



TCCIA | Tanzania Chamber of Commerce,
Industry & Agriculture

Iringa Regional Chamber

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IRINGA FOLLOWS MBEYA, CUTS SERVICE LEVY: Major win for TCCIA and the business community!

IRINGA, TANZANIA (December 12, 2017) – Iringa Municipality has agreed to a proposal from the Tanzania Chamber of Commerce, Industry, and Agriculture (TCCIA) to cut the service levy imposed on local businesses. This reduction will be a big relief for Iringa businesses, particularly small and medium enterprises.

This follows the latest reforms brokered by the TCCIA chapter in Morogoro Municipality and then Mbeya City where they successfully negotiated the lowering of their service levy payments by close to 60 percent.

Under the Local Government Finance Act, LGAs were given the authority to charge up to a 0.3 percent service levy based on gross turnover. Iringa passed a by-law implementing this national law in 2014. Like at many LGAs all over the country, this levy has not been well-received by local businesses, especially new start-ups owned by women and youth entrepreneurs. Presently only 6.5 percent of more than 6000 registered Iringa municipal businesses pay the mandatory levy.

Acting Municipal Director Elliah A. Kasanga said that ENGINE made good sense out of the data in their database, PORALG's Local Government Revenue Collection Information System (LGRICIS). This assisted the Municipality to analyze data leading to a review of the service levy and increasing its capacity to better serve Iringa business. "Many thanks to ENGINE Program for all it's work within the Municipality especially for its strategy of bringing together the public and private sector to

discuss and agree on how to improve the business enabling environment, which results into a friendlier relationship between private and public sectors but also improves revenue collection of the Municipal Council,” he added.

The resolution to reduce the service levy is a proposal that came out of a Public Private Dialogue (PPD) co-chaired by Iringa TCCIA Chair Lucas H. Mwakabungu, JWT Chair Odilo Ngamilaga, Acting Municipal Director Elliah A. Kasanga, and Deputy Mayor Dady Igogo, and supported by the USAID/Tanzania Feed the Future Enabling Growth through Investment and Enterprise Program (ENGINE).

TCCIA Chairman Lucas H. Mwakabungu said, *“We thank ENGINE Programme for taking a facilitation role in TCCIA’s advocacy in reducing service levy from 0.3 % to 0.1 % in Iringa Municipality.”*

“Reduction of the service levy will encourage more business people to abide to the by-law, strengthen the relationship with the Municipal Council and above all increase the tax base which would mean increased tax revenue that would help the Municipal Council provide more and better services to its people,” said Chairman Mwakabungu.

Before the PPD closed, business and government participants, including those representing women and youth, agreed to a reduction closer to 0.1 percent and the formation of a public-private service levy task force that will make the formal recommendation to the Iringa Municipal Council Management for further action. This sets in motion the process of amending the local service levy by-law.

About TCCIA

TCCIA Iringa was established in 1992 as the voice of the local business community. It offers member’s services in advocacy, networking and connecting opportunities, as well as educational workshops.

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