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The Mining Sector in Tanzania: Fiscal Regime and Issues of Concern

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Abstract

This paper is on the mining sector in Tanzania. It focuses on the fiscal regime of the sector and issues of concern in the broader context of revenues from the sector. Using secondary data sources, the paper gives a broad introduction on mining sector and revenues from the same; outlines an overview of the sector, its legislations in relation to fiscal/taxation issues, fiscal performance of and tax incentives in the sector as well as issues of concern in relation to the incentives. The paper also addresses issues of mining sector revenue management and administration. Contrary to many other current papers in this area, this paper also raises issues of concern in as far as the expenditure of revenues from the mining sector is concerned. Policy recommendations are derived from the discussions in the paper and areas for further research are outlined.

The Impact of Political Regimes on Tax Revenues from Primary Product Trade in Least Developed Countries: Evidence from Panel Data Analysis

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Abstract

Whether trade in primary products can increase tax revenues in LDCs, alongside fall in the world prices of primary products and their lower income elasticity, is an important question. This study investigates the influence of political regimes on primary product trade and international trade taxes. The study employed panel data of 48 LDCs to assess exogenous variation on trade. The study found that for the overall LDCs, trade of primary products has no significant contribution towards tax revenues. However, for autocratic regime it was found that there is positive relation between primary product trade elasticity and trade tax revenue. This implies that primary product trade can indirectly contribute towards other categories of taxes such as income taxes and consumption taxes through income generated from trade. This study recommends enhanced trade liberalization through removal of export taxes to encourage exports which in turn boost tax revenue from domestic sources.

Economic Growth and Sectorial Public Spending in Tanzania: An Empirical Investigation

Richard Fue Kiangi

Abstract

This paper presents an empirical analysis of the relationship between sectorial public expenditure and economic growth in Tanzania using time series data spanning over 1990 - 2010. This study uses GDP growth as a proxy of economic growth. Three key sectors; agriculture, transport and communication, and education, were selected for the study. ADF test, Johansen co-integration test and VECM model were employed to capture short and

long-run dynamics of public spending. The study found that public spending on the selected sectors does not play a significant role in promoting economic growth of Tanzania. These surprising results contradict the widely acknowledged role of public sector spending on growth. This contradiction is explained by inappropriate allocation of public funds to non-productive expenditure. This calls for the government of Tanzania to increase development expenditures in budgetary allocation in key productive sectors of the economy so as to promote faster economic growth.