established to cover the gap by exploring the challenges the municipals face making it unable to meet the target.

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

Most of these studies are based on the side of the taxpayers leaving the tax collection system untouched, also evidences below shows that the authority responsible for collection of property tax do not reach the targeted figures something that leaves unanswered questions to whether the property system is inefficient.

Table 2.1: Estimates of property tax collection

Zone	Estimated Properties	No of Valued	Not Valued	Valued Total
Temeke A	116,301	48,108	68,193	41%
Temeke B	53,628	65,682	7,622	123%
Kinondoni A	160,096	104,531	68,868	65%
Kinondoni B	101,650	58,756	42,894	58%
Ilala	140,740	53,851	86,889	38%
Total	572,405	330,928	241,477	58%

Source; prime ministers office

Table 2.2; Revenue collection in 2010 -2012

Year	Budgeted revenue	Actual collected	Lost revenue
2010/2011	2,139,373,294	786,866,155	1,342,402,139
2011/2012	2,567,248,000	874,532,187	1,692,715,813

From the tables above, not all properties in Kinondoni are valued which makes the reason for not meeting the targeted revenue projected to come from property tax. Revenue collected from these valued properties do not match the number of properties valued so still someone will need to ask him/herself why there is non attainment of the targeted revenue from properties in Kinondoni. As shown in the **table 2.2** above, more than half of revenue is lost a thing that stand as a big challenge to property tax collection system. This study explores the challenges facing property tax collection system that explains the reasons for the failure and suggestion for improvement.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter covers the research design, the study area, the research data, data collection, the population, sample unit/unit of inquiry, the sample size, sampling method, research tools, and research instruments and data analysis that was used in this study.

3.1 Research design

Research design is the plan of scientific research that guides the researcher in collecting, analyzing and interpreting observed facts (Bless and Smith 1995). The study focused on non-experimental design that involved discussion and asking questions a representative sample of the population using questionnaires and interviews to get both quantitative and qualitative data.

3.2 Selection of the Study Area

Kinondoni Municipal is one of the areas with a lot of properties due to high concentration of properties especially houses with high value where property tax is viable due to township and increasing property value (UN-HABITAT, 2010). Because of the nature of this city and easy accessibility of information compared to the other regions, the place becomes the best place to conduct the study.

3.3 Data Types and Sources

Two types of data were collected so as to meet objectives of the study; that is primary and secondary data. Primary data was collected directly from the taxpayers, secondary data collection was obtained through reviewing various documents related to property tax. Sources of information were the property owners and

officials from Kinondoni municipals and those from TRA whereby reason for their participation is because are the key players in property tax collection system.

3.4 Sample and sampling procedure

A sample is a small group of individuals that is observed and whose findings allow generalization about population. Both Probability and non-probability sampling techniques were employed where purposive sampling procedures was used to get information from tax authority officers, municipal officers. Under probability sampling, simple random sampling procedure was applied to obtain property tax owners and questionnaires were used to obtain relevant information.

3.4.1 Sampling Frame

In this study, the opinions and attitudes from taxpayers were collected. The sampling frame was obtained from 572,405 property tax owners of Kinondoni Municipal from which sample used for the study came from.

3.4.2 Sampling Unit

The sampling unit was comprised of the individual household, taxpayer and officials from municipal and TRA.

3.4.3 Sample size

Sample size alone does not ensure representativeness, thus a small sample, but well selected sample may be superior to a larger group. Hence, the sample size should neither be too small nor too large. An optimum sample size is the one that fulfils requirements of efficiency, reliability and flexibility (Kothari, 2008). In this study the sample of 300 people selected from 572,405 sampling frame that was considered but actually the findings came from the sample of 150 people for representation of the studied population and reliability of data.

The following reasons tells why the researcher reduced the sample; firstly it was hard to meet all the respondents to collect questionnaires from them as they promised and some of them if found they were unfilled.

Secondly some of respondents were unable to fill the questionnaire in time due to non cooperativeness behavior of the respondents.

3.5 Data Collection Methods

Data means facts, opinion and statistics that have been collected together and recorded for reference or for analysis. The study used data from two sources which are primary and secondary sources, primary data were collected by the questionnaires and interviews while secondary data came from reviewing various documents. Both primary and secondary data was collected by using different data collection methods as follows:-

3.5.1 Interview

This is the method of collecting data by interviewing property tax payers through asking questions concerning Property Valuation, Tax payer income, Property value, Awareness of tax payers the amount charged was asked to some selected property owner TRA/LGA officials in the sample. Before actual session, interviewer had to be sure that the interviewee is comfortable and not afraid a thing that could cause the interviewee to give untrue information.

3.5.2 Questionnaire

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

3.5.3 Documentary Review

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

3.6 Detailed fieldwork

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

3.7 Data processing, analysis and presentation

This was done during and after both primary and secondary data been collected. Both qualitative and quantitative data were processed, analyzed and presented.

3.7.1 Data Processing

Data processing was done while at field and in the office to make them ready for analysis. This mainly involves various manipulations such as editing of collected raw data to detect errors, categorization of the open-ended questions, coding, computerizing and preparation of table and diagrams.

3.7.2 Data Analysis

Data were analyzed using descriptive statistics which was done by using (SPSS) program. Descriptive statistical analysis method that involves statistical distribution and calculation of simple measures like averages and percentages were employed. Qualitative and quantitative data were analyzed by using descriptive analysis.

3.7.3 Data Presentation

Analyzed data were presented using various forms like word text, charts, tables and graphs.

CHAPTER FOUR

ANALYSIS AND PRESENTATION OF FINDINGS

4.0 Introduction

In this chapter, data were presented in imaginative ways using SPSS V.20 based on the research objectives and research questions. This chapter illustrates the accumulation of results obtained from the questionnaires. The questionnaires were personally administered to the property tax payers and TRA/LGAs officer's in the sample chosen from 572,405 sampling frame. Variables numbers were allocated to each question and its components in the questionnaires, so that responses can be grouped into a limited number of categories.

4.1 Demographic Data

This section summarizes the demographic characteristics of the respondents in the sample as showed in table 4.1 below

Table 4.1: Summary of demographic characteristics of respondents

	Demographic variables	Frequency	Valid Percentage	Cumulative percentage
Age	19years – 24 years	13	8.7	8.7
	25years – 34 years	28	18.7	27.3
	35 years - 44 years	36	24.0	51.3
	45 years – 54 years	32	21.3	72.7
	55years – Above	41	27.3	100.0
Marital status	Married	88	58.7	58.7
	Single	27	18.0	76.7
	Separated	20	13.3	90.0
	Widow	15	10.0	100.0
Education level	No formal education	57	38.0	38.0
	Primary education	29	19.3	57.3
	Secondary education	30	20.0	77.3
	Collage education	34	22.7	100.0

Source: Survey data (2013)

Figure 4.1: Age status of respondents

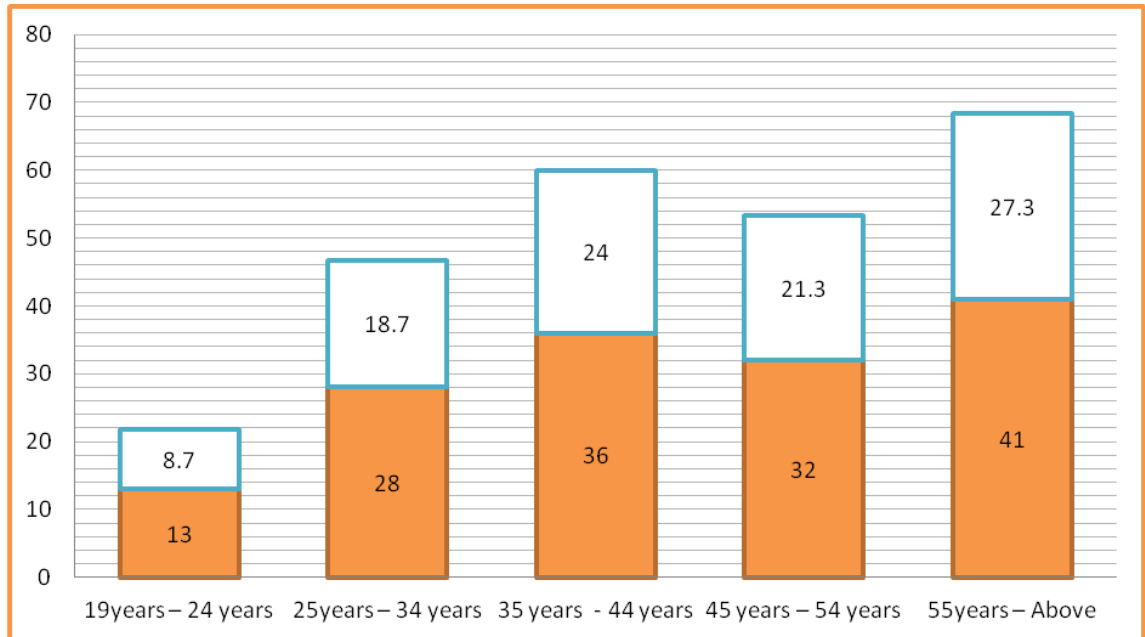


Figure: Survey data (2013)

The information indicates that the respondents were in the age group 19 years – 24 years 13 (8.7%), 25 years – 34 years 28 (18.7%), 35 years – 44 years 36 (24%), 45 years – 54 years 32 (21.3%), 55 years – Above 41 (27.3%). This shows majority of respondents were in active age, and can work efficiently. The rest of the age group comprises of small number of respondents. The above analysis is concurred with the previous researches that most of the taxpayers are those with adult age with enough knowledge the importance of Taxes.

Figure 4.2: Marital status

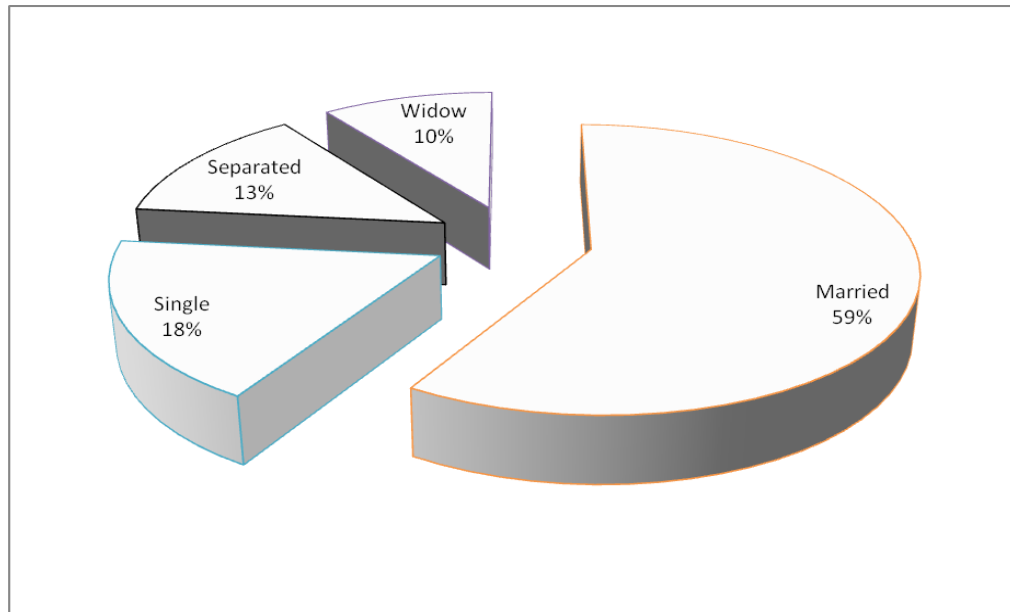


Figure: Survey data (2013)

The analysis reveals that 58.7% of the respondents were married, 10% of the respondents represents widow group, 18% of the respondents were single and 13.3% of the respondents have separated. The implication of this is that the greater percentage these people have source of income enough to run their family and they can possibly be able to pay tax bills when it fall due.

Most of the houses are rent and in some cases the owner lives with his customer under the same roof, and even if the owner claim to have no income he has the rent what he receive from which he can get the money to pay property tax. This justifies that people manage to pay property tax, what is lacking is enforcement by responsible authority to in collecting.

Figure 4.3: Education level of respondents

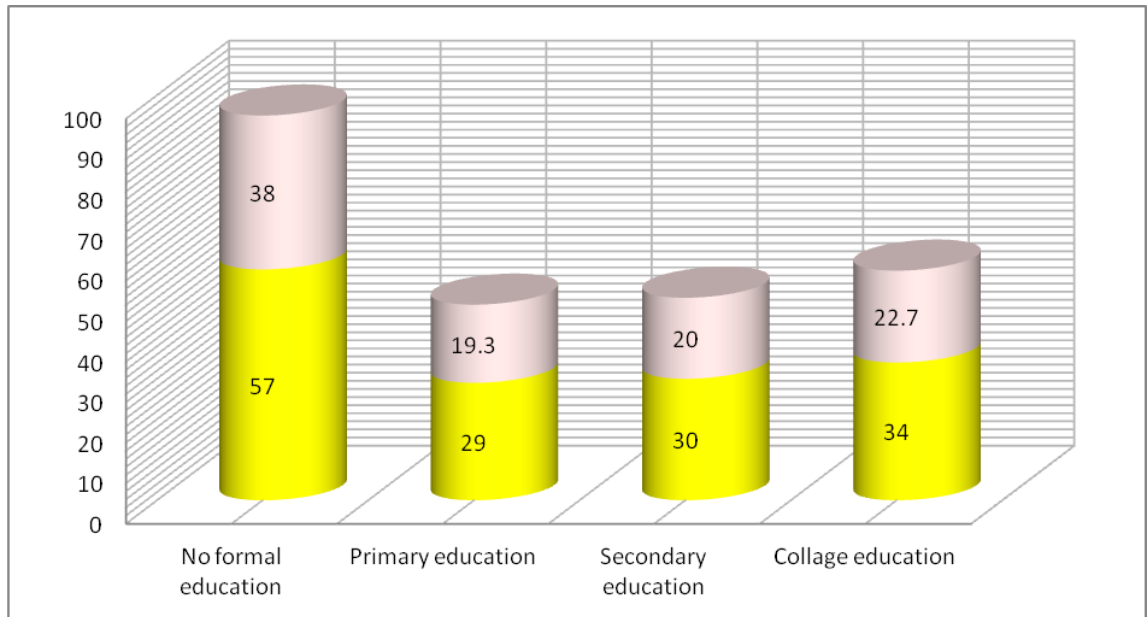


Figure: Research data (2013)

The finding also shows that 57 (38%) of total respondents fall under No formal education, 29 (19.3%) of total respondents are primary education, 30 (20%) are secondary education level, 34 (22.7%) are of those who have collage level education. This shows the majority of respondents who represents the property tax payers of Kinondoni municipal council fall under the category of no formal education.

One assumption to this finding is that majority of the people whether educated or not, are able to understand when they are told about property tax. What is to be done is the council to invest in educating these people on the importance of paying property tax and also try to improve service provision in the environment they live making it sanitable. When people pay tax and see money they pay find its way back to them, will be willing to pay taxes and thus accomplishing municipal's revenue goals set.

Figure 4.4: Employment status of respondents

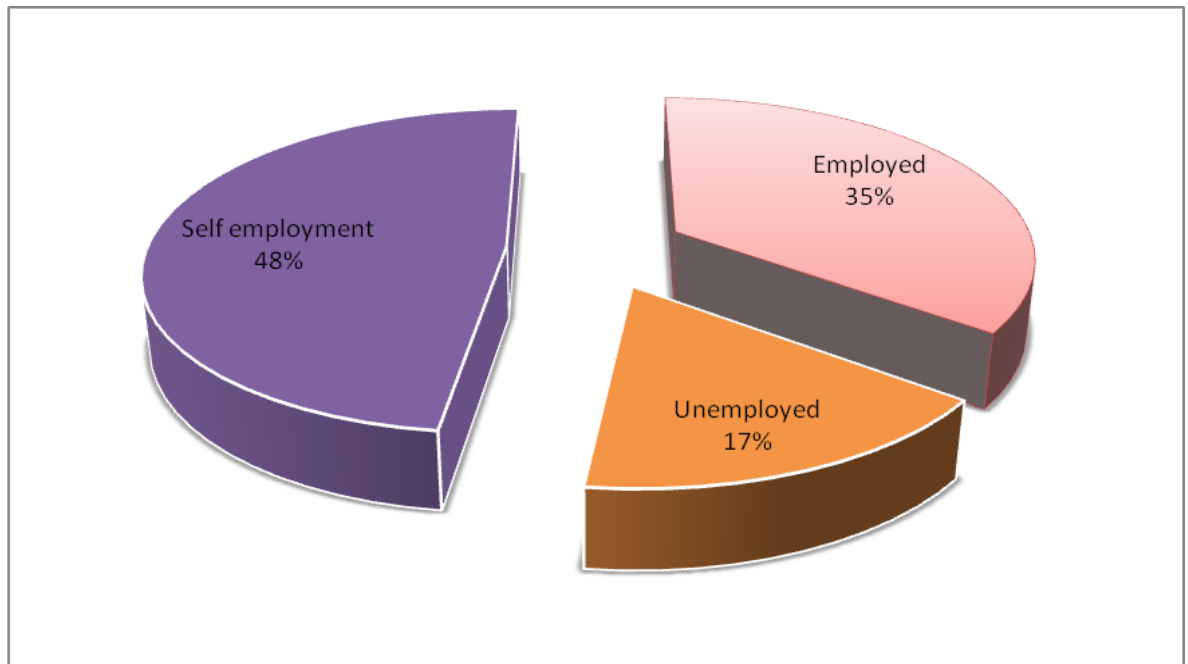


Figure: *Survey data (2013)*

Furthermore the analysis shows that 48% of the respondents are self employed. The second highest group was employed for 35.3%, followed by 16.7% of unemployed. This analysis indicates that the majority property tax payers at Kinondoni municipal council are those who are self employed. One of the determining factors of tax compliance is income, the findings reveal that most of property owners do have source of income and they can save to pay property taxes. The rest unemployed population are retired.

4.2 Property Tax awareness

4.2.1 Payee for Property Tax

Table 4.2: Response on paying of property tax

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	131	87.3	87.3	87.3
	No	19	12.7	12.7	100.0
	Total	150	100.0	100.0	

Source: *Survey data (2013)*

131 (87.3%) of the respondents they agreed that they pay their property Tax to TRA and local government authorities, 19 (12.7%) they did not pay their property Tax. The findings resembles with that of the interview conducted between the researcher and the official from the tax authority and ones from municipal who talked of the willingness of people as follows.

... as days goes property tax payers voluntary agree to pay property tax compared to the previous years but the most critical challenge is they fail to pay on time and to encourage them to pay on time they must understand how the tax is calculated, taxpayers must feel that they are being treated fairly and the same as others and should see the connection between taxes paid and community improvements. Also officials add that greater convenience leads to better compliance; Consider using banks, cell phones, utility companies or other agents as points of collection.

Figure 4.5: Response on paying property tax

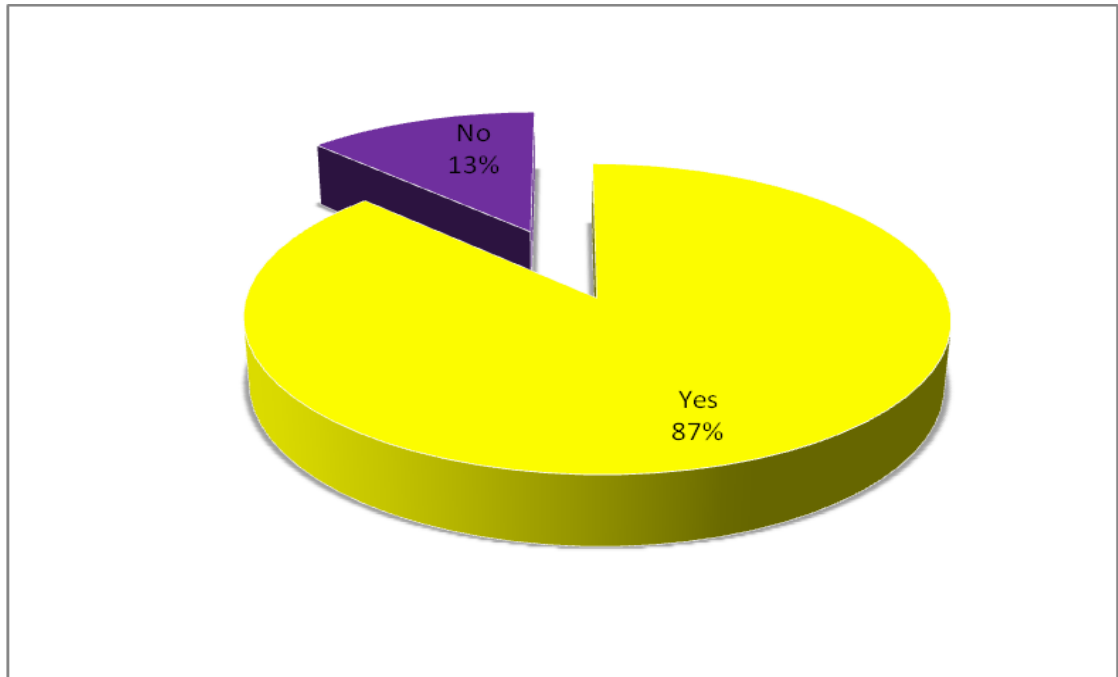


Figure: *Survey data (2013)*

4.2.2 Amount/Rate of property Tax paid

What is your opinion about the amount/rate of property tax

Table 4.3: Opinion about the amount/rate of property tax?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Too high	128	85.3	85.3	85.3
Average	19	12.7	12.7	98.0
Low	3	2.0	2.0	100.0
Total	150	100.0	100.0	

Source: *Survey data (2013)*

Information from Table (4.2) above show that 128 (85.3%) of the respondents they agree that the amount rate of property tax charged is too high compare to annual revenue they get, 19 (12.7%) they said the amount rate of property tax charged is average compare the their annual revenue they owned per year and 3 (2%) they

agreed that the amount rate of property tax charged is low compare to the annual revenue they generate.

Figure 4.6: Opinion about the rate of property tax

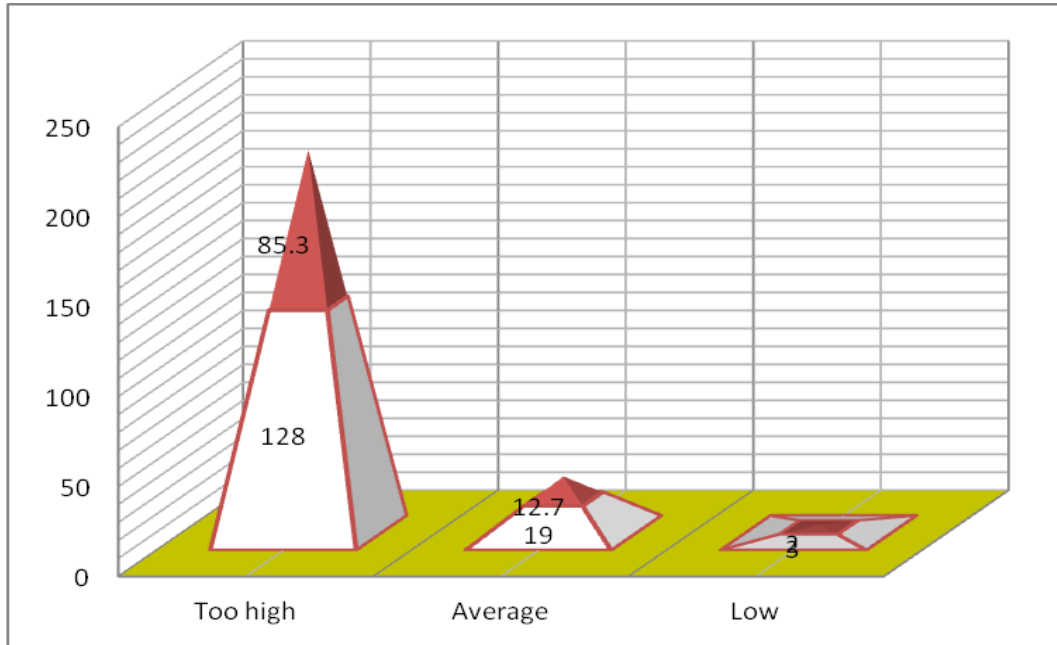


Figure: Survey data (2013)

*‘The analysis show minute deviation from side of the officials that who were interviewed and said the tax rate charged is a base rate which consider principles of charging property tax **Fairness, Efficiency, Affordability, Adequacy, Transparency, and Equity** and the prevailing approach used is flat rate approach’*

4.2.3 Challenges facing property Tax payers

What challenges you face when paying property tax?

Table 4.4: Challenges faced when paying property tax

	Frequency	Percent	Valid Percent	Cumulative Percent
High property tax charged	58	38.7	38.7	38.7
Bureaucracy of payment	46	30.7	30.7	69.3
Unawareness of the tax to be paid	29	19.3	19.3	88.7
I do not pay	17	11.3	11.3	100.0
Total	150	100.0	100.0	

Source: *Research data (2013)*

Respondents have ranked the main challenges they face when paying their property tax by starting with the most to least challenging one, 58 (38.7%) of the respondents have mentioned that the first dominant challenge is high property tax charged followed by bureaucracy in payment process answered by 30.7% of the respondents and, 29 (19.3%) have mentioned the unawareness of the tax to be paid as among the challenges they face when paying their property tax and 11.3% of the respondents they respond by saying they did not pay tax so no challenges face them.

Figure 4.7: Challenges on paying property tax

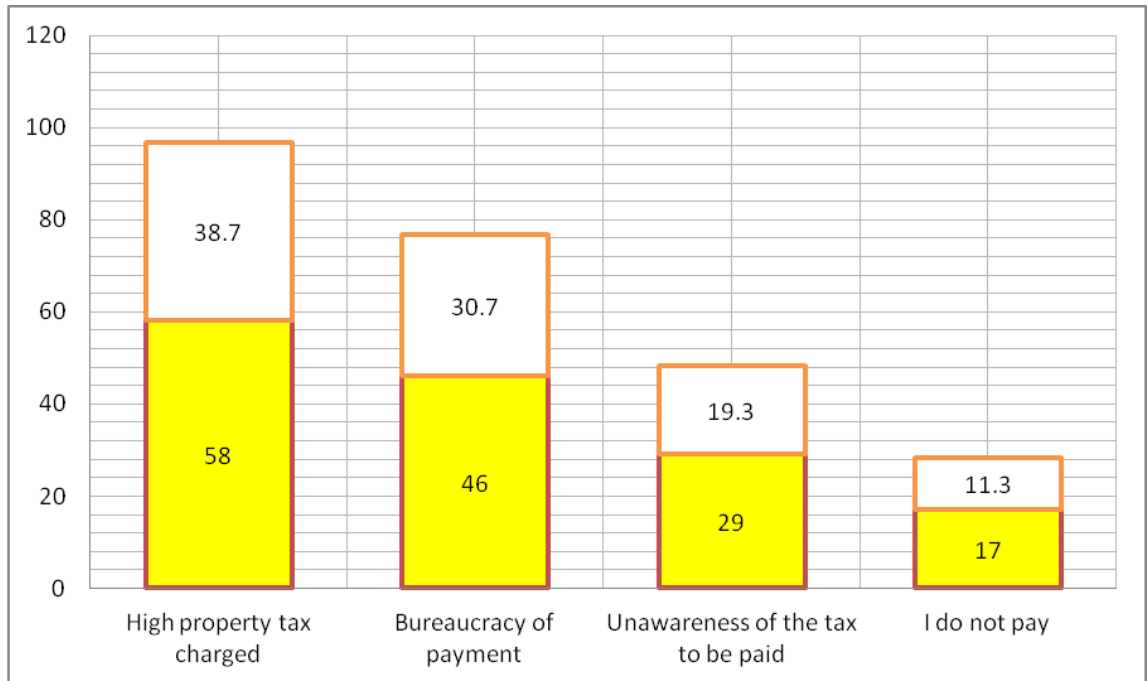


Figure: Research data (2013)

4.4 Property Tax Administration

4.4.1 Challenges face Tax collection system in Kinondoni municipal

For a higher percentage this question was focused to specific persons (official from the property tax collection system) in which in average all officials who were interviewed listed the challenges as presented in the table below. The challenges are arranged from most to least challenging factors as presented in the table below;

Table 4.5: Challenges facing property tax collection system in Kinondoni

SN	Challenge	Rank %
1	Delay in payment	22
2	Inconsistency in valuation process	18
3	Small number of property valuers	16
4	Low awareness of taxpayers	12
5	Inadequate follow up	10
6	Corruption/dishonest behavior	8
7	Time lag between valuation	6
8	Lack of effective statutory rates	4
9	Inadequacy in property tax administration	2
10	Different methods of determination of tax base	2

Source: Research interview

The above analysis is concurred with the previous researches and paper such as the paper presented by Harry M. Kitillya (2011) commissioner general from Tanzania Revenue Authority in 4th ITD global conference on “tax and inequality” new delhi, india “*Problems affecting Real Property Tax Administration in Tanzania and its Impact on Equity: Inconsistency in valuation/assessment of properties. Property tax system in Tanzania is affected by a number of problems particularly, The inconsistency in valuation/assessment of properties, Time lag between valuations, Lack of effective statutory rates of property tax, and Overall inadequate property tax administration*”

4.4.2 Measures to improve property tax collection system in Kinondoni municipal

What can be done to improve property tax collection system?

Table 4.6: Measures to improve property tax collection

	Frequency	Percent	Valid Percent	Cumulative Percent
Improve the quality of social service provision	49	32.7	32.7	32.7
Payment of property Tax should paid at street government	16	10.7	10.7	43.3
Valid Reduce valuation procedures	19	12.7	12.7	56.0
The authority should reevaluate the properties	3	2.0	2.0	58.0
More effort to educate taxpayers	63	42.0	42.0	100.0
Total	150	100.0	100.0	

Source: Survey data (2013)

Forty nine percent (42%) of the respondents have support that the most important measure to be take into consideration is for tax collection system of Kinondoni to increase effort of educate the property tax payers, thirty two percent (32.7%) of the respondents have responded on improving quality of social service provision to motivate property tax payer to pay without any force used to them, 12.7% of the respondents talked on reduction of valuation procedures as one among the measure that can be taken by Kinondoni municipal council, 10.7% of the respondents had opinion on payment of property tax in street government, and the rest 2% suggested that authority should reevaluate the properties. The analysis is supported by the interview conducted by the researcher with the TRA/LGAs officer concerning the measure that can be taken by Kinondoni council to improve tax collection system as listed below:

Table 4.7: Measure to improve property tax system

Measures that can be taken	Ranks of importance's
☆ Promoting awareness	1
☆ Improve the quality of social service provision	2
☆ Transparency on the use of property tax	3
☆ Property Valuation procedures	4
☆ Re valuation of all property	5
☆ Updating taxable values (every 1 to 3 years instead of 5years)	6
☆ The need for IT technology	7
☆ Realistic tax rates to compensate for narrow base which induce evasion and create inequity	8

Source: *Survey data (2013)*

However, the officials from the municipal and TRA had also their view collected and ranked as on the table above. Interview and questionnaires were used as technique to collect data from them where each sampled respondent had his opinion taken for ranking measures to improve property tax collection.

CHAPTER FIVE

DISCUSION OF THE FINDINGS

5.0 Introduction

This part is based on the information and experiences which author gathered during the research in Kinondoni municipal council, Findings linked with the theory chapter in order to answer research objectives and make conclusions about the challenges facing Property Tax collection system in Tanzania. These challenges are assessed how they hinder Property Tax collector in Tanzania.

5.2 Property Tax Administration

5.2.1 Challenges face Tax collection system in Kinondoni municipal

Delay in Payment

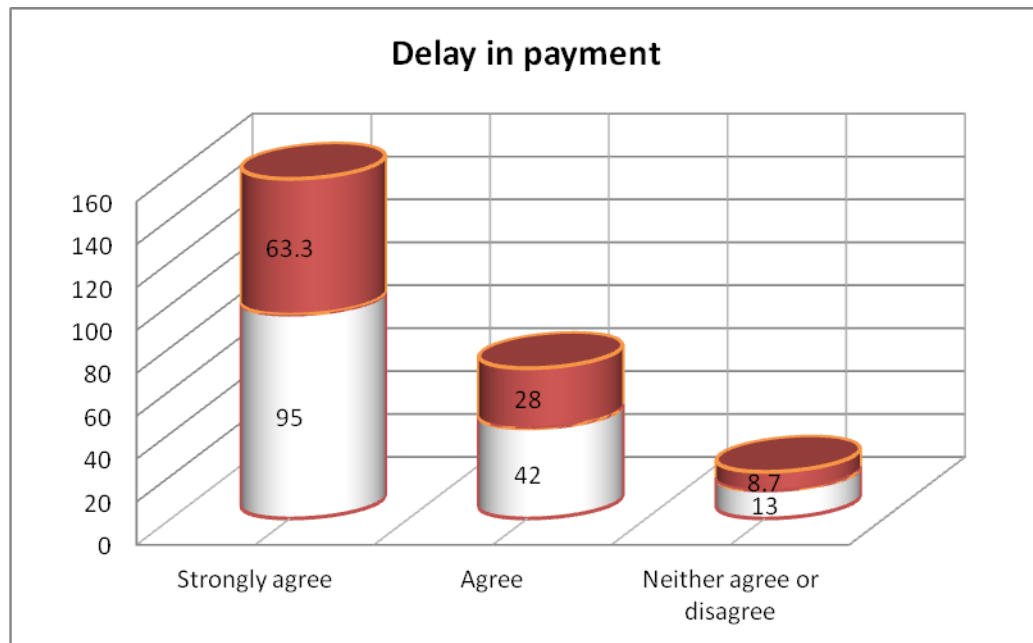
Table 5.1: Challenge 1 (Delay in payment)

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	95	63.3	63.3	63.3
Agree	42	28.0	28.0	91.3
Neither agree or disagree	13	8.7	8.7	100.0
Total	150	100.0	100.0	

The research finding show that majority of the respondents for 63.3% percent have strongly agree that delay in payment of property tax from the property tax payers as one among the critical challenges which affect the Tax collection system in Tanzania, 28% of the respondents have agree and 8.7 % have neither agree or disagree. This is concurred with the several previous research that delay in payment

is a blood cancer for most developing countries and this make the tax collectors to use more effort in follow up to the property tax payers.

Figure 5.1: Delay in payment



Source: Research Data (2013)

Tax base identification and valuation are basically foundation stages for efficient property tax revenue collection. The identification and valuation processes largely determine performance in property tax revenue collection. Taking too long or involving many procedures to value a property obviously will impact the taxpayer when it comes to the time of paying tax. This is evidenced by interview with one of the respondent who complained that.

“It took two months for people from municipal to come to value my house, when they came they did value their valuation procedure which I wasn’t aware of what was going on and left. They gave no feedback and now its almost a year past”

This situation shows that some people are willing to pay tax on time but deficiency in the system discourages them. Also TRA officials complain that they do not get bills from the municipal in time and so settlement by the customer will obviously be late. In contrary, municipal blame TRA by taking too long to process their revenue from property tax needed to improve the welfare of the citizen who are the source of revenue. Therefore delay in payment of property tax find its root back in the municipal itself and this cost it not achieving its revenue goals.

☆ **Corruption/dishonest behaviour**

Table 5.2: Corruption/ dishonesty behaviour

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	114	76.0	76.0	76.0
Valid Agree	21	14.0	14.0	90.0
Valid Neither agree or disagree	15	10.0	10.0	100.0
Valid Total	150	100.0	100.0	

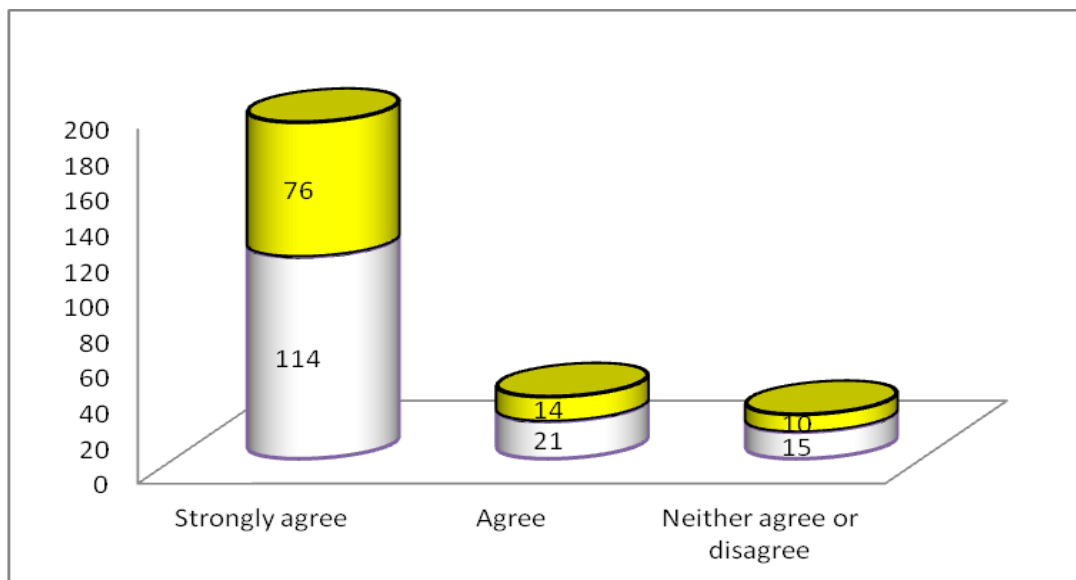
Corruption/dishonest behavior associated with officials from Tax collection system is much higher according to the respondent's opinions. 76% of the respondents have strongly agreed dishonest behavior is one among the challenges that hinder the effectiveness of property tax collection across Kindoni municipal councils. 14% of the respondents have also agreed that corruption as a systemic challenge across Kinondoni municipal council and the rest 10% had no view on if corruption is a challenge.

Taxpayers showed mistrust attitude to property tax system firstly because unawareness of what is actually done to arrive to the figure they pay and second thing is that they do not see the value for money of the taxes they pay. Finding from interview fetched an argument from one of the respondent who said;

I witnessed one of my neighbours who got in trouble by flash his sewage system to the street, people from municipal came and took him a very short time he was released and no charge was filled against him so I don't trust the municipal.

Mistrust feeling is a serious setback to any tax system that in many cases is likely to negatively impact any attempt to increase revenue collection. Most people who came across situation of similar are likely not compliant to tax. Considering findings of other researchers who also found similar challenge, justifies this to be one of the challenge facing property tax system.

Figure 5.2: Corruption/dishonest behaviour



Source: Survey Data (2013)

☆ **Property taxpayers awareness**

Table 5.3: Property taxpayer awareness

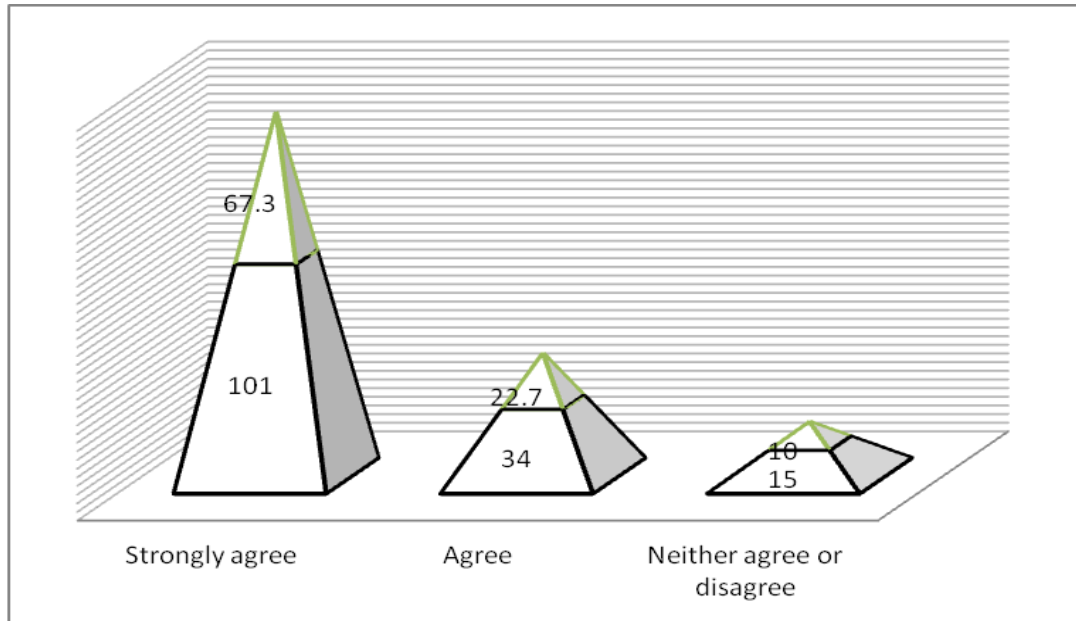
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	101	67.3	67.3
	Agree	34	22.7	90.0
	Neither agree or disagree	15	10.0	100.0
	Total	150	100.0	100.0

Low awareness of property tax stood as the reason for most of property owners not paying property tax. More than half (67.3%) of the respondents including tax officers who were asked on challenge they face, strongly agreed that low awareness of property tax in Kinondoni municipal councils as a reason for not paying tax, 22.7% supported by agreeing that there are some citizens who lack information that property taxes is mandatory for every owner of the property and 10% were in neither side. Most respondents complained that some of the people who pay property tax is not because they are comfortable but because they want to stay out of trouble that by settling their bills. Other were ready to pay property tax but what hold them back is the fact that they do not really what is done to arrive at the figure they pay and if they were told and understand clearly would not resist.

...We need to know what is it we pay and why that amount, when I find a bill in my house requiring me to pay tax which comes from a vacuum, obviously I wont pay that until someone make me understand.

So it remains a challenge to the municipal to educate these people on what steps they go through to get to the figure they present to them as tax. They should at least spend some coin on educating these people to be much aware of taxes they pay, an undertaking which is their right to be aware of.

Figure 5.3: Property taxpayer awareness



Source: Survey Data (2013)

☆ **Methods of determining property tax**

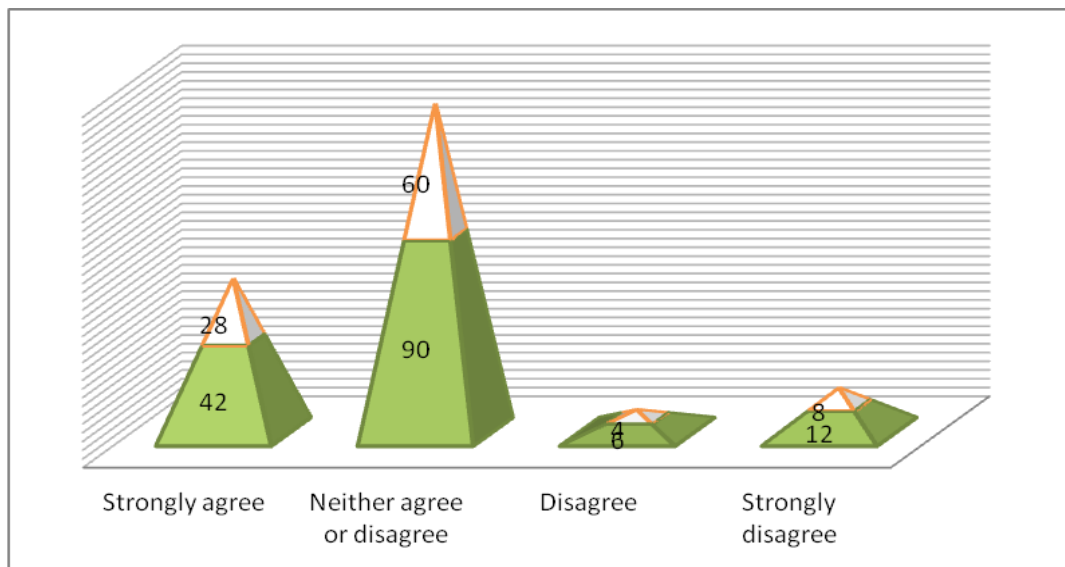
Table 5.4: Methods of determining property tax

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	42	28.0	28.0	28.0
Neither agree or disagree	90	60.0	60.0	88.0
Valid Disagree	6	4.0	4.0	92.0
Strongly disagree	12	8.0	8.0	100.0
Total	150	100.0	100.0	

The flat rate property tax method is the mainly method used according to Tanzania Urban Finance Act of 1982, Local authorities can make adjustments on the rate to be charged base on size, use, and location in an attempt to improve equity and revenues. Majority of the respondents have neither agree nor disagree that the

methods of determination of property tax rates influence most property taxpayer not to pay property taxes by 60% because most of the respondents are unaware of the rate that are charged but the amount that are supposed to pay per year when the bill is brought.

Figure 5.4: Methods of determining property tax



Source: Survey Data (2013)

One of the interviewee commented that

...I heard about property tax first time when these people form municipal came to my house and said we need to value your house so you can pay tax, I had no idea about what and how they did but what am aware of is that I pay a fixed amount of property tax for about four years now.

Other complained on being charged the same amount with those owning big houses, the municipal council should consider possibility of appreciation for a house that was valued past five years. Keeping the database update will help to solve this problem of undervaluation of property, also appropriate valuation methods should be applied to proper class of property hence improving tax collections.

☆ **Time Lag in property valuation process**

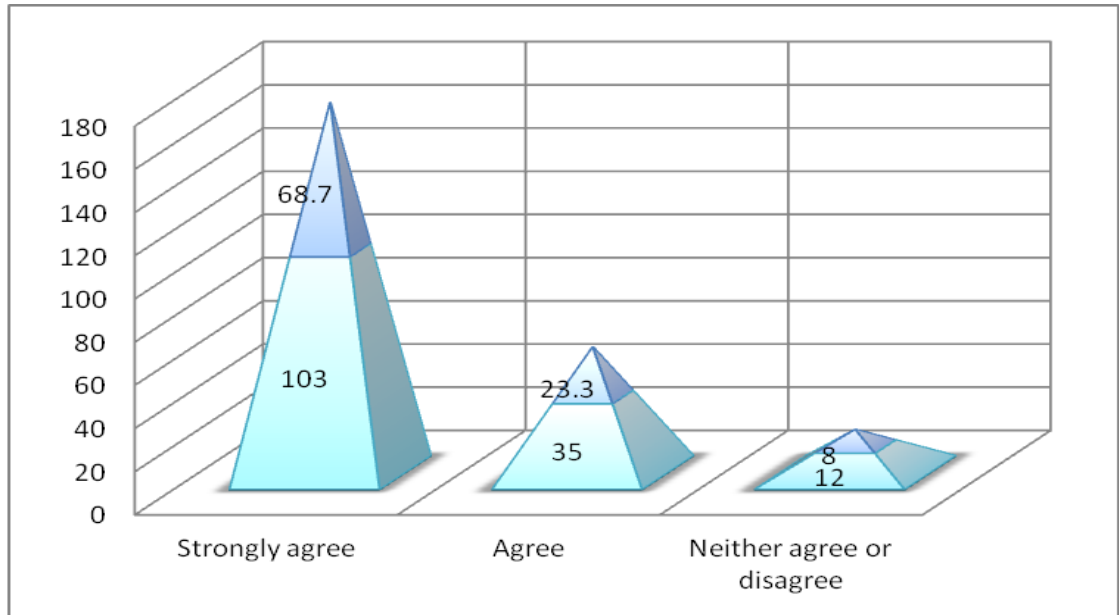
Table 5.5: time lag in property valuation

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	103	68.7	68.7	68.7
Valid Agree	35	23.3	23.3	92.0
Valid Neither agree or disagree	12	8.0	8.0	100.0
Valid Total	150	100.0	100.0	

Source: Research data

The property tax law in Tanzania requires that revaluation of properties be undertaken after every five years to depict the correct market value as well as the additional value due to various improvements on those properties. The law resulting into most of assessed properties paying tax below their realistic amounts relative to their market value leading to vertical inequities in property tax system.

Figure 5.5: time lag in property valuation



Source: Research Data (2013)

Long time taken in property valuation cause inequality in property taxation and is also big source of revenue leakage that negatively impact the revenue collected from source. This was supported by the 68.7% of the respondents who have strongly agree the above question and 23.3% have agree that time lag in property valuation process affect tax collector to effect their works.

Most of respondents complain that when you need to value your house the municipal takes so long to value your house and so the council should expect not reaching goals as punishment. The reason for delay valuation of property is the lack of enough equipment to perform valuation in time and funds from property tax collection are sometime used to do other development activities, if valuation has to be done arrangement has to be made to get the money something which takes time.

5.2.2 Measures to improve property tax collection system

☆ Improving the quality of social service provision

Table 5.6: Improving quality of social services

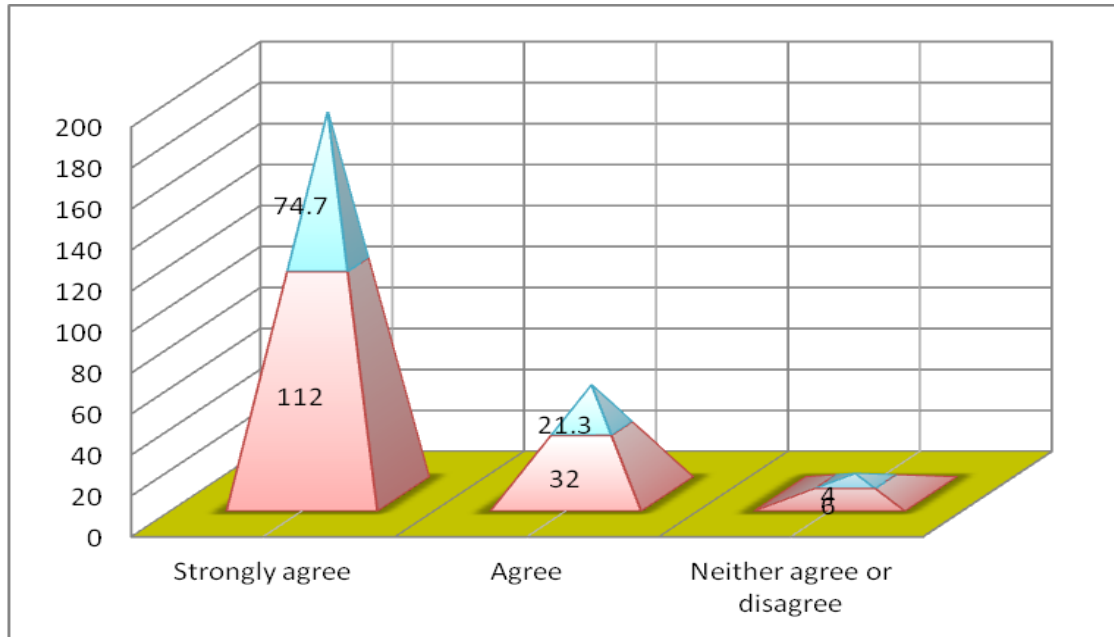
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	112	74.7	74.7
	Agree	32	21.3	96.0
	Neither agree or disagree	6	4.0	100.0
	Total	150	100.0	100.0

Source: Research data

74.7 % of the respondents have strongly agree that improving the quality of social service provision is among the measures that Kinondoni municipal councils can take to improve the tax collection, 21.3% of the respondents have also agree that improving the quality of social service provision can be among the measure to be taken to improve voluntary property tax collection. Property taxes are an appropriate local government's revenue source owing to the connection between services funded at the local government level and property taxes.

In real situation property tax is like a benefit tax because the taxes approximate the benefits received from local government services. Political will must be mobilized to enforce the rule of law at all levels. The appropriate enforcement as well as objections and appeals procedures must be in place. Furthermore, tax exemption and tax relief provisions must be reviewed both at central and local level to ensure enough fund for improving social service provision.

Figure 5.6: Improve quality of social services



Voluntary compliance on property tax administered by local government authorities in Tanzania is low generally. Property tax compliance was high where services and infrastructure which had been rehabilitated under the Urban Sector Rehabilitation Programmes (USRP). However the current service levels are straining voluntary compliance because many people are not happy with infrastructure and services provided in their areas. Citizens are like customers who are after quality thus compliance of taxes highly depend on the level of social service provided by the municipal.

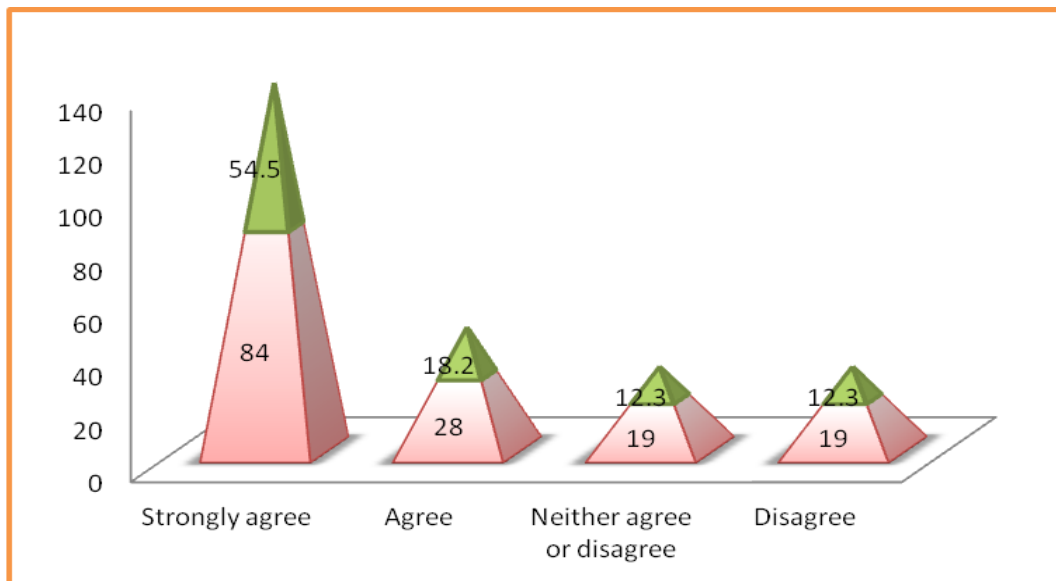
☆ **Decentralise property tax payment to street government**

Table 5.7: Decentralise property tax payment to street government

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	84	56.0	56.0	56.0
Valid Agree	28	18.7	18.7	74.7
Valid Neither agree or disagree	19	12.7	12.7	87.3
Valid Disagree	19	12.7	12.7	100.0
Total	150	100.0	100.0	

56% of the respondents have strongly agree that by decentralising property tax payment from the central government to street government as measure to improve by 18.7% of the respondent have agree the above motion, 12.7% of the respondents have neither agree or disagree that the payment process to be paid direct to the street to street government.

Figure 5.7: Decentralise property tax payment to street government



Respondents had opinion that property tax should be collected from street government offices because at village level it would be easy to administer as the village leader can easily identify people who do not pay. To large extent this will increase revenue and will adhere the principle of economy encouraging people to pay for improvement in their dwellings.

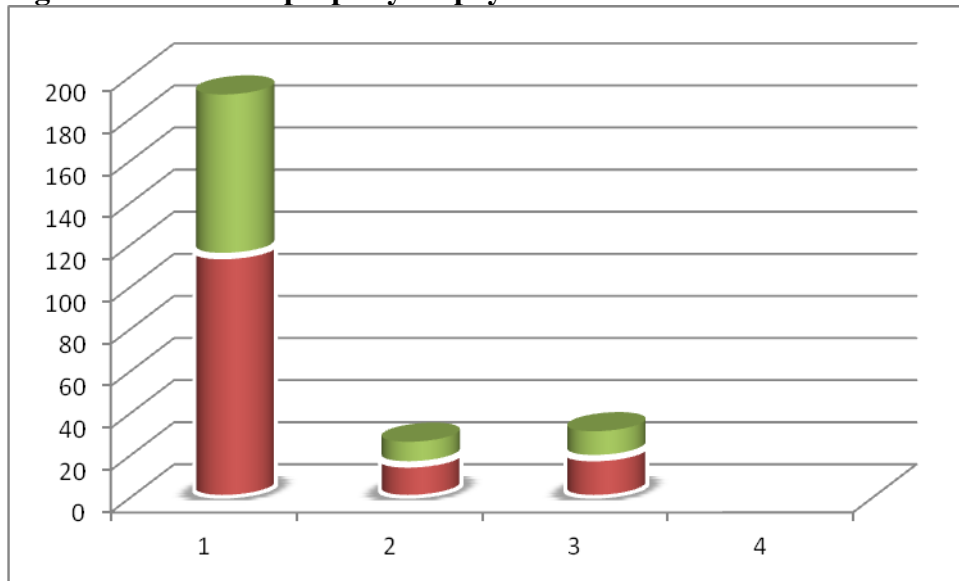
☆ **Educate the property taxpayers**

Table 5.8: Educate property taxpayers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	115	76.7	76.7
	Agree	16	10.7	87.3
	Neither agree or disagree	19	12.7	100.0
	Total	150	100.0	100.0

From the table above, 76.7% of the respondents strongly agreed that taxpayers should be educated further, 10.7% agreed to further educate taxpayer and the rest 12% had no opinion on the question.

Figure 5.8: Educate property taxpayers



Source: research data

Many citizens are unaware of their legal rights and duties as taxpayers. They often fail to understand why they should honor their tax obligations, what benefits to expect from their authorities and when, where and how to pay their taxes. Appropriate education campaigns in Kiswahili and English prior to respective data collection and billing procedures are key to informing and motivating taxpayers. Campaigns can be conducted via radio, television, the press, billboards, flyers and specific service counters. To increase service and enhance compliance, simplified and user-friendly billing systems must be available too. To promote accountability, there must be more emphasis on awareness campaigns to educate taxpayers on their rights to services from their LGAs in return for tax collection. These services include street maintenance, garbage collection, fire service, water supply, education and health. At the same time, politicians and representatives of LGAs must be made aware of their respective roles and responsibilities, as they are accountable for the use of tax money at communal level.

☆ **Reform of valuation procedure**

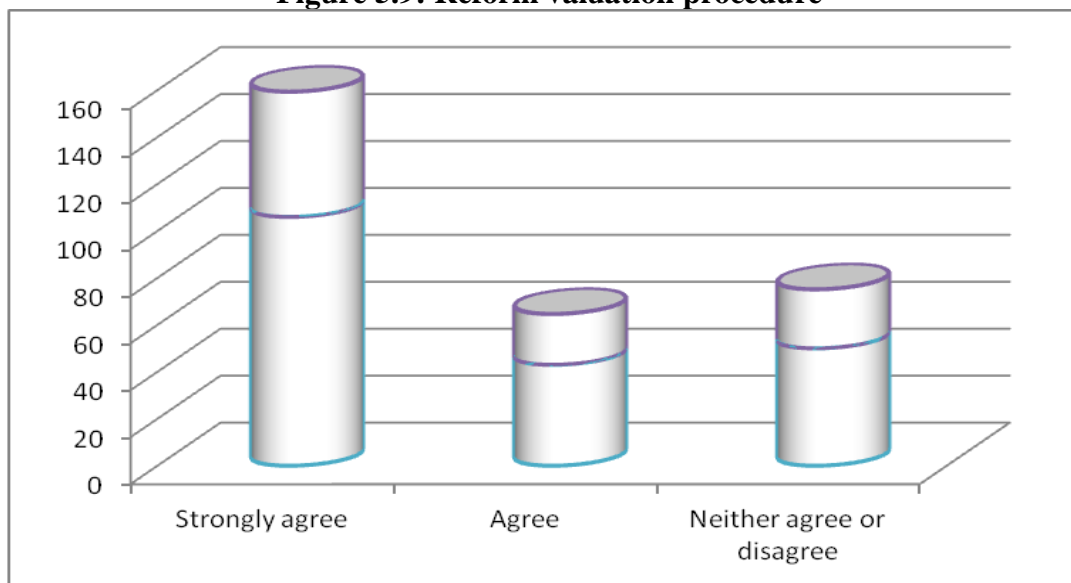
Table 5.9: Reform valuation procedure

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	63	40.9	42.0
	Agree	37	24.0	66.7
	Neither agree or disagree	50	32.5	100.0
	Total	150	97.4	100.0

Source; Research data

42 % of the respondents have strongly agree valuations procedures should be reformed due to several problems including lack of enough valuers to perform valuation in Tanzania is steal a critical problem, 24.7 % have also agree that valuation procedures should be reformed for effectively property tax collection. The above facts are supported by various research Kayuza and Musunu.

Figure 5.9: Reform valuation procedure



Source; Research data

Property tax is based on seriously outdated valuations, which are very low, although the law requires that valuations be carried out every five years. Many valuable properties are not taxed at all, and many newly refurbished buildings have not been re-valued. Systems of recording and valuing properties are seriously deficient. This is partly because the skilled technical staffs needed to organise and supervise valuation work are in short supply.

The University Computing Centre of Dar es Salaam (UCC) was commissioned to develop a computerized Property Rate Information Management System (PRIMS). The involvement of this national competence centre, which has already developed a number of data-based systems also provides for consistent quality and the sustained maintenance of the data management system in Dar es salaam. PRIMs comprise data collection, data management, valuation, billing, enforcement and taxpayers' education. The data collection and data management part within PRIMs has been completed and implemented.

5.3 Chapter Summary

In this chapter the researcher has discussed the research findings obtained from respondents who are property owner and official from property tax collection system. The respondent expressed their view which enable researcher to assess challenges that affect property tax collection system and the measure that can be take eradicate those challenges. Respondents were presented in term of gender, age, income level and education level to enable judgement of the information provided. The study show that delay in payment, the inconsistency in valuation process, Small number of property values, Low awareness of the property tax payers, Inadequate follow up due to small number of municipal officials, Corruption/dishonest behaviour shown by most officials, Time lag between valuations, Lack of effective statutory rates of property tax, and, inadequate property Tax administration and different methods for determination of tax base are the main challenges that face

property tax collection system at Kinondoni municipal council. The study went further to come out with the measure that can be take to get rid of those challenges which included Promoting awareness, Improve the quality of social service provision, Transparency on the use of property tax, Property Valuation procedures, Re valuation of all property, Updating taxable values (every 1 to 3 years instead of 5 years) and The need for IT technology. The conclusion and recommendation of this study is given in chapter six.

CHAPTER SIX

CONCLUSION, SUMMARY AND POLICY IMPLICATIONS

6.0 Introduction

This chapter explains the summary, conclusion of the research problem, research objectives and research questions. Furthermore, the chapter will show how the study contributes to the policy makers and practitioners. The chapter also gives recommendations for property tax collectors in Tanzania especially TRA and LGAs.

6.1 Summary of Findings

6.1.1 Summary on Findings on General Information of Respondents

The study survey was conducted in a study area in which all respondents are at the mature age, the respondents age group range from 19 years – 24 years (4%), 25 years – 34 years (38%), 35 years – 44 years (16.5%), 45 years – 54 years (39.5%), and 55 years – Above (32%), majorities of respondents were in active age, and can work efficiently. The study also shows that 57% of the respondents were married, 18% of the respondents represent widow group, 15% of the respondents were single and 10% of the respondents have separated. In which (47.5%) of total respondents have no formal education, (8.6%) of total respondents are primary education, (17.7%) are secondary education level, and (26.3%) are of those who have college level education. Majorities of the respondents by 54% were self-employed, 36% were employed in private and government sector and 10% were unemployed.

6.1.2 Summary of Findings on Property Tax payer awareness, Property tax administration and challenges facing Tax collection system

In this research, it was established that a large number of citizens at Kinondoni municipal council owned luxury houses and other high value properties but they are not willing to pay property tax for the property they own. But there is a little bit hope for the contribution of property tax as the days go on compared to the previous years as some of taxpayers becoming aware and voluntarily agree to pay

property because of improvement on infrastructure to some parts. Even though a more close follow up from the TRA and LGAs is required to ensure they educate them to pay property tax on time and also to educate the taxpayers how the property tax is calculated, taxpayers must feel that they are being treated fairly and the same as others and taxpayers should see the connection between taxes paid and community improvement.

On the other hand Delay in payment, The inconsistency in valuation process, Small number of property values, Low awareness for the property tax payers, Inadequate follow up due to inadequate number of municipal officials, Corruption/dishonest behavior shown by most officials, Time lag between valuations, Lack of effective statutory rates of property tax, inadequate property Tax administration and different methods for determination of tax base, from the research it has been observed to be the most critical challenges for now which hinder the Tax collection system in Kinondoni municipal council.

6.2 Conclusion

Despite its limitations and many avenues for future research not explored, the study serves the role of an important pilot in the assessment of challenges that face Property Tax collection system at Kinondoni municipal council. The major contribution of this exploratory study is identifying challenging factors like delay in payment by property tax payers, the inconsistency in valuation process, small number of property valuers, low awareness of the property tax payers, Inadequate follow up due to low municipal actors, corruption/dishonest behavior shown by most officials, time lag between valuations, lack of effective statutory rates of property tax, and, inadequate property tax administration and different methods for determination of tax . Most challenges that the researcher discussed have positive relationship with the effectiveness of the property tax collection system.

However, problems of inadequate land information for property taxation have been noted to be a common feature of property tax systems in developing countries (Bahl,

1998; Dillinger, 1992). Database for properties which contains data generated from the field by ward and village leaders VEO and WEO is rarely updated so showing deficiency in municipal where valuation is done. Inadequate funds to survey and identify new properties that are not valued and those improved remains to be a problem in keeping the property database up to date.

Good and effective property taxation practice requires valuation to be maintained after it has been established. Hence property identification and valuation should be ongoing and not one-time processes. Maintenance of valuation roll involves identification of new properties not in the roll and valuing those that have undergone changes. TRA needs taxpayer cooperation in increasing property tax compliance a thing that can only be achieved if the authority will establish clear understanding of the taxpayer issues that need to be addressed. Municipal council's response to the concerns could be one way of motivating the taxpayers to comply. From the study the poor services provided by municipal rose as a major incentive for property owner's resistance to pay property tax. There is a need for the Municipal Councils to find means by which municipal services are provided in order to justify the levying of property tax.

Most of the respondent property owners were of opinion that they were willing to pay property tax if they would be assured of municipal services availability. Property owners have been financing connections to infrastructure service systems personally something that shows there is a lot of willingness to cooperate if these people were assured that the taxes they paid would be directed to the provision of basic infrastructure services in their local areas.

6.3 Implications to policy makers

The findings generated from this study hold important practical implication for LGAs, TRA and also the public (property owner) at large that are the ones who own those properties like buildings and lands in order to ensure they voluntarily pay their property taxes and on time to enable LGAs to use those revenues by providing in return for better social services and infrastructures as one among the responsibilities of Local government authorities to promote social and economic welfare and well being in their areas like water and sanitation, roads, education, better health, and other. Furthermore the government will use the study for policy reform of property tax cadre.

Findings of this study are of use to municipal and the government at large because they reflect to the large percentage the real situation on property taxation. New issues raised by the findings in this study will be of greater value because will grab attention of the persons responsible to act and make necessary reforms to improve hence enabling effectiveness in property tax collection.

6.4 Recommendations

This section aims at aiding the concerned authorities like ministry responsible, TRA, LGAs and Property Tax owner. The recommendations were made, formulated basing on research findings in the previous sections and on literature read. The researcher recommends the following:

- Reforms on the Laws concerning to property tax, for instance in Tanzania land is not taxed under the property rating system because it belongs to the state while in other countries is a good source of revenue and taxed under the property rating systems
- *Reforms in Exemption of tax granted:* In Tanzania there is greater chances for property owner to escape paying taxes under the umbrella of exemption section, for instance exemption is granted on property personally occupied

by the President, properties used for public utilities or public worship, public libraries and museums, cemeteries and crematoria, civil and military airdromes, sporting facilities, railway properties and any such properties as prescribed by the Minister responsible for Local Authorities to be tax exempt. Under those exemptions it is easy for the property owner to use as an umbrella to avoid paying their taxes. So it is my suggestion that the government to review these exemptions

→ *Reform in valuation systems*, under the findings it was found that system of valuation is a challenging area in Tanzania, due to lack of sufficient financial resources and enough valuers to perform valuation that results to improperly valued properties. For instance some properties are taxed based on valuation rolls, and others on flat rate.

For example a property that was valued two years ago and now renovated their value actually increases but the increased value is not reflected in the databases. That way municipal loses much revenue as many buildings are renovated everyday so my recommendation that the municipal should review its policy on property valuation adhering to the principles of taxation.

→ *Reform in tax rate and methods*, in most cases local government authorities tend to set tax rates that are unrealistically low or high and have little regard to the actual cost of valuation and other areas of administration. This result to burden on side of (citizens or Local government authorities), some time minimum and maximum taxes for particular classes or sectors of property are inappropriately set.

→ *Tax administration*, small number of property tax valuers at Local government authorities results in inequitable property taxation due to taxing only the identified properties spotted in the valuation procedure. This creates a loophole for property owners whose properties have not been identified

and registered to escape the property tax without being noticed. My recommendation to municipal is to make sure that the property database is updated to capture all the new properties built and outsourcing more skilled personnel's from universities and tax profession centres to reduce loss of government revenue.

6.4 Future Studies

This study was conducted to explore the challenges face property tax collection system at Kinondoni municipal councils. I would suggest that for further research, on the same field to other LGAs across the countries because during the whole research it was found like property tax is a new issue to most of the public and owners of the property and also is a tough side for the LGAs due to intervention from politicians hence, experience advocates cautiousness to local governments. This is a very interesting and current area of research and in much need of further investigation to other municipals.

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ANNEXES

Annex 1: Research schedule of activities

This research process started on July and is expected to be accomplished in March 2013. Here below is a schedule of all the activities to be undertaken to accomplish the research.

Annex 2: Research schedule of activities

S/ N	Activities	2012-2013																	
		July		Augus		Sept-Oct				Nov-Dec				Jan-Febr				March	
		2	3	2	3	1	2	3	4	1	2	3	3	1	2	3	4	1	2
1	Problem identification	■	■																
2	Proposal writing			■	■	■	■												
3	Proposal presentation							■											
4	Proposal submission								■										
5	Data collection									■	■	■	■						
6	Data analysis													■	■				
7	Result presentation															■			
8	Report writing																■	■	
9	Report submission																		■

Research budget estimation and sources of fund

- **Source of Research Fund**

This research main source of fund is personal contribution the following indicate the budget break down.

- **Research budget**

Here below are estimates for whole research work.

Annex 3: Estimate of research budget

S/N	ATIVITY	UNIT	AMOU NT	TOTAL
1.	Research proposal preparation -Photocopying -Flush disk -Printing	22 HRS 1 20pg	4000/= 50000/= 1000/=	88,000/= 50,000/= 120,000/=
2.	Data collection -Stationery -Meal allowances -Enumerator -Transport expenses	5 rims 30 days x3 1 3 data collectors	10,000/= 5,000/= @ 70,000/= 30,000/=	50,000/= 450,000/= 70,000= 30,000/=
3.	Data processing, analysis and presentation -Meal allowance	16 days	5,000/=	80,000/=
4.	Report writing(Dissertation) -Printing and binding	2 copies	45,000/=	290,000/=
TOTAL				1,228,000

QUESTIONNAIRE

A CASE OF KINONDONI MUNICIPAL CONCIL

March 2013 – May 2013

The data provided in this survey is confidential and will be used only for scientific purposes by the researcher.

Start Time _____

End Time _____

Date _____

Researcher Name: , **Phone:**0715838587 **Email:**

PART I: DEMOGRAPHIC PROFILE OF RESPONDENTS (100)

The questions asked in this section will be used for classification purposes only. The information gathered will not be used in any other way and will be kept strictly confidential. Please Tick [√] the most appropriate alternative/s

<p>(100a) Provide your full name (Option) _____ _____</p>	<p>(100 b)For how long have owned this property? _____</p>
<p>(100 c) What is your highest level of education? <input type="checkbox"/> No formal education <input type="checkbox"/> Primary education <input type="checkbox"/> Secondary education <input type="checkbox"/> College education <input type="checkbox"/> Other level (specify) _____</p>	<p>(100 d) What is your marital status? <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Separated <input type="checkbox"/> Widow</p>
<p>(100 e) which of the following best categories describe your occupation? <input type="checkbox"/> Employed <input type="checkbox"/> Unemployed <input type="checkbox"/> Self employed <input type="checkbox"/> Other level (specify) _____</p>	<p>(100 f)What is your gender? <input type="checkbox"/> Male <input type="checkbox"/> Female</p>
<p>(100 g) which of the following best categories describe</p>	<p>(100 h)Which of the following categories best describe your annual income?</p>

<p>your age?</p> <p><input type="checkbox"/> 19 – 24 years</p> <p><input type="checkbox"/> 25 – 34 years</p> <p><input type="checkbox"/> 35 – 44 years</p> <p><input type="checkbox"/> 45 – 54 years</p> <p><input type="checkbox"/> 55 – Above</p>	<p><input type="checkbox"/> Less than 500.000 Tzs</p> <p><input type="checkbox"/> 500,0000 – 3 millions</p> <p><input type="checkbox"/> 3 millins – 6 millions</p> <p><input type="checkbox"/> Above 6 millions</p> <p><input type="checkbox"/> Other level (specify) _____</p> <p><input type="checkbox"/> I don't know</p>
<p>(100) Did you pay your property Tax ?</p> <p><input type="checkbox"/> YES</p> <p><input type="checkbox"/> NO</p>	<p>(100) How can you describe the amount/rate of property tax you pay?</p> <p><input type="checkbox"/> Too high</p> <p><input type="checkbox"/> Average</p> <p><input type="checkbox"/> Low</p>
<p>(100) For your opinions, is there effectiveness for Tax collection system in Tanzania?</p> <p><input type="checkbox"/> YES</p> <p><input type="checkbox"/> NO</p>	<p>(100) Did you pay your property tax on time?</p> <p><input type="checkbox"/> YES</p> <p><input type="checkbox"/> NO</p>

PART II: PROPERTY TAX COLLECTION

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

<u>(201) Challenges of Property Tax collection system</u>	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
(201 a) The property Tax payers delay in paying their property taxes	1	2	3	4	5
(201b) The property tax collectors are subjected to corruption behavior	1	2	3	4	5
(201c) The low level of awareness has made most of property owner fail to pay their property taxes	1	2	3	4	5
(201 d) The methods of determination of property tax rates influence most property tax payer not to pay their property taxes	1	2	3	4	5
(201 e) Lack of effective statutory rate for property tax is one among the critical challenge	1	2	3	4	5
(201f)Time lag in property valuation process affect tax collector to effect their works	1	2	3	4	5
<p>(202) How do you rank the challenges facing Tax collection system in Tanzania?</p> <p><input type="checkbox"/> Too high</p> <p><input type="checkbox"/> Average</p> <p><input type="checkbox"/> Low</p>					
<p>(203) For your opinion what are the other challenges that affect tax collection system in Tanzania?</p> <hr/> <hr/> <hr/>					
<u>(204) Measures to improve property tax collection system</u>	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
(204 a) By improving the quality of social service provision will motivate property tax payer to pay their property at time	1	2	3	4	5
(204b) By totally decentralize the payment of property tax to street government will reduce the corruption behavior	1	2	3	4	5
(204c) More education is required to motivate the property owners pay their property taxes	1	2	3	4	5
(204 d)Direct and Shorty valuation procedure	1	2	3	4	5

(205) How do you rank the property tax awareness to Tanzania citizens?

- Too high
- Average
- Low

(206) How does the education level influence property tax payer to yes their property taxes?

- Too high
- Average
- Low

Optional Information

Respondent Name _____ *Phone Number* _____
Respondent E-mail _____ *Street* _____

===== ***THE END*** =====