

2021

The impact of indirect tax on income distribution and poverty in Tanzania

Maskaeva, Asiya

Wiley-Blackwell

Maskaeva, A., Bochkaeva, Z., Mmasa, J., & Msafiri, M. (2021). The impact of indirect tax on income distribution and poverty in Tanzania. *Annals of Public and Cooperative Economics*, 92(1).

<http://hdl.handle.net/20.500.12661/3052>

Downloaded from UDOM Institutional Repository at The University of Dodoma, an open access institutional repository.

Abstract

Full Text Article available at: <https://doi.org/10.1111/apce.12319>

This paper analyzes the impacts of indirect tax benefits policy reforms on income distribution and poverty in Tanzania by applying a standard static microsimulation model TAZMOD v1.8. The simulations model two indirect tax reforms involving changes to the excise duty and value-added tax rates on alcoholic beverages and tobacco products, and changes to employers' and employees' contributions to the National Health Insurance Fund. The results of the first reform find a positive effect on government tax revenue and a neutral effect on income distribution and poverty. The results of the second reform find a positive effect on household income distribution and consumption. The findings show that, despite increasing unequal income distribution, poverty indicators fell.