

existing policy framework is somewhat unpredictable in the eyes of investors. Some policy changes have been effective, whereas others did not have the intended impact and were reversed shortly after. The government headed by President Samia Suluhu Hassan is leaning towards a more medium term outlook with a stronger emphasis on widening the tax base, improving voluntary compliance and addressing tax evasion, as highlighted in the budget speech of June 2021. These priorities reflect the Government's commitment to a more conducive investment climate.

The Finance Bill for 2021/22 intends to promote economic recovery and balances the need to improve the business environment and increase domestic revenues. Measures include a 1% reduction of income tax for the lowest band, introduction of small income tax rate of 3% for small scale miners, a levy on mobile money transactions and sim cards, exemption for income tax on interest derived from government bonds and increased duty rates on various imported products to protect local industries.

Tanzania is implementing reforms to modernise the tax administration with the goal of increasing voluntary compliance. For example, Tanzania Revenue Authority (TRA) increased scanning capacity and launched a centralised scanner system to increase efficiency at the ports. TRA also launched an electronic filing system and in the near future it will launch complementary online modules, for example to look for refunds. In parallel, TRA is enhancing its infrastructure to accommodate the shift to a digital tax authority. Reform progress has been positive but slow, mostly due to competing priorities and weaknesses in planning, budgeting and procurement. The new leadership at TRA is more reform oriented and has started to implement changes to move away from harmful collection practices used in the past.

The Government has shown a continued commitment to PFM and Domestic Revenue Mobilisation reforms under President Samia Suluhu Hassan. The Government is currently undergoing a new PEFA assessment. The report will be publicly available in Quarter 4 of 2021. The outcomes will inform the PFM reform priorities of the GoT beyond June 2022. GoT also announced a review of its domestic revenue system including tax policy and administration, revenue forecasting, debt management functions, management of loans, grants and guarantees and inter-governmental transfers. The review will also assess opportunities to improve the budget process to allow for more inclusive and productive consultations between government, private sector and civil society on proposed tax policy changes. The Government's is expected to maintain its current open and cooperative attitude towards private sector and CSOs in the review process. Both processes confirm the GoT's openness and commitment to evidence-based PFM and DRM reforms.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.3.5 Transparency and Oversight of the Budget

While Budget Transparency in Tanzania has been inconsistent, the overall trend and latest developments are positive (2017-2021).

Tanzania has a well-structured budget process with a sound legal base. The GoT follows the provisions of the Budget Act 2015 in a satisfactory manner. Since 2019, the GoT has consistently published budget guidelines, which provide the framework for the budget preparation process. The executive scrutinises the budget before submission to parliament. The GoT does not publish the Executive's Proposal online. After presenting the Executive's budget proposal to parliament, parliamentary sessions take place between April and June before the start of the fiscal year on 1st July. After parliamentary approval, GoT publishes the Enacted Budget and a Citizen version on the website of the Ministry of Finance and Planning. In recent years, all volumes are made available within weeks from its enactment. In previous years, timely online publication has been a challenge. This year, the Enacted Budget for FY 2021/22 was published timely.

During budget implementation, the Budget Act prescribes the need to publish Budget Execution Reports (BERs) within 30 days after the end of every quarter. In reality, the reports are often delayed. While internal information systems have made the production of these reports more efficient, lengthy internal approval processes stood in the way of timely publication. The BER for Q2 serves as a mid-year report. Its quality can be improved by reporting on budget re-allocations. The most recent in-year reports for FY2020/21 are all available online. Financial Statements are published after release of the general audit reports, which are published annually in April. The Financial statements from 2017 up to 2020 are all available online.

Budget comprehensiveness has improved, as the budget currently shows both the actual budget and fiscal forecasts for outer years. Data necessary to improve the comprehensiveness of the information presented in the Budget documentation is readily available. For example, the Integrated Financial Management System (IFMIS) produces regular reports based on the revised budget allocations for different Votes. Also, expenditure can be compared against budget on IFMIS regularly.