Taxpayers Rights in the Context of Democratic Governance: Tanzania

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ABSTRACT

This article discusses current tax reforms in Tanzania from the perspective of taxpayers' rights. Tanzania has implemented economic reforms since the 1980s. The government initially embraced business interests and adopted laissez faire policies that led to the near collapse of the tax system and rampancy of corruption. These experiences seriously impaired public trust and confidence in the government and the tax system. The subsequent reforms, based on the 1991 Tax Commission report are the cornerstones of tax reform in Tanzania and are a cause of concern. The formal legal system has become marginal to administrative rules and enables bureaucratic choices in the interactions between the state and economic actors. As a result, the tax reform has not corrected faulty principles in state-society relations in taxation. It has taken a highly technical path. The article argues that reforming a tax system on purely technical economic considerations is not a viable option if democratic govemance and development are to be sustained. The remaining parts of the article are organised as follows: in section two, the democratic foundations and the rule of law in taxation is briefly discussed. In section three the legal framework of taxation in Tanzania is assessed and examples are provided to indicate how parliamentary plenary powers in taxation have supported undemocratic tax policy and legislative practices. The final section addresses the issue of taxpayers' rights