Taxation in the Tanzanian gold sector: Overview of impacts and possible solutions

Author(s)
Petro Sauti Magai & Alejandro Márquez-Velázquez

Abstract
This paper analyses the factors that reduce the gold sector's contribution to the Tanzanian government's revenue. Tanzania is among Africa's largest gold exporters. Yet ordinary Tanzanians have seen little benefit from this. This is partly because the government has enacted tax laws that are, as we shall see, overly favourable to multinational mining companies, and partly because of the same companies' business practices. Critics argue that the government fails to capture a substantial amount of state revenue as a result of low royalty rates, unpaid corporate taxes and tax evasion by major gold mine operators. This paper argues that the Tanzanian government should try to increase its share of revenues by taxation based on revenues, increasing its auditing skills and its involvement in mining, as well as by increasing the transparency of contracts and limiting the discretionary power of policy-makers in negotiating contracts.

Keywords:
Gold, impacts, taxation, revenue, Tanzania