

Analysis of the factors causing evasion of customs duties

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The phenomenon of tax evasion takes place in all countries, developed and developing alike and is as old as the institution of taxation. Tax evasion takes many different forms depending on the type of tax base widespread and, indeed, systemic. Thus, the problems of tax evasion tend to have far more serious consequences in developing countries than in developed economies. This study attempts to analyze the factor that causes evasion of customs duties, in Tanzania. Survey was used to allow collection of data using structured questionnaire. Descriptive as well as exploratory research design was used. The study focused on customs officials, importers and customs clearing agent. It was found out that high tax rates, low punishment structure, collusion among customs officials and existence of unqualified clearing agents contribute to evasion of customs duties. Other factors include political intervention, corruption and cumbersome procedures. In order to curb evasion of customs duties, the study suggest that the government to have two enforcement parameters. It can use carrot and stick policy, whereby incentives are offered for compliance and stiff penalties for evaders. It is also suggested to expose customs officials to training both within the country to equip them wit skills and tools to deals with evaders of customs duties. Training to clearing agents should be intensified to ensure that all agents pass the examination before they are granted license to operate and their performance monitored.