CAG: how Sh7.59tr went uncollected in FY-2016/17

The sum could have enabled the govt to fund its recurrent and development expenditures from domestic sources

By Louis Kolumbo
lkolumbo@tz.nationmedia.com

Dar es Salaam. The recently-released audit report of the government controller and auditor general (CAG) says in one place that Tanzania missed out on uncollected public revenues amounting to Sh7.59 trillion in the 2016/17 fiscal year. This was equivalent to 26 per cent of the total government budget for that 'troubled' financial year.

In its observations on this titled 'The CAG Report 2016/17: what is the state of accountability in Tanzania?' the Wajibya Institute of Public Accountability (Wipa) reveals that the uncollected public revenues could have provided the government with a 12 per cent budget surplus —had they indeed been collected in the first place.

This would have then enabled the government to fund its recurrent and development expenditures from domestic revenues alone — thereby dispensing with donor funding and the attendant donor dependencies.

Amount in trillion shillings that the government missed collecting in the financial year of 2016/17:

7.59

Continued on page 2
Sh7.59tr uncollected

Continued from page 1

ence syndrome!

Tabling the institute’s ‘observations’ yesterday, the Wapi chairman, Mr Yona Killagane, said tax disputes largely between the government and taxpayers constitute nearly 96 per cent of uncollected revenues in Tanzania.

“Others are in the areas of the value-added tax (Vat); non-tax revenues; poor control of tax exemptions; poor control and assessment of imports, as well as insufficient debt management and enforcement,” he said.

According to the Wapi chairman, the CAG report highlighted disputed taxes that are tied up in the appeal machinery pending ruling as accounting for Sh4.4 trillion in uncollected revenues.

Another Sh2.862 trillion in potential revenues couldn’t be collected due to inadequate capacity of the relevant authorities in promptly and effectively handling queries and objections by taxpayers.

CAG also said that Sh291.66 million in value-add tax was uncollected from leasing processing plants during the 2016/17 financial year.

Another Sh14.5 million was unremitted non-tax revenue (NTR) to consolidated funds while Sh13.135 million was uncollected revenue due to poor control of exempted fuel imported for consumption in mining operations.

Mr Killagane further said that the CAG report shows Sh29.5 million as not collected due to insufficient control mechanisms in importation and assessment of goods and fuel, while Sh271.65 million was ‘missed out’ over insufficient debt management and enforcement mechanisms.

Noting that “the above trend was a sign of poor financial accountability,” Mr Killagane said the CAG report shows that public revenue collections declined by 8 per cent in FY 2016/17.

According to the CAG, declining financial accountability was demonstrated by the way directives issued by the parliamentary oversight com-

mittees – namely the Parliamentary Investment Committee (PIC), the Public Account Committee (PAC) and the Local Authorities Accounts Committee (LAAC) – were roundly ignored by government officials.

“During the fiscal year under review, only 6 per cent of the PAC directives were implemented – and 31 per cent of the LAAC directives!”

“The parliamentary oversight committees need to be strong and effective if Tanzania is to improve its financial accountability,” he insisted.

Recalling that the CAG pointed out serious deficiencies in the government’s internal controls, the chairman stated that this resulted in public revenues amounting to Sh15903 billion in the central government alone.

“Challenges in the EPICOR integrated Financial Management System also needed to be addressed. These include inadequate reconciliation of data generated from EPICOR and CS-DRMS; poor utilization of the fixed asset and stock modules; and weaknesses in financial statements,” he said.

Debating the Wapi presentation, a University of Dar es Salaam lecturer, Dr Richard Mbunda, expressed disappointment that directives of the par-

liamentary committees – all of which have a constitutional mandate in executing their functions – were blatantly ignored.