

PERFORMANCE The government introduced the value Added tax...

# CAG asked to assess impact of VAT on tourism industry

**The parliamentary committee says tourism stakeholders complain about the VAT, saying it is affecting their businesses**

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**Dodoma.** The Parliamentary Committee on Lands, Natural Resources and Tourism yesterday called on the Controller and Auditor General (CAG) to assess the impact of VAT on the sector of tourism.

The government introduced VAT for all tourism services effective from July 1. The move has since put the government and service providers at loggerheads.

Committee chairman Atashasta Nditije (Muhambwe-CCM) told the House that tourism stakeholders (hoteliers, transporters and tour guides) had been complain-

ing that the VAT had badly affected their businesses by reducing the number of tourists and increasing the cost of doing business.

The committee noted that, the ministry of Natural Resources and Tourism on several occasions had been reporting that VAT inclusion had not in any way affected the sector apart from significantly boosting government revenue.

"Since the committee could not ascertain the truth of the matter on the effects of VAT in the tourism sector and since the impasse between tourism stakeholders and the government could derail the development of this key sector, it is important for this House to debate this matter and if possible the CAG should probe it and advise the government on the best way forward," advised Mr Nditije.

The committee also advised the government to establish a marketing and advertising budget to

enable the Tanzania Tourist Board advertise tourist attractions in and outside the country. The committee noted that the current advertising budget was very small compared to that of the competitors, especially South Africa and Kenya. Earlier, the minister of Natural Resources and Tourism, Prof

## MORE INFO: WHAT ELSE THE MINISTER SAYS

Prof Maghembe says there are 29,730 wild animals worth \$1.6 million in the hands of traders ready for export and that a wildlife and forest crimes task team was established in 2016/17. According to him, 604 firearms, including 48 machine guns with 1,058 rounds of ammunition have seized, 7,085 suspected poachers have been held as well as ivory weighing hundreds of kilograms.

Jumanne Maghembe, presented Sh148 billion budget estimates for his ministry for 2017/18. He said Sh96.7 billion would be for recurrent expenditure and Sh51.8 billion for development projects.

Prof Maghembe told the House that the sector of tourism continued to grow in 2016/17. "Tourism generated \$2 billion in 2016 compared to \$1.9 billion in 2015. A total of 1,284,279 tourists visited Tanzania in 2016 compared to 1,137,182 tourists in 2015," he noted.

The minister also noted that 500,000 people were directly employed in the sector of tourism in 2016/17, while self-employment reached one million as the sector generated 17.5 per cent of GDP and 25 per cent of foreign exchange.

He said the government would compensate all legally licensed traders affected by the government's three-year ban on exports of live animals instituted in May 2016.