



TCCIA | Tanzania Chamber of Commerce,
Industry & Agriculture

Morogogo Regional Chamber

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SERVICE LEVY WILL BE REDUCED IN MOROGORO MUNICIPALITY: Major win for TCCIA and the business community!

MOROGORO, Tanzania (September 25, 2017- The Morogoro Local Government Authority has agreed to a proposal by the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) to reduce the local service levy imposed on **businesses**. This is a major win for the business community in Morogoro.

Under the Local Government Finance Act, LGAs are entitled to charge a 0.3% service levy based on turnover generated. However, in Morogoro, only 13% of 4778 licensed businesses pay the levy. Pascal Kihanga, Mayor of Morogoro, sees the move to reduce the levy as timely in generating more revenue for the LGA. *“Lowering the levy will give access to a higher number of Small Medium Enterprises (SMEs) to pay the tax, which will in turn guarantee higher revenues for the LGA,”* said Kihanga.

“Furthermore, the move will ensure increased tax compliance by businesses, therefore improving the relationship between SMEs and Municipal council officials,” he added.

The resolution to reduce the service levy is a proposal that came out of a Public Private Dialogue that was co-chaired by the former Morogoro Mayor and now Councilor Amiri Nondo, District Administrative Secretary Ruth John representing the district council, Morogoro TCCIA Chairman Mwadhini Myanza, and Jumuiya Wafanyabiashara Morogoro (JWT) Chairman Ally Mamba.

TCCIA Chairman Myanza said, *“the service levy is a stand-alone tax which does not put into consideration other statutory tax deductions, therefore impacting profit for businesses.”*

“Apart from a lower service levy impacting on LGA revenue, it will create ownership of the process amongst the business community and fairness of SL payment among the business community, including new business groups that are not subscribed to the levy,” said Chairman Myanza.

Before the PPD closed, business and government leaders agreed to the formation of a service levy task force comprised of five private sector representatives and five public sector representatives. Leading the private sector team is TCCIA Chairman Myanza. The task force will make a recommendation concerning the reduction in percentage from the current 0.3 percent Service Levy tax to the Morogoro Municipal Council Finance Committee.

The task force will meet in one month to start deliberations on the process of the by-law amendment.

About TCCIA

TCCIA Morogoro was established in 1989 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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