



**TANZANIA REVENUE AUTHORITY**

**THIRD CORPORATE PLAN**

**2008/09 – 2012/2013**

**TANZANIA REVENUE AUTHORITY  
DAR ES SALAAM  
APRIL, 2008**

## OVERVIEW OF TRA's THIRD CORPORATE PLAN ALIGNED WITH NATIONAL DEVELOPMENT GOALS

| Millenium Development Goals 2015                              | National Vision 2025  | MKUKUTA 2010   | MKUZA 2010   | TRA VISION, MISSION AND STRATEGIC GOALS  | TRA STRATEGIC OBJECTIVES  |  |
|---|---|--|--|--|---|--|
| 191 UN member States have pledged to meet eight goals by 2015 | It is envisioned that Tanzanians will have graduated from a least developed country to a middle income country by the year 2025 with high level of human development. Tanzania of 2025 should be a nation imbued with five main attributes: | National Strategy for Growth and Reduction of Poverty (NSGRP) 2005/06 - 2009/10 is geared towards achieving three cluster goals: | Zanzibar Strategy for growth and reduction of Poverty (ZSGRP)                      | <b>VISION:</b><br>It is envisioned that TRA will be <i>a Modern Tax Administration by 2013</i>   | <b>GOAL 1:</b><br><ul style="list-style-type: none"> <li>●Broaden the Tax Base</li> <li>●Strengthen Domestic Revenue Operations</li> <li>●Improve Tax Structure</li> <li>●Enhance the system for monitoring and controlling cost of revenue collection</li> </ul> |  |
| 1. Eradicate extreme poverty and hunger                       |   | <b>Cluster 1.</b> Growth and reduction of Income Poverty   | <b>Cluster 1.</b> Growth and reduction of Income Poverty                           | <b>MISSION:</b><br>An effective and efficient Tax Administration which promotes voluntary tax compliance by providing high quality customer service with fairness and integrity through competent and motivated staff. |   |  |
| 2. Achieve Universal Primary Education                        |   | 1. High quality livelihood   | <b>Operational Target:</b><br>Macroeconomic stability maintained                   | <b>Operational Target 1.1.1</b><br>Stable Macroeconomic environment promoted   | <b>GOAL 2:</b><br>Increase Revenue Collection in a Cost Effective Way   | <b>GOAL 2:</b><br><ul style="list-style-type: none"> <li>●Introduce electronic operations</li> <li>● Enhance Customs Administration System</li> <li>●Enhance Domestic Tax Administration System</li> <li>●Strengthen Data Production and Management</li> </ul> |
| 3. Promote gender equality and empower women                  |   | 2. Peace, stability and unity  | <b>Cluster Strategy 1.1.11:</b><br>a) Continue to strengthen tax administration    | <b>Key Intervention:</b><br>Pursuing prudent Fiscal and Monetary Policies  |   |  |
| 4. Reduce child mortality                                     |   | 3. Good governance   | b) Reduce Tax evasion and Corruption   | <b>Operational Target 1.1.2</b><br>Revenue collection increased from 13.8% of GDP (2005) to 18.5% by 2010  | <b>GOAL 2:</b><br>Modernise TRA Operations  | <b>GOAL 3:</b><br><ul style="list-style-type: none"> <li>●Enhance TRA Quality Management System</li> <li>●Improve Customer service</li> <li>●Enhance Trade Facilitation</li> </ul>   |
| 5. Improve Maternal health                                    |   | 4. A well educated and learning society  | c) Eliminate harrasment of taxpayers   | <b>Key Intervention:</b><br><ul style="list-style-type: none"> <li>● Implement recommendation of Revenue Base Study</li> <li>● Formulate tax Policy and roll out Tax Administration Programme (TAP)</li> </ul>         |   |  |
| 6. Combat HIV/AIDS, malaria and other diseases                |   | 5. A competitive economy capable of producing sustainable growth and share benefits  | d) Review tax policy in order to increase effort                                   |  | <b>GOAL 3:</b><br>Provide High Quality and Responsive Customer Services   | <b>GOAL 4:</b><br><ul style="list-style-type: none"> <li>●Enhance Risk Management</li> <li>●Enhance Tax Knowledge</li> <li>●Provide support to Local Government Authorities</li> </ul>   |
| 7. Ensure environmental sustainability                        |   |  | <b>Intervention package:</b> Tax Policy and Administration & Taxpayer Registration |  | <b>GOAL 4:</b><br>Promote Voluntary Tax Compliance  |  |
| 8. Develop a global partnership for development               | <b>Cluster 2.</b> Improvement of quality of life and social well being  |  |  |  | <b>GOAL 5:</b><br>Enhance Staff Performance Management System   |  |
|   | <b>Cluster 3.</b> Good governance and accountability  |  |  |  |   |  |

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## EXECUTIVE SUMMARY

The Tanzania Revenue Authority (TRA) is finalising the implementation of the Second Corporate Plan which commenced in July 2003 and will be completed on 30<sup>th</sup> June 2008. The Second Corporate Plan has a total of 70 major initiatives out of which 65 initiatives have been completed and the remaining 5 will be implemented by June 2008 making up a 100% performance. Revenue collection has increased by 79% from Shs 1.4 trillion during the year 2003/04 to Shs 2.5 trillion in 2006/07 and it is expected to reach Shs 3.3 trillion by June 2008 which is an increase of 136% for the five year period. The performance has been very good given the fact that Management had to strike a good balance between continuously increasing revenue collections and implementing reforms and the fact that the estimated target by the fifth year of the Second Corporate Plan was to collect Shs 2.4 trillion.

The Authority has prepared the Third Corporate Plan for the period 2008/09 – 2012/13 which builds over from the achievements gained in the Second Corporate Plan and the future challenges. Preparations of the Third Corporate Plan have taken a bottom up approach whereby various discussions were arranged with District Managers, Assistant Regional Managers, Regional Managers, Headquarter Managers, Deputy Heads and Heads of Department as well as valuable inputs from the Board of Directors, Development Partners and stakeholders.

The vision for the Third Corporate Plan is to be **“A Modern Tax Administration by 2013”** with a mission of being **“An effective and efficient Tax Administration which promotes voluntary tax compliance by providing high quality customer service with fairness and integrity through competent and motivated staff”**. The vision and mission have been decomposed to five balanced strategic goals namely: a) Increase Revenue Collection in a Cost Effective Way; b) Modernise TRA Operations; c) Provide High Quality and Responsive Customer Services; d) Promote Voluntary Tax Compliance and e) Enhance Staff Performance Management System.

The main expected results for the Third Corporate Plan include:-

- a) Automation of key operations to ensure that TRA delivers efficient services to taxpayers, has a reliable base for accurate and consistent data for timely reporting and decision making;
- b) Enhancement of Risk Management Techniques ;
- c) Enhancement of taxpayer compliance through enforcement measures as well as taxpayer service and education programmes;
- d) Broadened tax base and
- e) Enhancement of staff performance management system.

These will be implemented though a total of 88 initiatives during the five year period. There will be 14 initiatives for Goal 1, 22 for Goal 2, 15 for Goal 3, 14 for Goal 4 and 23 for Goal 5 during the period 2008/09 – 2012/13.

It is projected that TRA will increase revenue collections from **Shs 4.37 trillion** during the year **2008/09** to **Shs 8.97 trillion** during the year **2012/13** and subsequently increasing the revenue yield from **17.1% to 20.3%** during the five year period. The total estimated cost of implementing the Third Corporate Plan activities is **Shs 218.0 billion** out of which **Shs 8 billion** will be financed from the Basket Fund. The financing gap is **Shs 210.0 billion** (excluding payroll) which TRA needs from the Government in order to implement the Corporate Plan.

The total cost (including payroll) to implement the various initiatives in the Corporate Plan will increase from **Shs 157.1 billion** during the first year (**2008/09**) to **Shs 166.5 billion** during the fifth year (**2012/13**). The total cost of implementing the Third Corporate Plan including payroll for the five year period is **Shs 777.8 billion**. The Authority is expected to collect **Shs 32,089 billion** over the same period. This is an estimated average of **2.4% cost of collection** for the five year period which is a drop from an average of **3% cost of collection** during the implementation of the second Corporate Plan.

The funding for the TRA Corporate Plan will basically be from the Government as well as from the Development Partners under the Basket Funding arrangement which expires in June 2009.

TRA will monitor the implementation of the Corporate Plan through various performance measures. The Key Performance Indicators measure the nature and scope of operations, efficiency and effectiveness of the tax administration. Operational Indicators are outlined in the implementation matrix measure achievement of each initiative while the perception indicators will measure performance based on stakeholders' perception surveys. All these indicators will be monitored and will enable TRA and its stakeholders to assess the overall success or failure of this Corporate Plan

The Authority is confident that given the performance realised under the Second Corporate Plan, the strategies put in place in implementing the Third Corporate Plan and the continued necessary support by the Government, the Third Corporate Plan will be a success. We bank on the Government to provide the needed funding so that TRA on its part can collect the projected revenues.

# **TANZANIA REVENUE AUTHORITY CORPORATE PLAN 2008/09 – 2012/2013**

## **1.0 INTRODUCTION**

### **1.1 Background**

The Tanzania Revenue Authority (TRA) over the last ten years has evolved from a tax administration that focuses only on revenue collection to an organisation that gives special attention to the type of services provided to its customers. This has been a result of various initiatives that have been implemented by TRA since its inception and in both the first and second Corporate Plans.

It has now become customary for TRA to plan its activities based on a medium term Corporate Plan and in view of that, TRA has prepared the third Corporate Plan to take over where the second Corporate Plan ended. The process for preparation of the third Corporate Plan has taken a bottom up approach, which involved sessions with District Managers, Assistant Regional Managers and Regional Managers at the initial stage. This was followed by sessions that included Headquarters Managers, Heads of Department and their Deputies and the Board of Directors with subsequent input from Development Partners as well as TRA stakeholders. The objective of the sessions was to share and discuss the challenges and achievements of the second Corporate Plan and brainstorm ideas for the third Corporate Plan. The ideas from the various sessions formed the basis for the preparation of the draft third Corporate Plan. The draft Corporate Plan has been shared with the same groups both internally and externally and their comments and recommendations have been incorporated in subsequent drafts. This participatory process has been successfully conducted and has provided ownership of the third Corporate Plan as a way forward to further modernise TRA operations.

This Plan has been developed using a Balanced approach whereby the Strategic Goals representing the Strategic Themes have taken into

account the four Balanced Score Card Perspectives of Financial; Customer/Stakeholder; Internal Processes and Organisational Capacity.

## **1.2 Implementation of the second Corporate Plan 2003/04 – 2007/08**

The second Corporate Plan was an ambitious Plan that aimed at reforming TRA into a Modern Tax Administration that has a strong enforcement capacity delivered by highly qualified, motivated and committed staff; has an integrated approach to the administration of taxes; is computerised; uses modern practices and processes and ensures compliance by facilitating taxpayers' obligations

### **1.2.1 Achievements**

In the ambitious second Corporate Plan, TRA planned to implement 70 major reform initiatives. Up to June 2008, more than 95% of the initiatives have been implemented across the five strategic goals with the aim of achieving the vision of becoming a Modern Tax Administration. The major achievements include:

#### **a) Increasing revenue in a cost effective way**

Revenue collections have increased significantly during the second Corporate Plan period from a monthly average of Shs 117 bn in 2003/04 to an average of Shs 209 bn in 2006/07 and the expectations on the basis of the approved budget is Shs 278 bn for the year 2007/08. Figures in **Table1** shows that actual revenue collection performance in Mainland has been persistently above the revenue targets throughout the plan period. The favourable revenue performance trend influenced the revision of the initial revenue forecasts to match with the real situation. Approved net revenue projection for the year 2007/08, is set to be **Shs. 3,333.1 billion** against the Plan's initial projections of **Shs 2,405.6 billion**. These figures denote a landmark performance at a rate of more than 138% making the second Corporate Plan a success story.

**Table 1: REVENUE PERFORMANCE 2003/04 – 2007/08****Billion Shs**

| <b>MAINLAND</b>            | <b>03/04</b> | <b>04/05</b> | <b>05/06</b> | <b>06/07</b> | <b>07/08<br/>Budget</b> |
|----------------------------|--------------|--------------|--------------|--------------|-------------------------|
| Revenue Target             | 1,280.7      | 1,602.9      | 1,997.1      | 2,316.3      | 3,333.1                 |
| Actual Collection          | 1,405.0      | 1,695.2      | 2,040.6      | 2,577.3      | 3,333.1                 |
| Performance                | 110%         | 106%         | 102%         | 111%         | 100%                    |
| Average Monthly Collection | 117          | 141          | 170          | 215          | 278                     |
| Annual Revenue Growth      | 23%          | 21%          | 20%          | 26%          | 29%                     |
| GDP at Market Price        | 13,039.3     | 14,968.4     | 16,857.4     | 18,914.7     | 22,349.7                |
| Revenue Yield              | 10.8%        | 11.3%        | 12.1%        | 13.6%        | 14.9%                   |
| <b>ZANZIBAR</b>            | <b>03/04</b> | <b>04/05</b> | <b>05/06</b> | <b>06/07</b> | <b>07/08<br/>Budget</b> |
| Revenue Target             | 25.5         | 28.5         | 29.1         | 25.77        | 38.3                    |
| Actual Collection          | 21.6         | 20.7         | 22.3         | 30.49        | 38.30                   |
| Performance                | 85%          | 73%          | 77%          | 118%         | 100%                    |
| Average Monthly Collection | 1.8          | 1.7          | 1.9          | 2.54         | 3.19                    |
| Annual Revenue Growth      | -2%          | -5%          | 9%           | 36%          | 26%                     |
| <b>TRA<br/>Expenditure</b> | <b>03/04</b> | <b>04/05</b> | <b>05/06</b> | <b>06/07</b> | <b>07/08<br/>Budget</b> |
| Income                     | 44.9         | 50.6         | 71.1         | 84.9         | 87.5                    |
| Expenditure                | 44.3         | 49.7         | 66.5         | 85.9         | 86.3                    |
| Net Assets                 | 27.1         | 18.9         | 45.5         | 39.7         | 48.4                    |
| Cost of Collection         | 3.2%         | 2.9%         | 3.3%         | 3.3%         | 2.6%                    |
| No. of Employees           | 3,457        | 3,412        | 3,322        | 3,324        | 3,424                   |

**Source: Annual Reports, Finance Dept, Research and Policy Dept - TRA**

During the second corporate plan period, TRA Zanzibar was able to collect **Shs 21.6 billion** in the first year (2003/04) with gradually increases in the subsequent years to **Shs 30.5 billion** in 2006/07 and is expected to collect **Shs. 38.3 billion** in the final year (2007/08). Nonetheless the revenue collection performance was not encouraging especially for the first three years of the plan as a result the annual actual collections were below 80.0%. The major reason behind the discouraging performance during the period was due to the import trade diversion in favour of Mainland following the strict implementation of the harmonization of tariff rates throughout the country.

During the Second Plan implementation, the GDP series in Zanzibar were revised just like in Mainland. Consequently the actual revenue yield figures went down significantly see **Table 2** below.

**Table 2: ZANZIBAR REVENUE COLLECTION PERFORMANCE  
2003/04-2007/08**

*Billion Shs*

| Item/Year                   | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08<br>Budget |
|-----------------------------|---------|---------|---------|---------|-------------------|
| Projected Tax               | 25.5    | 28.5    | 29.1    | 25.8    | 38.3              |
| Actual tax Collection       | 21.6    | 20.7    | 22.3    | 30.5    | 38.3              |
| Nominal GDP                 | 315.5   | 370.0   | 425.2   | 489.1   | 557.2             |
| Projected Revenue Yield (%) | 8.08    | 7.70    | 7.60    | 7.50    | 7.50              |
| Actual Revenue Yield (%)    | 6.85    | 5.60    | 5.22    | 6.24    | 6.87              |
| Actual Performance Rate (%) | 71.5    | 72.6    | 76.6    | 118.2   | 100.0             |

**Source: MoFEA - Zanzibar and TRA Monthly Revenue Reports**

Other achievements in the first strategic goal include:

- Increase in number of registered taxpayers (Corporate and Individuals) from 190,000 in June 2003 to 334,724 in December 2007. It is projected that 380,800 will be registered by June 2008.
- Introduction of the Central Motor Vehicle Registration System (CMVRS) which is operational in 19 centres countrywide. A total of 369,656 motor vehicles have been registered into the system as at December 2007.

b) Integrating TRA operations

This goal has been significantly achieved through:

- Strengthening the integrated Large Taxpayers Department (LTD) which focuses on administering the large taxpayers
- Smooth integration of Income Tax and VAT Departments to form the Domestic Revenue Department which focuses on the administration of medium and small taxpayers
- Implementation of the IS strategy which has enabled the enhancement of ITAX system as an integrated tax

administration system as well as migration of ASYCUDA 2.7 to ASYCUDA++ as a system used in Customs Administration

- Customs Modernisation to improve efficiency and reduce clearance time of goods at Ports and Airports.

c) Provision of high quality and responsive customer service

In order to ensure that taxpayers become partners in business, TRA has established among others a Stakeholders' Forum; Taxpayers' Day; Taxpayer Service Centre and a Taxpayers' Charter. These are all aimed at ensuring that TRA provides services to meet stakeholders' expectations through the Quality Management System as per the ISO 9001:2000 Standard. Taxpayer Surveys are conducted on regular basis to measure the perception of stakeholders on a broad range of services provided by TRA. The customer feedback is used to continuously improve service.

d) Promotion of tax compliance through a fair, equitable and transparent application of tax laws

This goal was achieved through simplification and review of tax laws and regulations in order to improve tax enforcement. The introduction of the Income Tax Act 2004; Tax Administration Act (Common Tax Procedures Code) that consolidates and harmonises all administrative procedures from the substantive Income Tax and VAT Acts and Adoption of the East African Cooperation (EAC) Customs Management Act 2005 are some of the achievements. Additionally, the risk management based operations have been introduced to ensure that TRA focuses on risky areas for efficiency and effectiveness as well as proper allocation of resources.

e) Improving staff competence, motivation and accountability

This strategic goal focused on ensuring that TRA retains qualified, skilled and motivated staff with high integrity to be able to conduct business in a modern environment. The main achievements in this strategic goal include:

- Enforcement of the reviewed Code of Conduct and Anti-Corruption Strategy
- Implementation of a revised staff remuneration
- Introduction of the Balanced Score Card Performance Management System
- Implementation of a HIV/AIDS awareness strategy
- Strengthening of the Institute of Tax Administration
- Improving staff competence through implementation of annual training plans

### **1.2.2 Implementation Challenges**

Although significant achievements have been made in implementing the second Corporate Plan, there are challenges that were encountered and these have formed the basis of the formation of strategies in the third Corporate Plan. Some of the major challenges include:

- Building a base for accurate, consistent and reliable data for reporting purposes
- Building capacity for utilisation of available ICT to capacity
- Establishing an integrated data communication network.
- Enhancing Taxpayer Compliance
- Enhancing Risk Management Techniques in Revenue Administration
- Establishing the size of the informal sector for taxation purposes

### **1.2.3 Tax Modernisation Programme**

A reform was made in the way that Development Partners provided assistance to TRA during the second Corporate Plan. This was the introduction of the Tax Modernisation Programme (TMP) to provide assistance through the Basket Funding arrangement by signing a Memorandum of Understanding between the Government of Tanzania and Development Partners i.e. DANIDA, DFID, European Union, IDA Credit through the World Bank and the Government of Tanzania. Contributions made to the Basket Fund amount to US\$ 33.6 million which will be used up to June 2009.

## 2.0 TRA CORPORATE PLAN 2008/09 – 2012/2013

The third five year Corporate Plan 2008/09 – 2012/13 builds on the experience of the second Corporate Plan. The future of TRA is shaped by a number of social and economic factors and builds on the Millennium Development Goals (MDGs) specifically goal one of **“eradicating extreme poverty and hunger”** and the first attribute of the National Vision 2025 of ensuring **“high quality livelihood”**. Cluster one of the National Strategy for Growth and Reduction of Poverty (NSGRP) popularly known as MKUKUTA for Mainland and MKUZA for Zanzibar, is also a building block for TRA’s third Corporate Plan as it focuses on **“growth and reduction of income poverty”** which will be achieved by maintaining macroeconomic stability, strengthening tax policy and administration reforms. In this Plan, TRA will enhance electronic operations for Domestic Tax operations and Customs Administration. The electronic operations will include filing of returns, lodgement of customs documents, taxpayer registration and payment of taxes. Through the electronic operations TRA will have the necessary information from the established databases which will enable compliance and enforcement functions. It is envisaged that, during the Third Corporate Plan implementation, taxpayers will conduct most of their transactions with TRA from their premises hence frequent visits to TRA offices will be significantly reduced. This objective will ensure that TRA contributes towards reducing the cost of doing business in Tanzania. TRA will provide a fair and transparent environment for application of tax laws by continuing simplifying tax laws and procedures.

Through the TRA Act No 11 of 1995, the Government gave TRA a clear mandate among others of assessing, collecting and accounting for Government Revenue. Additionally through a Government directive in 2002, TRA was required to do a better job in meeting taxpayers’ needs and expectations. It should be noted that, TRA’s customer needs are becoming increasingly dynamic and TRA must ensure flexibility and dynamism in order to respond to these needs and meet

customer expectations. This environment forms the framework of the Third Corporate Plan.

## 2.1 Vision

TRA envisages being a **Modern Tax Administration** and this vision is best described through the following features:

- Revenue Collection targets are met consistently
- Service delivery that meets customer expectations
- Fair and consistent application of tax laws
- Skilled and qualified staff with high levels of integrity

In order to achieve this vision, TRA strives to have a proper balance between quality of service delivery on one hand and proper enforcement on the other so as to be able to respond to environmental changes. In a nutshell, TRA continuous improvement efforts will mostly focus on enforcement programmes, training and technology enhancement.

## 2.2 Mission

As per the statutory functions of TRA, the mission statement summarises TRA's role and how customers' expectations will be met. TRA's mission statement is: **To be an effective and efficient tax administration which promotes voluntary tax compliance by providing high quality customer service with fairness and integrity through competent and motivated staff.**

## 2.3 Strategic Goals

In order to meet customer needs and expectations, TRA organisational structure has been realigned to enable the core revenue departments to function so as to meet the needs of specific taxpayer segments. The Large Taxpayers Department (LTD) focuses on administration of domestic taxes of large taxpayers with annual turnover of Shs 10 bn or more and selected special sectors such as financial institutions and mining companies while the Domestic Revenue Department (DRD) focuses on small and medium taxpayers. Customs and Excise Department (CED) focuses on import and export transactions and hence collection of relevant import duties and preventive activities.

This realignment has helped to clarify accountability and responsibilities for improving taxpayer services, strengthening enforcement initiatives and continuing with the modernisation efforts.

The core departments are supported by other departments of Tax Investigation, Information and Communication Technology, Human Resources and Administration, Research and Policy, Legal Services, Taxpayer Service and Education, Finance and Internal Audit. In order to ensure that there is smooth coordination of the functional based organisation structure and the TRA Corporate Plan, continuous improvement of TRA is coordinated by the Planning and Modernisation Programme Unit through five strategic goals which are cross cutting between departments. The Strategic Goals are further subdivided into strategic objectives which are later broken down into implementation initiatives and are explained in the following paragraphs in a manner that TRA Management and staff can share with each other as well with stakeholders.

### **2.3.1 Goal 1: Increase revenue collection in a cost effective way**

TRA will continue focusing on its primary function of collecting revenue to enable the Government to meet its economic and social obligations. The increase in revenue collection will enable achieve the Cluster 1 MKUKUTA and MKUZA goal of growth and reduction of income poverty, achievement of attributes of National Vision 2025 particularly ensuring high quality livelihood and having a competitive economy capable of producing sustainable growth and share benefits. Finally, this goal will enable achievement of the MDGs particularly the goal of eradicating extreme poverty and hunger.

Increases in revenue collection will be achieved through broadening the tax base by enhancement of the Block Management System and strengthening of information exchange between TRA and other institutions so as to ensure that all eligible taxpayers pay their taxes and are registered in the TRA database. The Domestic Revenue Department that was established in July 2005 will be strengthened to

ensure that it collects taxes efficiently and effectively from Medium and Small Taxpayers, while continuous improvements will be carried out at the Large Taxpayers Department to ensure that it has the necessary capacity to audit the large taxpayers. The tax structure will be continuously reviewed to ensure that it is simplified. The size of the underground economy will be established to ensure that there are no loopholes for tax evasion. **Table 3** below summarises revenue collection targets for the Corporate Plan period.

**Table 3: TAX REVENUE PROJECTIONS FOR CORPORATE PLAN PERIOD 2008/09 - 2012/13 MAINLAND**

*Billion Shs*

| DESCRIPTION                                      | 2008/09         | 2009/10         | 2010/11         | 2011/12         | 2012/13         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>GDP at Mkt prices</b>                         | <b>25,616.0</b> | <b>29,234.3</b> | <b>33,485.9</b> | <b>38,374.9</b> | <b>43,977.6</b> |
| Revenue Yield                                    | 17.1%           | 17.5%           | 18.4%           | 19.3%           | 20.3%           |
| <b>Total Revenue (1+2+3)</b>                     | <b>4,375.1</b>  | <b>5,112.5</b>  | <b>6,160.1</b>  | <b>7,406.4</b>  | <b>8,936.8</b>  |
| <b>3. Reforms</b>                                | <b>202.3</b>    | <b>219.7</b>    | <b>238.5</b>    | <b>258.4</b>    | <b>285.0</b>    |
| % of Reforms to GDP                              | 0.79%           | 0.75%           | 0.71%           | 0.67%           | 0.65%           |
| <b>2. Gap Recovery</b>                           | <b>24.8</b>     | <b>29.8</b>     | <b>35.8</b>     | <b>42.9</b>     | <b>51.5</b>     |
| % of Gap Recovery to GDP                         | 0.10%           | 0.10%           | 0.11%           | 0.11%           | 0.12%           |
| <b>1. Total Net Baseline Revenue &amp; TVCs)</b> | <b>4,147.9</b>  | <b>4,863.0</b>  | <b>5,885.9</b>  | <b>7,105.0</b>  | <b>8,600.3</b>  |
| % of Net Baseline Revenue Forecast to GDP        | 16.2%           | 16.6%           | 17.6%           | 18.5%           | 19.6%           |
| Treasury Vouchers (TVCs)                         | 43.7            | 43.7            | 43.7            | 43.7            | 43.7            |
| <b>Total Net Baseline Revenue</b>                | <b>4,104.3</b>  | <b>4,819.3</b>  | <b>5,842.2</b>  | <b>7,061.4</b>  | <b>8,556.6</b>  |
| <b>Total Refunds</b>                             | <b>147.3</b>    | <b>192.9</b>    | <b>238.2</b>    | <b>294.5</b>    | <b>367.4</b>    |
| <b>Baseline Revenue Forecast</b>                 | <b>4,251.6</b>  | <b>5,012.2</b>  | <b>6,080.4</b>  | <b>7,355.9</b>  | <b>8,924.0</b>  |
| <b>DIRECT TAXES</b>                              | <b>1,365.3</b>  | <b>1,645.8</b>  | <b>2,001.7</b>  | <b>2,447.2</b>  | <b>2,996.9</b>  |
| Employment Taxes                                 | 695.6           | 835.7           | 1,014.2         | 1,236.1         | 1,509.6         |
| Corporate  | 481.5           | 585.2           | 715.3           | 879.1           | 1,081.6         |
| Other Taxes                                      | 188.3           | 225.0           | 272.2           | 332.0           | 405.7           |
| <b>INDIRECT TAXES</b>                            | <b>2,886.2</b>  | <b>3,366.4</b>  | <b>4,078.7</b>  | <b>4,908.8</b>  | <b>5,927.1</b>  |
| <b>CONSUMPTION TAXES</b>                         | <b>1,048.6</b>  | <b>1,207.9</b>  | <b>1,502.2</b>  | <b>1,825.7</b>  | <b>2,234.8</b>  |
| <b>Excise Duty - Domestic</b>                    | <b>280.9</b>    | <b>337.5</b>    | <b>405.9</b>    | <b>487.1</b>    | <b>591.4</b>    |
| Beer   | 115.0           | 139.4           | 167.9           | 202.4           | 244.3           |
| Cigarettes                                       | 67.5            | 78.3            | 93.5            | 110.1           | 135.1           |
| Soft Drinks                                      | 23.8            | 28.8            | 34.5            | 41.4            | 49.9            |
| Mobile Phones                                    | 55.1            | 66.3            | 80.4            | 97.6            | 118.6           |
| Other  | 19.5            | 24.7            | 29.7            | 35.8            | 43.5            |
| <b>VAT Domestic</b>                              | <b>686.2</b>    | <b>773.3</b>    | <b>938.5</b>    | <b>1,147.3</b>  | <b>1,410.4</b>  |
| Beer   | 73.2            | 87.2            | 104.9           | 127.3           | 155.5           |
| Cigarettes                                       | 28.0            | 33.7            | 40.5            | 49.3            | 60.2            |
| Soft Drinks                                      | 19.9            | 23.7            | 28.5            | 34.6            | 42.3            |
| Others   | 565.1           | 628.7           | 764.6           | 936.1           | 1,152.5         |
| Other Domestic Taxes                             | 81.4            | 97.1            | 157.8           | 191.2           | 233.1           |

| <b>INTERNATIONAL TAXES</b> | <b>1,837.6</b> | <b>2,158.4</b> | <b>2,576.5</b> | <b>3,083.0</b> | <b>3,692.3</b> |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Import Duty                | 374.7          | 435.7          | 504.6          | 585.7          | 680.8          |
| Excise Duty on Imports     | 556.2          | 654.3          | 777.8          | 923.4          | 1,095.0        |
| Excise Duty on Petroleum   | 528.2          | 621.3          | 738.6          | 876.8          | 1,039.6        |
| Excise non-petroleum       | 28.1           | 33.0           | 39.2           | 46.6           | 55.5           |
| VAT on Imports             | 654.5          | 769.6          | 936.9          | 1,142.7        | 1,392.9        |
| Other Taxes                | 252.1          | 298.9          | 357.2          | 431.3          | 523.5          |

**Source: TRA – Research and Policy Department-TRA**

The projected figures include both the baseline and the impacts of tax reforms expected to be undertaken during the period. The projections have also taken into account the revenue gap recovery split over the entire projection period. The revenue collection target has been set to increase from **Shs 3,333.1 billion** in 2007/08 to **Shs 4,375.1 billion** in the first year of the third Corporate Plan (2008/09) equivalent to growth of 31.3%. The revenue targets for the entire period of the Plan, is projected to increase from **Shs 4,375.1 billion** in 2008/09 to **Shs 8,936.8 billion** in 2012/13 equivalent to an additional increase of 104.3% during the plan period. Similarly, productivity of the tax system will be improved as delineated by ever-growing revenue yield from 15.7% in 2007/08 to 20.3% in 2012/13. This is equivalent to average annual growth of about 0.9% of the GDP.

During the plan period, Zanzibar revenue target will increase to **Shs 49.2 billion** in the first year (2008/09) from the current budget of **Shs 38.3 billion** in 2007/08. The figure is expected to rise to **Shs 117.0 billion** in the year 2012/2013 of the plan as shown in **Table 4**. The forecasts suggest that there will be a rapid growth of revenue mobilisation from direct taxes due to employment tax reforms that are expected to take place in 2008/09 and tax gap recovery under the corporate sector. Likewise the implementation of Zanzibar Growth Strategy (MKUZA) would trigger more revenue sources especially in the fast growing sectors of tourism and telecommunication.

**Table 4: TRA-ZANZIBAR REVENUE PROJECTIONS FOR THE PERIOD  
2008/9 – 2012/13**

|                            | <b>Billion Shs</b> |             |             |             |              |
|----------------------------|--------------------|-------------|-------------|-------------|--------------|
|                            | <b>Projections</b> |             |             |             |              |
|                            | 2008/09            | 2009/10     | 2010/11     | 2011/12     | 2012/13      |
| <b>Domestic Revenue</b>    |                    |             |             |             |              |
| P.A.Y.E                    | 7.5                | 11.1        | 14.5        | 19.4        | 26.2         |
| Corporate                  | 4.2                | 5.4         | 7.4         | 10.1        | 13.7         |
| Individuals                | 1.7                | 1.6         | 1.9         | 2.3         | 2.7          |
| Withholding taxes          | 2.4                | 2.0         | 2.4         | 2.8         | 3.3          |
| Other Taxes /SDL           | 4.1                | 4.0         | 4.7         | 5.6         | 6.6          |
| <b>Total Direct Taxes</b>  | <b>19.9</b>        | <b>24.1</b> | <b>30.9</b> | <b>40.1</b> | <b>52.5</b>  |
| <b>Customs and Excise</b>  |                    |             |             |             |              |
| Import Duty                | 11.2               | 14.4        | 17.7        | 21.9        | 26.8         |
| Exercise Duty Import       | 1.7                | 1.0         | 1.1         | 1.4         | 1.7          |
| Exercise Duty Petrol       | 3.2                | 4.7         | 5.7         | 7.1         | 8.7          |
| VAT on Imports             | 11.3               | 12.8        | 15.8        | 19.4        | 23.8         |
| Other                      | 1.9                | 2.2         | 2.5         | 2.9         | 3.5          |
| <b>Total Customs Taxes</b> | <b>29.3</b>        | <b>34.9</b> | <b>42.8</b> | <b>52.6</b> | <b>64.5</b>  |
| <b>GRAND TOTAL</b>         | <b>49.2</b>        | <b>59.0</b> | <b>73.7</b> | <b>92.7</b> | <b>117.0</b> |

*Source: MoFEA - Zanzibar and TRA Projections*

TRA aims at achieving a significant reduction in operating costs during the course of implementing the Third Corporate Plan. Implementation of ISO 9001:2000 Quality Management System, enhancing the use of electronic operations and implementation of Risk Based operations are all measures to improve efficiency and eventual reduction of per unit cost of revenue collection. It is projected that the cost of collection will have a downward trend from 3.6% during the first year of the Plan to 1.9% during the fifth year as shown in **Table 5** below:

**Table 5: PROJECTED REVENUE YIELD AND COST OF REVENUE  
COLLECTION**

| <b>Item/Years</b>                    | <b>Billion Shs</b> |              |              |              |              |
|--------------------------------------|--------------------|--------------|--------------|--------------|--------------|
|                                      | 2008/09            | 2009/10      | 2010/11      | 2011/12      | 2012/13      |
| GDP at Market prices                 | 25,616.0           | 29,234.3     | 33,485.9     | 38,374.9     | 43,977.6     |
| Total Revenue (Mainland)             | 4,375.1            | 5,112.5      | 6,160.1      | 7,406.4      | 8,936.8      |
| Total Revenue (Zanzibar)             | 49.2               | 59.0         | 73.7         | 92.7         | 117.0        |
| Total Revenue                        | 4,424.30           | 5,171.50     | 6,233.80     | 7,499.10     | 9,053.80     |
| Total Expenditure                    | <b>157.1</b>       | <b>150.2</b> | <b>146.9</b> | <b>157.1</b> | <b>166.5</b> |
| <b>Revenue Yield (Mainland )</b>     | <b>17.1%</b>       | <b>17.5%</b> | <b>18.4%</b> | <b>19.3%</b> | <b>20.3%</b> |
| <b>Cost of Collection (Mainland)</b> | 3.6%               | 2.9 %        | 2.4%         | 2.1%         | 1.9%         |

*Source: Research and Policy, Finance Departments – TRA February 2008*

### **2.3.2 Goal 2: Modernise TRA Operations**

A state of the art Information and Communication Technology (ICT) is one of the very important elements of an effective modern tax administration. ICT deployment will play an important pivotal role in implementation of the TRA 3<sup>rd</sup> Corporate Plan. The use of ICT will enable the Authority to transform its business processes and addresses system development, training, policy development, strategic planning, performance planning, personnel performance, management reporting and taxpayer services. In order to achieve this, TRA will introduce an integrated data communication network to link all TRA operational offices, taxpayer offices and other stakeholders. This will ensure accessibility of taxpayer information through a single view by using the unique Taxpayer Identification Number (TIN). The Customs Administration System (ASYCUDA++) will be enhanced to make it an effective and efficient tool for customs transactions in line with taking over functions currently being implemented by TISCAN and NECOR. The Domestic Administration System (ITAX) will also be enhanced by finalising development of the remaining modules and ensure that it is self sufficient in providing support to domestic tax administration. Additionally, tax operations will continue to be modernised to move in tandem with changes in the global technological changes.

Electronic operations in TRA will minimise human interference in processes and procedures and enhance accountability. This will be implemented through conducting electronic risk based management operations for case selection and case management. Electronic filing of returns currently carried out at LTD and Dar es Salaam for piloted taxpayers, will be enhanced and rolled out to all regional offices.

### **2.3.3 Goal 3: Provide high quality and responsive customer service**

Internal and External stakeholders' feedback will continue to form the basis of improving TRA's customer service. This will enable TRA to focus on more flexible approaches that will enhance delivery of service to the needs of stakeholders. To achieve this, TRA will encourage the

use of electronic means to gather information and measure the level of service provided as per the Taxpayers' Charter.

TRA is implementing a Quality Management System based on the ISO 9001:2000 Standard which is geared towards continuous improvement of systems, processes and procedures to meet customer requirements and expectations judiciously. The focus of the third Corporate Plan will be to enhance the system to ensure sustainability throughout the organisation. Customer service evaluations will be conducted regularly to ensure that TRA obtains the necessary feedback of customer satisfaction for future strategic programme planning. Additionally, TRA will enhance trade facilitation by rationalising Customs procedures to guarantee a smooth import and export process in order to make Tanzania ports competitive in the region. TRA will enhance the Compliant Trader Scheme and enhance partnership with Customs Agents and OGDs to ensure a significant reduction in clearance time at ports and airports.

#### **2.3.4 Goal 4: Promote voluntary tax compliance**

In order to warrant voluntary tax compliance, TRA will ensure that it is a fair and competent tax administration, it has effective enforcement programmes and taxpayer service and education programmes. These requirements must be complemented by adequate tax laws and an effective Taxpayer Charter. TRA will achieve this through enhancing the level of tax knowledge to both taxpayers and staff by developing a unified system for communicating various laws, regulations and their amendments; ensure availability of all tax information and to enhance partnership with tax practitioners to ensure increase in voluntary compliance. In line with this, compliance studies will be conducted on regular basis to determine the overall level of tax compliance for Tanzania which will enable monitoring of compliance levels on regular basis. According to Organisation for Economic Cooperation and Development (OECD) tax administration statistics over time, it has been noted that a few Western Countries such as Canada, Australia, Norway, Denmark and Sweden have compliance rates of about 90%

while most of developing countries have about 50% or less, this means that there is still a lot of effort needed in this area in order to address compliance issues.

TRA will implement risk management techniques following the categorisation of taxpayers between compliant, partially compliant and non-compliant. TRA will also monitor sector-wise tax compliance behaviours with a view to identifying economic sectors manifesting high degree of non-compliance as well as low levels of compliance and undertake requisite measures. This means that TRA will continue to identify and implement operational efficiencies to generate savings in resources that can be realigned to high-priority enforcement work that has the highest compliance risk. TRA has established Large Taxpayer Units (LTUs) by transferring best practice from LTD to DRD as well as developing and implementing specific programs to address specific compliance challenges in this segment. More effort and resources in terms of enforcement will be towards non-compliant and partially compliant taxpayers. The aim is to ensure that more than 80% of revenue is generated from voluntary compliance methods while the remaining 20% will be from enforced compliance methods such as audits and investigations. With Customs operations, focus will be on the implementation of the fuel and cargo tracking system as well as carrying out a study to find the best mechanism for monitoring of petroleum products.

The Local Government Authority (LGA) is mandated to collect local taxes and has been doing a good job, however, TRA will continue to provide support to ensure that the LGAs build capacity to collect the required taxes efficiently and effectively through training as well as hands on audits. This support will enhance partnership and information sharing for the benefit of both organisations in terms of revenue collections.

### **2.3.5 Goal 5: Enhance staff performance management system**

In order to be a modern tax administration, TRA will provide its employees with necessary skills to support the workload changes needed to deliver high quality service to remain a competitive and living organisation. TRA will ensure that the training provided will utilise the latest technology to facilitate continuous and prompt learning for both the organisation and personal growth. The performance management system will be enhanced to ensure that reasonable compensation is given to employees who diligently contribute to achievements of organisational goals and objectives. TRA will guarantee competitive employee compensation in a bid to retain and attract employees with needed skills. Management controls will continuously be strengthened to make TRA an organisation with high levels of integrity and transparency.

## **3.0 FACTORS AFFECTING ACHIEVEMENT OF THE VISION**

TRA is working in an environment that is interlinked with various Government institutions as well as private sector organisations that affect its operations in one way or the other. TRA must also consider the dynamic needs of various stakeholders which all pose challenges or may create opportunities and hence must be taken into account as the Corporate Plan is being executed.

### **3.1 Government Support**

TRA continues to improve its business operations through support from the Government which is provided through the annual budget as well as through political leadership. Over the last 10 years the volume and complexity of TRA operations has expanded on one hand while on the other hand, the taxpayer base has become diverse and dynamic. In view of that, TRA continues to rely on Government support to enable it to address the diverse environment that it is operating in.

The increasingly demanding population on social services has put pressure on the Government to increase its revenue mobilisation efforts. TRA being an agency for collecting Government revenue has a challenge through the third Corporate Plan to ensure that tax revenue

collections are increased to enable the Government meet its obligations.

### **3.2 Macro- Economic Environment**

It is assumed that Real GDP will grow at a rate averaging 7.8% from the current 6.7%, inflation of 4.5% and nominal GDP growth rate is assumed to be 14.6% throughout the plan period of 2008/09 - 2012/13. The sectoral growth as a result of implementation of MKUKUTA, MKUZA, MKURABITA and Mini Tiger Plan would vary from one sector to another as follows:

- Accelerated growth of key sectors (Agriculture, Mining, Manufacturing and Trade) in which the real growth rate of agriculture would remain at least at 4.0% during the Medium Term<sup>1</sup> due to proper implementation of Agricultural Sector Development Plan.
- The Mining sector would maintain the current annual real growth rate of 15.6% during the period, Manufacturing is expected to experience a real growth rate of 8.5% through on-going rehabilitation of defunct industries following divestiture, improved power supply such as use of gas and other utilities (expected import of power from Zambia and Uganda), implementation of Specialized Economic Zones (SEZ) under Mini Tiger Plan, improved Small and Medium Enterprises (SMEs) coupled with conducive Trade and Tax Policies.
- The real growth rate of the Construction Industry/Sector (monetary) would maintain the current 9.3% due to increased infrastructure developments (such as roads and bridges constructions; commercial, residential and non-residential buildings; and land development) and implementation of Mini Tiger plan.
- Growth of monetization of GDP would be maintained at about 12% in nominal terms. TRA will ensure that it benefits

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<sup>1</sup> The medium term covers the Third Corporate Plan period (2008/09 - 2012/13) as defined by medium and Long Term Revenue Strategy Document.

significantly from the opportunity resulting from the expected macroeconomic growth through increases in revenue collection.

### **3.3 Development Partners Support**

TRA through the Tax Modernisation Programme (TMP) has benefited from Development Partners that include the Government of Tanzania, IDA Credit through the World Bank, Department for International Development (DFID) of United Kingdom, European Union, Danish International Development Agency (DANIDA), GTZ of Germany and International Monetary Fund (IMF) in implementing the second Corporate Plan. The support from Development Partners will continue during the initial years of the Third Corporate Plan.

However, following the Paris Convention in 2005, all development assistance will be through the General Budget Support (GBS). In order to ensure sustainability, TRA with support from the Government has established an asset replacement fund which will cater for replacement of assets procured under the Development Partner support as well as continuing getting support when needed through the GBS.

### **3.4 Policy and Legislative Changes**

Fiscal policies like other public policies play a big role in ensuring sustainable economic growth of any economy hence they need to be fair, equitable and stable. In that regard tax policy formulation in the third Corporate Plan intends to serve the dual purpose of revenue generation under a fair and equitable regime on one hand and stimulating sustainable economic growth on the other. The focus will be to streamline the existing tax policy for the purpose of broadening tax base by creating an elastic tax regime that stimulates voluntary compliance and economic growth. In providing fiscal advice to the Government, TRA continuously consults with various stakeholders thereby establishing the capacity for comprehensive economic impact analysis of its tax policy recommendations. During the implementation of the third Corporate Plan TRA will continue to play the advisory role on fiscal policy and anticipates continued Government support to ensure that the policies are adopted and implemented.

Legislative changes are inevitable in any business operation and TRA is not an exception. TRA will ensure that all fundamental policy and legal changes are incorporated in revised legislations and regulations for the purpose of minimizing loopholes of revenue leakages and/or creating more taxable elements. The adoption of the e-legislation will enable TRA to smoothly introduce e-taxation in the third Corporate Plan that will provide additional service options to TRA stakeholders.

### **3.5 Globalisation and Regional Integration**

As the focus of business operations continues to be globalized, tax planning is becoming increasingly focused on worldwide tax rate minimization. As a result, taxpayers often have an inherent incentive to adopt structures or arrangements that maximize expenses of the country or shift income abroad and therefore globalisation poses an increasingly serious risk to the Tanzanian tax administration.

Tanzania is a member of global and regional groupings under trade agreements that allow traders to enjoy reduction or a waiver of duty rates for goods being traded between member countries. The e-commerce and transfer pricing for instance, in normal cases have adverse effects on revenue integration in the third world countries that have trade partnership with developed countries. While many cross-border transactions are addressed by the tax law, others involve emerging issues that may lead to tax avoidance or evasion. TRA will ensure that adequate compliance resources are devoted to identify, develop and pursue such issues where appropriate.

During the Corporate Plan period the Trade Sector would enjoy an average real growth rate of 9.5% through merchandise export and tourism promotion, concessionary regional and international arrangements under EAC, SADC, AGOA and ACP-EU EPA as well as improved business environment (facilitated by BEST programmes), intensification of Export Credit Guarantee Scheme and construction of modern shopping centres. The analysis of the impact of economic groupings such as EAC and South African Development Community

(SADC) on international taxes generation indicates that revenue loss would be declining with time during the plan period. On the part of AGOA and ACP-EU EPA however, the tax losses would be very minimum as almost all items that are in the partnership agreement currently attract zero tariff.

### **3.6 Effectiveness of Enforcement**

The challenge facing TRA is to develop a business strategy with initiatives that are geared towards promoting a high level of voluntary compliance by providing high standard of service to our customers as well as helping them to comply with their tax obligations. In view of this, the third Corporate Plan focuses its efforts to provide incentives to compliant taxpayers through improvement of customer service, enhancement of trade facilitation, enhancing risk management and tax knowledge to taxpayers.

Additionally the available resources will be used to generate various mechanisms that will result into enhanced controls and bring into the fold those taxpayers who are less compliant. The strategies adopted in this plan have taken care of this challenge and have been made flexible to address the range of scenarios that may unfold over the next five years. The leading major economic sectors (drivers) for domestic revenue generation during the entire period of the third Corporate Plan include the **Manufacturing** and **Trade** (*Sale, maintenance and repairs, wholesale, retail, restaurants, hotels*). In the manufacturing sector, the key activities will include beer and other beverages like soft drinks and spirits, cigarettes, textiles, cement, pharmaceuticals, leather products, sugar, electrical appliances, as well as agro-processed products. The other key sectors include the **Transport and Communication** due to finalization of restructuring of Air Tanzania and Central Railways line and improvement of road networks. TRA also recognizes that the achievement of this challenge requires a balanced approach between TRA and other stakeholders.

### **3.7 TRA Staff Skills Retention**

Due to social and economical needs, movement of human capital from one organization to another is inevitable as employees are continuously attracted to higher remuneration organisations on one hand whereas organizations are attracted to competent and experienced employees on the other hand. TRA is faced with this challenge like any other organisation. The constant remuneration package review, improvement of working conditions and skill enhancement for TRA staff is therefore a continuous effort to ensure that TRA retains staff in which it has invested upon. TRA will also seek to sustain the global technological developments by continuously training its staff and thereby be able to manage fully the modernized operations and enable it to identify current and future skill set gaps. Additionally, TRA will introduce the Performance based pay in the third plan in order ensure that its employees see their preferred future in TRA.

### **3.8 Capacity Building on utilisation of ICT facilities**

Globalisation process through the expansion of Information and Communication Technology (ICT) makes the world a global village. ICT advancement has worldwide multiplier effects and has become one among important economic drivers in most economies in terms of both revenue generation and facilitation. Communication Sector in Tanzania is expected to enjoy the current growth of 19.2% in real terms throughout the plan period due the improved road infrastructure, telecommunication technology, promoting use of ICT and expanding telecommunication network, increased demand of telephone services and introduction of pre-paid facilities.

Indeed ICT is among priority areas of the third Corporate Plan. Deliberate effort of promoting ICT and expanding telecommunication network would trigger the effective use of the technology within TRA, which will be a major driving force of modernisation initiatives implemented in the Plan.

Since the inception of TRA, ICT facilities have been procured and commissioned with aim of modernising TRA operations. The

challenges facing the organization include under-utilisation of the available resources and poor state of the telecommunication infrastructure needed to link all TRA operational offices country-wide in order to facilitate e-business.

The third Corporate Plan has included initiatives that will require the existing systems to be assessed so as to determine if they are being used effectively and propose strategies that will ensure all ICT investments are utilised to optimal levels, well managed and controlled so as to enable TRA attain its vision of becoming a Modern Tax Administration. Additionally, TRA will upgrade and/or acquire new systems in order to cope with the frequent technological changes.

#### **4.0 IMPLEMENTATION STRATEGY**

##### **4.1 Implementation Matrix**

This is the action plan and forms the Modernisation Programme for implementation of the third corporate plan. The implementation matrix shown as **Appendix I**, summarises the strategic goals, strategic objectives as well as strategic initiatives to be implemented during the five-year period of the third Corporate Plan.

The numbers in the first column represent the respective goal, objective, initiative and sub initiative as indicated in the second column for ease of reference. The third column represents the performance measures which will be used to assess the achievements of each objective and initiative while the targeted time to accomplish the each initiative has been indicated in the fourth column. The matrix also provides primary ownership and contributing role for each initiative to ensure that implementation responsibility is well addressed throughout the duration of the Corporate Plan.

##### **4.2 Performance Measures**

Performance measures are an important tool of assessing the success or failure of a corporate plan. TRA therefore has established three types of performance measures that include key performance indicators, operational measures and perception indicators.

#### **4.2.1 Key Performance Indicators**

TRA has established key performance indicators that measure nature and scope of operations, efficiency and effectiveness of the tax administration. These were developed during the second Corporate Plan and will continue to be monitored during the third Corporate Plan. The information is gathered from operational data using the systems such as ITAX, ASYCUDA++, EPICOR and PEODESY. These indicators provide an overall summary of TRA performance.

#### **4.2.2 Operational Indicators**

In the Corporate Plan implementation matrix, operational indicators of performance have been outlined to measure achievement of each initiative. These will be monitored and will enable TRA and its stakeholders to assess the overall success or failure of the third Corporate Plan.

#### **4.2.3 Perception Indicators**

TRA being part of the Tanzania public would like to know the perception of its stakeholders towards the tax administration to enable continuous improvement. In view of that, perception surveys are conducted to provide input to the perception indicators.

### **4.3 Monitoring and Evaluation**

Monitoring and Evaluation (M&E) will be the administration tool of TRA in the implementation of the third Corporate Plan. Measurement and assessment of performance will guarantee effective and efficient implementation of the corporate plan initiatives and will enable early intervention and informed decision making. Monitoring and evaluation will be a continuous process aimed at providing early indication of progress or delays/failure towards the achievement of the respective initiatives. Each department is responsible to prepare monthly implementation reports in an agreed format, which are consolidated by the Planning and Modernisation Programme Unit for submission to the Management Steering Committee, the Board of Directors and Development Partners.

## IMPLEMENTATION MATRIX

| Ref. Number | STRATEGIC GOAL/OBJECTIVE/INITIATIVE   | MEASURE  | Target Date    | Primary Owner | Contributors          |
|-------------|---|--|----------------|---------------|-----------------------|
| 1.0.0.0     | <b>INCREASE REVENUE COLLECTION IN A COST EFFECTIVE WAY</b>  |  |                |               |                       |
| 1.1.0.0     | <b>Broaden the Tax Base</b>   | Number of registered taxpayers in ITAX System        |                |               |                       |
| 1.1.1.0     | Enhance the Block Management System (BMS)   | % of taxpayers registered from the BMS               | 2009/10        |               |                       |
| 1.1.1.1     | <i>Carry out a study to map TRA blocks (assess the possibility of using Geographical Information System)</i>  | <i>TRA blocks Mapped</i>                             | <i>2009/10</i> | <i>CDR</i>    | <i>DRP, DICT</i>      |
| 1.1.2.0     | Enhance tax collection from Real Estate   | Revenue collection from Real Estate                  | 2008/09        |               |                       |
| 1.1.2.1     | <i>Conduct a study to determine standard minimum value of properties for different blocks (Liaise with other stakeholders such as Ministry of Lands, Local Government Authority and Real Estate Agents)</i> | <i>Data for value of properties captured in ITAX</i> | <i>2008/09</i> | <i>CDR</i>    | <i>DRP, DICT</i>      |
| 1.1.2.2     | <i>Conduct a study to determine the standard minimum rent of properties for different blocks (liaise with lease financing and mortgage agents)</i>  | <i>Data for Rental income captured in ITAX</i>       | <i>2008/09</i> | <i>CDR</i>    | <i>DRP, DICT</i>      |
| 1.1.2.3     | <i>Conduct a valuation of properties to enhance collection of property tax</i>  | <i>Revenue collected from property tax</i>           | <i>2008/09</i> | <i>CDR</i>    | <i>CLT, CTI, DRP</i>  |
| 1.1.3.0     | Strengthen information exchange between TRA and other Government Institutions   | % of registered taxpayers from information exchange  | 2009/10        |               |                       |
| 1.1.3.1     | <i>Obtain subscribers' information from pension schemes (e.g. NSSF, PPF, PSPF) for PAYE taxation purposes</i>   | <i>Data captured in ITAX System</i>                  | <i>2009/10</i> | <i>CLT</i>    | <i>CDR, DRP, DICT</i> |

|                |  |  |         |          |                 |
|----------------|--|--|---------|----------|-----------------|
| 1.1.3.2        | Obtain subscribers' information from professional bodies (e.g. NBAA, ERB, Tanganyika Law Society etc) for taxation purposes                    | Data captured in ITAX System                                   | 2009/10 | CDR      | DRP, DICT       |
| 1.1.3.3        | Obtain information for taxation purposes from BRELA, TIC, TCCIA CTI, PPRA, TCRA and other regulatory bodies                                    | Data captured in ITAX System                                   | 2009/10 | CDR      | DRP, DICT       |
| 1.1.4.0        | Conduct a study on the viability of introducing Tax Amnesty for uncompliant registered taxpayers and unregistered businesses                   | Report Submitted to Management                                 | 2011/12 | DRP      | RCs, DBSLS      |
| <b>1.2.0.0</b> | <b>Strengthen Domestic Revenue Operations</b>  |  |         |          |                 |
| 1.2.1.0        | Carry out training for tax auditors on specialized sectors in Financial Institutions, Telecommunication, Tourism, Mining and Transfer Pricing. | 100% of identified tax auditors trained on specialized skills  | 2008/09 | DHRA     | CDR             |
| 1.2.2.0        | Assess implementation of taxpayer segmentation in the selected regions (Large Taxpayer Units - LTUs)   | Assessment report submitted to Management                      | 2009/10 | CDR      |                 |
| 1.2.3.0        | Automate key TRA operations in all Regions and Districts   | All operational reports submitted to DRD-HQ electronically     | 2009/10 | CDR      | DICT            |
| 1.2.4.0        | Establish database on taxpayers receiving offshore incomes.  | Offshore Income Database established                           | 2010/11 | CDR, CLT | DRP, DICT       |
| <b>1.3.0.0</b> | <b>Improve Tax Structure</b>   |  |         |          |                 |
| 1.3.1.0        | Review presumptive income tax  | Report on Presumptive income tax submitted to the Management   | 2009/10 | DRP      | CLT, CTI, DBSLS |
| 1.3.2.0        | Assess the possibility of harmonizing the VAT rate for EAC regions   | Report on VAT rate for EAC regions submitted to the Management | 2010/11 | DRP      | CLT, CTI, DBSLS |
| 1.3.3.0        | Review tax exemptions (reviews on VAT; Mining sector; Motor Vehicles; Non Governmental Organizations (NGOs) and Donor Funded Projects)         | Report on Tax exemptions submitted to the Management           | 2010/11 | DRP      | CLT, CTI, DBSLS |

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| 1.3.4.0        | Conduct impact analysis of Parastatal Privatisation on revenue generation               | Report Submitted to Management                          | 2011/12        | DRP             | CDR, CLT, CTI, DBSLS |
| <b>1.4.0.0</b> | <b>Enhance the system for monitoring and controlling the cost of revenue collection</b> |   |                |                 |                      |
| 1.4.1.0        | Carry out a study to minimise waste in the utilisation of resources                     | Report Submitted to Management                          | 2008/09        | DF              | HoDs                 |
| 1.4.2.0        | Enhance EPICOR system by introducing commitment control module (ComC)                   | ComC module introduced                                  | 2009/10        | DF              | DICT                 |
| <b>2.0.0.0</b> | <b>MODERNISE TRA OPERATIONS</b>   |   |                |                 |                      |
| <b>2.1.0.0</b> | <b>Introduce Electronic Operations</b>  | <b>% of operations conducted electronically</b>         |                |                 |                      |
| 2.1.1.0        | Train staff on e-business taxation  | Number of staff trained on e-business taxation          | 2011/12        | CDR, CLT        | DICT, DHRA           |
| 2.1.2.0        | Implement electronic payment interface with Banks                                       | Tax payments reconciled daily.                          | 2008/09        | DF              | DICT                 |
| 2.1.3.0        | Implement electronic requests for staff imprests and advances                           | Staff imprests and advances paid electronically         | 2009/10        | DF              | DICT                 |
| 2.1.4.0        | Implement e-filing of returns   | % of returns submitted electronically                   | 2008/09        | CDR, CLT        | DICT                 |
| <i>2.1.4.1</i> | <i>Review the tax laws to accommodate e-filing</i>                                      | <i>Tax laws reviewed</i>                                | <i>2008/09</i> | <i>CDR, CLT</i> | <i>DBSLS</i>         |
| 2.1.5.0        | Enforce mandatory electronic record keeping and reporting system.                       | 80% of operational information submitted electronically | 2008/09        | DCG             | HoDs                 |
| 2.1.6.0        | Implement TRA Data Warehouse Phase II   | % of utilisation of DWH                                 | 2008/09        | DRP             | HoD                  |

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| 2.1.6.1        | <i>Evaluate the Impact of the Data Warehouse implementation</i>                              | <i>Evaluation report submitted to the Management</i>     | 2010/11 | DIA  | DRP  |
| 2.1.7.0        | Enhance TRA website  | Number of users utilizing the website                    | 2008/09 |      |      |
| 2.1.7.1        | <i>Develop a Corporate Policy for the TRA website</i>  | <i>Policy implemented</i>                                | 2008/09 | DTSE | HoD  |
| 2.1.7.2        | <i>Review and update information in the TRA website on weekly basis</i>                      | <i>Website updated on weekly basis</i>                   | 2008/09 | DTSE | HoD  |
| 2.1.7.3        | <i>Increase service options in the TRA website</i>   | <i>Number of service options added to the website</i>    | 2008/09 | DTSE | DICT |
| 2.1.8.0        | Establish an electronic Central Archive Unit   | Central Archive Unit established                         | 2010/11 | DHRA | HoD  |
| 2.1.9.0        | Assess the effectiveness of ICT utilisation (operational & support systems)                  | % of ICT utilisation                                     | 2011/12 | DIA  | DICT |
| <b>2.2.0.0</b> | <b>Enhance Custom Administration System</b>  | <b>% reduction in document processing time</b>           |         |      |      |
| 2.2.1.0        | Assess the effectiveness of rationalisation and integration of the Customs/TISCAN processes. | Assessment Report submitted to Management                | 2008/09 | CCE  | DICT |
| 2.2.2.0        | Enable ASYCUDA++ access through the internet (Web)   | ASYCUDA++ web enabled                                    | 2008/09 | CCE  | DICT |
| 2.2.3.0        | Implement TISCAN exit strategy   | Complete implementation of the Strategy                  | 2010/11 | CCE  |      |
| 2.2.3.1        | <i>Strengthen staff capacity in Valuation and Classification</i>                             | <i>60 staff trained on evaluation and classification</i> | 2010/11 | CCE  |      |
| 2.2.3.2        | <i>Build staff capacity in scanner maintenance</i>   | <i>Number of staff trained on scanner maintenance</i>    | 2010/11 | CCE  |      |

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| 2.2.3.3        | <i>Strengthen staff capacity in risk management</i>                                    | <i>Number of staff trained on risk management</i>                                    | 2010/11 | CCE |          |
| 2.2.4.0        | Enable ASYCUDA++ to capture line items of transaction to facilitate valuation database | Line items captured in ASYCUDA++   | 2008/09 | CCE | DICT     |
| 2.2.4.1        | <i>Create specific commodity codes for sensitive items in ASYCUDA++</i>                | <i>Commodity codes created</i>   | 2008/09 | CCE |          |
| 2.2.5.0        | Interface ASYCUDA++ with exemption monitoring and petroleum products monitoring system | Interfaces in place  | 2008/09 | CCE | DICT     |
| 2.2.6.0        | Migrate ASYCUDA++ to ASYCUDA World   | ASYCUDA World implemented  | 2011/12 | CCE | DICT     |
| 2.2.6.1        | <i>Implement ASYCUDA World at pilot sites (Airport and CSC)</i>                        | <i>ASYCUDA World implemented at pilot sites</i>                                      | 2011/12 | CCE | DICT     |
| 2.2.6.2        | <i>Interface ASYCUDA World with Valuation Database and CRMS</i>                        | <i>ASYCUDA World interface implemented</i>   | 2011/12 | CCE | DICT     |
| 2.2.6.3        | <i>Roll out ASYCUDA World to other stations</i>  | <i>ASYCUDA World rolled out to Customs stations</i>                                  | 2011/12 | CCE | DICT     |
| <b>2.3.0.0</b> | <b>Enhance Domestic Tax Administration System</b>                                      | <b>% of transactions processed through ITAX</b>                                      |         |     |          |
| 2.3.1.0        | Finalise development of ITAX modules (BMS, Objections and Appeals, Refund)             | Number of operational modules in ITAX system   | 2008/09 | CDR | DICT,CLT |
| 2.3.1.1        | <i>Develop Acrual Accounting Support Module</i>  | <i>100% of reports produced by the system</i>  | 2008/09 | CDR | DF, DICT |
| 2.3.1.2        | <i>Develop Web-based Module to enable handling of e-filing and e-payments</i>          | <i>All large and medium taxpayers submit returns to DRD &amp; CLT electronically</i> | 2008/09 | CDR | DICT     |
| 2.3.1.3        | <i>Enhancement and Implement electronic Refund System</i>                              | <i>Number of refunds processed, Timely Processed Refunds</i>                         | 2008/09 | CDR | DF, DICT |

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| 2.3.1.4        | Introduction of 3-tier Architecture into ITAX System  | Allow for e-business systems, increase electronic return and payment processing capability by 100% | 2008/09 | CDR  | DICT, CLT |
| 2.3.2.0        | Use the ITAX to produce Management Reports  | 100% of reports produced by the system   | 2008/09 | CDR  | DICT, CLT |
| 2.3.3.0        | Enforce the use of ITAX for all domestic tax operations   | ITAX processing 80% of domestic operations   | 2009/10 | CDR  | DICT, CLT |
| 2.3.4.0        | Upgrade ITAX Application Architecture   | ITAX Upgraded  | 2009/10 | DICT | CLT,CDR   |
| <b>2.4.0.0</b> | <b>Strengthen Data Production and Management</b>  |  |         |      |           |
| 2.4.1.0        | Appoint designated officers in all Departments responsible for data production and management                 | Officers appointed   | 2008/09 | DCG  | HoD       |
| 2.4.2.0        | Enforce electronic data capture at source to the existing systems such as Peodesy, Epicor, ASYCUDA++ and ITAX | 100 % of data captured electronically  | 2008/09 | DCG  | HoD       |
| 2.4.3.0        | Provide ICT facilities to all TRA operational offices   | 100% of operational offices automated  | 2009/10 | DHRA | DICT      |
| <b>3.0.0.0</b> | <b>PROVIDE HIGH QUALITY AND RESPONSIVE CUSTOMER SERVICES</b>  |  |         |      |           |
| <b>3.1.0.0</b> | <b>Enhance TRA Quality Management System</b>  |  |         |      |           |
| 3.1.1.0        | Maintain ISO 9001:2000 Quality Management System Certification  | ISO 9001:2000 Certificate Maintained   | 2008/09 |      |           |
| 3.1.1.1        | Conduct Risk Based ISO 9001:2000 Internal Surveillance Audits   | % of planned audits conducted  | 2008/09 | QC   | HoD       |
| 3.1.1.2        | Conduct ISO 9001:2000 External Audits   | Audit report produced  | 2008/09 | QC   | HoD       |
| 3.1.2.0        | Implement ITIL for Information Technology Service Management (IT Service Delivery & Service Support)          | ITIL Implemented   | 2008/09 | DICT |           |

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| <b>3.2.0.0</b> | <b>Improve Customer service</b>  |   |                |             |             |
| 3.2.1.0        | Develop an effective system to routinely solicit and analyse customer feedback data                                    | Customer feedback analysis report produced on monthly basis | 2008/09        | DTSE        |             |
| <i>3.2.1.1</i> | <i>Install service rating touch pad telephones in large operational offices</i>  | Customer feedback analysis report produced on monthly basis | 2011/12        | DTSE        | <i>DICT</i> |
| 3.2.2.0        | Enhance analytical skills to develop taxpayers programmes based on quantitative customer feedback                      | Number of programmes developed                              | 2008/09        | DTSE        |             |
| 3.2.3.0        | Develop and implement Corporate Communication Policy   | Communication policy enforced                               | 2009/10        | DTSE        | DHRA        |
| 3.2.4.0        | Develop and implement Corporate Social Responsibility (CSR) Strategy   | CSR Strategy developed and implemented                      | 2011/12        | DTSE        | DHRA        |
| 3.2.5.0        | Develop monitoring system to track and measure the level of services provided by the TRA as per the taxpayers charter. | % of objectives met as per the taxpayer Charter             | 2008/09        | DTSE        | DIA         |
| 3.2.6.0        | Implement Revised Taxpayers Charter  | Revised Taxpayers Charter implemented                       | 2008/09        | DTSE        | HoD         |
| 3.2.7.0        | Conduct taxpayer perception surveys  | Surveys conducted   | 2011/12        | DTSE        | DRP         |
| <i>3.2.7.1</i> | <i>Conduct second Large Taxpayers Perception Survey</i>  | <i>Surveys conducted</i>                                    | <i>2009/10</i> | <i>DTSE</i> | <i>DRP</i>  |
| <i>3.2.7.2</i> | <i>Conduct second Small and Medium Taxpayers Perception Survey</i>   | <i>Surveys conducted</i>                                    | <i>2011/12</i> | <i>DTSE</i> | <i>DRP</i>  |
| 3.2.8.0        | Implement Information Technology Service Desk (ITSD)   | ITSD Implemented  | 2008/09        | DICT        |             |
| 3.2.9.0        | Develop and Implement Service Culture Programme (SCP) to TRA staff   | SCP developed and implemented                               | 2010/11        | DTSE        |             |

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| <b>3.3.0.0</b> | <b>Enhance Trade Facilitation</b>  |   |         |     |                           |
| 3.3.1.0        | Enhance compliant Traders Scheme   | Average clearance time reduced                            | 2009/10 | CCE |                           |
| 3.3.1.1        | <i>Conduct workshop to review effectiveness of the Compliant Trader Scheme</i>                       | <i>Evaluation report submitted to Management annually</i> | 2009/10 | CCE |                           |
| 3.3.2.0        | Enhance partnership between TRA and Customs stakeholders e.g. TAFFA, TPA, TICTS and OGDs             | Average clearance time reduced                            | 2009/10 | CCE |                           |
| 3.3.3.0        | Conduct Second Time Release Study  | Report Submitted to Management                            | 2008/09 | CCE | DRP                       |
| 3.3.4.0        | Enhance Inland Container Depots (ICDs) operations  | Average clearance time reduced                            | 2008/09 | CCE |                           |
| <b>4.0.0.0</b> | <b>PROMOTE VOLUNTARY TAX COMPLIANCE</b>  |   |         |     |                           |
| <b>4.1.0.0</b> | <b>Enhance Risk Management</b>   |   |         |     |                           |
| 4.1.1.0        | Conduct a study to determine overall compliance level  | % level of compliance                                     | 2011/12 | DRP | CTI                       |
| 4.1.1.1        | <i>Conduct a study to establish the actual size of the underground economy for taxation purposes</i> | <i>Report Submitted to Management</i>                     | 2011/12 | DRP | <i>CDR, CLT, CCE, CTI</i> |
| 4.1.2.0        | Introduce Enterprise Wide Risk Management System   | Central Risk Monitoring System introduced                 | 2008/09 | CTI | HoDs                      |
| 4.1.2.1        | <i>Establish a unit to coordinate Enterprise Wide Risk Management at Corporate level</i>             | <i>Unit Established</i>                                   | 2008/09 | CTI | HoDs                      |
| 4.1.3.0        | Utilise electronic solutions to improve enforcement activities                                       | % of enforcement cases from e- solutions                  | 2009/10 | CTI | HoD                       |
| 4.1.3.1        | <i>Establish computers forensic lab for evidence recovery in Dar es Salaam and Mwanza</i>            | <i>Forensic Labs established</i>                          | 2009/10 | CTI |                           |

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| 4.1.3.2 | <i>Training of users on the use of different types of forensics tools.</i>                              | <i>Number of staff trained on forensic tools</i>                      | 2009/10 | CTI      |                     |
| 4.1.3.3 | <i>Upgrade of computer forensic tools in line with technological development.</i>                       | <i>Forensic labs upgraded</i>   | 2011/12 | CTI      |                     |
| 4.1.3.4 | <i>Enforce electronic production and timely delivery of taxpayers' demand notices and tax positions</i> | <i>Electronic reports produced</i>                                    | 2008/09 | CDR, CLT |                     |
| 4.1.4.0 | Improve Management of Tax exemptions  | Data on exemptions readily available                                  | 2008/09 |          |                     |
| 4.1.4.1 | <i>Develop risk assessment criteria on the abuse of tax exemptions</i>                                  | <i>Report on Number of exempted beneficiaries penalised quarterly</i> | 2008/09 | CTI      | DBSLS               |
| 4.1.4.2 | <i>Strengthen the established unit to control and coordinate tax exemptions at Corporate level</i>      | <i>Central Exemption Unit strengthened</i>                            | 2008/09 | DBSLS    | CLT, CDR, CCE, CTI  |
| 4.1.5.0 | Improve Customs Risk Management operations  |   | 2009/10 | CCE      |                     |
| 4.1.5.1 | <i>Develop and Implement electronic Fuel And Cargo Tracking System (FACTS)</i>                          | <i>FACTS operational</i>  | 2008/09 | CCE      | DICT                |
| 4.1.5.2 | <i>Ehnance Customs Risk Management System (CRMS)</i>  | <i>CRMS enhanced</i>  | 2009/10 | CCE      | DICT                |
| 4.1.5.3 | <i>Develop Customs Valuation Database</i>   | <i>Valuation Database Developed</i>                                   | 2009/10 | CCE      | DICT                |
| 4.1.5.4 | <i>Strengthen Post Clearance Audit Unit</i>   | <i>Unit strengthened</i>  | 2009/10 | CCE      |                     |
| 4.1.5.5 | <i>Implement One Stop Border Post for Customs Operations</i>  | <i>One Stop Border Posts operational</i>                              | 2009/10 | CCE      |                     |
| 4.1.5.6 | <i>Roll out RADDEX to link with remaining countries (Kenya, Uganda, Burundi, Zambia and Malawi)</i>     | <i>RADDEX rolled out</i>  | 2009/10 | CCE      |                     |
| 4.1.6.0 | Upgrade Case Inventory Management Information System(CIMIS)   | CIMIS Upgraded  | 2010/11 | CTI      | CLT, CDR, CCE, DICT |

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| 4.1.7.0        | Conduct Corporate Business Risk Assessment Analyses  | Analyses Conducted                             | 2009/10 | DRP      |                     |
| 4.1.7.1        | Carry out a risk assessment study for petroleum product imports  | Study report submitted to the Management       | 2008/09 | DRP      | CCE                 |
| 4.1.7.2        | Conduct Sectoral Risk Analysis on Trade (Wholesale and Retail)   | Study report submitted to the Management       | 2008/09 | DRP      | CLT, CDR, CCE, DICT |
| 4.1.7.3        | Conduct Sectoral Risk Analysis on Manufacturing and Tourism Industries   | Study report submitted to the Management       | 2009/10 | DRP      | CLT, CDR, CCE, DICT |
| 4.1.7.4        | Conduct Risk Analysis in Forestry and Fishing Subsectors   | Study report submitted to the Management       | 2010/11 | DRP      | CLT, CDR, CCE, DICT |
| 4.1.7.5        | Conduct Sectoral Risk Analysis on Transport and Financial Services   | Study report submitted to the Management       | 2010/11 | DRP      | CLT, CDR, DICT      |
| 4.1.7.6        | Conduct Sectoral Risk Analysis on Mining and Public Administration   | Study report submitted to the Management       | 2011/12 | DRP      | CLT, CDR, CCE, DICT |
| 4.1.7.7        | Conduct Sectoral Risk Analysis on Energy (Electricity, Coal and Gas)   | Study report submitted to the Management       | 2012/13 | DRP      | CLT, CDR, CCE, DICT |
| 4.1.8.0        | Assess the effectiveness of Electronic Cash Registers with a view to introduce a robust ECR system               | Assessment Report submitted to Management      | 2009/10 | CDR      | CTI, CLT, DRP       |
| 4.1.8.1        | Introduce a Robust ECR system for all VAT traders  | ECR System Introduced                          | 2009/10 | CDR      | CLT                 |
| <b>4.2.0.0</b> | <b>Enhance tax knowledge</b>   | <b>% of taxpayer awareness on tax matters.</b> |         |          |                     |
| 4.2.1.0        | Develop a unified and effective system for communicating new laws, regulations and other related legal documents | Number of documents disseminated.              | 2008/09 | DBSLS    |                     |
| 4.2.2.0        | Enhance partnership with tax practitioners   | Number of forums conducted                     | 2009/10 | CDR, CLT | DTSE                |

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| 4.2.3.0        | Develop taxation syllabus for secondary schools and establish tax clubs   | Syllabus Developed                               | 2010/11        | DTSE        |                 |
| 4.2.4.0        | Assess the effectiveness of the Stakeholders' Forum   | Report Submitted to Management                   | 2009/10        | DTSE        |                 |
| 4.2.4.1        | Assess the feasibility of Rolling out Stakeholders' Forum to the regions  | Feasibility Report approved by Management        | 2009/10        | DTSE        |                 |
| <b>4.3.0.0</b> | <b>Provide Support to Local Government Authorities (LGAs)</b>   |  |                |             |                 |
| 4.3.1.0        | Build capacity within the LGA (Mainland and Zanzibar) through training at the Institute of Tax Administration.                          | Number of courses for LGA conducted              | 2009/10        | DHRA        | CDR, DRP        |
| 4.3.2.0        | Assess the possibility of having a common taxpayer register between TRA and LGAs  | Assessment Report submitted to Management        | 2010/11        | DRP         | CDR, CLT        |
| <b>5.0.0.0</b> | <b>ENHANCE STAFF PERFORMANCE MANAGEMENT SYSTEM</b>  |  |                |             |                 |
| <b>5.1.0.0</b> | <b>Improve Staff Performance Appraisal System</b>   |  |                |             |                 |
| 5.1.1.0        | Review and implement Staff Performance Appraisal System to Incorporate Balanced Score Card  | New Staff Performance Appraisal System in place  | 2008/09        | DHRA        | HoD             |
| 5.1.2.0        | Design a framework for implementation of Performance Based Pay System   | Number of staff remunerated based on performance | 2009/10        | DHRA        | DF              |
| 5.1.3.0        | Utilise the Integrated Payroll and Human Resources Management System (Peodesy) to monitor and record staff particulars on regular basis | Peodesy updated on weekly basis                  | 2008/09        | DHRA        | DF, DICT        |
| 5.1.3.1        | <i>Roll out PEODESY to Revenue Departments and large regions</i>  | <i>Peodesy rolled out</i>                        | <i>2009/10</i> | <i>DHRA</i> | <i>DF, DICT</i> |
| <b>5.2.0.0</b> | <b>Strengthen Management Controls</b>   |  |                |             |                 |
| 5.2.1.0        | Develop and Implement Automated Document Management System and Workflow   | % of Documents captured into the system          | 2010/11        | DHRA        | DICT            |

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| 5.2.2.0        | Conduct awareness training on document security                                  | Number of staff trained on document security        | 2010/11 | DHRA | DICT        |
| 5.2.3.0        | Assess the effectiveness of existing Ethics Committees                           | Assessment report submitted to Management           | 2011/12 | DIA  |             |
| 5.2.3.1        | <i>Improve whistle blowing by outsourcing allegations handling</i>               | <i>Number of allegations handled</i>                | 2008/09 | DIA  | <i>HoDs</i> |
| 5.2.4.0        | Implement Staff Charter and Service Level Agreements (SLA)                       | SLA Implemented                                     | 2008/09 | DHRA | <i>HoDs</i> |
| 5.2.4.1        | <i>Monitor the level of services as per Staff Charter and SLA</i>                | <i>% of objectives met as per the SLAs</i>          | 2009/10 | DIA  |             |
| 5.2.5.0        | Determine adequacy and effectiveness of controls in the automated TRA operations | Report Submitted to Management                      | 2009/10 | DIA  |             |
| 5.2.6.0        | Monitor and Evaluate implementation of the Third Corporate Plan                  | Quarterly Implementation Reports produced           | 2008/09 | DCG  |             |
| 5.2.6.1        | <i>Customize the MKUKUTA system to Monitor the Corporate Plan</i>                | <i>System in use</i>                                | 2008/09 | DCG  |             |
| <b>5.3.0.0</b> | <b>Improve Staff Capacity</b>  |   |         |      |             |
| 5.3.1.0        | Determine organizational manning and skills levels                               | Report submitted to Management                      | 2008/09 | DHRA | HoD         |
| 5.3.2.0        | Develop Corporate Human Resources Development (CHRD) Policy and Strategy         | CHRD Policy and Strategy approved                   | 2009/10 | DHRA | HoD         |
| 5.3.3.0        | Introduce KAIZEN Management System   | KAIZEN implemented                                  | 2009/10 | DCG  | HoD         |
| 5.3.4.0        | Develop and implement Academic and Operational Research and Publication Policy   | Number of Research papers published                 | 2010/11 | DHRA | DRP         |
| 5.3.5.0        | Enhance ITA training programmes  |   | 2009/10 |      |             |
| 5.3.5.1        | <i>Develop and implement management training programmes at ITA</i>               | <i>Number of staff trained on Management Skills</i> | 2008/09 | DHRA | <i>HoD</i>  |

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|----------------|---|--|---------|------|-----|
| 5.3.5.2        | <i>Develop and implement a training programme on effective communication skills</i>                             | <i>Number of staff trained on Communication Skills</i> | 2009/10 | DHRA | HoD |
| 5.3.5.3        | <i>Carry out an Impact Assessment on training conducted at ITA</i>  | <i>Assessment report submitted to Management</i>       | 2010/11 | DHRA | HoD |
| 5.3.6.0        | Develop and Implement a strategy to increase the number of female employees in decision making positions to 30% | % of female employees in decision making positions     | 2010/11 | DHRA | HoD |
| 5.3.7.0        | Enhance capacity building - Implement Annual Training Plan  | Number of staff trained annually                       | 2008/09 | DHRA | HoD |
| <b>5.4.0.0</b> | <b>Improve Staff Welfare and Motivation</b>   |  |         |      |     |
| 5.4.1.0        | Establish an effective system to involve TRA employees in decision making                                       | System established                                     | 2008/09 | DHRA | HoD |
| 5.4.2.0        | Introduce an additional employer's package on retirement  | Package introduced                                     | 2009/10 | DHRA | DF  |
| 5.4.3.0        | Conduct a Remuneration survey on regular basis  | % of survey recommendations implemented                | 2009/10 | DHRA | HoD |
| 5.4.4.0        | Develop an exit awareness policy and strategy for retirees  | Number of awareness seminars conducted                 | 2010/11 | DHRA | HoD |
| 5.4.5.0        | Develop Environment Management Policy   | Environmental Policy developed                         | 2012/13 | DHRA | HoD |
| 5.4.6.0        | Implement the HIV/AIDS awareness policy and strategy  |  | 2008/09 | DHRA | HoD |
| 5.4.6.1        | Conduct sensitization seminars  | Number of seminars conducted                           | 2008/09 |      |     |
| 5.4.6.2        | Conduct a post implementation review of HIV/AIDS awareness strategy   | Report submitted to Management                         | 2012/13 |      |     |
| 5.4.7.0        | Enhance Working environment   | Work environment improved                              | 2008/09 | DHRA | HoD |

**KEY PERFORMANCE INDICATORS FOR REVENUE ADMINISTRATION  
2008/09 – 2012/13**

| DEPARTMENT   | Area   | Particulars             | Baseline  | Target    | Target    | Target    | Target    | Target    |
|--|--|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|  |  |                         | 30-Jun-08 | 30-Jun-09 | 30-Jun-10 | 30-Jun-11 | 30-Jun-12 | 30-Jun-13 |
| <b>DOMESTIC REVENUE</b>  | Registered Taxpayers   | TIN Registered          | 380,800   | 438,012   | 503,714   | 579,271   | 666,162   | 699,470   |
|  |  | VAT Registered          | 8,443     | 9,287     | 10,216    | 11,238    | 12,362    | 13,598    |
|  | Revenue Collection performance   | Direct Taxes            | 100%      | 100%      | 100%      | 100%      | 100%      | 100%      |
|  |  | Indirect Taxes          | 100%      | 100%      | 100%      | 100%      | 100%      | 100%      |
|  | Amount of Previous year's arrears collected/Total amount of tax arrears at beginning of year |                         | 65%       | 65%       | 65%       | 65%       | 65%       | 65%       |
|  | Average number of days taken to identify stop-filers.  | Direct Taxes            | 14        | 14        | 10        | 10        | 10        | 10        |
|  |  | Indirect Taxes          | 5         | 5         | 5         | 5         | 5         | 5         |
|  | Total Revenue realised from audits/revenue collected   |                         | 10%       | 10%       | 10%       | 10%       | 10%       | 10%       |
| % of VAT refunds made within a month)                              |  | 90%                     | 90%       | 90%       | 90%       | 90%       | 90%       |           |
| <b>LARGE TAXPAYERS</b>   | Registered Taxpayers   |                         | 370       | 400       | 400       | 400       | 450       | 450       |
|  | Number of taxpayers accounting for 80% of revenue  |                         | 40        | 50        | 50        | 50        | 50        | 50        |
|  | Revenue Collection performance   |                         | 100%      | 100%      | 100%      | 100%      | 100%      | 100%      |
|  | Amount of Previous year's arrears collected/Total amount of tax arrears at beginning of year |                         | 95%       | 95%       | 95%       | 95%       | 95%       | 95%       |
|  | Average number of days taken to identify stop-filers.  |                         | 3         | 3         | 3         | 3         | 3         | 3         |
| <b>CUSTOMS AND EXCISE</b>  | Revenue Collection performance   |                         | 100%      | 100%      | 100%      | 100%      | 100%      | 100%      |
|  | % of customs clearances made within 24 hours   | DSM Port                | 80%       | 90%       | 90%       | 90%       | 95%       | 100%      |
|  |  | Airports                | 90%       | 90%       | 90%       | 90%       | 95%       | 100%      |
|  | Average Time taken to clear goods(hh:mm)   | DSM Port                | 24:0      | 6:0       | 6:0       | 4:0       | 4:0       | 3:0       |
|  |  | Airports                | 6:0       | 3:0       | 3:0       | 2:0       | 2:0       | 1:0       |
| % of Declarations subjected to (scanning or physical verification) | DSM Port   | 50%                     | 50%       | 50%       | 50%       | 40%       | 40%       |           |
|  | Airports   | 30%                     | 30%       | 30%       | 30%       | 20%       | 20%       |           |
|  | Number of active importers   |                         | 5,300     | 5,746     | 6,500     | 8,000     | 9,000     | 10,000    |
| <b>PERCEPTION INDICATORS</b>                                       | Percentage of taxpayers awareness on tax education programs                                  | Stakeholders Perception | 60%       | 65%       | 70%       | 70%       | 75%       | 80%       |
|  | Percentage of written enquiries attended within seven days                                   | Website enquiries       | 90%       | 90%       | 90%       | 90%       | 90%       | 90%       |
|  | Corruption Perception Index  | Stakeholders Perception | –         |           |           |           |           |           |