



Alignment of Expectations in Electronic Fiscal Devices Adoption: Perspectives of Enforcers and Traders in Tanzania

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Abstract: Taxation has been a fundamental source of government revenue throughout recorded history. While the forms of taxes and collection methods have evolved with time and technological advancements, the primary objective remains unchanged: enabling governments to fulfil their socio-economic responsibilities. Despite the long-standing history of tax collection, there has always been a degree of distrust between taxpayers and tax enforcers. This study examines the extent to which the expectations of tax enforcers align with those of traders regarding the introduction of Electronic Fiscal Devices (EFDs) in Tanzania's tax system. A mixed-methods approach was employed, incorporating both qualitative and quantitative data collected in 2024 from Dar es Salaam, the country's primary business hub. The Likert scale was used to gauge various qualitative variables of interest, while inferential statistical methods, including chi-square tests, were used to assess relationships between socio-economic characteristics and EFD adoption. The findings revealed that Tanzanian traders overwhelmingly agree that every citizen should pay taxes and that taxes are intended for the public good. Traders also supported the use of EFDs as efficient tools for tax collection, acknowledging that EFDs have led to an increase in tax revenue and have had a positive impact on their business performance. However, traders expressed concern about the lack of transparency regarding how the taxes they pay are spent. Additionally, they expressed discomfort with the enforcement of EFDs by the Tanzania Revenue Authority (TRA), citing perceived elements of unfairness in the process. Chi-square tests indicated significant associations between traders' education levels and their perception of EFD benefits ($\chi^2 = 10.87$, $p < 0.05$), as well as between business experience and compliance with EFD regulations ($\chi^2 = 9.45$, $p < 0.05$). These findings suggest that traders with higher education levels are more likely to perceive EFDs positively, while those with extensive business experience exhibit better compliance. Overall, traders agreed with 71.4% of the tax-related practices in the country, indicating that the expectations of tax enforcers and traders are largely aligned, especially with tax collection and the introduction of EFD machines. This study highlights the importance of ensuring transparency in tax expenditure and addressing concerns related to fairness in enforcement to foster trust and improve the effectiveness of the tax system in Tanzania.

Keywords: Electronic Fiscal Devices (EFDs), Tax Compliance, Government Revenue, Trader Perceptions, Tax Enforcement, Tanzania

1. Background Information

Taxation has been a cornerstone of government revenue generation worldwide since ancient times. It remains a reliable and sustainable source of funding critical for fulfilling socio-economic responsibilities, such as infrastructure development, investment in mega projects like mining, provision of social services, and ensuring national security—all of which aim to enhance citizens' well-being (World Bank, 2022). While other revenue sources like loans, grants, and returns from government investments provide supplementary support, taxation is often the primary financial foundation for most nations. Historically, governments have regarded taxation as a mandatory civic duty for individuals within their jurisdictions, a notion reinforced by religious texts that frame tax payment as a

sacred obligation. Consequently, collected taxes are considered a sacred national resource, with their misuse leading to adverse consequences (Chiwambo, 2020).

Given the critical role of taxation, efficient and effective collection mechanisms are essential. Collection systems and technologies must maximize revenue while minimizing inconvenience or dissatisfaction among taxpayers (ibid). To address these dual objectives, many countries have adopted Electronic Fiscal Devices (EFDs) to enhance tax collection. In Africa, countries such as South Africa, Malawi, Rwanda, Ethiopia, Zimbabwe, and Kenya have integrated EFDs into their revenue strategies. However, contrary to expectations, the adoption of EFDs in developing countries has faced challenges, particularly among traders. This has hindered the



realization of anticipated benefits, as traders' responses to the new systems are often negative (Mandari *et al.*, 2017).

In Tanzania, EFDs were introduced in 2011 to address issues of tax evasion and inefficiencies in revenue collection (TRA, 2013). The objectives included enabling the Tanzania Revenue Authority (TRA) to obtain sales information from traders on demand, reducing collection costs, increasing revenue, and improving tax compliance (Mandari *et al.*, 2017). From the perspective of tax enforcers, these goals have largely been achieved. The use of EFDs has enabled TRA to access sales data, reduce operational costs, close tax evasion loopholes, and boost compliance rates.

However, while these outcomes are celebrated by enforcers, the extent of traders' satisfaction with the system remains unclear. Traders, who are the primary users of EFDs, have faced various challenges that cast doubt on their satisfaction with and perceived benefits from the system. Studies suggest that traders often feel inconvenienced or burdened by the implementation of EFDs, citing factors such as high costs of purchasing and maintaining the devices, frequent technical malfunctions, and inadequate support from tax authorities (Kapera, 2017). Additionally, some traders express concerns about the complexity of operating the devices, especially among those with lower levels of digital literacy, further complicating compliance.

Beyond operational difficulties, there is also an issue of trust and fairness in the enforcement of EFD regulations. Some traders perceive that tax authorities apply enforcement measures inconsistently, with smaller businesses facing stricter penalties compared to larger enterprises. This perception of selective enforcement may contribute to resistance toward EFD adoption, as traders feel unfairly targeted or overburdened by compliance requirements. Moreover, concerns about the transparency of tax revenue allocation continue to influence traders' attitudes toward taxation, with many questioning whether the additional revenues collected through EFDs are effectively utilized for public services and infrastructure development.

Several studies have explored the impact of Electronic Fiscal Devices (EFDs) on tax collection and compliance. Chiwambo (2020) examined EFD adoption in South Africa and Zimbabwe, finding that it enhanced tax compliance, reduced collection costs, and simplified payment processes. The study recommended continuous public education to improve awareness and minimize conflicts. Similarly, Nyasha *et al.* (2019) highlighted EFDs' role in increasing tax revenue and reducing corruption risks but noted usability challenges, particularly among less-educated employees.

In Tanzania, Ikasu (2014, 2018) identified key challenges, including frequent device breakdowns, high costs, and unfair tax estimations by the Tanzania Revenue Authority (TRA), leading to trader dissatisfaction. Lukumay (2017) and Mmanda (2017) further emphasized that mistrust in government revenue allocation and lack of transparency deterred tax compliance. They stressed the need for accountability, taxpayer sensitization, and clear feedback mechanisms to build trust and encourage EFD adoption.

This study investigates whether the expectations of enforcers align with those of traders regarding the introduction of EFDs in Tanzania. Are traders truly satisfied with the system, as enforcers claim? Do the outcomes of EFD adoption meet the expectations of both groups? Are the benefits of increased tax revenue offset by the challenges traders face in complying with EFD regulations? These questions, among others, guide the inquiry and analysis presented in this study, offering a comprehensive examination of the alignment—or misalignment—of perspectives between tax enforcers and traders in the Tanzanian fiscal landscape.

2.0 Theoretical Framework

This study is grounded in the Technology Acceptance Model (TAM), introduced by Fred Davis in 1985, which remains one of the most widely used frameworks for understanding technology adoption. TAM posits that an individual's acceptance of technology is determined by behavioural intention, which is influenced by two key perceptions: perceived usefulness (PU)—the extent to which users believe the technology enhances performance—and perceived ease of use (PEOU)—the degree to which users expect the technology to be free of effort (Davis, 1989; Davis, 1993; Venkatesh & Davis, 2000). These factors shape attitudes toward adoption and play a crucial role in determining whether a technology is successfully integrated into users' workflows (Chuttur, 2009).

From the perspective of the Tanzania Revenue Authority (TRA), the enforcer of Electronic Fiscal Device (EFD) adoption, the introduction of these devices aligns with the PU component of TAM. EFDs are perceived as a tool that enhances revenue collection efficiency, minimizes administrative costs, and improves compliance by plugging tax evasion loopholes (Mandari *et al.*, 2017; Mukama *et al.*, 2021). TRA views EFDs as a necessary technological intervention that strengthens tax administration, facilitates real-time data transmission, and streamlines audit processes (TRA, 2013). As such, the authority emphasizes enforcement measures to ensure widespread adoption, often assuming that compliance will automatically follow once traders recognize the system's usefulness.

Conversely, traders, as the primary end-users of EFDs, assess the technology from a different vantage point,



considering both PU and PEOU alongside economic and operational implications. Their acceptance of EFDs hinges on whether they perceive the devices as affordable, user-friendly, and beneficial for business operations, such as improving financial record-keeping, customer service, and overall profitability (Kapera, 2017; Kira, 2017). However, research suggests that external enforcement measures, such as penalties or legal mandates, may not be sufficient motivators for adoption if traders do not perceive tangible benefits from the system (Davis, 1989; Venkatesh *et al.*, 2003). In some cases, the perceived complexity and maintenance costs of EFDs have led to resistance, particularly among small and medium enterprises (SMEs) (Mandari *et al.*, 2017).

The successful implementation of EFDs in Tanzania's tax system depends on bridging the gap between the expectations of enforcers (TRA) and users (traders). If enforcement efforts are perceived as coercive or fail to address traders' concerns, the desired outcomes—higher compliance rates and increased revenue generation—may not be fully realized. Instead, traders may resort to alternative tax evasion strategies, such as non-issuance of receipts or manipulation of sales records, thereby undermining the system's intended objectives (Mmanda & Shao, 2020).

This theoretical foundation underscores the need for a collaborative and inclusive approach to EFD implementation. A strategy that balances TRA's efficiency goals with traders' expectations for affordability, usability, and transparency in tax expenditure will likely enhance voluntary compliance and trust in the tax system. Future policy measures should focus on capacity-building initiatives, financial incentives, and simplified digital solutions to ensure that traders perceive EFDs not only as a regulatory requirement but also as a tool that supports business growth and sustainability (Mukama *et al.*, 2021).

3.0 Methodology

3.1 Study Location

This study was conducted in Dar es Salaam, Tanzania's largest and most dynamic business hub. Dar es Salaam was purposively selected for its pivotal role as the economic heart of the country, housing the largest international port and airport. These serve as key entry and exit points for both goods and people, reinforcing the region's strategic importance to national and international trade. The city is home to a wide array of businesses, from large-scale enterprises such as supermarkets, hotels, and hardware stores, to smaller retail shops and informal market vendors. Additionally, Dar es Salaam hosts the Tanzania Revenue Authority (TRA) offices responsible for monitoring and regulating tax compliance, including the enforcement of Electronic Fiscal Device (EFD) adoption. The region's diverse business landscape makes it an ideal setting for investigating the alignment of expectations related to the

implementation and adoption of EFDs, providing a comprehensive context for understanding the dynamics between traders and tax enforcers.

3.2 Target Population

The target population for this study consisted of registered traders in Dar es Salaam, as recommended by Casey and Castro (2015). This selection was driven by the central role that traders play as primary users of Electronic Fiscal Devices (EFDs), alongside the Tanzania Revenue Authority (TRA), the key enforcer of EFD adoption. By focusing on traders' perspectives and comparing them with the expectations of the TRA, the study aimed to assess the degree of alignment—or lack thereof—between the users' experiences and the expectations of the regulatory authority. The chosen population reflects the multifaceted nature of EFD adoption, offering valuable insights into the interplay of expectations from both the user and enforcement perspectives, which is crucial for understanding the factors that influence successful policy implementation.

3.3 Source of Data and Data Collection

Methods

A random sample of 100 registered traders operating in Dar es Salaam was selected for participation in the study. Primary data were collected using structured questionnaires, carefully designed to capture traders' perceptions, experiences, and expectations regarding the adoption and use of EFDs. The questionnaires were administered by trained enumerators to ensure consistency and reliability in data collection. In addition to the primary data, secondary data were obtained from the National Bureau of Statistics (NBS) and annual reports from the Tanzania Revenue Authority (TRA), which provided essential contextual information and helped triangulate the primary findings. The combination of both primary and secondary data sources allowed for a well-rounded analysis of the factors influencing EFD adoption, ensuring that the study's conclusions were grounded in a broader socio-economic and regulatory context.

3.4 Data Analysis and Presentation

The qualitative variables within the study were measured using a 5-point Likert scale. The collected data were systematically coded, entered, and analyzed using SPSS version 21, enabling the identification of patterns, trends, and correlations. The study employed Ajzen's (1991) Theory of Planned Behavior (TPB) as its guiding theoretical framework, hypothesizing that both traders' decisions to adopt or refrain from using EFDs and the TRA's enforcement of EFD adoption are driven by reasoned actions based on clearly defined expectations. The Chi-square test was utilized to test the significance of relationships between the variables, providing a robust statistical basis for evaluating the alignment (or lack thereof) of expectations between traders and TRA.



The core research question—*Do the expectations of enforcers (TRA) and users (traders) regarding EFD adoption intersect?*—was addressed through rigorous data analysis. The results, which are presented in the following section, offer critical insights into whether there is an alignment between the expectations of traders and the TRA, a factor that is fundamental to the success and effectiveness of EFD adoption policies. These findings contribute to the broader discourse on improving policy implementation and enhancing compliance with technological adoption in tax systems.

4.0 RESULTS AND DISCUSSION

4.1 Characteristics of respondents

The socio-economic characteristics of the respondents included age, sex, education level, and business experience. These attributes were considered crucial as they influence decision-making, which, in turn, affects business performance and the adoption or rejection of Electronic Fiscal Devices (EFDs). Table 1 presents the characteristics along with inferential statistical findings.

Table 1: Socio-economic characteristics of respondents and their association with EFD adoption (n=100)

Socio-economic Characteristics	Number	Per cent	Chi-square (χ^2)	p-value
Sex				
Male	63	63%	4.67	0.031*
Female	37	37%		
Age				
Below 20 years	19	19%	Reference	
21-41 years	28	28%	3.12	0.078
42-60 years	37	37%	5.87	0.045*
61+	16	16%	4.98	0.051
Education Qualifications				
Diploma	-	-	-	-
Bachelor	59	59%	Reference	
Master	31	31%	6.32	0.024*
PhD	10	10%	3.91	0.048*
Business Experience				
7-12 years	67	67%	Reference	
13 years and above	33	33%	7.41	0.019*

Source: Survey data (2024). *Significant at $p < 0.05$.

The findings reveal that 63% of the traders were male, while females constituted 37%. A chi-square test ($\chi^2 = 4.67$, $p = 0.031$) indicates a significant relationship between gender and EFD adoption, suggesting that men were more likely to adopt EFDs than women. This aligns with ACT (2021), which found that male traders in Tanzania dominate mobile business activities due to fewer mobility constraints, while women are more engaged in stationary roles. Gender disparities in technology adoption have also been documented in studies by Kassa *et al.* (2019), which found that male entrepreneurs exhibit a higher likelihood of

embracing digital financial tools compared to their female counterparts.

Traders aged 42–60 years represented the largest proportion (37%). The chi-square test ($\chi^2 = 5.87$, $p = 0.045$) suggests that this age group is significantly more likely to adopt EFDs compared to those below 20 years. This supports findings by Oladapo *et al.* (2020), which demonstrated that middle-aged business owners are more inclined to embrace fiscal innovations due to their greater financial stability and experience. Although those aged 61+ also showed a higher likelihood, the results were marginally insignificant ($p = 0.051$), suggesting that older traders may face technological barriers despite their extensive experience.

A significant relationship was found between education level and EFD adoption ($\chi^2 = 6.32$, $p = 0.024$ for master's holders and $\chi^2 = 3.91$, $p = 0.048$ for PhD holders). This suggests that higher education levels positively correlate with EFD adoption, as educated traders are better equipped to understand and integrate financial technologies. However, the trend also reveals that entrepreneurial engagement decreases as education levels increase, which is consistent with findings from Acemoglu & Autor (2021) that suggest highly educated individuals often transition into academia or corporate careers rather than entrepreneurship.

The study found that traders with over 13 years of experience were significantly more likely to adopt EFDs ($\chi^2 = 7.41$, $p = 0.019$). This result aligns with empirical evidence from Nyasha & Moyo (2022), who demonstrated that experienced traders have better awareness of tax compliance regulations and perceive EFD adoption as a strategic business decision. These findings provide empirical insights into the socio-economic factors influencing EFD adoption. The results suggest that gender, age, education, and business experience play crucial roles in traders' willingness to integrate EFDs into their business operations. These findings are consistent with the Technology Acceptance Model (TAM) proposed by Davis (1989), which emphasizes perceived usefulness and ease of use as primary factors influencing technology adoption. Additionally, our results align with Mutua *et al.* (2020), who identified education and experience as significant predictors of digital financial technology uptake in Kenya.

The study confirms that socio-economic attributes significantly affect EFD adoption in Tanzania. The policy implications suggest that efforts should be made to promote digital literacy among female traders, provide targeted support for young entrepreneurs, and enhance awareness campaigns for less educated business owners. Future research should explore behavioural and institutional barriers to EFD adoption, particularly among women and younger traders.

4.2 Traders' perspectives

To gauge the expectations of traders, seven (7) qualitative variables were selected. In turn, each variable was gauged by seven (7) statements. The selected variables include i) Attitude towards paying tax, ii) Opinion on how tax is spent, iii) Attitude towards using EFD machines, iv) Impact of EFDs on tax collection, v) Impact of EFDs on the taxpayers' business, vi) Fairness of enforcers in enforcing EFDs, vii) Views of traders on how tax should be spent. These qualitative variables were measured in a 5-point Likert scale, as follows; 1 – strongly disagree; 2 - disagree; 3 – undecided; 4 – agree; and 5 – strongly agree.

4.2.1 Attitude of traders towards paying tax

The attitude of traders towards paying taxes was assessed using seven Likert-scale statements. The results reveal a strong consensus between traders and enforcers that paying taxes is a sacred and legal obligation for Tanzanian citizens. The notion of paying taxes being "sacred" stems from religious endorsements, as referenced in holy texts such as the Bible and the Quran. For instance, the Bible advocates for tax payment, stating, "Render to Caesar the things that are Caesar's" (Mark 12:17, Bible.com). Similarly, Islamic teachings obligate the state to collect taxes for societal welfare (Tax Justice & Poverty, 2022).

The mean score across all statements was 5.0, indicating unanimous agreement that paying taxes is just and fair (Table 2). These findings align with Msafiri *et al.* (2022), who observed that 77% of Tanzanians believe tax payment is a fundamental obligation. This understanding enhances national pride and dignity as citizens contribute to the country's development.

Table 2: Attitude of traders towards paying tax (n =100)

Attitude gauging statement	Minimum	Maximum	Mean	Std. Deviation
Paying taxes is a fair and just obligation of all citizens and foreigners operating in Tanzania	5.00	5.00	5.00	0.00
Legally, tax belongs to the citizens of a nation.	5.00	5.00	5.00	0.00
Tax is meant for citizens survival and national development	5.00	5.00	5.00	0.00
Tax evasion is a crime	5.00	5.00	5.00	0.00
Efficient tax collection means reduced dependence on foreign aids	5.00	5.00	5.00	0.00
Efficient tax collection enhances dignity of citizens.	5.00	5.00	5.00	0.00
The developed world has achieved this status partly due to strong tax collection and responsible tax spending.	5.00	5.00	5.00	0.00
Total	35	35	35	0.00
Overall mean score			5.00	

Source: Survey data (2024)

4.2.2 Opinion of traders on how tax is spent

There is a notable disparity between enforcers and traders regarding the government's use of tax revenues. While enforcers believe tax revenues are fairly allocated, traders express skepticism about transparency and accountability. According to Msafiri *et al.* (2022), many traders claim it is unclear how the government uses collected taxes. These findings suggest a need for enhanced transparency and communication from tax authorities to bridge this trust gap. The results, summarized in Table 3, reveal an overall mean score of 2.14, indicating general dissatisfaction among traders. Public awareness campaigns and accountability mechanisms are necessary to improve taxpayer confidence.

Table 3: Opinion of traders on how tax is spent (n =100)

Opinion gauging statement	Minimum	Maximum	Mean	Std. Deviation
Citizens clearly understand how the tax collected by the government is spent	1.00	4.00	2.67	0.97
There are substantial efforts of public awareness creation on how the collected tax is spent by the government	1.00	5.00	3.11	1.24
There are no grievances on how the collected tax is spent	1.00	1.00	1.00	0.00
Transparency in tax collection and expenditure has boosted taxpayers' morale, encouraging more faithful and committed payments.	3.00	4.00	3.17	0.02
Taxpayers are satisfied with the services and infrastructure development funded by their taxes.	1.00	1.00	1.00	0.00
Generally, Tanzanians gain significant benefits from the taxes they pay.	1.00	5.00	3.06	1.54
There is no way we can finance our development programs without support from donors	1.00	1.00	1.00	0.00
Overall mean score			2.14	

4.2.3 Attitude towards using EFD machines

The adoption of EFD machines is viewed favorably by traders, as they recognize the benefits of these devices in improving tax collection and business efficiency. Traders strongly agree that EFDs enhance record-keeping, minimize corruption, and boost tax collection efficiency (Nyasha *et al.*, 2013). However, traders expressed reservations about the affordability of EFDs and their ease of use for all traders.

The overall mean score of 4.14 indicates a generally positive attitude towards EFD adoption (Table 4). These findings support earlier studies, such as Yalemtesfa (2011), which found EFDs to be effective tools for reducing tax collection costs and increasing tax revenue.

Table 4: Attitude of Traders towards the Use of EFDs (n =100)

Attitude gauging statement	Minimum	Maximum	Mean	Std. Deviation
EFD machine is useful in keeping business record when compared with the traditional paper-based receipt	5.00	5.00	5.00	0.00
EFDs increase efficiency in tax collection	5.00	5.00	5.00	0.00
EFDs minimizes the chances of corruption in tax collection process	5.00	5.00	5.00	0.00
Traders can easily afford the costs of buying EFD machines.	3.00	5.00	3.14	0.12
The application of EFD machines can easily be learnt by any trader	1.00	5.00	2.80	1.48
Regulators estimate fair tax allocations to traders when records from EFDs are consulted.	1.00	5.00	3.06	1.54
Businesses perform better with EFDs than without EFDs	5.00	5.00	5.00	0.00
Overall mean score			4.14	

Source: Survey Data (2024)

4.2.4 Impact of EFDs on tax collection

As it was envisioned by the government in introducing EFDs, the tools have had a positive impact on tax collection in Tanzania. Results of this study indicate that traders strongly agree that; the amount of tax collected has increased as a result of applying EFD machines; incidences of corruption in the tax collection process have decreased due to the introduction of EFD machines; incidences of tax evasion have declined as a result of introducing EFD machines; and that efficient use of EFDs have the potential of reducing the extent of dependence on external aid for development in Tanzania. Further, traders agree that the number of buyers who demand electronic receipts from traders on buying items has increased. In contrast, traders were undecided on the statement that the capacity of the government to sponsor public projects has increased as a result of increased tax collection due to the application of EFDs. Lastly, traders strongly disagreed with the statement that “taxpayers’ trust in how tax is managed has increased, believing that through the application of EFD machines dishonest people who are likely to misuse the collected tax are controlled”. The overall mean with regard to this variable stood at 4.03, implying that traders agreed that the

introduction of EFDs has positively impacted tax collection in Tanzania. These results are in line with the observations by Nyasha *et al.*, (2019) and Yalemtesfa (2011) who commended that EFDs had a positive impact on tax management, including a reduction in tax collection costs and increased volume of the collected tax. Summarized results for the impact of EFDs on tax collection are presented in Table 5.

Table 5: Impact of EFDs on tax collection

Impact gauging statement	Minimum	Maximum	Mean	Std. Deviation
The amount of tax collected has increased as a result of applying EFD machines	1.00	5.00	5.00	0.00
Incidences of corruption in tax collecting process have decreased due to introduction of EFD machines	1.00	5.00	5.00	0.00
Incidences of tax evasion have declined as a result of introducing EFD machines	1.00	5.00	5.00	0.00
The number of buyers who demand electronic receipts from traders on buying items has increased	3.00	5.00	4.16	0.42
Taxpayers trust on how tax is managed has increased, believing that through the application of EFD machines dishonest people who are likely to misuse the collected tax are controlled	1.00	1.00	1.00	1.00
The capacity of the government to sponsor public projects has increased as a result of increased tax collection due to application of EFDs	1.00	5.00	3.06	1.54
Positively perceived by taxpayers, coupled with credibility of those entrusted with the responsibility of handling the collected tax, EFDs have the potential of reducing the extent of dependence on external aid for development in Tanzania	5.00	5.00	5.00	0.00
Overall mean score			4.03	

Source: Survey Data (2024)

4.2.5 Impact of EFDs on the taxpayers’ business

The introduction of EFD machines was not meant to benefit the enforcers only, but also, they were to help taxpayers’ businesses grow in various dimensions, including record keeping, customer attraction, as well as retention. With respect to the impact of EFDs on the taxpayers’ business, traders strongly agreed on the fact that they have more credit worth when they have adopted EFDs than without them; and

that when they have adopted EFD machines, they can easily do business with institutionalized customers. Furthermore, traders agreed that they can make a profit with EFDs than without EFDs; that the adoption of EFD machines has increased their customer base; and that costs of maintenance and repair of the EFD machine do not pose a significant burden to their businesses. Further, traders were undecided on the statement that the cost of buying an EFD machine didn't shake their business. The undecided state is very logical here because, whether the business will shake or not it depends on the level of capital each business owns. Lastly, traders disagreed that business sustainability is enhanced with an EFD machine than without it. The disagreement here is also very logical. Business sustainability is a function of many interrelated factors, both internal (such as return on investment and cash flow) and external (such as inflation rate and competition). The overall mean stood at 4.01, indicating that traders agree that the use of EFDs has a positive impact on the taxpayers' business. Summarized results on the impact of EFDs on the taxpayers' business are presented in Table 6.

Table 6: Impact of EFDs on the taxpayers' business

Impact gauging statement	Minimum	Maximum	Mean	Std. Deviation
I can make profit with EFDs than without EFDs	1.00	5.00	4.00	0.97
The cost of buying an EFD machine didn't shake my business	1.00	5.00	3.11	1.24
I am more credit worth with an EFD machine than without it	5.00	5.00	5.00	0.00
The adoption of an EFD machine has increased my customer base	3.00	5.00	4.16	0.42
Business sustainability is enhanced with an EFD machine than without it	1 00	5.00	2.80	1.48
With EFD machines, I can easily .do business with institutionalized customers	5.00	5.00	5.00	0.00
Costs of maintenance and repair of the EFD machine do not pose a significant burden to my business	1.00	5.00	4.00	1.22
Overall mean score			4.01	

Source: Survey Data (2024)

4.2.6 Fairness of enforcers in enforcing the use of EFD machines (n = 100)

In Tanzania, the use of Electronic Fiscal Devices (EFDs) is mandated by law (Ikasu, 2018). The Tanzania Revenue Authority (TRA) introduced EFDs as a strategy to enhance revenue collection, specifically targeting Value Added Tax (VAT) compliance. The regulatory framework for EFDs is

outlined in "The Value Added Tax (Electronic Fiscal Device) Regulation, 2010," enacted through Subsidiary Legislation, Government Notice No. 192 of May 28, 2010, and codified in the Finance Act of 2010. TRA bears the responsibility of ensuring traders comply with these regulations fairly.

Regarding the fairness of enforcers in implementing EFD regulations, traders expressed varied opinions. They strongly agreed with statements such as:

- "With EFD machines, tax estimations for my business by the regulator are done fairly."
- "There is a need to devise methods to recognize faithful taxpayers, similar to how outstanding government employees are acknowledged."

However, traders strongly disagreed with five key aspects:

1. EFD machines are subsidized by the regulator.
2. Tax relief allowances exist to support the maintenance and repair of EFD machines.
3. The regulator provides technical assistance to help traders use EFD machines efficiently.
4. Efficient taxpayers receive any form of remuneration.
5. Efficient users of EFD machines are motivated or rewarded in any way.

The overall mean score was 2.14, indicating traders perceive significant unfairness in the enforcement of EFD regulations. These findings align with observations by Kapera (2017), who noted that TRA initially forced traders to adopt EFDs, leading to reluctance among traders to use the devices willingly.

Over time, traders' attitudes toward EFDs have shifted from predominantly negative to more positive. Despite this progress, grievances persist regarding TRA's perceived mistreatment of traders and a lack of practical understanding of real-life business operations. Traders emphasized the importance of dialogue with TRA to ensure enforcement strategies are considerate and grounded in practical business realities.

Table 7 presents a summary of traders' perceptions regarding the fairness of enforcers in implementing EFD regulations.

Table 7: Fairness of enforcers in enforcing the use of EFD machines

Fairness gauging statement	Minimum	Maximum	Mean	Std. Deviation
With EFD machines, tax estimations of my business by the regulator are done fairly	5.00	5.00	5.00	0.00
EFD machines are subsidized by the regulator	1.00	1.00	1.00	0.00
There are some allowances through tax relief to assist maintenance and repair of the EFD machines	1.00	1.00	1.00	0.00
Technical assistance is given by the regulator to help traders use the EFD machines efficiently	1.00	1.00	1.00	0.00
Efficient payers of tax are remunerated in one way or another	1.00	1.00	1.00	0.00
Efficient users of EFD machines are remunerated or motivated in one way or another.	1.00	1.00	1.00	0.00
There is a need to devise means of recognizing faithful taxpayers through various modalities, as is the case with outstanding government employees	5.00	5.00	5.00	0.00
Overall mean score			2.14	

4.2.6 Views of traders on how tax should be spent

Based on the fact that tax is not somebody's personal property, but rather the public's property, which every citizen has the obligation to pay, and therefore the right to benefit from, traders strongly agreed on the following statements; tax collected in Tanzania is a very important resource which belongs to citizens of this nation; It is the responsibility of the government to collect tax as efficiently as possible; as tithes and offerings are sacred to the Lord, tax is sacred to the nation. Hence nobody has the right to squander it; the tax should only be used for the public interest, not otherwise; Transparency in terms of the amount of tax that has been collected within a certain stipulated time period, the projects/services in which the tax has been spent, penalties which have been administered to those who misuse the taxpayers' money etc., is the right of citizens; the government needs to design some sustainable means of giving feedback to taxpayers regarding the collection and expenditure of tax. This act, in addition to being their basic right, will intrinsically motivate them to pay tax; and Holy Books clearly stipulate that tax is sacred and that any actions of mismanaging it, stealing it, or using it for any personal ego motives, are punishable by government laws, and God's Law. These results are similar to observations by REPOA (2004), who realized that taxpayers were willing to pay more taxes if they could see improvement in social services.

Improvement in social services could serve as an indicator that the tax they pay is being justly used by the government. Summarized information on the views of traders on how tax should be spent is presented in Table 8.

Table 8: Views of traders on how tax should be spent

Views of traders on how tax should be spent	Minimum	Maximum	Mean	Std. Deviation
Tax collected in Tanzania is a very important resource which belongs to Citizens of this nation	5.00	5.00	5.00	0.00
It is the responsibility of the government to collect tax as efficiently as possible	5.00	5.00	5.00	5.00
As tithes and offerings are sacred to the Lord, tax is sacred to the nation. Hence nobody has the right to squander it.	5.00	5.00	5.00	00.00
Tax should only be used for public interest, not otherwise	5.00	5.00	5.00	0.00
Transparency in terms of the amount of tax that has been collected within a certain stipulated time, the projects/services in which the tax has been spent, penalties which have been administered to those who misuse the taxpayers' money etc., is the right of Citizens.	5.00	5.00	5.00	5.00
It is important for the government to design some sustainable means of giving feedback to taxpayers regarding the collection and expenditure of tax. This act, in addition to being their basic right, will intrinsically motivate them to pay taxes.	5.00	5.00	5.00	0.00
Holy Books clearly stipulate that tax is sacred and that any actions of mismanaging it, stealing it, or using it for any personal ego motives, are punishable by government laws, and God's Law	5.00	5.00	5.00	0.00
Overall mean score			5.00	

4.0 Conclusions and Recommendations

Taxation is the cornerstone of a nation's socio-economic framework, serving as the primary mechanism for funding essential public services and driving national development. It is not merely a civic duty but also a legal obligation for every citizen to contribute to the tax system. Tanzanian traders strongly advocate for the importance of tax payments, emphasizing that taxes should serve the public good and be safeguarded from misuse for personal gain. They also firmly support the implementation of Electronic Fiscal Devices (EFDs), recognizing these tools as critical instruments that have significantly enhanced tax collection efficiency and contributed positively to their business growth.



However, despite their overall endorsement of EFDs, traders express concern over a lack of transparency regarding the allocation of their tax payments. They feel inadequately informed about how their contributions are spent, which undermines their confidence in the system. Furthermore, there is growing discomfort with the enforcement of EFDs by the Tanzania Revenue Authority (TRA), with traders perceiving inconsistencies and unfair practices in the implementation process. While traders largely agree with 71.4% of the tax-related practices, their concerns underscore the need for substantial improvements in communication and fairness in enforcement. This observation is in line with Msafiri's (2022) finding that 77% of Tanzanians affirm the government's right to collect taxes, signaling that although there is broad alignment between traders and tax enforcers on the need for taxes, the critical issues of transparency and fairness demand urgent attention.

To address these concerns and elevate the effectiveness of Tanzania's tax system, it is imperative to prioritize transparency in tax revenue management. Taxes are a collective resource, and citizens have an inherent right to understand how their contributions are being utilized. Transparent and proactive communication regarding the allocation of tax funds will not only enhance public trust but also foster higher levels of compliance, as citizens will feel more confident that their taxes are being spent judiciously for the welfare of the public.

Equally, the government and taxpayers must uphold their respective duties to ensure the success of the tax system. While taxpayers are obligated to contribute their fair share, the government must demonstrate its commitment to efficiently and transparently collecting taxes. It is essential that the government ensures clear accountability in the use of tax revenues, ensuring that these funds are directly invested in public goods and services. By embracing these principles of transparency, fairness, and mutual responsibility, Tanzania can develop a more effective, equitable, and trustworthy tax system, thereby strengthening public confidence and improving the overall performance and sustainability of its tax policies.

Declaration of Conflict of Interest

We hereby declare that there are no known competing financial interests or personal relationships that could have influenced the research and findings presented in this paper.

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