

Case study:

Modernisation of customs systems to deliver trade efficiencies in Tanzania

Deployment value: £99,938.71 Duration: 13 deployments (126 days)



HM Revenue
& Customs

Context

In 2013, the port of Dar-es-Salaam lagged significantly behind neighbouring ports such as Mombasa. So much so that the port had been described as one of the least efficient ports in the world. This was due in large to the outdated Customs System software as well as the outdated and lengthy clearance control procedures, which delayed departure time for ships and therefore deterred traffic from Dar-es-Salaam. The World Bank warned in 2013 that *“if the current situation is not remedied, the port of Dar-es-Salaam might lose its existing market share in regional trade, particularly when other ports and railways become operational in neighbouring countries.”* which would have had large implications to Tanzania. In 2012, losses due to the port’s inefficiencies, amounted to US\$1.8 billion. The Tanzania Revenue Authority (TRA) recognised the scale of this problem and the need for support in improving efficiency in customs control and reached out to IFUSE seeking technical assistance.



Deployment

In response, between July 2012 and August 2014, IFUSE facilitated 13 deployments of HM Revenue & Customs (HMRC) experts to the TRA to assist in the development of post-audit clearance systems and more efficient online registration and processing. IFUSE deployments delivered a practical action plan focusing on delivery of improved tax systems including the Tanzania Customs Integrated Systems (TANCIS) and the TRA tax registration online portal. The action plan provided a platform to significantly improve information provision and provide a basis for both improved taxpayer voluntary compliance, and significant resource savings within the TRA. The result was a fully operational New Customs System (NCS) that significantly reduced the clearance time from goods arrival time in the port until clearance from Customs control.

Impact

The benefits of the support were almost immediate. The rollout of TANCIS and NCS began in April 2014, with the full implementation for all transactions complete a few months later. By the end of 2014, there was a noticeable impact on the amount of additional tax revenue collected as a result of the implementation of TANCIS. From the inception of TANCIS, the customs tax revenue increased to Tsh100 billion (\$60.04 million) per month. However within a few months of the system’s implementation, the level of monthly customs tax revenue nearly doubled.

The IFUSE support for tax simplification through electronic systems (TANCIS) and a broader tax base has contributed to the TRA’s strategy for reducing reliance on borrowing and becoming entirely self-financing by 2020.

The case study illustrates not just the speed and impact from an IFUSE deployment but also the access to credible expertise. A TRA official highlighted that *“without IFUSE we would have had to advertise for expertise. We may not have found it, and certainly not expertise from such a credible organisation. It meant that work could start straight away [without the need for extensive vetting of support providers] saving a lot of time in procurement. TRA would have been left with a significant gap without IFUSE facilitated expertise”*.