

Mapping the Digital Financial Services Taxation Landscape in Tanzania



JUNE 2026

AUTHORS: Chris Wales and Hannelore Niesten.

Acknowledgments: The authors thank Harshil Parekh and Lorenzo Spadavecchia as well as Hussam Razi and Paul Adams for their valuable contributions to this report. The authors also benefited from constructive comments and inputs from the Bank of Tanzania, including Deogratius Wenceslaus Kimolo and Bonaventura M. Mlamka.

Copyright: Copyright 2026 Innovations for Poverty Action. This publication is available as a PDF on the Innovations for Poverty Action website under a Creative Commons license that allows copying and distributing the publication, only in its entirety, as long as it is attributed to Innovations for Poverty Action and used for noncommercial educational or public policy purposes. Photographs may not be used separately from the publication.



Table of contents

Executive Summary	4
Key Findings	5
1. Introduction	6
2. The stakeholders	8
2.1. Public sector stakeholders	10
2.1.1. Opening hypotheses: The centres of influence on DFS taxation	10
2.1.2. Key public sector stakeholders in the DFS tax ecosystem	11
2.2. Private sector stakeholders	20
2.2.1. Opening hypotheses: Private sector members of Tanzania's DFS tax ecosystem	20
2.2.2. Channels of influence	22
2.2.3. Why DFS and DFS taxation are important to private sector interests	24
2.2.4. Why the private sector is unlikely to welcome DFS Taxes	25
2.2.5. Key private sector stakeholders in the DFS tax ecosystem	26
2.3. International development organisations, donors, partners	37
2.4. Academic and research institutions	41
2.5. Civil society, consumer advocacy and media groups	44
2.6. Other influencers: Regional organisations	46
3. Strengthening the DFS taxation ecosystem: Challenges and Opportunities	47
Annex 1. Overview of major DFS providers	53
Annex 2. Interlocutors on the broader international stage of DFS taxation	54
Annex 3. Complementary Interlocutors on DFS taxation in Tanzania	55



Mapping the Digital Financial Services Taxation Landscape in Tanzania

Executive Summary

This report provides an overview of the digital financial services (DFS) tax landscape in Tanzania and highlights the roles of various stakeholders and their perspectives on taxation within the evolving DFS ecosystem. Public and private sector stakeholders, civil society, international development organisations and academic and research institutions interact with the tax framework in different ways.

Public and private stakeholders play a central role in the DFS taxation ecosystem, yet they face significant challenges in adjusting to the rapidly changing digital landscape. While there have been efforts to reform tax policies, the evolving tax framework has presented opportunities for policy adjustments, although some changes have had unintended impacts on the market, particularly within the mobile money sector. The report highlights the growing necessity for a more collaborative approach between the government, private stakeholders, and other entities to develop tax policies that reflect the realities of the digital economy while promoting financial inclusion and growth in the sector.

The government, through its various departments, is tasked with formulating policies that both encourage financial sector growth and ensure adequate tax revenue collection. The Ministry of Finance (MoF) is the main architect of tax policy, including DFS taxation and typically leads consultations on policy issues with external actors. The Tanzania Revenue Authority (TRA) has responsibility for providing technical input and advice on DFS taxation to MoF and holds the relevant revenue data. These two institutions are of fundamental importance to the DFS taxation ecosystem in Tanzania. The Bank of Tanzania (BoT) influences the DFS ecosystem by promoting financial inclusion and consumer protection but does not directly shape fiscal policy. While BoT has not made public statements specifically addressing DFS taxation, it has advocated more broadly for affordable digital payment

systems. The Ministry of Information, Communication and Information Technology supports the digital economy but has not made public statements on DFS taxes. The Tanzania Communications Regulatory Authority (TCRA) focuses on service affordability and accessibility; however, no public position on DFS taxation has been identified. The Universal Communications Service Access Fund (UCSAF) aims to expand services in underserved areas, indirectly influencing DFS affordability. Other ministries have not published positions on DFS taxes, though they may hold internal views. Government shareholding in certain telecom operators, like Airtel Tanzania, may create potential channels of interaction between the state and industry actors in sectoral policy discussions. In Zanzibar, relevant authorities have not issued publicly available statements on DFS taxes. Overall, while these institutions play key roles in the DFS ecosystem, publicly documented positions on DFS taxation remain limited.

Industry associations representing the collective interests of MNOs/Telcos have voiced concerns regarding aspects of the current and evolving tax framework. However, there is little evidence of their direct engagement with DFS taxation matters. Commercial banks, such as CRDB Bank Plc and NMB Bank Plc, which serve as important intermediaries in the DFS space, are subject to similar tax policies as mobile money operators (MMOs), but their involvement in publicly documented consultations with the government on DFS taxation issues appears limited. Fintech companies, a growing force in the DFS landscape, are driving technological innovation, yet their tax positions remain ambiguous due to the lack of clear regulatory guidelines. The Tanzania Fintech Association (TAFINA), established in 2023, has not yet engaged significantly in DFS taxation discussions, despite its members' increasing reliance on DFS, suggesting that its institutional role in tax policy debates is still emerging.

Microfinance institutions, particularly larger entities like ASA Microfinance, are adopting DFS for loan disbursements and repayments. However, they report limited concerns about the existing tax framework. The Tanzania Association of Microfinance Institutions (TAMFI) has yet to focus on DFS taxation, although its involvement in broader financial sector reviews could present future opportunities for advocacy. Savings and Credit Cooperative Societies (SACCOS), particularly in workplace environments and rural areas, are gradually adopting digital platforms to enhance their services. However, challenges such as limited infrastructure and cybersecurity concerns persist. The umbrella organization SCCULT has provided technical support and advocacy for these institutions, although there is little direct engagement on DFS tax matters.

Other private sector representative bodies such as the Tanzania Internet Service Providers Association (TISPA) and the Tanzania Startup Association (TSA) have raised concerns about taxes on mobile money services, particularly the mobile money levy, which has affected startups and small businesses reliant on digital transactions. Consulting firms such as PricewaterhouseCoopers (PwC), KPMG, Deloitte, and Ernst & Young have played advisory roles on DFS tax matters, offering analyses of policy changes. However, their focus has primarily been on the financial impacts on service providers, with less emphasis on the broader implications for consumers or financial inclusion.

To address the fragmentation and lack of collaboration in DFS taxation policy development and monitoring, the report recommends the establishment of a coordinating body, either a DFS Tax Advisory Committee (DFSTAC) or a broader Digital Taxation Advisory Committee (DTAC). These committees could function as advisory platforms to the MoF, bringing together representatives from relevant government institutions, private sector, and consumer groups to discuss DFS taxation and related policy issues. The DFSTAC would focus specifically on DFS taxation to ensure that policies align with the objectives of financial sector growth and inclusion. The DTAC, by contrast, would address broader digital economy taxation issues such as e-commerce and cryptocurrency transactions, while also promoting the achievement of Tanzania's digital economy goals.

KEY FINDINGS

1. The DFS tax landscape in Tanzania involves multiple public and private stakeholders, yet both face challenges in adapting to the rapidly evolving digital economy, particularly within the mobile money sector.
2. Key government institutions like the Ministry of Finance (MoF) and Tanzania Revenue Authority (TRA) are central to DFS taxation policy but have limited collaboration with other stakeholders, which may constrain the inclusiveness and effectiveness of policy development.
3. Industry associations and private sector players, including MNOs, commercial banks, fintech companies, and microfinance institutions, have limited engagement or influence on DFS tax policy, despite being heavily impacted by it.
4. Regulatory bodies like the Bank of Tanzania (BoT) and Tanzania Communications Regulatory Authority (TCRA) indirectly impact DFS affordability but have not issued publicly documented positions on DFS taxation, highlighting potential gaps in coordinated policy oversight.
5. The report advocates for establishing a Digital Financial Services Tax Advisory Committee (DFSTAC) or a broader Digital Taxation Advisory Committee (DTAC) to enhance collaboration among stakeholders and align tax policies with digital economy and financial inclusion objectives.

1. Introduction

This Report has been commissioned by Innovations for Poverty Action (IPA) as part of the Tax Workstream of its Tanzania Affordable Digital Finance Research Initiative (TADFRI) programme. The programme has been funded by the Bill & Melinda Gates Foundation.¹

Our Report sets out to provide the reader with an understanding of the stakeholder ecosystem of Digital Financial Services (DFS) taxation in Tanzania, encompassing public sector institutions, private sector organisations, civil society, academia, other research organisations and a range of others who engage on issues related to the taxation of DFS. It provides a framework for analysing the diverse interests and priorities of these different groups and assessing their contribution or potential to contribute to the policy debates that shape the DFS tax landscape. It examines the engagement and influence of key stakeholders on tax policy, highlights the shared interests of different actors and considers whom the Government should aim to include in discussions about DFS taxation and how those included might contribute.

We identify those who are at the core of the ecosystem, who create the tax environment to which the rest of the ecosystem responds, and those who sit outside it. We identify the service providers, users and commentators, and those others who seek to influence some or all of the elements of the tax environment, from within or outside the framework of government. We look at the channels through which the ecosystem works, the way that policy decisions can be influenced, in theory and practice, setting out the framework within which influence is exerted and giving a foretaste of the more detailed examination of DFS tax policy-making in Tanzania which will be undertaken in a later phase of the Tax Workstream. In the final section of this Report, we consider whether there is a need to strengthen the DFS taxation ecosystem and how that might be achieved in practice.

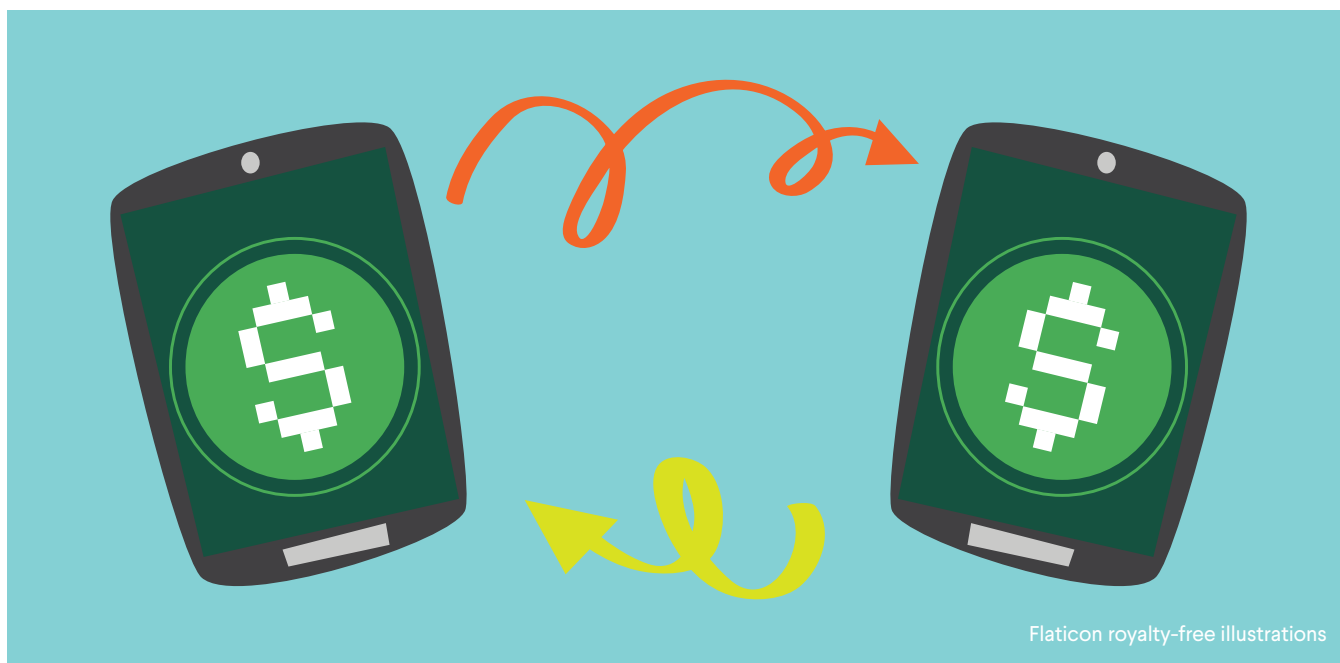
The DFS tax ecosystem is a living thing. It has evolved over time and will continue to evolve. In this Report, we attempt to capture it at a particular moment in time, while reflecting on its history and imagining, as far as we can, how it might develop in the future. We take a broad view of what constitutes the ecosystem, recognising it as a group of people and organisations who engage on the issues rather than simply observe them from afar. This is not a literature review, and we regard passive observers as marginal to the life of the ecosystem. We look for and emphasise active current and potential contributors – those who influence policy today, and those with the potential to help shape it in the future.² There are some organisations and individuals, especially some from outside Tanzania, who have contributed briefly, sometimes momentarily on a particular issue. Their contribution can be significant if it is analytical enough and evidence-based, and where we believe that a contribution meets our criteria of significance³, we note it, but we don't automatically include the author or the organisation as a core member of the ecosystem.

Notwithstanding these exclusions, our definition recognises the DFS tax ecosystem in Tanzania as a complex and inter-connected network of public and private sector organisations: government ministries, departments, agencies (MDAs), private sector institutions, corporate and otherwise, industry representatives, academic researchers, think tanks, users, media outlets, development finance institutions, and civil society organisations, all of which are affected by, or seek to contribute to the development of national DFS tax policies. Many of them are subject to influence themselves, some by their members and some others – including government ministries – by strong organisations, external to Tanzania, such as the International Monetary Fund (IMF), the World Bank and other development partners like the UK Foreign, Commonwealth & Development Office (FCDO).

¹ This report reflects the DFS taxation ecosystem as analysed at the time of drafting (2024), with publication taking place at a later stage. Where relevant, references to policy developments should therefore be interpreted as reflecting the situation at that time, unless otherwise indicated.

² Given the time lag between drafting and publication, some institutional positions, data points, or stakeholder engagement dynamics may have evolved, although the structural analysis of the ecosystem remains valid.

³ Our criteria of significance for contributions to the DFS tax ecosystem include relevance to taxation issues, analytical depth supported by evidence, potential impact on policy, engagement with diverse stakeholders, sustainability for long-term dialogue, geographic context pertinent to Tanzania, innovative approaches that challenge existing paradigms, and feasibility of actionable recommendations



Inevitably, not all the members of the DFS tax ecosystem are equal, in the sense that some have the power to make policy decisions, while others can only participate as one voice among many, offering support, opposition or new ideas and suggestions. We also recognise that not every institution, public or private, that has a view on DFS taxes, necessarily has a publicly documented position. Many organisations prefer to exert influence, if they can, through discreet channels, often face to face, using whatever soft power they may have. Such contributions typically leave no trace, except in the minds of those who receive them and perhaps in private correspondence or meeting notes. Knowledge and experience of how this works elsewhere conditions our expectations of finding much hard evidence of this kind of influence in Tanzania, but the absence of such evidence should not be taken as a sign that there is no influence, or that there has been no attempt to exert influence on policy decisions.

Similarly, we should not expect to find, within government, much public sign of differences of opinion on DFS taxation policy. It would be extraordinary, in any country, to see the Ministry of Finance (MoF) being criticised in public by another ministry for introducing a tax, whether on mobile money (MM) or another factor. The Cabinet is the place where such differences can and should be aired, not the media. Differences of position among ministers and ministries can rather be inferred

from the competing priorities of the MDAs. So, we need to look at the extent to which DFS tax policy might cut across, rather than support, another ministry's mission and objectives, as a way of understanding what their views are likely to be on a particular tax issue, and what they might be inclined to say in a private discussion.

Throughout the wider DFS tax ecosystem, as in any ecosystem, it is inevitable that different views exist among members, sometimes opposing views. Perspectives are conditioned by the backgrounds, and personal or organisational interests, of individuals as well as by their ability to access relevant data. Tax policy-makers are not all-knowing. Nor are other government officials or private sector CEOs. So, the exploration of differences is, or should be, an educational experience for all concerned.

In this Report we have attempted to map all of the stakeholders in the DFS taxation ecosystem whom we have been able to identify, to provide a knowledge base and a reference tool for the *Fiscality* team and for other key actors engaged in these issues, including government entities, private sector organisations, civil society partners and others. Even so, there will inevitably be omissions for which we, the authors, apologise.

2. The stakeholders

We have organised our mapping of stakeholders in the DFS taxation ecosystem by reference to their public or private sector status, recognising that interests may cross the public-private divide and that the policy development process frequently does so. A summary of the key stakeholders is set out below:

PUBLIC SECTOR

Government Ministries, Agencies, etc.

- National Assembly
- Office of the President
- Office of the Vice President
- Ministry of Finance (MoF)
- Office of the Prime Minister
- Tanzania Revenue Authority (TRA) / Institute of Tax Administration (ITA)
- Zanzibar Revenue Authority (ZRA)
- Bank of Tanzania (BoT)
- Ministry of Information, Communications and Information Technology
- Fair Competition Commission (FCC)
- Zanzibar Fair Competition Commission (ZFCC)
- National Council for Financial Inclusion
- National Bureau of Statistics
- Universal Communications Service Access Fund (UCSAF)
- Other MDA's

Regulatory authorities

- Tanzania Communications Regulatory Authority (TCRA)

PRIVATE SECTOR

- Tanzania Private Sector Foundation (TPSF)

Telco and DFS Providers

- GSMA
- Tanzania Mobile Network Operators Association (TAMNOA)
- Mobile Network Providers (MNOs): M-PESA, Airtel Pesa, Tigo Pesa, Halo Pesa, Azam Pesa, T-Pesa

Commercial banks

- Tanzania Bankers Association (TBA)
- Commercial banks and microfinance: e.g., CRDB Bank, NMB Bank, ASA

Fintechs

- Tanzania Fintech Association (TAFINA)
- Fintech companies: e.g., PesaPal, Jumo

Microfinance companies

- Tanzania Association of Micro Finance Institutions (TAMFI)
- Payment service providers: e.g., Selcom, Maxcom

Savings And Credit Cooperative Societies (SACCOS)

Other private sector organisations

- Tanzania Internet Service Providers Association
- Tanzania Startup Association (TSA)

Consulting firms

OTHER DEVELOPMENT ORGANISATIONS, DONORS, PARTNERS

Alliance for Financial Inclusion (AFI)
Consultative Group to Assist the Poor (CGAP)
World Bank / IMF
United Nations Capital Development Fund
European Union (EU)
Bilateral donors: USAID, FCDO, GIZ

ACADEMIC AND RESEARCH INSTITUTIONS

Economic and Social Research Foundation
Financial Sector Deepening (FSD) Tanzania
Global Dev
International Centre for Tax and Development
UNU Wider
University of Dar es Salaam (UDSM)

Civil Society and Consumer Advocacy Groups

Tanzania Consumer Advocacy Society (TCAS)
Policy Forum
Legal and Human Rights Centre (LHRC)
State-owned media services
Media Council of Tanzania
Tanzania Information Services (Maelezo)
Private media: e.g., IPPMedia, The Citizen, Mwananchi Communications, Azam Media, Clouds Media Group
Nation Media Group, East Africa Television

Other influencers: Regional Organizations

East African Community (EAC)
African Tax Administration Forum (ATAF)

SOURCE: Authors' compilation.

We start with an examination of the main stakeholders within the framework of government.

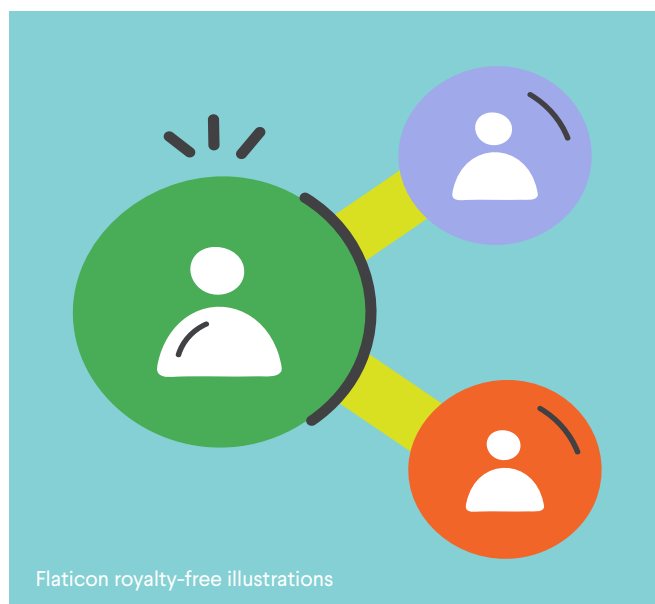
2.1 Public sector stakeholders

In this section, we set out our opening hypotheses about the respective roles and positions of the public sector institutions whom we have identified as members of the DFS taxation ecosystem. We then consider what evidence there is for the involvement of these institutions in the development of DFS tax policy and their contribution, or lack of contribution, to any public debate about it.

2.1.1. OPENING HYPOTHESES: THE CENTRES OF INFLUENCE ON DFS TAXATION

The relative influence of particular government actors on the DFS taxation ecosystem is quite opaque. To help address this, we developed a set of initial hypotheses about institutional involvement in the ecosystem in the terms that follow. We then sought validation through available documentation and insights gathered through consultation:

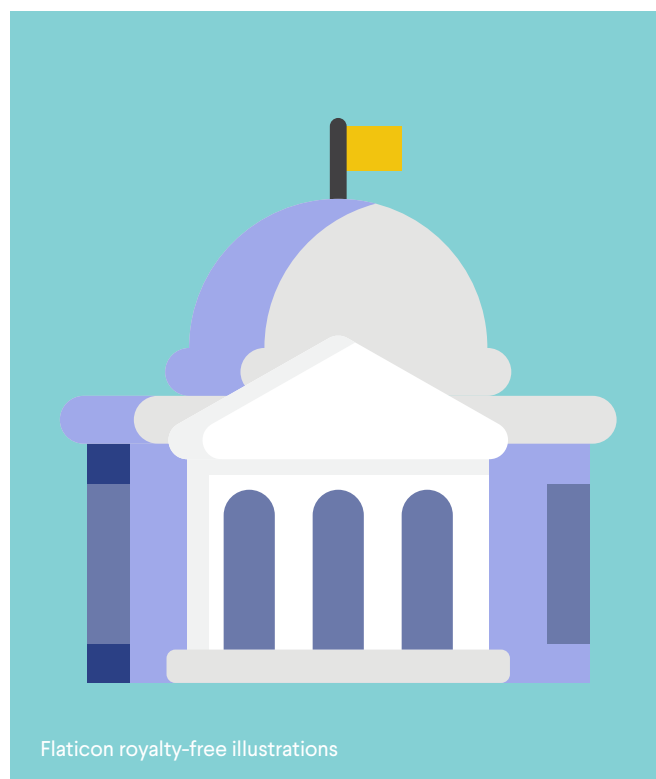
- The **National Assembly** will be an important forum for the discussion of DFS taxation initiatives by the Government.
- The **President, Vice President and Prime Minister** are likely to seek a balance between Domestic Resource Mobilisation (DRM) objectives and progress on financial inclusion and digitalisation.
- **MoF** will be the key decision-maker on DFS taxation, subject to formal approval by the Cabinet and the Parliament. Differing priorities within its departments – focused on DRM, financial sector development, digital advancement, and financial inclusion – may influence the approach, pulling policy in one direction or another.
- The **Tanzania Revenue Authority (TRA)** will limit its public contribution on DFS taxation to matters of implementation.
- The **Bank of Tanzania (BoT)** will formally take the position that fiscal policy is not within its remit, while providing support for the deepening of financial inclusion, which is one of its main areas of responsibility. It will maintain a watching brief over the development of DFS, act as an enabler where required and play a role in controlling DFS costs for consumers.
- Most **ministries** will be likely to support financial inclusion and digitalisation within their respective spheres of interest, while DRM objectives may be emphasized primarily by fiscal authorities. Publicly available government documents and institutional websites rarely express explicit criticism or opposition to the taxation of DFS, and generally provided limited discussion of its potential cost implications. This reflects the broader policy challenge of balancing revenue mobilisation with financial inclusion objectives and identifying an optimal level of taxation for DFS services.
- All **MDAs** are likely to be aware of the broader political economy implications of DRM.
- There will be little acknowledgement in government documents of any **citizen views** or concerns about DFS taxation.



2.1.2. KEY PUBLIC SECTOR STAKEHOLDERS IN THE DFS TAX ECOSYSTEM

The United Republic of Tanzania is a democracy in which the elected President is both the Head of State and head of the government. The [Constitution](#) sets out the respective powers of the President, Vice President, Prime Minister, Government, Cabinet and National Assembly of Tanzania. Government decisions are normally made by the Cabinet, over which the President presides, and are executed through the MDAs. In practice, government policy is largely developed through the ministries and agreed at Cabinet, where discussion takes place on significant issues, any differences of opinion are aired, and government policy is agreed. The decision-making process and the underlying political framework generally enable the government to present a unified position on policy matters. This is the case even when decisions have been made that cause public concern among citizens.

The Government set out its vision for the future of Tanzania in its National Development Vision 2025, which acknowledges that technology is “a major driving force for the realization of the Vision” that “should be harnessed persistently in all sectors of the economy and should be put to the benefit of all social groups.” The Government committed itself to promoting the use of digital technology and innovation as a means of stimulating economic growth, a commitment enshrined in Tanzania’s [Voluntary National Review](#) of its implementation of the 2030 Agenda for sustainable development, which recognises that “Tanzania has enjoyed rapid utilisation of evolving digital technologies which are now present in multiple sectors of the economy.”

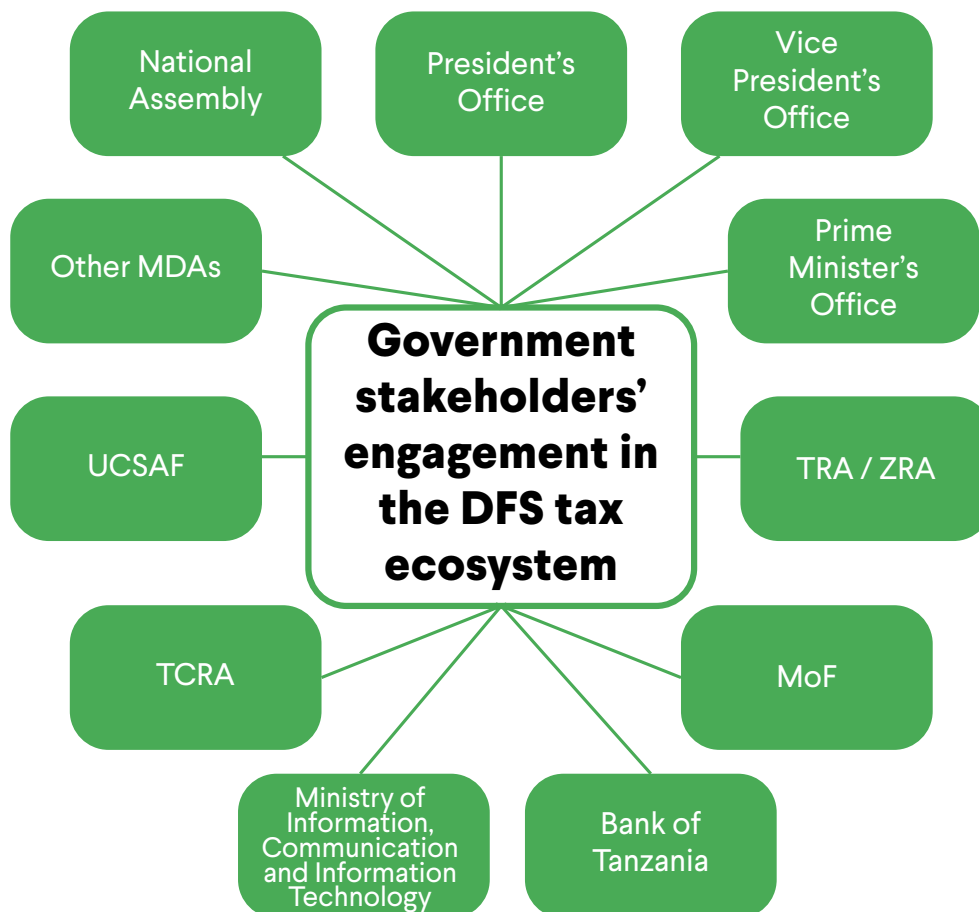


In this section, we explore, through the publications and statements of different parts of government, including the President’s Office and the relevant MDAs, how government has sought to deal, in a balanced way, with the challenge of encouraging the digitalisation of government services and the broader economy⁴, and the imperative of promoting financial inclusion, while simultaneously raising much-needed additional revenues from the service providers through whom the digital agenda will primarily be delivered. **Figure 1** provides a stylised overview of the engagement of public sector stakeholders in the DFS taxation ecosystem in Tanzania.

4 The term “broader economy” includes digital merchant payments to registered businesses, the adoption of smartphone technology by consumers, and infrastructure development by service providers, particularly in underserved areas. Furthermore, the Digital Tanzania Project (DTP), led by the Ministry of Communication and Information Technology and involving collaboration with government agencies, the World Bank, and other stakeholders, identifies additional key pillars of digitalization: strengthening the legal and regulatory framework to promote ICT investment and market competitiveness, ensuring access to affordable and high-quality internet services, building digital platforms to enhance public service delivery, and improving government operational efficiency.

Figure 1.

Engagement of government stakeholders in the DFS taxation ecosystem



SOURCE: Authors' compilation.

NOTE: The different bubble sizes in this diagram represent the authors' view of the relative power and proximity of various stakeholders in the tax policy process.

Larger bubbles indicate entities with greater authority or influence, while smaller bubbles represent actors with less direct power but significant involvement in shaping the policy dialogue.

Inevitably, ministers and their ministries have their own agendas, linked to the policy priorities for which they are responsible. Those responsibilities will influence where they position themselves in Cabinet during discussions about the taxation of digital services and their providers. We do not, of course, have access to Cabinet Minutes but we can infer the opening positions and preferences of ministers and others from available publications and statements.

NATIONAL ASSEMBLY

Notwithstanding the importance of the National Assembly in approving tax legislation, it has proved difficult to find documentary evidence of its members' active involvement in the debate surrounding the Government's approach to DFS taxation, which was prompted by widespread, public expressions of concern about the tax burden on MM and its implications for affordability (e.g., Electronic Money Transaction Levy (the Levy)). This public concern will inevitably have been in the minds of the members of the National Assembly but there is little documentation of their individual or collective views and actions. Nevertheless, the National Assembly facilitated the change of strategy by the Government, leading to amendments to the Levy that had been introduced in July 2021. Regrettably, the [website](#) of the National Assembly provides no specific information about recent discussions or legislative actions related to the Levy.

PRESIDENT'S OFFICE

- The President's Office has a strong interest in the digitalisation of the economy and of government services.
- It co-owns with the Ministry of Information, [The Digital Tanzania Project](#) (DTP). This is a major, strategic initiative, the objective of which "is to increase access to high quality internet services for government and citizens and to improve the government's capacity to deliver digital public services. In this regard, the Project is geared towards accelerating the digital economy in Tanzania."
- The DTP is a document of some importance. It sets out the ambitions of the Government in the digital space. There are four components:
 - strengthening the Digital Ecosystem (laws, policies, regulations, institutional and human capacity) necessary to promote ICT infrastructure investment, market competitiveness, digital engagement, job creation, and innovation;
 - improving Digital Connectivity, securing access to affordable, high-quality internet services for all citizens, including those in rural areas, and for critical government institutions;
 - investing in Digital Platforms and Services to improve the core infrastructure and capacity necessary to support digital public service delivery;
 - supporting Project Management.
- Ownership of the DTP aligns the President's Office firmly with other advocates of the expansion of digital networks and services.
- The President's Office also has a strong interest in the financial inclusion agenda which it promotes through its Regional Administration and Local Government team (PO-RALG).



©Photo by DC Studio via Magnific

VICE PRESIDENT'S OFFICE

- The Vice President's Office has no direct, formal responsibility for the digital agenda of the government or for taxation. [Its Mission](#) is "To be highly effective in mobilizing and strengthening Union and non-Union affairs and coordinating environmental management to improve the well-being of Tanzanians."
- No policy documents or statements have been identified that are relevant to the DFS tax ecosystem.

PRIME MINISTER'S OFFICE

- The Prime Minister has responsibility under the President for the day-to-day functions and affairs of the government and is the Leader of Government business in the National Assembly. As such, the Prime Minister has overall responsibility for three areas of policy that are relevant to the DFS tax ecosystem: DRM, the digital agenda and financial inclusion policy.
- The Prime Minister's Office incorporates the Ministry of Labour, Youth, Employment and Persons with Disability (PMO-LYED). This Ministry is a key stakeholder in the financial inclusion agenda, representing the interests of potentially excluded or disadvantaged groups.
- In a [statement](#) made in early October 2024, the Prime Minister stressed the importance of the integrated economy in the implementation of the sustainable development plan and the achievement of the 2030 agenda. He said that "Integrated financial services are an important link for economic growth, reducing poverty and bringing about the development of society as a whole."
- He has also encouraged the [use of electronic systems](#) for revenue collection, to reduce the risk of misuse of public funds.
- In [June 2024](#), he urged public institutions to put in place concrete plans to use digital systems to improve service delivery.
- However, no recent documents or statements relating to DFS taxation have been identified on the Prime Minister's Office website.

MINISTRY OF FINANCE

- The Ministry of Finance is the most powerful actor in the DFS taxation ecosystem and is one of the best-informed. MoF has responsibility for DRM, financial sector development and financial inclusion through its Fiscal Policy Section and the Financial Sector Development Division.
- A number of policy statements of strategic importance, which have a digital agenda component, have been published under the auspices of MoF. Most of these documents are silent on tax policy issues, although a few provide exceptions to this rule. Key documents include the following:
 - [National Five-Year Development Plan 2021/22-2025/26](#) (FYDP III). This is an important document, designed in support of the National Development Vision 2025. It recognises the development contribution that can be made through digitalisation of the economy and contains some reflections on tax policy, as elaborated below.
 - [Financial Sector Development Master Plan 2020/2021-2029/2030](#). This is a major government strategy document, but it lacks any tax policy content.
 - [National Microfinance Policy](#) 2017. This is an important government policy statement which recognises that “Financial inclusion is a major contributor not only to economic growth and poverty reduction... Having greater access to financial services promotes entrepreneurship, lifts people out of poverty and gives them greater hope for a brighter economic future.”
- MoF is responsible for the publication of the annual Budget documents, which contain some information about DFS taxation, where appropriate. These include:
 - [Treasury Revenue Estimates](#), which provide details of government revenues and expenditure.
 - [Citizens' Budget](#), which is a simplified and summarised version of the Budget statement. Relatively little explanation of Budget tax measures is provided. For example, in relation to FS/DFS VAT changes, the [2016/17 Citizens Budget](#) simply states: “...introduce VAT on fee based financial services excluding interest on loans” without further explanation. Similarly, the [2021/22 Citizens' Budget](#) notes: “Impose a levy of between 10 shillings to 10,000 shillings on each mobile money transaction for sending and withdrawing.” Again, it does not offer any additional commentary.
- MoF is also a key collaborator with the World Bank in relation to the Financial Access for Sustainable and Transformational ([FAST](#)) Growth project (2024)
- The inherent tension in the responsibilities of MoF are evident in the documentation. A few examples will suffice:
 - FYDP III includes a review of the tax reforms undertaken during implementation of FYDP II. This sheds some light on the motivation for certain DFS-related tax changes, including some significant changes made in 2016/17:
 - **Excise Duty Reform:** Extend Excise Duty on Mobile Money Services to include commission payable from money withdrawal.
Objective: To limit tax evasion and increase Government Revenue
 - **VAT Reform:** Introduce VAT on fee based financial services
Objective: To remove tax distortions and reduce exemptions.
To enhance tax base and Government revenue
 - FYDP III foresees further tax changes for DFS, including: “Developing a framework for taxing mobile money transactions for revenue collection from electronic payments”; a policy which proved controversial and, in the minds of many, threatened the future success of DFS.
 - The same document, FYDP III also shows strong appreciation and support for digitalisation and DFS: “the country continues to expand the digital infrastructure – the National Broadband Backbone – for country-wide quality mobile telecom networks in order to enable the citizens to benefit from the digital revolution including development of digital-based services in finance, health, education, public administration, judicial services and market information.”
“A national digitalisation strategy shall help in guiding efforts through a fairly new terrain of digitalisation...”
“Financial inclusion has been attributed to application of electronic payments platforms and virtual savings and credit supply platforms”
“Now the nation is booming with mobile phones, application developers, network providers, mobile money and online services.”

- [The Budget Speech 2021/22](#), which announced the introduction of the Levy that is now formally known as the Electronic Money Transaction Levy, also made tax changes intended to encourage the adoption of digital services, by exempting smartphones and devices using similar technology, from VAT. The Minister said, “The purpose of this measure is to promote usage of data services in the country in order to attain the target of 80% of users of internet services by 2025 against the current performance of 46% of users in the country.”
- [The Budget Speech 2023/24](#) marked, for many, a profound change in the approach and priorities of MoF regarding tax and DFS. The key paragraphs that announced the change read as follows:

“Honourable Speaker, in 2023/24, the Government will continue to manage the digital revolution in the country which is crucial for transforming the Nation to a digital economy. In the digital economy, all sectors effectively collaborate through better digital environment. In achieving the intended goal, the Government will implement various projects including: the expansion of National ICT Broadband Backbone (NICTBB); the Digital Tanzania; and Develop the Innovation and Manufacturing of ICT Equipment...”

“The improvement of this [TIPS] infrastructure is an important step to achieve the goals of the inclusion of many citizens in the official financial system as well as the country towards a digital economy. With that in mind, I propose make amendments to the National Payment Systems Act, 2015 as follows:

... To remove mobile money transaction levy on sending and receiving money electronically. In addition, I propose to make an amendment to the transaction fees schedule by increasing the mobile money transaction levy on withdrawals by 50 percent. The measure is intended to remove double taxation in one transaction as well as to stimulate the electronic payment transactions. This measure is expected to increase the Government revenue by 16,711.5 million shillings.

However, in order to ensure the efficiency of financial services is achieved, the Central Bank in cooperation with financial service providers are conducting

a review of charges imposed on electronic transactions in the country with the aim of reducing those charges so as to increase the use of official electronic transactions. The reductions of the fees will help reduce the use of cash, thus fulfilling the Government's goal of building a digital economy;”

This was an important and significant shift of emphasis at MoF, brought about, many would argue, by popular pressure. The series of rapid changes to the Levy, introduced in July 2021, and undergoing five subsequent changes, suggest that MoF may have been struggling to maintain its primacy on DFS tax policy during the period 2021-23 but it nevertheless remains the most significant public sector force within the DFS taxation ecosystem.

TANZANIA REVENUE AUTHORITY

- The TRA does not have a public voice on taxation policy, separate from its reporting ministry, MoF. It undertakes research on policy issues in support of MoF but it does not generally publish policy papers, except where it is the agreed result of collaboration with external researchers.
- Nevertheless, the TRA is an important stakeholder in the DFS taxation ecosystem. It has the capacity to influence policy development, using its analytical capability, modelling skills and access to taxpayer data, and to monitor compliance and the revenue performance of DFS taxes.
- Its direct responsibility for implementation provides it with practical experience that can help shape policy thinking. For example, its insights into taxpayer behaviour can inform strategic adjustments to tax regulations, ensuring they are both effective and equitable. Moreover, the TRA's experience in enforcement and taxpayer education enhances its capacity to foster compliance and promote understanding of tax obligations.
- The TRA website provides access to the law and guidance on compliance but no commentary on government policy decisions.

Flaticon royalty-free illustrations



- Once enacted, DFS taxes naturally form part of TRA target collections, so the emphasis shifts to achieving the required revenues.

BANK OF TANZANIA

- The Bank of Tanzania is another key actor in the DFS taxation ecosystem.
- BoT is not a decision-maker on fiscal policy, but its role is significantly influenced by the economic climate created, in part, through fiscal policy, so it has an active interest in the tax system of Tanzania.
- Its **primary objective** is “to formulate, define and implement monetary policy directed to the economic objective of maintaining domestic price stability conducive to a balanced and sustainable growth of the national economy.” Its role involves responsibility for financial inclusion, consumer protection, orderly markets and government borrowing.
- BoT provides the Secretariat for the National Council for Financial Inclusion and plays a supporting role in relation to implementation and monitoring of the [National Financial Inclusion Framework 2023-28](#), whose Vision is “Universal access to and usage of a broad range of affordable and quality financial products and services that improve financial well-being and livelihood.”
- BoT’s Annual Reports on National Payment Systems are a key source of information regarding DFS usage. The [2023 Annual Report](#) states that the “Bank of Tanzania advocates for the affordability of payment system products and services to consumers to attain the cash-lite agenda by promoting the adoption and usage of digital payments.”

- BoT holds significant data on DFS, MM and banking sector activity, which presents an opportunity for deeper analysis.
- BoT’s website has not revealed any policy documents/statements/research specifically addressing the taxation of DFS.

MINISTRY OF INFORMATION, COMMUNICATION AND INFORMATION TECHNOLOGY

- The Ministry is a key stakeholder in all aspects of the development of DFS.
- It is the reporting ministry for the regulator, the TCRA (see below), and is a key collaborator with DFS service providers.
- It owns the [Tanzania Digital Economy Strategic Framework 2024-34](#) (TDESf), a pro-market, pro-consumer strategy. One of the objectives of the strategy is “Inclusive, secure and sustainable digital financial services to support economic activities.” It states that “The Government works to promote access and usage of formal digital financial services to a wider population as part of efforts to enhance financial inclusion” and aims to “provide digital financial services at an affordable price.”
- The TDESf also notes that “The TRA can enhance its capacity to monitor online transactions and effectively collect taxes.”
- We have been unable to identify any published statements of the Ministry’s position on DFS taxation.

TANZANIA COMMUNICATIONS REGULATORY AUTHORITY (TCRA)

- Like its parent ministry, the TCRA is a key stakeholder in all aspects of the development of DFS and is likely to have an institutional view on DFS taxation but has made little direct comment on the impact of tax on the affordability implications. It is important to note that TCRA's jurisdiction extends only to Mobile Network Operators (MNOs) and does not cover Mobile Money Providers (MMPs) or other digital financial services, such as banking. While MMPs operate largely on MNO infrastructure, they are distinct entities with separate licenses and are regulated exclusively by the BoT.
- Its strategic objectives include "Accessibility, affordability and quality of regulated services enhanced".
- TCRA publishes a quarterly newsletter. The Regulator, which covers a variety of topics. The [July-Sept 2021 edition](#), covering the period immediately after the introduction of the Levy, remarks on the price sensitivity of the DFS market but makes no specific mention of the Levy. "Consumers of ICT services are highly price-sensitive given the low levels of average income in Tanzania. Combined with aggressive competition in the mobile retail market, this has led to low marginal revenues for service providers, which discourages investment in infrastructure and services in rural areas where there isn't a sufficient customer base to overcome the low margins. The ICT sector accounts for a mere 2 per cent of GDP compared with at least 3 per cent (and typically more) in similar countries."
- TCRA produces a wide range of statistics on a regular basis. These inform thinking about network coverage and generally paint a picture of good overall levels of service and good coverage for most citizens, but with some geographical areas still excluded from 3G and 4G. The Regulator for [Oct-Dec 2023](#) reports "rural and marginalised communities still face challenges in accessing basic telecommunication services, hindering their full participation in the digital revolution. It is imperative that we collectively address these accessibility factors..."



UNIVERSAL COMMUNICATION SERVICE ACCESS FUND

- [UCSAF](#) plays an important role in the development of the mobile network. The Fund was established to facilitate access to communication services, especially in those parts of the country where low population density, low incomes and other factors made the provision of network coverage by private sector organisations economically less attractive.
- It is funded by a [levy](#) on the (adjusted) gross revenues of all holders of communication licences, currently set at 1.25% but scheduled to increase to 1.5% in [2025/26](#). Some regard this as a tax, hypothecated to telecom network provision.
- Among UCSAF's objectives are:
 - Ensure the availability of communication services in rural and urban under-served areas
 - Promote the participation of public and private sector in the provision of universal service in the rural and urban underserved areas
 - Promote the socio-economic development of rural and urban underserved areas
 - Create a framework for open and efficient access to and use of communication networks and services in production and availability of a competitive market
 - Promote widespread provision of quality services at affordable rates and ensure that rural and urban underserved areas have access to communication and information services at reasonable and affordable price.

The Fund, therefore, has a strong interest in financial inclusion, the accessibility and affordability of DFS and other telecoms services, and is a potentially significant member of the DFS taxation ecosystem.

OTHER MDAS

- DFS have become increasingly important to the citizens and businesses served by many MDAs. We expect that all of the MDAs listed below will have views on the affordability of DFS, including both privately and officially-held views on DFS taxation as it has evolved. However, their websites appear to contain no material relating to DFS taxes. This confirms our opening hypothesis that MDAs would share their views within the framework of government but be unlikely to take a position outside government, other than positions formally endorsed by political leadership.

Ministry of Agriculture (MOA): No relevant recent documents/research found

- Ministry of Education, Science and Technology (MOEST): No relevant policy documents/statements/research found
- Ministry of Industry and Trade (MIT): No relevant policy documents/statements/research found. There is a Ministry of Industry and Trade [Strategic Plan for the period of 2021/22-2025/26](#) but it appears to be silent on DFS tax issues. MIT is the reporting ministry for the Small Industries Development Organisation, where there will almost certainly be views about DFS taxes, but no relevant documents were found on their website. The linkages provided regarding credit are all to traditional banks, not DFS providers.
- Ministry of Community Development, Gender, Women and Special Groups: No material relevant to the DFS tax ecosystem has been found, although financial inclusion policy is targeted at these potentially disadvantaged and excluded groups. Of particular interest are [social protection programs](#), as recipients of government-to-person (G2P) transfers often rely on mobile money services elsewhere. However, it is important to note that government payment transactions, including G2P transfers, are excluded from the levy.⁵
- Office of the Attorney General: provides legal opinions on proposals, clearances etc. but no relevant published material found.
- Office of the Chief Parliamentary Draftsman: responsible for legislative drafting and facilitating submission of legislation to the National Assembly, but no relevant published material found.
- Fair Competition Commission: no relevant recent documents found.

GOVERNMENT OWNERSHIP OF PRIVATE SECTOR ENTITIES

- In Tanzania, the government often plays a significant role in the governance of private sector companies, particularly in industries like banking and telecommunications, where it holds substantial stakes. While state ownership itself is not inherently problematic, state-owned enterprises (SOEs) can, in some contexts, be associated with preferential treatment or market distortions that can impact the viability and profitability of the private sector.⁶ This influence is facilitated through government representation on the boards of these companies, creating a two-way channel on policy and operational matters. Government representation potentially allows the state to influence corporate strategy and to more directly align corporate objectives with broader economic and fiscal objectives, while enabling companies to communicate their perspectives on regulatory matters, including taxation, more easily to the government. An example of such a relationship is the Tanzanian government's stake in Airtel Tanzania (49% as of August 2024). An example in the banking sector is [NMB Bank](#) in which the government owns 32%. The mutuality of interest inherent in this type of relationship can potentially influence the functioning of the DFS taxation ecosystem.
- Unlike some other countries, Tanzania has instituted a legal framework that requires public corporations that are majority-owned by government, such as the [Tanzanian Telecommunications Corporation](#), to operate according to sound commercial principles.⁷ This requirement encourages a more competitive and efficient telecom sector. By promoting commercial discipline within state-owned entities, Tanzania seeks to ensure that its telecom sector remains competitive and operates in a way that supports broader economic and fiscal goals, with implications for the overall regulatory and taxation environment ([World Bank 2024](#)).

⁵ The levy, in any case, would only apply to withdrawals, and it would only be relevant if a recipient were to withdraw cash from a mobile money account that had been funded by a government payment.

⁶ G. Pop et al. 2024. [State-Owned Enterprises in Digital Infrastructure and Downstream Digital Markets in Africa](#). World Bank, Washington: DC.
⁷ Section 5(1) of the [Tanzanian Telecommunications Corporation Limited \(TTCL\) Act No. 12 of 2017](#) and Sections 7(2) and 14(2)(d) of the [Public Corporations Act](#).

ZANZIBAR GOVERNMENT INSTITUTIONS

Zanzibar government institutions operate within a somewhat separate legal and fiscal framework from Mainland Tanzania. The following observations therefore reflect publicly available information specific to Zanzibar and should be interpreted independently from Mainland DFS taxation arrangements.

- **President's Office** stresses the importance of DFS and [celebrates the deepening of financial inclusion](#) through MM but its [website](#) does not provide information on taxation related to these services.
- The **MoF's website** lacks specific information regarding the taxation policies related to DFS.
- The website of the **Zanzibar Revenue Authority** (ZRA) offers a range of information on various Levies; however, it lacks details on the Electronic Money Transaction Levy or other DFS taxes. ZRA's [Fourth Corporate Plan 2020/21 to 2024/25](#) prioritises the objective of "Strengthening Tax Administration through Modernization". A key focus of this plan is to innovate in digitalisation and harness technology, which includes facilitating the use of electronic payment systems, but no references to DFS taxation could be found.
- **Zanzibar Investment Promotion Authority** (ZIPA) contributes to creating a favourable investment climate in Zanzibar, including in the digital finance sector. However, no publicly available information was found on its [website](#) regarding ZIPA's influence on taxation policies related to DFS.

2.2 Private sector stakeholders

In this section, as with the public sector, we set out our opening hypotheses about private sector involvement in the DFS taxation ecosystem. We briefly explore the various channels through which the private sector can, in principle, influence government policy. We ask why DFS taxation is important to private sector firms and why they should, therefore, engage as members of the DFS taxation ecosystem. We then look at the organisations themselves whom we have identified as members of the DFS tax ecosystem and examine their historical involvement in it and their potential to influence policy choices and outcomes.

2.2.1. OPENING HYPOTHESES: PRIVATE SECTOR MEMBERS OF TANZANIA'S DFS TAX ECOSYSTEM

We framed our opening hypotheses about private sector involvement in the DFS tax ecosystem in the terms that follow and again sought validation through available documentation and such discussions as we have been able to hold:

The core members of the DFS tax ecosystem

- The **Mobile Network Operators** (the MNOs), through their MM operations, have the strongest and most direct interest in the taxation of DFS, as it potentially affects their market and profitability.

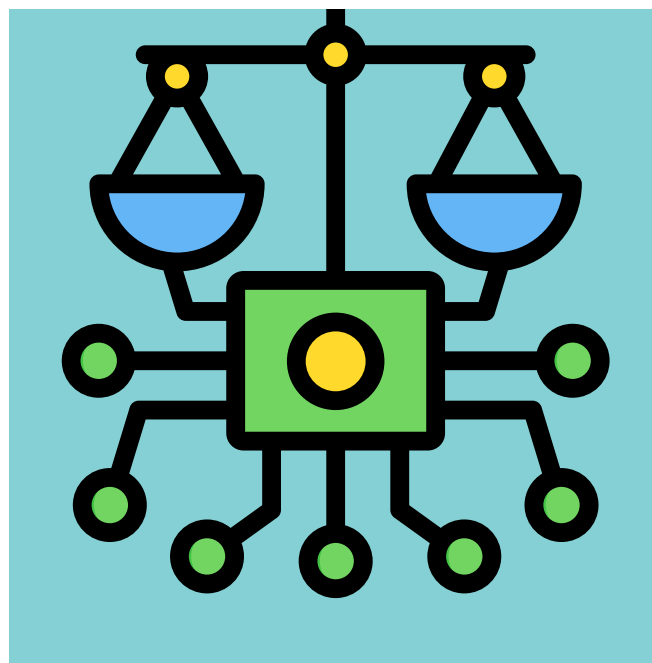
MNOs primarily focus on telecom services, such as voice, data, and SMS, but are concerned that tax increases on consumers' use of these services and DFS could disrupt their telecom business growth. MMOs inevitably have a narrower focus on expanding mobile money and related services to increase transaction volumes and enhance financial inclusion, which may require a slightly different approach to taxation.



While MNOs and MMOs often operate within the same legal and economic ownership group, their strategies may diverge. MNOs are likely to engage with the government primarily through their international umbrella organisation, GSMA, and their local representative body, TAMNOA, focusing their attention on the TCRA, with perhaps a more secondary engagement with MoF. MMOs, however, are more likely to direct their efforts towards BoT and MoF to advocate for tax policies that foster a favourable environment for mobile money growth.

Given these differences, MNOs and MMOs might have competing priorities, even within the same organisation. MNOs will likely push for policies that benefit their telecom services, while MMOs may advocate for tax measures that promote MM expansion. Both are likely to harness their significant research capability, data ownership, sophisticated communication skills and the voice of their customer base to have the maximum effect on DFS taxation.

- The **Commercial Banks** also have a strong and growing interest in DFS taxation, as technology reshapes their business model and customer base. Like the MNOs, they will also engage with government at multiple levels, especially BoT and MoF. Their sustained involvement in government financing has fostered strong relationships with both institutions. They are likely to be more influential at the highest levels of government than the MNOs who remain relative newcomers and they may use this influence less publicly. Their stance on DFS may be influenced by the fact that, although growing in importance, it is by no means their entire business, as their traditional banking services remain central to their profitability.⁸
- The **Fintechs**, as a provider group, are arguably the newest of newcomers to the DFS tax ecosystem. They are a diverse group of businesses, with a smaller voice and likely to have less influence on government policy than the MNOs and Banks and fewer resources with which to engage within the DFS tax ecosystem. Their efforts to engage in DFS taxation debates are likely to be more limited and might focus on niche areas, such as encouraging favourable conditions for startups or advocating for tax policies that support financial innovation.



Other members of the DFS tax ecosystem

- The **Microfinance businesses, SACCOS and other savings and credit groups** have not yet fully embraced the digital opportunities that exist in Tanzania today (although the larger SACCOS have made significant progress) and are less likely to be influential members of the DFS tax ecosystem, even though some of their businesses are affected by DFS taxes.
- The representative bodies for **other groups, including internet providers and startups** are likely to engage on DFS tax issues that are of direct relevance to their members, as providers or users, but are unlikely to be resourced to play a major role.
- The local representatives of the **major consulting firms** are likely to represent strongly the views of their clients but will have limited appetite for engagement with MoF on DFS taxation. Most of the issues are related to consumption taxes, where these firms are least active, except on a headline level.

⁸ See also: H. Niesten (2023) Are Digital and Traditional Financial Services Taxed the Same? A Comprehensive Assessment of Tax Policies in Nine African Countries, ICTD Working Paper 162, DOI: 10.19088/ICTD.2023.014

2.2.2. CHANNELS OF INFLUENCE

The policy-making process in Tanzania allows both formal and informal channels for private sector influence on taxation policy. The private sector's technical expertise, economic leverage, and the government's dependence on private innovation for achieving goals like financial inclusion suggest that it may have a strong influence on policy but, to the extent that it happens, much of it takes place behind the scenes.

In most countries, influence can be exerted in different ways and at different levels in the decision-making process for taxation policy. In Tanzania, we have been able to identify the following key channels:

- Publication of opinions in traditional and social media. Opinions disseminated via traditional media (newspapers, TV, and radio) and social media platforms can lack solid evidence but may nevertheless be influential in forming public opinion, which in turn can influence policy outcomes. In the political sphere, media power has, historically, been strong. Some governments have been able to exert control over traditional media but are often less adept at achieving the same outcome with social media. Social media, with its relatively decentralised and informal nature, is harder to control, allowing for a broader range of perspectives.
- Publication of independent, typically academic, research. Independent research – whether conducted by local institutions or international bodies – is normally evidence-based and analytical and, therefore, usually backward looking. It can be valuable in highlighting issues, documenting impacts that had previously not been fully explored or understood. It can provide a rationale or basis on which to undertake reform, although its efficacy in forecasting outcomes from change may be limited. In spite of this limitation, it can frame discussions and contribute to more informed decision-making.
- Publication of industry-sponsored research. Industry-sponsored research can resemble academic research and may often be undertaken by academics. It is often cited as if it were independent but may have inherent bias. It has value in highlighting particular issues, but policy-makers will normally be wary of taking conclusions and recommendations on trust, as papers may be written to conform to an industry viewpoint and data quoted selectively.
- Participation in response to formal requests for input to the Budget process. The annual Budget cycle, which involves the submission of a Finance Bill containing tax proposals to the National Assembly, allows for an element of input from the private sector and from informed citizens more generally. Private sector organisations are invited to submit their own proposals for consideration in the Budget process. These can be in the form of well-developed ideas, evidence-based and rich in the experience they convey, or they can be off-the-cuff ideas, with little or no supporting analysis. For some industries, formal meetings to discuss the ideas put forward, can be a regular part of the Budget cycle. However, there is little public documentation of these engagements, and often little feedback to participants regarding ideas and suggestions that they have put forward. Marginalised groups may find themselves excluded from this process.
- Participation through ad hoc meetings with officials, before or during the policy-making process and sometimes after the time when policy decisions have been made. Meetings between the private sector and tax policy-makers occur quite frequently in Tanzania, as in many countries. They can be convened by either side and may serve as forums for organisations to clarify their positions, for example, if organisations hear that they are likely to be subject to tax changes, or proactive, when organisations want to push forward their own proposals for reform. Sometimes, after the Budget announcement of a measure for which an industry or sector was unprepared, meetings will be convened hastily to deal with the aftermath of the decision, which might be economic, financial or political. All of these meetings can potentially be broad in their scope but typically they will fall into two categories: meetings about the principle of policy change and meetings about the detail of implementation. On the latter, businesses and representative bodies can often have useful, practical insights to offer that can shape important parts of the legislation. However, these ad hoc engagements are unlikely to be inclusive, potentially leaving outside smaller businesses, rural representatives, and sectors that are not traditionally involved in policy discussions. Additionally, certain industries, particularly those with established connections or economic clout—such as telecommunications, finance, and extractives—may have greater access to officials during these consultations compared to others, further skewing the policy dialogue in favour of more powerful interests.



- Participation through informal meetings with senior officials, ministers and others with decision-making authority.

In most countries, economic and political elites enjoy good access to ministers and permanent secretaries and have the opportunity to discuss tax changes with them that could be important, either for economic progress and development, or for other policy reasons. This is typically one of the main channels through which the private sector influences policy reform, although it will rarely be fully documented and may be disruptive to the normal process of making tax policy. It is not uncommon for traditional, established, domestic industries to have better access to ministers than others. The lack of transparency may raise concerns about accountability, fairness in the policy-making process, and the potential risk of corruption.

- Participation through the provision of private data. The MNOs and Banks, due to their ownership of market data and their ability to analyse consumer trends, are potentially in a strong position to influence policy by sharing insights with the government. This technical input can be invaluable in shaping tax frameworks that respond to the realities of the DFS sector. Nonetheless, publicly available records of such exchanges and their impact on policy remain limited.

Overall, the Government of Tanzania appears to be sincere in its desire to draw citizens more fully and effectively into the formulation of tax policy, including DFS taxation, and multiple channels for input are currently available. However, the structure of engagement appears to need strengthening and the lack of feedback to participants, together with the limited transparency leaves room for considerable speculation about the extent of its influence. We will research these issues more fully at a later stage in the Tax Workstream and document our findings and recommendations.



2.2.3. WHY DFS AND DFS TAXATION ARE IMPORTANT TO PRIVATE SECTOR INTERESTS

To understand the role of the private sector in shaping DFS tax policy, we have first to recognise why DFS are important to their business interests. DFS, particularly MM, have become a cornerstone of financial inclusion and a key driver of profitability for the service providers, financial institutions, and Fintechs. These services have expanded access to financial products for millions of unbanked individuals and created new revenue streams for the private sector which have fostered broader economic participation.

For MNO/DFS providers and financial institutions, DFS—especially MM platforms—represent a significant source of revenue. Fees from transactions, deposits, withdrawals, remittances, and other financial services contribute directly to their revenue streams. As MM services have become integral to daily financial activities in Tanzania, the sector has experienced very substantial growth. In terms of the number of active customers, there may be relatively little potential for growth, as the number of active users was already higher than the working-age population of Tanzania in 2023, but there is considerable scope for MM and other electronic payment systems to be used more extensively, especially for payments to merchants. The number of traders willing to accept electronic payment increased significantly in 2023, and this trend is likely to continue, supporting further growth and increased profitability for service providers.

Offering DFS allows financial sector companies to deepen their relationships with customers by integrating other financial services into their digital payment products. By bundling services like payments, savings, loans, and transfers, DFS providers (through MNOs) and potentially Fintechs can create their own ecosystems that encourage customer loyalty and frequent engagement. The more embedded DFS become in users' daily lives, the greater the long-term value that these customers represent for private sector actors.

DFS open the door to continuous innovation in financial services, from micro-loans and insurance to small business tools. This includes tailored products for specific demographics and enhancing financial literacy. Innovation allows companies to differentiate themselves in a competitive market and also expands their reach into underserved or unbanked communities. Leveraging data analytics also allows businesses to understand customer behaviour for targeted marketing. For businesses, this is about profits as well as expanding service offerings to new and existing customers.

However, it is not only the providers who benefit from greater take-up of DFS. It is also the businesses that use them. For many businesses, DFS provide a more certain and secure method of settlement, enhance efficiency and allow both outgoing and incoming payments to be monitored more easily. For those with a requirement for an annual audit, there is a clearer audit trail than with the manual recording of transactions. Additionally, digital payments may streamline tax compliance, making it easier for businesses and individuals to pay taxes efficiently. The downside of this, for some, is that it is more difficult to screen payments and profits from the TRA when they use electronic payment systems.

2.2.4. WHY THE PRIVATE SECTOR IS UNLIKELY TO WELCOME DFS TAXES

Given the centrality of DFS to private sector interests, the introduction or increase of taxes on DFS/MM is often met with concern and resistance by some. There are several aspects to this:

- Taxes on DFS transactions, such as MM transfers, typically result in higher costs for users. In Tanzania, VAT and excise duties, for instance, are passed down to consumers in the form of increased fees for transfers and withdrawals. This could reduce usage by existing customers and deter potential customers, especially low-income users who are more price-sensitive, although the magnitude of such effects depends on price elasticity, the availability of substitutes, and overall transaction costs. More evidence is needed to confirm the extent to which this has happened, some of which we hope to see provided by the TADFRI price-elasticity workstream.
- Taxation can broadly affect the willingness of businesses to invest in innovation and new technologies and services, if they perceive that the increased burden of taxation will reduce their profitability. This extends beyond high-margin products and may impact various areas of service delivery, shaping how resources are allocated. It could slow down the growth in the variety and quality of financial products that are available and have a ripple-through effect across user sectors as well.
- DFS taxes in Tanzania are generally considered to be higher than those in neighbouring countries (e.g., Uganda, Kenya, Rwanda),⁹ which may create concerns about the competitiveness of local firms in cross-border DFS markets. This concern may also have a dampening effect on the motivation and entrepreneurialism of Tanzanian businesses. It may have a negative impact on the strength of the fiscal-social contract.¹⁰
- Taxation could hinder the expansion of DFS into new markets, particularly among the unbanked and underbanked populations in rural or low-income areas. DFS providers rely on reaching these underserved groups to grow their user base and generate revenue. If taxes discourage usage or limit

access to affordable financial services, it could stall the sector's growth and reduce the private sector's ability to tap into these new markets.

- Higher taxation of DFS may lead to an increased likelihood that informal or unregulated users seek to avoid tax burdens. This might result in a shift back to cash payments, which could undermine the progress made in promoting DFS. Such a trend might negatively impact some government revenues in the long run.
- Implementation requirements and compliance with additional taxation, such as excise duties and VAT on transaction fees, and levies on the underlying transaction value, can impose administrative burdens on DFS providers. Managing these overlapping tax obligations requires robust accounting and reporting systems, which may divert resources away from core business activities and innovation efforts.

In summary, the private sector, in general, is unlikely to welcome additional tax on DFS and may seek to influence tax policy decisions, including decisions on DFS taxes, where it can. Only a limited number have easy and direct access to decision-makers so the methods of engagement and attempted engagement are varied. Some will present their case face to face with policy-makers, using data and analysis to back up their opinions. Others, with less privileged access, will write in traditional media and social media sometimes with reasoned cases that are evidence-based, and sometimes armed only with their opinions and personal experience.

In the absence of a direct power to act, private sector organisations that wish to see policy changed have to use indirect means and soft power, and attempt to mobilise others. These methods may include lobbying, public advocacy campaigns, or collaboration with industry groups to amplify their message and shape the policy dialogue. While BoT serves as the primary regulator for FSPs, which include banks, MMOs and microfinance institutions, it does not have the authority to set tax policy, which rests with MoF. Therefore, while the BoT may hear complaints and concerns from the private sector, it is ultimately the MoF that decides tax policy. As such, FSPs and other market actors must navigate this policy dynamic, using both direct and indirect channels to advocate for change.

In the next section, we explore the contribution to the DFS tax ecosystem made by specific private sector actors.

⁹ Future work under the TADFRI project will assess the structure and levels of DFS taxation in comparator countries, including Rwanda, Kenya, Uganda, and Ghana, to enable a more systematic comparison of DFS tax regimes across the region.

¹⁰ The fiscal-social contract refers to the implicit agreement between a government and its citizens, where the government collects taxes in exchange for providing public goods, services, and governance. It is built on mutual trust: taxpayers agree to fulfil their fiscal obligations in the expectation that the government will use revenues effectively and equitably to improve societal welfare.

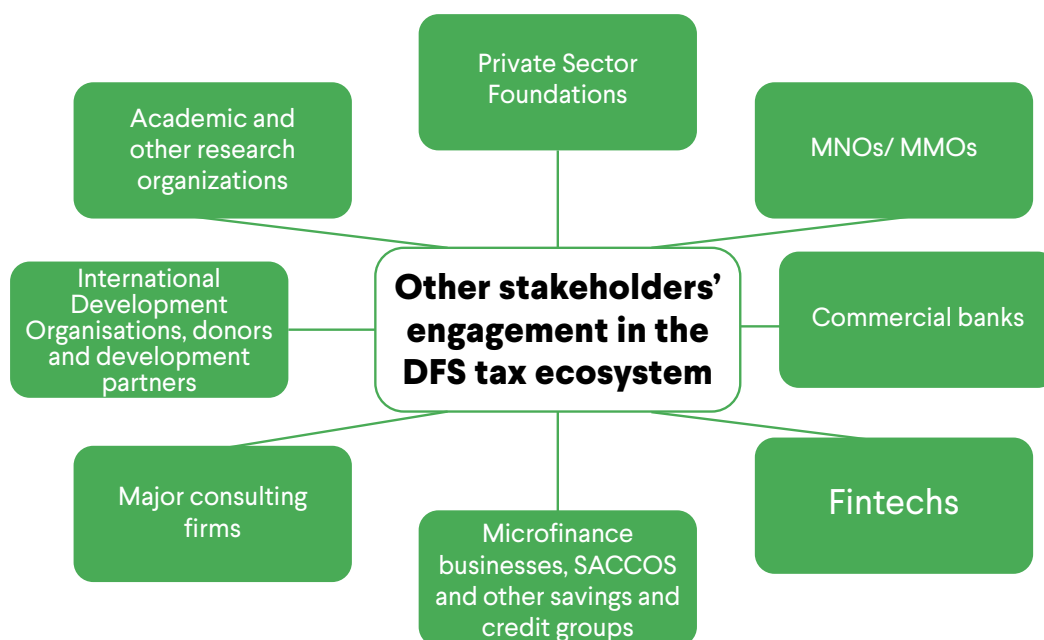
2.2.5. KEY PRIVATE SECTOR STAKEHOLDERS IN THE DFS TAX ECOSYSTEM

The transformation of Tanzania into a digital economy offers significant opportunities for private sector firms. DFS are seen as an important enabler in that transformation as well as a potential source of profit in their own right. To the extent that DFS taxation inhibits the growth of digital services or reduces the size of the DFS market, firms are likely to be resistant to its introduction and sensitive to its form.

In this section, we explore, through the publications and reports of various private sector organisations whom we have identified as members of the DFS tax ecosystem and examine their historical involvement in it and their potential to influence policy choices and outcomes.¹¹

FIGURE 2 provides a stylised overview of the engagement of private sector stakeholders on DFS tax policy in Tanzania. The diagram categorises stakeholders based on their relative power and proximity to decision-making processes, highlighting the core groups—such as MMOs and commercial banks—that play a key role in engaging on DFS tax policy issues and shaping policy outcomes. It also illustrates the secondary and peripheral groups, like Fintechs, startups and microfinance institutions, whose influence is growing but remains comparatively limited.

Figure 2. Other stakeholders’ engagement in the DFS taxation ecosystem



SOURCE: Authors’ compilation.

NOTE: The different bubble sizes in this diagram represent the authors’ view of the relative power and proximity of various stakeholders in the tax policy process. Larger bubbles indicate entities with greater authority or influence, while smaller bubbles represent actors with less direct power but significant involvement in shaping the policy dialogue.

¹¹ While not specifically focused on Tanzania’s DFS taxation policies, several other organizations have contributed valuable perspectives, and their contributions provide important context for understanding the broader landscape of MM taxation (see Annex 3).

TANZANIA PRIVATE SECTOR FOUNDATION (TPSF)

- TPSF is the umbrella organisation for private sector interests in Tanzania, in principle representing the interests of all private businesses in Tanzania, large and small, although it is inevitably dominated by the larger firms. Formally, the membership of TPSF comprises business associations, local companies, multinationals, SMEs and startups organised under different sector boards and working groups, reflective of the various sectors of the economy.
- As an organisation, it has a natural interest in tax policy and seeks to influence both the direction of policy and particular policy decisions. It typically uses consultative sessions with private sector organisations to validate the issues on which it plans to submit reform proposals to MoF. Its activities in this regard are widely reported. For example, on 6 April 2024, The Citizen newspaper reported that TPSF had lined up 50 proposals on tax reform in an attempt to reduce operating costs, stimulate investment, and increase the competitiveness of local products including the removal of the Levy on MM withdrawals to reduce costs. The newspaper noted that the proposals have been accurately analysed by the commissioned consultants and the policy team ([“Tanzania private sector lines up 50 proposals on tax reforms”](#), 2024). TPSF also engaged with a study of the taxation of the financial sector in Tanzania in 2023 which included issues relating to the banking, microfinance and MM sectors.
- TPSF is undoubtedly part of the DFS taxation ecosystem and likely to encourage the government to limit distortionary taxation on DFS, particularly where such taxes are perceived to undermine affordability, usage, or private sector competitiveness.



Flaticon royalty-free illustrations

MNOS, MMOS AND OTHER DFS PROVIDERS

OVERVIEW

The MNOs, through their MM operations, have the strongest and most direct interest in the taxation of DFS. However, it is important to recognise that while MNOs and MMOs may operate under the same umbrella, their roles and priorities can differ. Below, we highlight the key distinctions:

MNOs:

- The success of their business model and its profitability are potentially directly affected by the tax regime within which DFS operates.
- They have sophisticated communication skills and experience gathered in many countries.
- MNOs often engage in CSR activities which enhance their public image and help them to maintain a positive relationship with the government and the public. Their contributions to financial inclusion and community development are likely to be evaluated by all in the overall context of their engagement with government including tax negotiations.
- They will engage on multiple levels. They are well-connected among ministries that wish to push forward with a digitalisation agenda that requires a high degree of mobile connectivity. Government is a significant investor in some of the MNOs. They will engage at a senior level with the TCRA. They may be less well connected at MoF and with the TRA, often mediated through industry bodies like TPSF or TAMNOA, which advocate on their behalf.
- They have an international industry organisation, the GSMA, which sponsors and publishes research on the telecoms sector including DFS taxation, and a local representative body, TAMNOA.

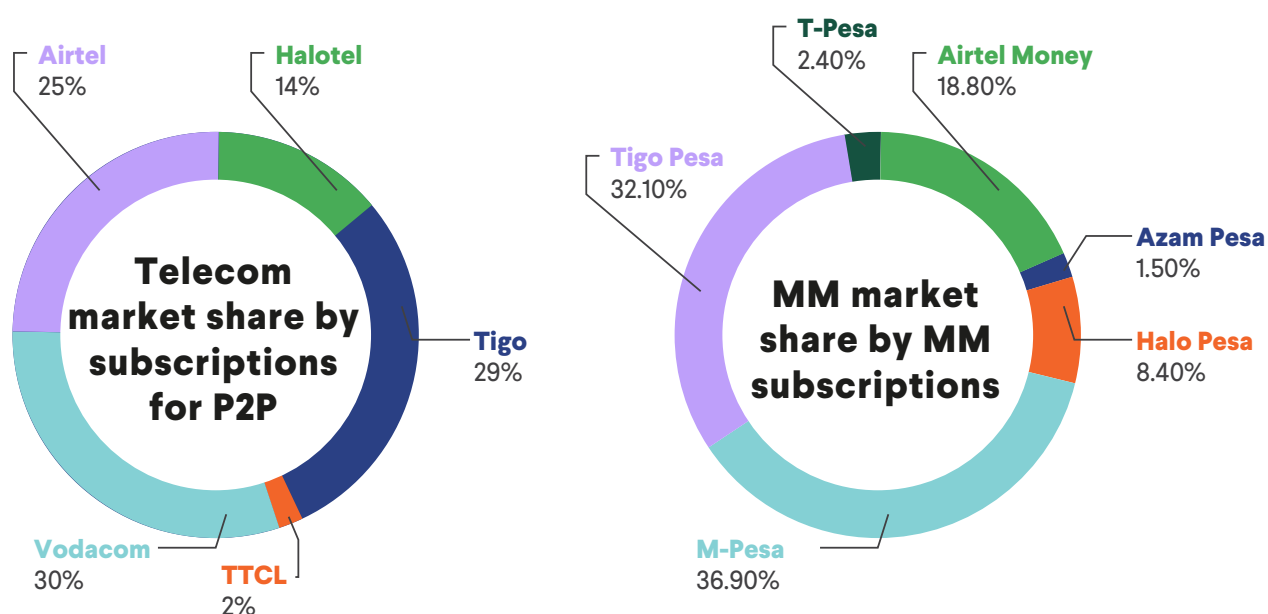
MMOs:

- MMOs (the mobile money operations within MNOs) focus specifically on providing financial services. Their primary interest in DFS taxation is the direct impact it will have on their existing and future MM services, financial inclusion goals, and their customer base. MMOs are likely to push for tax policies that lower transaction costs or incentivise MM adoption.
- The barriers to full entry into the MM and DFS markets are high, and a small number of players dominate the Tanzanian market, as is the case in many countries.
- Their market power gives them a voice at the highest levels in government, but they are newcomers relative to the banks.
- They hold key operational data that can materially inform the design and evaluation of MM-related tax policy.
- They have become prominent vehicles for advancing the financial inclusion agenda, offering access to many millions of people who are underserved by traditional Financial Service (FS) providers, so their voice will, potentially, be strong.
- The MMOs compete with and also partner with banks and fintechs, with whom they are more likely to advocate for a range of tax policies that are conducive to such collaboration.
- While the TCRA regulates MNOs, it has no specific jurisdiction over MM operations, which are licensed and regulated solely by the BoT.
- MMOs may engage more directly with MoF and BoT, as opposed to the TCRA.

FIGURE 3 shows market shares in the telecom and MM sectors based on subscriptions, rather than unique users or transaction values. Vodacom's market share of 30% in telecom subscriptions is supplemented by its strong presence in the MM market via M-Pesa (36.90% of subscriptions). These figures indicate Vodacom's structural importance across both sectors, while reflecting subscription-level market positioning rather than definitive market power or individual user concentration, given the widespread use of multiple SIM cards and multiple mobile money wallets.

Figure 3.

Telecom and MM market share by subscriptions



SOURCE: Tanzania Communications Regulatory Authority, [Communications Statistics](#), September 2024.

NOTE: Publicly available transaction statistics show rapid growth in overall mobile money volumes across providers, but do not allow for a consistent breakdown of transaction value or volume by provider and segment, which would be required for a fuller assessment of market power.

Global System for Mobile Communications Association (GSMA)

- GSMA “is a global organisation unifying the mobile ecosystem to discover, develop and deliver innovation foundational to positive business environments and societal change.” Its “vision is to unlock the full power of connectivity so that people, industry and society thrive.”
- GSMA has published several reports and papers highlighting the disproportionate contribution of mobile operators to Tanzania’s public revenues (for instance, [Taxation and mobile money in Tanzania, 2017](#); [Tanzania: Driving social and economic value through mobile-sector tax reform, 2021](#)).¹²
- However, its engagement has been largely unidirectional, for example emphasising the negative effects of the Levy introduced in 2021. After the introduction of the Levy, GSMA noted a sharp decline in sector revenue between June and August 2021 ([Tanzania Mobile Money Levy Impact Assessment, 2021](#)). In its 2023 study “[Tanzania Mobile Money Levy Impact Assessment](#)”, GSMA reiterated the concerns about the Levy’s negative impacts, particularly its effect on MM usage and the broader financial sector, without addressing potential government revenue benefits or mitigating factors.
- While GSMA has effectively – and, for many, persuasively – documented the adverse consequences of the Levy, its analyses typically lack the rigour of a balanced exploration of longer-term trends and impacts. This raises questions about their likely ability to convince policy-makers to adopt the reforms that they advocate.

Notwithstanding these concerns, GSMA remains a force to be reckoned with in the DFS tax ecosystem.



Tanzania Mobile Network Operators Association (TAMNOA)

- TAMNOA is an industry association representing the collective interests of MNOs in Tanzania. It serves as a platform for mobile network providers to collaborate on telecommunications regulations, market growth, infrastructure development, and policy advocacy issues. As reported in [Vodacom's 2024 annual report](#), this collaboration reflects a shared commitment to inclusive economic development and highlights the importance of a profitable business sector.
- TAMNOA facilitates proactive engagement between the MNOs and government authorities.
- One public example is the response by TAMNOA Chairman Hisham Hendi to the implementation of a MM Levy. He highlighted significant negative impacts of the Levy on the sector, which was reported by The Citizen: “[Telecoms happy with the levy review](#)” (2021). It reports that since the levy was introduced, mobile money transactions plummeted by 45%, adversely affecting both telecom revenues and their overall tax contributions to the government. He also said that millions of customers, especially those in rural areas, had almost stopped using their services due to rising costs. Another article, “[Tanzania's new mobile money tax is a blow to the booming sector](#)” (2021), published on QUARTZ, reported that Hisham Hendi said that TAMNOA’s revenues dropped drastically because consumers were not using the service.
- The Citizen reported on 15 September 2022, on [its Instagram account](#), that TAMNOA had met MoF to discuss the “challenges and benefits encountered by mobile service providers since the passing and effecting of the new electronic transaction levies. [...] The Citizen quoted deputy permanent secretary Lawrence Mafuru as saying the meeting was also meant to gather expert views of the service providers about the impact of the implementation of the law on electronic levies as well as getting consensus for a better solution”.

¹² GSMA (2017), Taxation and mobile money in Tanzania.



The MNOs

The MNOs operating in Tanzania are largely foreign-owned companies that form part of multinational groups with telecoms businesses in many countries. They are all members of the DFS tax ecosystem but the profile they have sought on DFS tax policy varies from company to company.

- Pan-African telecom operator Vodacom released a note in Spring 2023, “[Unpacking the Implications of Mobile Money Taxation in Africa](#),” lobbying for more lenient taxation for DFS. It claimed that “the growth of transaction volume and value have been declining since the introduction of the levy, and if the trend continues unabated, one can conclude that the continued viability of mobile money services is under threat.” While the report focused on several other African countries, for Tanzania, Vodacom took the position that the introduction of the Levy in Tanzania led to a significant decline in transaction volumes and values, disproportionately impacting poorer users and threatening the viability of MM services, despite subsequent reductions in the Levy. Vodacom Tanzania PLC reported in its [Annual Integrated Report for the year ending March 2024](#) improved dialogue between the government and the business community regarding ICT sector issues, along with enhanced regulatory certainty. This came in the wake of the gradual removal of the Levy on P2P mobile money transactions, which significantly benefited many consumers.
- The MNOs collectively report more than 55 million active subscriptions in Tanzania, making them significant contributors to the country’s economy. MM transactions over the past five years have increased from 3 billion in 2019 to 5.3 billion in 2024, representing a 19% annual growth rate (Annex 1). During the same period, average transactions per subscriber decreased from 117 to 100 transactions per year, reflecting either reduced intensity of use per account or increased proliferation of accounts (Annex 2). 89% of the MM market is controlled by three operators: M-Pesa (owned by Vodacom), Tigo Pesa, and Airtel Money ([TCRA, 2024](#)).
- Apart from the widely disseminated contribution of GSMA and the Vodacom publications referenced above, there is little public evidence of their engagement with government on DFS taxation issues. We start from the presumption that they do engage with MoF, as we are aware they do in other countries, to influence the development of tax policy and legislation that affects the DFS sector, but it is by no means all transparent and appears to be largely undocumented. Their resource base, international experience and market dominance mean that they are potentially powerful interlocutors in discussions with government, but also vulnerable in the local Tanzanian market, to shifts in DFS taxation that have direct implications for transaction volumes, pricing structures, and the overall accessibility of services for lower-income populations.

COMMERCIAL BANKS

OVERVIEW

Like the MNOs, the Banks also have a strong interest in DFS taxation:

- Developments in the market have pushed the Commercial Banks to broaden the base of their traditional services through Agent Banking and electronic services, including internet and mobile banking, and the use of card payment systems and ATMs.
- They are relative newcomers to DFS and have been ambivalent, historically, in their approach to it and to broadening their customer base.
- They are strong competitors to the MMOs today in the market for payment services, offering services that directly challenge MM platforms, but regulation ensures that there is also a symbiotic aspect to their relationship.
- The Banks potentially face competition, in related markets, by a MM-led expansion of access to other DFS.
- They have an important and long-established relationship with central government, especially MoF and BoT, their regulator, reflecting the significance of their role in the financing of government. Some of the banks have a degree of government ownership and Board representation (e.g., see above section on ‘Government ownership of private sector entities’). They have the ability to engage with MoF and BoT on multiple levels.
- They hold data that is essential to the making of effective tax policy for DFS and FS.
- They have a strong local industry association, the Tanzania Bankers Association, but the interests of its members are more diverse than in the telecoms sector.

Tanzania Bankers Association (TBA)

- TBA is considered to represent the voice of the banking sector. It aims to assist in creating a conducive environment for the sector to contribute to the economic development of the country. It is active on taxation issues.
- The TBA-sponsored report “[Total Tax Contribution of the Tanzania Banking Sector](#)” (2023), produced in collaboration with PwC mentions that “most of the participants are either indifferent or disagree on there being a sufficient tax framework in Tanzania responsive to the changing nature of the economy in the digital age. Participants perceive the tax framework to be outdated with very limited provisions addressing the dynamic nature of the digital ecosystems.” However, it does not provide specific information on DFS taxation.

Commercial Banks

- In Tanzania’s evolving DFS ecosystem, commercial banks such as [CRDB Bank](#)¹³ and [NMB Bank](#)¹⁴ act as key intermediaries between consumers and the broader financial system, providing a wide range of financial products, from basic banking services to more complex financial instruments such as loans, insurance, and investment products. Their expansion into DFS has created a nexus with the MMOs on certain issues but also a more challenging competitive environment. In relation to their payment services, they are now subject to the same or similar taxation laws and policies that impact MMO operations. As individual organisations, there is little evidence of their engagement with government on these issues.

¹³ CRDB Bank is a leading commercial bank with a strong presence across urban and rural areas. It provides services like mobile banking through its SimBanking platform. Its efforts to expand access to digital services are important for reaching underserved populations.

¹⁴ NMB Bank also plays a key role, offering a wide range of banking solutions, including its NMB Mkononi digital platform. An extensive network of branches and ATMs, it is instrumental in enhancing financial access for individuals and businesses, particularly in rural regions.

FINTECHS

OVERVIEW

The Fintechs, as a provider group, are arguably the newest of newcomers to the DFS tax ecosystem. They are affected or potentially affected by DFS taxation:

- Fintechs are a diverse group with a multiplicity of interests across the range of DFS.
- Fintechs typically invest in and develop cutting-edge technology and infrastructure, which can drive the development of efficient and secure DFS.
- They are often important business partners of other DFS providers, including the banks and the MMOs, to whom they bring innovative ideas and technology that enhance business efficiency and customer satisfaction.
- Their voice was originally very small but has grown in importance over the last few years and their contribution has been widely recognised by development economists.
- Their strongest links to government are to the BoT and TCRA but their regulatory position is still evolving.
- Their regulatory status and the differences in Fintech business models have arguably resulted in their tax position being somewhat anomalous
- They are likely contributors to the DFS tax ecosystem in the future but many of the smaller Fintechs lack the resources to contribute as fully as the banks and MMOs.
- Fintechs have a representative body, the Tanzania Fintech Association.

Tanzania Fintech Association (TAFINA)

- TAFINA is the primary umbrella organization for around 50 fintech companies operating in Tanzania. Its activities commenced in March 2023.
- No evidence of their engagement on DFS taxation issues has been seen, although it potentially represents a significant issue for TAFINA's members.



Fintech companies

- Fintechs are not a homogeneous group in Tanzania. They vary considerably in size and in their relationships with the MMOs and banks. Many provide niche services in a complex and rapidly developing market. Some provide services directly to consumers. Others provide them to intermediary service providers.
- Some examples are:
 - PesaPal is a leading fintech firm in East Africa. It enhances financial inclusion by providing diverse payment processing solutions for e-commerce, bill payments, and school fees.
 - Jumo focuses on underserved populations, offering digital credit, savings, and insurance through partnerships with mobile network operators and banks.
 - Selcom is a Pan-African cross-segment financial and payment service provider that demonstrated the potential for Fintechs to “grow up” in Tanzania into much larger enterprises, by acquiring Access Microfinance Bank Tanzania in June 2024.
 - Maxcom is another fintech, an ICT integration firm founded in Tanzania but now with international operations across Africa. It is a payment service provider facilitating transactions and enhancing financial inclusion.
- There is little public evidence that any of these companies play a direct role in discussion about DFS taxation in Tanzania but Fintechs nevertheless represent an important constituency for policy-makers working in this area.

MICROFINANCE COMPANIES

OVERVIEW

- Microfinance companies are predominantly users rather than providers of DFS.
- The larger microfinance businesses are increasingly adopting DFS for the disbursement of loans and encouraging repayment by digital means. This strengthens their control environment and also provides a stimulus to digital adoption among their customers.
- Among the larger microfinance businesses, [ASA Microfinance Tanzania Limited](#), part of an international group, focuses on serving low-income populations, especially women and small businesses, through small loans and savings products. Its mission to promote financial inclusion underscores the importance of tax policies that do not stand in the way of access to financial services for those traditionally excluded. ASA advised us that they tend to pay suppliers using internet banking because of the additional security that it provides. The taxation of different payment services was not a factor in their choices. ASA indicated to us that the form and scale of the Levy, as currently implemented, gave rise to little or no concern on their part.
- Microfinance companies have a representative body, TAMFI.

Tanzania Association of Microfinance Institutions (TAMFI)

- TAMFI is the umbrella organisation for microfinance institutions in Tanzania, including not only lenders but also a range of other stakeholders such as micro-insurers and some SACCOS. It provides networking and advocacy services on behalf of its members, seeking to achieve “an enabling environment for development of a sustainable microfinance industry in Tanzania” through its engagement with government.
- There is little published evidence of TAMFI’s engagement on DFS tax issues, but TAMFI leadership and a number of its members participated enthusiastically in a 2023 Review of the financial sector in Tanzania, which included DFS tax issues.

SAVINGS AND CREDIT COOPERATIVE SOCIETIES (SACCOS) AND OTHER SAVINGS AND CREDIT ORGANISATIONS

OVERVIEW

- SACCOS are important actors in Tanzania’s financial ecosystem, traditionally in rural and underserved areas, and increasingly in the workplace. These member-owned institutions offer savings and credit services, providing alternatives to traditional banking and fostering financial inclusion, especially among lower-income populations and small-scale entrepreneurs. The landscape of SACCOS is highly diverse, ranging from large, employment-based cooperatives—some of which are as significant as formal banks—to smaller, community-based organisations serving local needs.
- SACCOS are increasingly being encouraged to adopt digital platforms to enhance their services to members and to expand their reach in the DFS sector. Some of the larger SACCOS have responded strongly and are established DFS users but, among others, the transition has been gradual. The slow adoption rate can be attributed to factors such as limited digital infrastructure in rural areas, lack of technical expertise, and concerns over cybersecurity and operational costs. Despite these challenges, digitisation has the potential to improve access to financial services in remote regions.
- The SACCOS have a representative body, SCCULT (1992) Ltd. [SCCULT](#) is the umbrella organization for SACCOS in Tanzania, providing not just advocacy services and sector representation, on behalf of its members but also support and training for them in improving services to their members.

OTHER PRIVATE SECTOR REPRESENTATIVE BODIES

In addition to the private sector representative bodies listed above, a number of others are relevant, or potentially relevant to the DFS tax ecosystem.

Tanzania Internet Service Providers Association (TISPA)

- The [Tanzania Internet Service Providers Association](#) advocates for the interests of its members, promoting the growth of the internet sector in Tanzania.
- Social media has referenced DFS taxation issues that have historically been highlighted by the sector. For instance, the AllAfrica platform reports that internet service providers have raised concern over the 14.5% excise duty on internet services, arguing that the new tax would increase the internet costs ([Tanzania: Internet Firms Oppose Hike On Service Tax](#), 2013). A Blog platform reported that TISPA announced in July 2013 an increase in service charges due to the 18% VAT and the 14.5% excise duty introduced by the government in 2013 ([Internet consumers to pay much more](#), 2013). However, there is little more recent indication of their engagement on tax policy issues.

Tanzania Startup Association (TSA)

- Tanzania Startup Association is a membership-based umbrella organisation which brings together stakeholders in the startup ecosystem in Tanzania. TSA prepared a policy brief "[A comparative baseline study on the establishment of a startup policy in Tanzania](#)" (2022) in collaboration with the ESRF mentioning that: "The introduction of mobile money levy in 2021 has also disrupted the small and medium enterprises space in which startups thrive. Innovation and technology sector suffered a setback due to this new levy; paying taxes has as well become more complicated for companies by the introduction of an excise tax on money transfers."
- In an article "[Tanzania's new mobile money tax is a blow to the booming sector](#)" (2021) published on the QUARTZ portal, Zahoro Muhaji, the CEO of the Tanzania Startup Association, added that "mobile money is very important for startups in Tanzania. Almost 90% of businesses opt to receive payments through mobile money, as it is more efficient than cash or bank payment." "The impact has already been felt, and startups will be affected badly. Some have already felt the pinch," he said.
- The taxation of MM is clearly a concern for TSA's members but there is little public evidence of its broader engagement in advocating for policy reforms specific to MM taxation.



Flatiron royalty-free illustrations



CONSULTING FIRMS

OVERVIEW

- The consulting firms are potentially important actors in the DFS tax ecosystem, more likely to engage deeply at the behest of one or more of their clients, or through the media on a matter perceived to be of national importance, but otherwise tending to maintain a watching brief. They are respected by government because of their expertise as practitioners and their international affiliations and standards, but MoF tax policy-makers will typically be wary of reliance on them.
- Firms such as PwC, KPMG, Ernst & Young, and Deloitte, through their local offices, can play a public role in analysing new taxes and advising their clients about compliance and the likely impact of new rules. They can also provide advice to government. There is little transparency about their direct engagement with MoF and the TRA on these issues.
- They have historically provided regular analyses and updates on DFS tax-related changes, including the Levy amendments, usually when commenting on the annual Finance Bills. In their publications, they tend to assess the implications of DFS tax policies from the perspective of service providers and the focus of their analyses tends to be on the operational and financial impacts for them rather than addressing how these tax policies will affect consumers. Given their client base, this is to be expected.
- **PwC** has been vocal about the Levy's negative impact on MM transactions and on the broader goal of financial inclusion. In a 2022 press release, "[Ditch physical, let's get digital!](#)", PwC highlighted the controversy surrounding the Levy, despite a joint press conference by the Ministers for Finance and ICT, when concerns persisted that the Levy undermined digital inclusion. PwC noted on the [X platform](#) that the maximum levy on MM transactions had been reduced by 43%, but its scope now included all electronic transactions. In 2023, PwC highlighted on [LinkedIn](#) the removal of the MM transaction levy on electronic money transmission.
- **KPMG** has actively updated stakeholders on legislative changes in their analysis of the annual Budget measures. In its [analysis of the Finance Act 2023](#), the firm noted that the Levy was viewed as causing double taxation, disrupting financial inclusion efforts and that the changes aimed to promote electronic payments and a cashless economy.
- **Deloitte** contributed to the debate by examining the overall tax structure impacting telecommunications in their article "[Catalysing Universal Connectivity: Tax Considerations](#)" (2023). They underscored how current taxes, including an 18% VAT and a 17% excise duty on telecoms, diminish consumers' purchasing power and escalate service costs. Their analysis indicated that these tax burdens hinder MNOs' capacity to invest in essential infrastructure and technology, ultimately impeding efforts to improve services and achieve higher broadband penetration.
- **Ernst & Young**, while less prominent, still plays a role by providing updates on tax developments. Their reports, such as "[Tanzania's Parliament passes Finance bill 2021](#)" (2021), outline the introduction of levies on mobile money transfers and airtime, highlighting the Minister for Communication and Information Technology's regulatory powers.



2.3 International development organisations, donors, partners

As with the other members of the DFS tax ecosystem, we framed opening hypotheses about International Development organisations, donors and development partners in the DFS tax ecosystem in the terms that follow and again sought validation through available documentation and such discussions as we have been able to hold.

- The International Development organisations, donors and development partners, through their own staff and independent researchers will continue to influence central government through technical assistance, advisory work and publications.
- They will provide advice and technical assistance to the MDAs but will not, in practice, be active members of the Tanzanian DFS taxation ecosystem.

International development organisations, donors, and partners provide important financial support to the Government of Tanzania and other bodies and facilitate capacity-building initiatives. In the sphere of DFS taxation, they have been less public in their activity, although some development partners are known to have supported MoF in this regard. Their efforts are sometimes limited by short-term funding cycles and changing priorities, which may restrict their ability, for example, to provide and sustain technical assistance.

Alliance for Financial Inclusion (AFI)

- [AFI](#) actively engages central banks and financial regulatory institutions to shape financial inclusion policies across various regions, including Tanzania. As a global policy leadership alliance, AFI works closely with regulators, international organisations, and private sector leaders to develop practical solutions that promote financial inclusion. Through its cooperative model, AFI fosters peer learning, knowledge exchange, and policy transformation, all aimed at supporting impactful policy changes.
- AFI's work has touched on issues related to digital payments and financial services in Tanzania, such as in its 2016 blog "[Interoperability of Digital Financial Services in Tanzania](#)", which focused on enhancing the efficiency of DFS systems. However, taxation was not addressed in this context. In 2020, AFI published a study on "[Digital credit regulation in Tanzania](#)", assessing the DFS sector's role in enhancing financial inclusion through digital savings and credit services. The report discusses regulatory challenges posed by the rise of digital credit and offers insights for developing responsible guidelines based on Tanzania's experience. However, it did not explore taxation issues. Similarly, AFI's 2021 study, "[Regulatory approaches to digital payments transaction costs in sustaining financial inclusion in Africa](#)", explored cost-related barriers to financial inclusion but did not delve into the specifics of Tanzania's DFS tax policies.
- However, despite its substantial engagement in policy leadership and financial inclusion, AFI's visible contributions to the evolution of Tanzania's DFS tax ecosystem remain limited, with no clear documentation of their involvement or influence in recent tax policy discussions.

Consultative Group to Assist the Poor (CGAP)

- [CGAP](#) contributes to the promotion of financial inclusion in Tanzania, particularly for underserved populations such as women. As an independent think tank, CGAP actively engages with stakeholders to develop inclusive financial systems, working closely with financial service providers, regulators, and development organisations. Their engagement focuses on creating ecosystems that enable the poor to access and benefit from financial services, leveraging digital solutions like MM to enhance economic participation.
- In Tanzania, CGAP's efforts have concentrated on building inclusive payment ecosystems and monitoring the digital credit market, working with local and international partners to influence policy and practice. CGAP has conducted research on Tanzania's payment ecosystem and digital credit markets, such as the "[Building Inclusive Payment Ecosystems in Tanzania and Ghana](#)" and "[Digital Credit Market Monitoring in Tanzania](#)" (both published in 2018), but these studies did not directly address the role of taxation in the DFS space.
- While CGAP has been instrumental in advancing broader financial inclusion, its specific engagement in the DFS tax landscape is less evident, leaving room for further exploration of CGAP's potential role in influencing tax-related aspects of the financial inclusion agenda.



World Bank

- The World Bank has engaged in the debate surrounding the taxation of DFS in Tanzania, primarily through its research and policy advice.
- Its engagement has primarily revolved around analysing the impact of taxing MM services in Tanzania in the study "Mobile Money Taxation: Policy Issues and Considerations for Pakistan and Tanzania" (2016) by M. Fuchs, T.B. Musuku, and D. Symington, which draws attention to the challenges associated with taxing MM. The report highlighted the role MM plays in expanding financial inclusion in Tanzania where a significant portion of the population lacks access to traditional banking services. It raised concerns that imposing higher taxes on MM transactions could hinder the growth of this vital sector and harm financial inclusion efforts. By utilizing data and case studies, the report substantiates its 2016 claims regarding the potential negative consequences of increased taxation on mobile money services and the overall financial ecosystem. The study underscored that while MMOs did not charge fees for cash deposits into mobile wallets, fees applied for transfers and cash withdrawals could be affected by taxation. The introduction of excise taxes on MMO fee incomes related to MM transfers was seen as an attempt to level the playing field with banks, which had historically paid higher taxes. However, the World Bank cautioned that excessive taxation of mobile money could slow the sector's growth and negatively impact inclusive financial policies.
- In a more recent technical background paper, "[Taxes and Parafiscal Fees on Digital Infrastructure Services in Africa](#)" (2024), the World Bank addressed the broader taxation issues in DFS, including DFS taxation in Tanzania. While this paper focused on digital infrastructure services, it also emphasised the importance of designing tax policies carefully to avoid stifling innovation and financial inclusion.
- Additionally, in its broad 2020 study, "[Digital Financial Services](#)", the World Bank highlighted the potential of DFS to facilitate tax payments by businesses, but it did not directly address the taxation of MM services.
- Through these studies and technical assistance, the World Bank has contributed analytical perspectives related to Tanzania's DFS taxation debate, advocating for policies that support both financial inclusion and effective tax collection.

International Monetary Fund (IMF)

- The IMF plays a significant role in shaping taxation policies in Tanzania, particularly through the advisory and technical support it provides to the government on economic and fiscal policies. There is, however, little public evidence of its technical assistance on DFS taxation, as IMF technical assistance reports are typically not published.
- Through its consultations and reports, the IMF consistently emphasises the importance of digital financial inclusion as a driver of economic growth, for example in its 2021 report (“[Is Digital Financial Inclusion Unlocking Growth?](#)”). This positions the IMF as a key advocate for policies that promote the expansion of DFS.
- In its [2023 Article IV Consultation](#) report for Tanzania, the IMF pointed to the underperformance of the Levy and banking-related transaction taxes as contributing to a shortfall in forecast tax revenues for the first half of FY2022/23, highlighting the IMF’s engagement on the issue and the inherent tension in taxing a service that has the potential to improve overall economic performance and financial inclusion.

United Nations Capital Development Fund (UNCDF)

- UNCDF has a strong interest in the development of digital finance and has supported it in [Uganda](#), working with the main stakeholders in the country (the central bank, mobile network operators, banks, microfinance institutions, agro-processors, etc.) (see also: [The Impact of Mobile Money Taxation in Uganda](#), 2021). In Tanzania, while UNCDF has not published notes and reports, its contribution to the [National Financial Inclusion Framework 2023-2028](#) is noteworthy. UNCDF provided capacity-building support on financial health aspects and participated in the review of the framework alongside organizations such as UNSGSA, AFRACA, IFC, WHO, and FSDTanzania.
- UNCDF released the [Tanzania-Inclusive Digital Economies UNCDF policy accelerator](#) (2023) with key insights from financial inclusion data to build more meaningful and inclusive access to finance in Tanzania. While no in-depth analysis has been conducted of the DFS tax system, the report invites the “public sector to review the impact of taxes and levies on mobile devices and digital services”.
- UNCDF has mainly focused on general aspects of MM in Tanzania (see, for instance, “[Insights for Tanzania: What global data reveals about financial inclusion for women](#)”, 2023). No results could be identified regarding how taxation in Tanzania affected partners using MM payments in, for instance, agriculture, energy and education. This gap highlights an opportunity for UNCDF to deepen its engagement with partners and stakeholders to explore the ramifications of DFS taxation on various sectors and inform policies that enhance financial accessibility while ensuring sustainable revenue generation.



European Union (EU)

- The European Union has acknowledged the complex dynamics surrounding the taxation of the DFS sector in Tanzania in its 2022 report “[EU Investment in Tanzania: How European Investment Contributes to Industrialisation and development in Tanzania](#)”, which noted that while the Tanzanian government had made moves to remove taxes on smartphones to promote digital access, it had also imposed a levy on MM transfers and SIM cards in its 2021-22 Budget. The report cites PwC, “It is also uncertain how prepared the telcos are in terms of having robust systems for implementing the proposed taxes/levies” suggesting that compliance with the legal requirements might have been challenging. The report highlights the delicate balance between leveraging the mobile sector as a key revenue source and ensuring that taxation does not undermine the development benefits of MM services, as noted by the GSMA.
- There is, however, little additional evidence of the EU’s engagement on DFS tax issues in Tanzania and further insights would be necessary to assess its influence in this domain.

Bilateral donors: USAID, FCDO, GIZ

- Public evidence of bilateral donors such as United States Agency for International Development (USAID), FCDO and Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) directly influencing tax policy in Tanzania remains limited.
- There is, however, more direct evidence of their efforts to encourage the government to enhance the overall digital economy.
- For instance, USAID published a study, “[Digital Ecosystem Country Assessment](#)” (DECA) in Tanzania to better understand, work with, and support country digital ecosystems (country snapshot [here](#)). It looks at three pillars of a country’s digital ecosystem: (1) Digital Infrastructure and Adoption; (2) Digital Society, Rights, and Governance; and (3) Digital Economy. The report contains a section on the DFS ecosystem, particularly from a regulatory perspective. The report does not develop the concept of a DFS tax ecosystem but mentions that mobile technology is one of the most heavily taxed sectors and that in 2015, taxes accounted for about 35 percent of the costs of mobile ownership on devices, subscriptions, and usage, constituting the second-highest rate in Africa and almost double the global average.¹⁵

We have not found evidence that the members of this group who are identified above, are properly to be regarded as members of the DFS tax ecosystem in Tanzania, although they can be useful to it in many ways, and some, for example the World Bank, are deeply embedded in the broader financial sector ecosystem.

¹⁵ GSMA (2015), “[Digital Inclusion and Mobile Sector Taxation in Tanzania](#)”, accessed October 28, 2024.

2.4 Academic and research institutions

We adopt an approach to academic and research institutions similar to that used for the other stakeholders and seek validation for our opening hypotheses about their role in the DFS tax ecosystem through available data and stakeholder discussions. In essence, our expectation was that:

- Academic and other research organisations will be active on DFS taxation issues, bringing their analytical expertise to bear on issues where there is availability of data.
- They will not all be active participants in the DFS taxation ecosystem.
- They will mostly be cautious on the merits of DFS taxation, and some will be likely to lean towards the argument that it may inhibit the achievement of the government’s financial inclusion objectives, by making access to DFS more expensive.

The institutions included in this section are by no means all full members of the DFS tax ecosystem in Tanzania, as we have defined it. The interest shown by some of them, although valuable in terms of the analysis they have produced, has been fleeting and driven by exogenous factors. We include them here but recognise that their engagement in the local debate and their active influence may be limited in practice.

Economic and Social Research Foundation (ESRF)

- ESRF is a Dar es Salaam-based independent policy research institute, focusing on policy research and capacity building with the Tanzanian government and civil society sectors.
- Their engagement in the taxation of DFS in Tanzania has been relatively limited. However, one notable, recent piece of research has addressed a key issue: “[Who is More Likely to Pay the Tax on Mobile Money Withdrawals?](#)” by Karia Sekumbo and Noela Ringo Constantine Manda (2024). This study examined the impact of the 2021 Levy in Tanzania. After its introduction, MM transactions dropped significantly, leading policymakers to revise and eventually remove the tax. The study provides analysis of transaction data from the BoT and survey data which revealed that urban, salaried consumers reduced their mobile money usage, while rural, less wealthy users had fewer alternatives and were unable to do so, resulting in them being more affected by it. Gender dynamics showed women receiving less mobile money from family and friends following the introduction of the Levy.



Financial Sector Deepening (FSD) Tanzania

- FSD Tanzania is closely involved in [advancing financial inclusion through research, advocacy, and policy development](#), focusing on promoting accessible and affordable financial services, particularly for women and youth.
- Its research does not focus directly on DFS taxation, but it offers valuable insights into the broader digital finance landscape, including usage patterns, access barriers, and the socio-economic impact of digital finance. For instance, it published a report “[FDST case study: the story of digital finance in Tanzania](#)” (2021).
- A key output is the [FinScope Tanzania survey](#), a nationally representative demand-side survey published most recently in 2023 and 2017. It provides insights into adult Tanzanians’ financial behaviours, needs, and preferences, covering attitudes toward money management, financial products, and demographic trends. FinScope is a credible source for understanding financial inclusion across mainland Tanzania and Zanzibar.

UNU Wider

- UNU Wider has carried out research on taxation in Tanzania, focusing on the informal sector, estimating the VAT gap, and the taxation of large enterprises. Building a partnership with the [TRA](#) and the Department of Economics of the University of Dar es Salaam ([DoE-UDSM](#)), this research used administrative tax data to guide policymakers in improving tax policies for development. A major goal is to build local capacity for using tax data in ongoing economic research and policy adjustment. UNU-WIDER’s work also includes tax benefit microsimulation through the [SOUTHMOD](#) project.¹⁶
- While their research is not specifically focused on DFS, their broader insights on taxation and the informal sector indirectly support the DFS taxation debate by informing policies that balance revenue collection with economic inclusion efforts.

¹⁶ <https://www.wider.unu.edu/about/tax-research-development-lessons-tanzania>

International Centre for Tax and Development (ICTD)

- Through the DIGITAX program, funded by the Bill & Melinda Gates Foundation, ICTD has provided substantial data and analysis of MM taxation in various African countries, including Tanzania. Relevant publications regarding the DFS taxation landscape in Tanzania are the following:
 - H. Niesten (2023) [Are Digital and Traditional Financial Services Taxed the Same? A Comprehensive Assessment of Tax Policies in Nine African Countries](#), ICTD Working Paper 162: This background report looks at tax implications for those providing and using DFS and gives general observations as to whether DFS in nine African countries, including Tanzania, are taxed in the same way as traditional financial services (TFS). The answer varies from country to country.
 - Niesten, H. and Wales, C. (2024) [Exploring the Development of Mobile Money Markets and Revenue Collection from Digital Financial Services Taxes in Africa](#), ICTD Policy Brief 12, Brighton: Institute of Development Studies: This policy brief examines the rapid expansion of MM and DFS, and the recent trend of introducing taxes on these services in six African countries, including Tanzania, and how the new taxes contribute to tax revenue. The trends in MM and DFS portray a market characterised by resilience and the ability to recover. It shows how, after introducing DFS taxes, there was an initial decrease in usage in the countries studied, but markets typically recovered their momentum. For the governments concerned, the paper shows that DFS taxes provide a modest yet important revenue stream, generally contributing about 1 percent to 3 percent of total tax revenue. The authors observe that forecasting this revenue remains a challenge in the fast-evolving DFS market and conclude by offering suggestions for key areas of future research on DFS taxation.
 - Wales, C. and Niesten, H. (2024) [Crafting a Model for Taxing Digital Financial Services](#), ICTD Policy Brief 11, Brighton: Institute of Development Studies. This policy brief offers some brief but specific thoughts about how a tax regime for DFS might be constructed, drawing on experience from the DIGITAX research program.
 - Wales, C. and Niesten, H. (2024) [The Tanzanian Model for Taxing Mobile Money: Scrap it, Reform it, or Let it Be?](#), ICTD Policy Brief 13, Brighton: Institute of Development Studies: This policy brief examines the approach adopted by the Government of Tanzania to taxing electronic payments, including MM, and the growth of the electronic payments market since 2013, when excise duty was first applied to them. It considers how the design of the taxes measures up against several criteria, including the fundamental principles of taxation and alignment with the government's digitalisation ambitions. It offers several possible directions for reform and sets out the data and analysis that will be needed to evaluate them fully.
- ICTD's research provides evidence-based insights into how MM taxes impact economic growth, government revenue, and financial inclusion.
- By examining the socio-economic effects on different income groups, especially vulnerable populations, ICTD helps identify the unintended consequences of these taxes on financial access and service usage.



GlobalDev

- GlobalDev is a blog series that strives to bridge the gap between development research and policy debates. In 2023, it published a blog entitled “[Re-evaluating the taxation of mobile money](#)”, which addresses the potential pitfalls of sector-specific taxation, with particular reference to Tanzania. The author highlights how such taxation may undermine the progress made in financial inclusion by increasing affordability challenges and decreasing usage. Instead of presenting original research, the article primarily summarises reports from industry stakeholders, such as GSMA. The author urges governments to exercise caution when utilising mobile money as a tax collection tool. While taxing mobile transactions could promote formality and broaden the tax base, it is crucial to consider the potential unintended consequences during the formulation of fiscal policies and revenue administration.

International Growth Centre (IGC) Tanzania

- [IGC Tanzania](#) facilitates and supports research conducted by world-renowned academics, focusing on critical areas such as macroeconomic management, firm capabilities, urbanization, and natural resource management. While desk-based research did not uncover specific studies on the taxation of DFS, it is noteworthy that IGC is set to begin analysing two months of transactional-level data from the BoT. This upcoming research aims to evaluate the impact of the levy introduced in July 2021.

University of Dar es Salaam

- Researchers at the University of Dar es Salaam have explored various aspects of digital payment systems;¹⁷ however, no specific studies on the taxation of DFS have been identified.

17 Notable research (although not necessarily focused on the taxation aspects) includes: E. Lwoga and N. Lwoga (2017), [User Acceptance of Mobile Payment: The Effects of User-Centric Security, System Characteristics and Gender](#), The Electronic Journal of Information Systems in Developing Countries 81(3), p. 1-24; Abdinoor and U.O.L. Mbamba (2017), [Factors influencing consumers' adoption of mobile financial services in Tanzania](#), Cogent Business and Management, Vol. 4, Issue 1; N. Mori and R. Mlambiti (2019), [Determinants of customers' adoption of mobile banking in Tanzania: Further evidence from a diffusion of innovation theory](#), Journal of Entrepreneurship, Management and Innovation.

2.5 Civil society, consumer advocacy and media groups

Civil society organisations, consumer advocacy groups, and media entities can, in principle, help to organise and represent the user perspective within the DFS tax ecosystem, amplifying their voices and promoting transparency. Our opening hypotheses were that:

- Their engagement will drive public awareness of the impact of tax on access to DFS, influencing policy debates and encouraging government accountability.
- By leveraging research, grassroots mobilisation, and media coverage, these groups will help ensure that tax policies are equitable and aligned with the needs of underserved populations to foster a more inclusive financial environment.

Civil society organisations, consumer advocacy groups and the media are all potentially active members of the DFS tax ecosystem in Tanzania. A great deal has been written and published by civil society and consumer advocacy groups about the impact of DFS taxes in Tanzania, but little rigorous evidence-based analysis has been produced and published. News articles tend to be relatively superficial such as reports noting that [widespread public outcry prompted the government to decrease the levy in September 2021](#).

We highlight in this section the work of some prominent groups in the civil society and consumer organisations:

Tanzania Consumer Advocacy and Research (TCAS)

[Tanzania Consumer Advocacy Society](#) is a national consumer association, which advocates and conducts research on a wide range of consumer rights issues. No relevant involvement in the DFS taxation landscape has been found although it is understood that the organisation would be a willing participant in debates on DFS taxation.

Policy Forum (PF)

[Policy Forum](#) is a network of over 60 Tanzanian civil society organisations established in 2003 and drawn together by their specific interests.

- The 2022 Annual Report mentions a position statement of the Policy Forum that “called on the government to **enhance its domestic resource mobilisation initiatives**. This statement was based on comprehensive studies that identified potential avenues for increasing revenue collection and closing loopholes that contribute to revenue loss. The **statement’s recommendations included essential measures such as expanding the tax base**, improving the transparency of tax utilization, and **reducing mobile money transfer levies to increase financial inclusion and generate more revenue**. These recommendations were shared widely through various channels, including social media and the Citizens newspaper on 4th June 2022. Most notably, they were discussed with the Parliamentary Budget Committee, where members expressed their agreement with many of the suggestions and promised to discuss them further with the government. This **outcome is a clear indication of the Policy Forum’s impact and the critical role it plays in advocating for effective policies that benefit all citizens (sic)**. Interestingly, some of the recommendations that were proposed have been accommodated in the 2022 Finance Act. Some of the incorporated recommendations include a reduction of the mobile money transfer levy from a maximum of 7,000Tsh to 4,000Tsh. This move intends to attract more people to use the service, improve financial inclusion and more revenue to the companies hence more revenue on the part of the government in the form of taxes.” (p. 11).
- The [2023 Annual Report](#) mentions that the organisation conducted research on domestic resource mobilisation through fair tax policies; however, further specific indications of involvement in the taxation of DFS in Tanzania have not been identified.

Legal and Human Rights Centre (LHRC)

LHRC is a leading human rights advocacy group in Tanzania. They filed a [lawsuit in August 2021 against the government, opposing the new levies on MM transactions meant to increase government revenues.](#)

The organisation welcomed the move to reduce the Levy and urged the government to abolish it in order to protect the interests of ordinary citizens as well as small and large businesses.

State-owned media outlets

State-owned media outlets, such as Tanzania Broadcasting Corporation (TBC) and Daily News, primarily serve as government communication channels, providing official updates on policy issues. No relevant coverage of DFS taxation has been found.

Media Council of Tanzania

The Media Council of Tanzania, an independent, voluntary, non-statutory self-regulatory body established by the media fraternity, plays an active role in fostering public debate. According to the [Annual Report 2022](#), the Council participated in the launch of SAUTI za Wananchi organized by TWaweza in March 2022, which presented survey findings on citizens' views regarding the Levy, contributing to the national conversation on economic policies.

Tanzania Information Services (Maelezo)

The Tanzania Information Services (MAELEZO), as the government's communication arm under the Ministry of Information, Youth, Culture and Sports, disseminates official information, but no specific involvement in DFS tax policymaking or advocacy has been identified.

Private media outlets: e.g., IPPMedia, The Citizen, Mwananchi Communications, Azam Media, Clouds Media Group

Private media outlets have influenced the public discourse on DFS taxation by reporting on public protests, government policy changes, and international criticisms, such as the GSMA's condemnation of the Levy. Through their coverage, the outlets have brought attention to what they consider to be the need for more cautious and economically sound approaches to taxing MM transactions in Tanzania.

They have highlighted the economic impacts of mobile money transaction taxes, calling for more cautious and sustainable approaches. For example, IPPMedia reported on how MM taxes in countries like Tanzania caused users to revert to cash, lowering taxable transactions ("[Africa's mobile money accounts up by 52pc](#)", 2024), while The Citizen extensively covered government responses to public outcry and policy shifts, including reductions in MM transaction fees (e.g., "[Telecoms happy with the levy review](#)", 2021; "[Government proposes removal of mobile money transaction levy](#)", 2023; "[Tanzania to reduce mobile money transaction fees by 43%](#)", 2022).

Nation Media Group, East Africa Television

There is an absence online of specific results regarding the direct involvement of [Nation Media Group](#) (the largest independent media house in East and Central Africa with operations in print, broadcast and digital media) and [East Africa Television](#) (the leading TV content provider in Tanzania and urban cities across East African countries). It appears, therefore, that their roles may be more general in providing platforms for public discourse, including on taxation, rather than actively engaging with policy issues. These media outlets likely contribute indirectly by covering related news, amplifying opinions and facilitating discussions, but there is no clear evidence of their direct influence in DFS taxation policy-making or advocacy on DFS taxes in Tanzania.

2.6 Other influencers: Regional organisations

Regional organisations, such as the East African Community (EAC) and the African Tax Administration Forum (ATAF), have the potential to push for coordination and harmonisation of tax policies across Africa, including Tanzania. While their engagement can facilitate some knowledge sharing and technical assistance, our opening hypothesis was that their influence on developing coherent tax frameworks that promote financial inclusion, and sustainable economic growth might be limited.

Our research has tended to confirm this hypothesis. It has revealed limited relevant material relating to the taxation of DFS in Tanzania.

East African Community (EAC)

The EAC, as a regional community of 8 Partner States (Burundi, the DRC, Kenya, Rwanda, Somalia, South Sudan, Tanzania and Uganda), has been involved in fostering regional cooperation on taxation matters, and supports Partner States Central Banks to embrace technology to facilitate cross-border payments within the EAC Common Market ("[East African Community Central Banks urged to adapt and embrace technology to facilitate cross-border financial transactions](#)", 2024). There is a broad commitment in the EAC Treaty to tax harmonisation.

African Tax Administration Forum (ATAF)

ATAF has provided technical guidance on taxing digital economies, supporting Tanzania in developing more balanced tax policies. No direct ATAF influence on DFS taxation policies in Tanzania has been identified. However, ATAF's African Multidisciplinary Tax Journal published an article entitled "[Assessing Tanzanians' Response to the Implementation of a Mobile Money Transaction Levy](#)" (2024) written by F. Nyonzo. This presents an analysis of the impact of Tanzania's Levy, showing a significant decrease in transaction amounts and recommending alternative revenue sources to avoid negative impacts on government revenue.



©Photo by Rawpixel.com via Magnific

3. Strengthening the DFS taxation ecosystem: Challenges and Opportunities

Our mapping of the DFS taxation ecosystem in Tanzania has revealed a complex and interwoven structure in which actors from the public and private sectors operate across Mainland Tanzania and Zanzibar with distinct legal, fiscal, and institutional frameworks, each with their own interests and spheres of influences.

The Government has the difficult task of designing tax frameworks that enhance revenue generation, while ensuring that DFS are accessible and affordable to all citizens and providing an economic climate in which the financial service providers are motivated to invest and innovate. It has a central role in facilitating transparent dialogues and providing the platforms necessary for stakeholder engagement that will help to optimise the simultaneous achievement of these goals. Inevitably, its vision for the future of DFS is multifaceted, with individual MDAs, all members of the DFS tax ecosystem, often facing differing institutional priorities.

The private sector members of the ecosystem - especially the MMOs, financial service providers, and industry associations like the TPSF - often share concerns regarding the predictability and design of the DFS tax framework. They can bring invaluable insights and expertise to the table. Their contributions to the debates around DFS taxation have highlighted the need for better informed discussion, to achieve a balanced approach that takes proper account of the opportunities for market development and the operational realities for service providers, while recognising the revenue needs of the Government. The private sector's advocacy for their market-oriented concept of fair tax policies reflects their desire to see the creation of a competitive and investment-friendly business environment and the expansion of access to DFS. However, the providers' priorities are often profitability and scalability rather than securing access for the underserved populations.



The user groups in the DFS taxation ecosystem have demonstrated that they place most value on affordable access in Tanzania. Taxation and provider charges are potentially a deterrent to usage. Public reactions, amplified through media coverage, appear to have influenced subsequent adjustments to the Levy, but they have been forced to act in response to tax measures that have already been introduced rather than being systematically embraced in the original decision-making process.

Other groups, including the international organisations, local and international researchers and development partners have also had their opportunity to comment, again mostly after the fact. Some have commented based on deep research and analysis, but others have had to make assumptions in the absence of access to comprehensive data.

The repeated revisions in the design of DFS taxation, illustrate the challenges and tensions within the ecosystem. Rapid changes in taxation policy, driven by the conflicting forces of popular pressure and the need for revenue generation, reflect the inherent tension within fiscal policy-making and especially within the Ministry of Finance to get the balance right between fiscal objectives and the broader goal of promoting affordable access for all citizens to digital services.

BOX 1. KEY QUESTIONS ON IMPROVING THE DFS TAXATION ECOSYSTEM

Our research into the DFS taxation ecosystem has prompted us to ask:

- Whether formal or informal reforms could improve collaboration and consensus-building within the ecosystem for better policy outcomes.
- What changes would be effective in helping to build consensus among the stakeholders: the private sector in its drive for growth and efficiency, user groups (in all their diversity) with their focus on accessibility and affordability, and government with its dual focus on raising revenue and promoting financial inclusion for marginalised people.

Leveraging existing data and expertise for policy development

The focus of the DFS taxation ecosystem is inevitably on policy and policy-making. In principle, many of the building blocks for making good tax policy for DFS already exist.

- DFS generate granular transaction-level data that can substantially inform tax policy design, although important behavioural responses remain difficult to predict with certainty. All the data are held by a small group of identifiable organisations. Every transaction leaves an electronic record, and payments conducted through electronic systems typically identify the sender and the recipient, subject to applicable legal and privacy constraints and to the extent that such data are accessible to policymakers. The size of every transaction is known. The geographical location, gender and age of the parties can often be identified. The pattern of transactions within individual accounts is traceable: type, frequency, scale.
- The main private sector actors are all large corporations with substantial human and capital resources that they can deploy to analyse the flows within their own businesses, to understand the price elasticity of the individual services they offer and the demographics of their customer base. They are experts in their field of operation.
- The Government, through its MDAs, has high-level data and modelling skills, policy development expertise and deep knowledge of the DFS and FS markets, especially through BoT. Through the TCRA, it has a good understanding of the relationships between MM and the broader MNO business model.
- Users of DFS in Tanzania are keen observers of the interactions of pricing and taxes. They adjust their behaviour in particular ways in response to them. They have knowledge and insights that can be captured to help explain the patterns in DFS usage that are seen in the data but not always fully understood.
- The growth of MM and its impact on financial inclusion has attracted the attention of global experts in economic development, including the taxation aspects, who can bring international experience of DFS to bear on the issues faced in Tanzania.

All of this represents a wealth of information, knowledge and understanding that can and should provide a robust foundation for DFS tax policy-making. Yet the troubled history of DFS taxation in Tanzania suggests that a vital element is missing: effective collaboration between the members of the DFS ecosystem.

Strategies and challenges for strengthening collaboration within the ecosystem

The analysis that we have carried out suggests that there are a number of areas where that collaboration could and should be strengthened:

- Greater sharing of anonymised transaction data held by the service providers to support detailed research, modelling and usage analysis
- Publication of more granular data held by MDAs, including market data and analysis of relevant government revenues
- A more open and transparent approach to the making of DFS tax policy
- Better opportunities for participation in policy discussion by stakeholders and the achievement of a higher level of participation
- More transparent reporting of policy-related dialogues within government and between government and the private sector
- Educating the wider taxpayer community on policy issues through discussion and feedback
- A broadening of the DFS taxation ecosystem to embrace related business activities that might be affected by DFS tax strategies.

All of these changes would potentially lead to a better-informed DFS taxation ecosystem and a greater likelihood that better policy outcomes would emerge, with stronger buy-in by citizens and businesses.



There are, however, some challenges to achieving this:

- It will not be easy to ensure that the DFS data is shared as fully as many stakeholders would wish. Concerns over data privacy and the ethical use of this information can place barriers in the way of sharing. They are not insuperable, but care will be essential if user trust is to be maintained and compliance with the data protection laws achieved.
- The richness of the data must be fully exploited, if it is to be used effectively to forecast the impact of different policy options on particular demographic groups, usage patterns, and market growth. This will require officials and other participants in the ecosystem to have high-level skills in handling large data sets and interpreting the results.
- The political and psychological barriers that tend to keep much of the Budget process hidden from public view and scrutiny are significant – not just in Tanzania but in many countries – and it is inevitable that any changes in the policy-making process for DFS taxation will put, perhaps unwelcome, pressure on other areas of policy development.
- Even the most inclusive policy-making processes leave some people outside who would like to have their say. The current system of consultation in Tanzania is designed to encourage stakeholders to put forward their views and ideas but it falls short of the inclusive approach that some other countries have used. A more proactive approach, led by MoF, early in the policy-making process, could be designed specifically for Tanzanian citizens, to achieve higher levels of participation. It might have benefits for better alignment between revenue goals, affordability, and sector growth. However, greater participation does not automatically imply higher-quality input. In some countries, the input that it has encouraged has not always been of the highest value. Nevertheless, a more open process may be seen as more inclusive, resulting in stronger buy-in to the outcomes.
- A well-informed ecosystem and user base is more likely to understand, engage on, and potentially comply with government taxes. Public education campaigns can help with this but again, there are limits on what it can achieve and how specifically it can address particular issues. The policy considerations, for and against DFS taxation, are largely specialised and likely to be properly understood only by people who already have some knowledge of the tax system and how tax revenues are used.



- Many citizens are more willing and able to engage in policy discussion through meetings and other forums than through written communication. Government cannot organise and hold local public meetings on every issue, so it has to rely on other channels of input and feedback. For DFS taxation, this could come through a variety of user groups as well as through the normal channels of business representative body meetings but there remains a risk that the most marginalised will always be, and feel, excluded.
- For the educated, regular large-scale studies on the economic and social impacts of DFS taxes, commissioned by the Government, could help them engage more fully in the DFS taxation ecosystem. They would also be a valuable input to policy-making for government officials, including the updating of existing policy. However, they would only add significant value if all the relevant data were available to the researchers. Several recently-published offerings on DFS taxation in Tanzania reflect the challenge that researchers have faced with insufficient data and are weaker as a result of it. The ecosystem will be better-served by the availability of studies that have a more complete evidence base. Collaboration among local universities, think tanks, and research organisations can help with that. Government MDAs that establish accountability frameworks which include periodic review of the impacts of DFS taxes can also provide input to researchers and members of the DFS taxation ecosystem.
- For the many Tanzanian citizens who cannot or will not attend meetings about DFS taxation, the publication of minutes and summaries of the matters discussed, and the views expressed, can be very valuable. Reading or hearing about local meetings on taxation issues may also encourage them to attend next time. Reporting and feedback are an essential part of transparency, but it is difficult in practice to ensure that everyone is reached. There are many media channels, but coverage may nevertheless be incomplete.

- There are also issues about where to draw the boundaries of what is relevant to DFS taxation. Even in the world of tax policy, DFS taxation is a relatively narrow, though important issue. To be successful, accepted and effective, tax policy for DFS has to fit with the taxation of other types of business activity to which it is closely related and with government policy towards those related activities. It should, for example, fit with the scheme of taxation for other digital and non-digital business, whether conducted by MMOs, banks, or other commercial enterprises. There are no hard edges to what should be considered as related to DFS and, as markets and consumer preferences evolve, it will be important that tax policy is framed in such a way as to avoid creating distortions. This is far from easy and requires many of the strong representational and feedback loops that we have mentioned to be in place within the DFS taxation ecosystem and functioning well.
- The international dimension represents both a challenge and an opportunity for policy-makers and the DFS taxation ecosystem alike. Members of the ecosystem can benefit from understanding how other governments have addressed the issues that the Government of Tanzania faces. They can learn from the experience of near neighbours such as Uganda, Kenya and Rwanda. They can also learn from governments in different parts of sub-Saharan Africa, such as Ghana.
- Engaging in regional and international forums on DFS taxation and financial inclusion will allow members of the DFS taxation ecosystem in Tanzania to exchange knowledge, identify best practices, adopt strategies that have proven effective elsewhere and avoid those that have served the interests of government, service providers or users. Most members of the ecosystem will not, however, be able to participate directly in the primary learning activity so the information will have to be packaged and presented appropriately to them by government officials, private sector interests or others. This will be challenging but potentially valuable, if communicated through the right channels.

Building consensus among stakeholders in Tanzania's DFS ecosystem will require this type of multi-pronged approach which aligns diverse interests around shared goals, fosters trust, and facilitates transparent, data-driven policy development.

These reforms could emerge incrementally through practice, and a firm push from all sides would undoubtedly help them to happen more quickly. Alternatively, they could be encouraged by the use of some modest structural devices that would stimulate collaboration and provide a more formal mechanism through which it could be achieved.

Structural initiatives for strengthening the ecosystem

Our research and analysis have led us to conclude that the likelihood of success for DFS taxation could be strengthened through the creation of a coordinating body which would sit at the heart of the ecosystem.

- One such structural device might be a **DFS Tax Advisory Committee (DFSTAC)**.

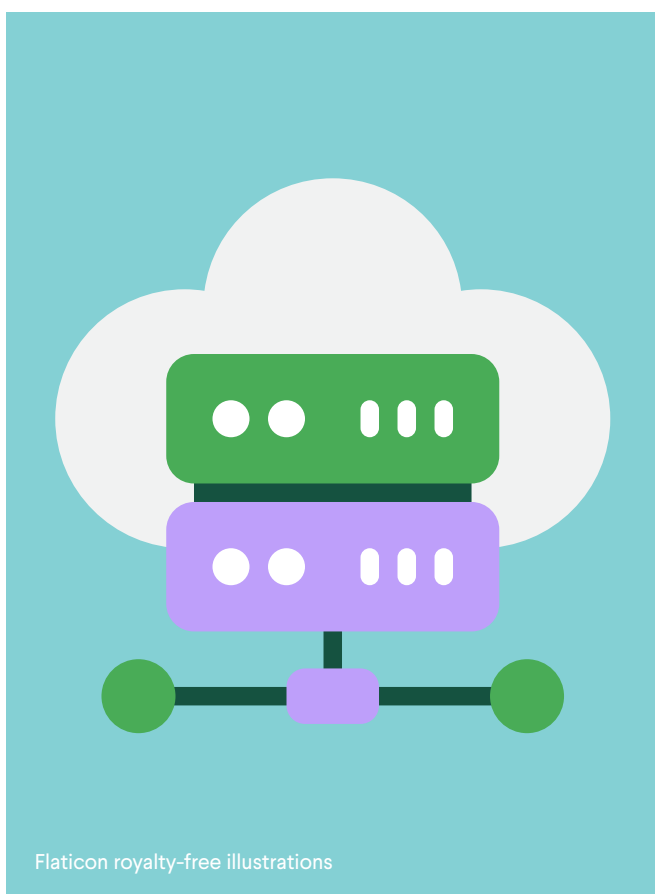
The DFSTAC could be a stand-alone body, sponsored by the Government, with its own remit to consider the taxation of DFS and to weigh concerns about DRM alongside ambitions for financial sector growth and financial inclusion. It could be a small, expert body or have a broader membership comprising the government, the private sector and consumers. It would be given access to service provider data and TRA statistics. It would have its own secretariat who could support it with data analysis, and sufficient funding to allow it to take external expert advice if needed, including research and surveys. It could have joint Chairpersons, one from government and one from the private sector. It is envisaged that it would have an ongoing advisory role in this difficult and fast-developing area of business and taxation.

- An alternative approach would be to create a broader, **Digital Taxation Advisory Committee (DTAC)**. The DTAC would provide a framework for collaboration not only on DFS taxation but on the broad range of taxation issues that affect Digital Tanzania (e.g., e-commerce, digital services, cryptocurrency and digital assets, data privacy, digitalization of revenue administration). We have recommended elsewhere that the Government of Tanzania develop a Tax Strategy for a Digital Tanzania (TSDT). A Committee of this nature would be an ideal body through which to consider possible changes in the taxation framework that would help encourage the achievement of the Digital Tanzania objectives, while raising revenue efficiently from the digital economy.

DTAC would have the same tripartite composition of government, private sector and consumer interests as might otherwise be created for DFSTAC. The Committee could be served by MoF/TRA and BoT and would be empowered to commission relevant expert papers from policy specialists and academics. The service providers, TRA and BoT would also make data and analysis available to the Committee regarding the usage of digital services, including DFS, the government revenues from them, and analysis of the related inclusion issues such as financial inclusion and related social inclusion objectives.

The members of DTAC would be individuals selected by the three constituencies from which it would be formed. Ideally, it would be expert enough to have credibility with all the relevant parties. It would publish formal meeting minutes and reports, the recommendations of which would be advisory in nature and not binding on MoF or BoT but which would nevertheless be important inputs into the policy-making process. Ideally, it would be linked through a broader process across government and the private sector, tasked with the identification and agreement of priorities for government and private sector action to digitalise government services and the wider economy.

DTAC could develop inputs to the initial TSDT and then have a monitoring role, examining progress and suggesting adjustments to the tax regime for the digital economy in response to developments in the market and the government's revenue needs. It would be tasked with encouraging consensus-building. It should be designed to produce actionable recommendations rather than merely facilitate discussion. It should, therefore, be constituted with the expertise and broad representation necessary to achieve its mandate.



Flaticon royalty-free illustrations

Based on our analysis of the DFS taxation ecosystem, we believe that the creation of either DFSTAC or the broader DTAC would be very valuable. Such a body would need to recognise and respect the distinct legal and fiscal regimes of Mainland Tanzania and Zanzibar, with representation and mandates defined accordingly, to avoid conflating responsibilities and to ensure that recommendations are appropriately routed to the competent authorities. The current approach to developing DFS taxation has demonstrated vulnerabilities when subjected to political and market pressures and policy-decisions have resulted in at least short-term shocks in the market. These are more likely to be avoided in the future if information is shared more openly within the ecosystem and a broader and deeper consensus is sought in advance of policy changes, based on access to comprehensive data and rigorous analysis. The creation of either DFSTAC or DTAC could help to transform the DFS taxation ecosystem, drawing in and disseminating information, acting as a focal point for the interaction between government, private sector and consumer groups and facilitating the process of reshaping the policy-making process for DFS taxation.

However, as we have noted, the creation of this type of Committee is not the only solution to the current weaknesses in the DFS taxation ecosystem that currently impair its effectiveness and have contributed to a difficult period for all those involved as policy-makers, market participants or users. Much of the change that is necessary, could potentially be achieved through the type of systematic process reforms that we have outlined, rather than structural devices. Whichever route to reform is chosen, it will require a significant effort to overcome the challenges inherent in the situation today, but progress is achievable and we believe that a sharper focus on the current weaknesses can greatly strengthen the DFS taxation ecosystem that is the subject of this Report.



Annex 1. Overview of major DFS providers

Below is an overview of the major DFS providers in Tanzania, along with their subscriber bases:

Comparison of MM transactions and subscriptions in June 2019 and June 2024

	June 2019		June 2024	
	MM service subscriptions (no. of accounts)	MM transactions (3 months, quarter 2 2019)	MM service subscriptions (no. of accounts)	MM transactions (month, June 2024)
M-Pesa (Vodacom)	9,378,738	137,695,941	20,677,223	104,625,748
Tigo Pesa (Tigo)	6,973,665	74,724,480	17,827,565	78,870,524
Airtel Money (Airtel)	4,191,540	37,045,019	11,028,579	82,886,440
Halo Pesa (Halotel)	1,568,845	8,260,797	4,567,319	28,345,804
TTCL	468,701	451,254	/	/
Ezy Pesa	376,026	2,261,612	/	/
T-Pesa (TTCL)	/	/	1,422,381	516,093
Azam Pesa	/	/	209,661	69,508
Total	22,957,515	260,439,103	55,732,728	295,314,117

SOURCE: [Tanzania Communications Regulatory Authority](#), June 2024.

Trends of Mobile Money Transactions in the Past Five Years

Year	No of subscriptions	No of transactions	Average No. transactions/subscription
2019	25,864,318	3,021,142,958	117
2020	32,268,630	3,412,210,062	106
2021	35,285,767	3,752,084,894	106
2022	40,953,496	4,195,899,414	102
2023	52,875,129	5,273,086,154	100

SOURCE: [Tanzania Communications Regulatory Authority](#), June 2024.

NOTE: The totals for MM subscriptions reported in the two tables differ because they are drawn from different TCRA reporting bases. The first table reflects operator-level data on MM service subscriptions for selected providers, while the trend table reports aggregated subscription figures published by TCRA for the sector as a whole. Differences may arise from variations in reporting coverage (e.g., inclusion or exclusion of certain providers), as well as from distinctions between active MM accounts and registered subscriptions. These differences should therefore be interpreted with caution when comparing figures across the two tables.

Annex 2. Interlocutors on the broader international stage of DFS taxation

While the focus of the analysis remains on Tanzania, it is important to acknowledge the presence of international interlocutors engaged in the broader discourse on DFS taxation. These entities, including global organizations and think tanks, contribute in a broad sense to shaping taxation policies and frameworks that can influence national practices, even if they do not directly address the specific context of Tanzania. Their insights and recommendations are relevant in a global context and can provide valuable lessons for local policymakers. Consequently, this discussion has been included in an annex to highlight the significance of these international perspectives without diverting from the primary focus on Tanzania's unique challenges and opportunities in DFS taxation.

Annex 3.

Complementary Interlocutors on DFS taxation in Tanzania

There are a number of other organisations, who have contributed valuable insights into the taxation of MM services, though they have not conducted evidence-based research specifically on Tanzania's DFS taxation policies. We list the most prominent organisations below.

INTERNATIONAL DEVELOPMENT ORGANISATIONS, DONORS, AND PARTNERS

Economic Policy Research Centre (EPRC)

Based in Uganda, EPRC published a blog "[How will recent taxes on mobile money affect East Africans?](#)" (2018) written by I. Shinyekwa. It mentions that in general (without reference to Tanzania specifically) the introduction of MM taxes is hurriedly passed by parliament without adequate consultation of stakeholders, which is necessary to effect stakeholder buy-in and, ultimately, consensus.

Center for Financial Regulation and Inclusion (CENFRI)

[CENFRI](#), a non-profit think tank, has focused on advancing financial sector development and financial inclusion across Africa.

In their 2021 blog "[The Unpopular Choice: Taxing Digital Payments in the Era of Digitalisation](#)", authors K. Mungai and A. van der Linder discussed the potential long-term negative development outcomes of taxing digital payments. They pointed out that while taxing digital transactions provides a convenient mechanism for tax collection, it could dissuade lower-income mobile money users from engaging with these digital services, thus hindering financial inclusion. The blog referenced studies from Côte d'Ivoire, Rwanda, and Uganda but did not include specific findings related to Tanzania.

In another 2020 blog, "[CBDC – The Next Frontier of Mobile Money?](#)" by M. Allen and B. Cooper, CENFRI emphasized the risks and challenges associated with mobile money, including the impact of taxation. Unlike cash, the blog highlighted that MM services are subject to various e-money regulations that can affect consumer uptake and the business case for providing such services. Excessive taxation, as seen in other sub-Saharan African countries like Kenya and Uganda, can further hinder the adoption and use of mobile money services. Although this analysis did not focus on Tanzania, it outlined key regulatory and fiscal issues that could be relevant in the Tanzanian context, where MM taxation has similarly sparked debate over its impact on financial inclusion.

CENFRI's broader work emphasizes the delicate balance between using taxation as a tool for public revenue and maintaining mobile money's critical role in expanding financial inclusion, especially for lower-income users. Their insights serve as a useful framework for understanding potential risks in Tanzania's evolving DFS taxation policies. However, the absence of Tanzania-specific research from CENFRI leaves gaps in understanding the full scope of DFS taxation's impact on financial inclusion within the country.

ACADEMIC AND RESEARCH INSTITUTIONS

African Economic Research Consortium (AERC)

The [AERC](#) is a capacity-building institution focused on informing economic policies in sub-Saharan Africa. A review of its [annual reports](#) over the past five years reveals that while the AERC has conducted various general studies on taxation systems in countries like Kenya and Ghana, it has not specifically addressed MM taxation or included Tanzania in its analyses.

The AERC has, however, published insightful notes and reports on financial inclusion, such as "[Financial Inclusion, Interoperability and Market Development in the East African Community](#)" (2023) by D. Cracknell. This report highlights how taxation complicates pricing and influences consumer behaviour, depending on the application of the taxes involved. However, it falls short of providing an analysis specific to the Tanzanian context, which limits its applicability for stakeholders operating in that market.