

## **Practical issues and challenges of value added tax refund**

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The study aims to investigate the practical issues of Value Added Tax and how lead to Value Added Tax refund challenges in Tanzania Mainland ,the Value Added Tax refund has the following challenges; low level of compliance , frequent changes of laws , inherited errors and frauds, delay of working capital of claimant and corruption. These were among challenges explored by other studies. The study intended to assess sources of Value Added Tax refund challenges from practical issues perspective on the following premises: legal framework, VAT refund audit, funding of Value Added Tax refund, Taxpayer's compliance level and Electronic Fiscal Devices and technology. The study asses and clarify practical issues of VAT refund and how lead to VAT refund challenges in Tanzania mainland. The sample size is 33 respondents based on ground of in-depth understanding of the study as follows: 13 respondents from TRA officials, 10 respondents from tax consultancy firms and 10 respondents from tax managers from various taxpayers. The dissertation employs descriptive research approach and purposive sampling technicalities. Interview was used in gathering information. Practical issues in operation of Value Added Tax as legal framework, VAT refund audit, funding of Value Added Tax refund, Taxpayer's compliance level and Electronic Fiscal Devices and technology are sources of VAT refund challenges. Therefore the study proposes to policy makers including TRA , More training programmes to Value Added Tax refund claimants as well the use of Electronic Fiscal Devices, control of corruption, effective and efficient Tax administration including use of computer technology, effective refund audit programme, stakeholders involvement in process making tax laws and more legal constrains to be put on taxpayer involved in VAT fraud and risks inherit on the EFD should jointly be addressed by different stake holders. There is a need for further studies on cost of tax refund in terms financing and cost quantification as there is no study. On other hand to taxpayer refund form part of working capital and in balance sheet is reported as asset of the company but there is no identified cost of delay in refund.