



TCCIA | Tanzania Chamber of Commerce,
Industry & Agriculture

Mbeya Regional Chamber

Contact Mr. Emile Malinza
Telephone 0767770877
Email emalinza@gmail.com
Website www.tccia.com

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MBEYA CITY TO CUT SERVICE LEVY:

Major win for TCCIA and the business community!

MBEYA, TANZANIA (November 29, 2017) – Mbeya City Local Government Authority (LGA) 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 is a major win for the business community in Mbeya.

Under the Local Government Finance Act, LGAs are entitled to charge a 0.3 percent service levy based on turnover generated. Mbeya City passed a by-law implementing this national law in 2011. However, it has not been well received by local businesses, especially new start-ups owned by women and youth entrepreneurs. Currently, in Mbeya City, only 18 percent of more than 12,000 licensed businesses pay the levy.

Acting Mbeya City Director Afrael Manase sees the move to reduce the levy as quite timely since the TRA is taking over collection of some municipal taxes, including those for billboards and properties. Thus, the Mbeya City Council is looking for ways to address this shortfall in much-needed revenue. “This public-private dialogue on the Service Levy comes at the right time. It is a win-win for business and government,” he added.

TCCIA Chairman Dr. Lwitiko Mwakalukwa said, “More than 80 percent of businesses in Mbeya, I believe, have been shying away from paying the 0.3 percent service levy to the Mbeya City Council. If the PPD successfully leads to lowering of the service levy to 0.1 percent, we as TCCIA will lead a sensitization campaign to our members to meet the payments as required by law. A 60 percent cut will be much more affordable to businesses.”

The resolution to reduce the service levy is a proposal that came out of a Public Private Dialogue that was co-chaired by Mbeya TCCIA Executive Officer Emile Malinza, Acting City Director Afrael Manase, and Deputy Mayor Fanuel Kyanula and supported by the USAID/Tanzania Feed the Future Enabling Growth through Investment and Enterprise Program (ENGINE).

Deputy Mayor Fanuel Kyanula, said, “I support the proposal to cut the service levy by 0.1% as it will increase Mbeya city revenue collection as more MSMEs will be willing to pay the reduced rates. The review of this by-law should go hand in hand with education on the importance of paying the service levy.”

Before the PPD closed, business and government participants agreed, including those representing women, persons with disabilities, and youth, 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 Mbeya City Council’s Finance Committee. This is the start of the process of the amendment of the service levy by-law.

About TTCIA

TCCIA Mbeya was established in 1988 as the voice of the local business community. It offers member’s services in advocacy, networking and connecting opportunities, as well as educational workshops.

For more information, please contact Mr. Emile Malinza at 0767770877 or email at emalinza@gmail.com