

Regulatory Quality and Tax Revenue Performance: Evidence from Dar es Salaam, Tanzania

This study examines the effect of regulatory quality on Tanzania's tax revenue performance. It analyses the effectiveness of tax regulations in influencing government tax revenue collection. The study identifies the challenges facing tax regulations in the country and recommends some measures to improve government revenue collection. The main findings show that regulatory quality has a significantly positive influence on tax revenue performance in Tanzania. The study stresses the need to strengthen the regulatory system to achieve effective, well-enforced tax regulations and to promote voluntary tax compliance in order to increase tax revenue performance.

Keywords: tax performance, tax to GDP ratio, good governance, regulatory quality, tax laws.

Šiame straipsnyje nagrinėjama kokybiškos valdysenos poveikis Tanzanijos mokesčių pajamų surinkimo rodikliams. Jame analizuojamas mokesčių reguliavimo veiksmingumas darant įtaką vyriausybės mokesčių surinkimui. Tyrime atskleidžiami mokesčių reglamentavimo iššūkiai šalyje ir rekomenduojamos priemonės, kaip pagerinti vyriausybės pajamų surinkimą. Pagrindiniai rezultatai rodo, kad kokybiška valdysena turi labai teigiamą poveikį pajamų iš mokesčių surinkimo rezultatams Tanzanijoje. Tyrime pabrėžiama būtinybė stiprinti reguliavimo sistemą, siekiant užtikrinti veiksmingą ir tinkamai įgyvendinamą mokesčių reglamentavimą, bei skatinti savanorišką mokesčių mokėjimą, kad būtų padidintos pajamos, gaunamos iš mokesčių.

Raktiniai žodžiai: mokesčių pajamų surinkimas, mokesčių santykis su BVP, kokybiška valdysena, reguliavimo kokybė, mokesčių įstatymai.

Introduction

Most governments worldwide rely heavily on Tax revenue collection, as it's a key source of funding for the provision of public goods, infrastructure development, and social services (Bird & Zolt, 2008). However, the ability of developing countries to collect tax revenue differs significantly from that of developed coun-

tries due to differences in governance quality, particularly in the regulatory environment. Good governance has been a crucial factor in increasing tax revenue collection in emerging countries. It establishes the foundation for the institution's operation, which is essential in building a quality, efficient, and effective tax system (Vegh & Gribnau, 2018). Several measures have been taken globally

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to enhance good governance and increase tax revenue collection. Most developed countries are characterised by well-developed regulatory frameworks that enhance tax equity, transparency, and predictability. These frameworks facilitate the development of sophisticated tax administration systems with high levels of voluntary tax compliance (Kaufmann, Kraay, and Mastruzzi, 2010). The Organisation for Economic Co-operation and Development (OECD) emphasises the importance of good governance, particularly regulatory quality, in promoting effective and efficient tax administration, thereby improving tax revenue collection through the tax-to-GDP ratio, with a target of exceeding 18% (OECD, 2018). Developed countries demonstrate the importance of investing in regulatory quality by having a higher tax-to-GDP ratio than developing countries (Kaufmann et al., 2010).

Regulatory quality refers to the government's ability to develop, implement, and enforce policies and regulations effectively and efficiently, in a transparent and accountable manner (Kaufmann et al., 2010). Regulatory quality is one of the good governance indicators, which is argued to be critical for enhancing tax revenue performance (Djayasinga and Prasetyo, 2019). The level of governance is argued to influence revenue performance (Hassan et al., 2021). Despite extensive tax reforms aimed at strengthening tax administration and improving tax revenue performance in developing countries, particularly Tanzania, tax revenue performance remains below required standards. Many developing countries struggle to collect tax revenue, with a tax-to-GDP ratio below

18% in most cases, due to weak regulations and policies, tax administration inefficiencies, and the prevalence of informal economies (Besley & Persson, 2013). There have been various reforms in Tanzania to strengthen tax administration efficiencies and simplify regulatory requirements. For example, the Tanzania Revenue Authority (TRA) introduces an electronic tax system and fiscal devices to improve tax reporting and collections (PWC, 2024). Despite recent reforms in Tanzania, its tax revenue performance remains unsatisfactory, with a tax-to-GDP ratio below 13%, well below the World Bank's recommended rate of 15% (Bird and Zolt, 2008). The low tax ratio indicates that Tanzania needs to strengthen its good governance, particularly regulatory frameworks, by reducing complexity, improving tax administration efficiency, and enhancing voluntary tax compliance (Epaphra & Massawe, 2017). Some scholars (e.g., Aluko and Ibrahim, 2020; Sghaier, 2018) argue that a weak institutional system, particularly in tax rules, regulations, and policies, is a critical factor that impairs tax revenue collection.

The empirical link between regulatory quality and tax revenue performance remains underexamined in developing countries. Previous studies on tax revenue performance, particularly in emerging economies, have demonstrated that regulatory quality significantly influences tax revenue performance (Epaphra and Massawe, 2017). However, there is limited literature in Tanzania regarding the influence of regulatory quality on tax revenue performance. Given the insight from the above, it is relevant to examine the relationship between regulatory

quality and tax revenue performance. This study fills the gap by examining the influence of regulatory quality on tax revenue performance in Tanzania.

Specifically, **the study aims** at the following:

1. To assess the current quality and effectiveness of tax regulations and policies in Tanzania,
2. To analyse the relationship between tax regulations and changes in tax revenue.
3. To identify key challenges of tax regulations enforcement and propose actionable policy recommendations for improving tax revenue collection.

This paper contributes to the literature by examining the influence of regulatory quality on tax revenue performance. The rest of the paper is organised as follows: the second section reviews the literature on the relationship between the regularity quality and tax revenue performance, and develops hypotheses for this study. The third section presents the study's methodology. The fourth section presents the empirical results and discusses them. The fifth section presents the study's conclusions.

Literature review and hypotheses development

This study is based on the theories of Institutional and Tax compliance. The proponents of the Institutional theory argue that organisations operate within regulatory and normative environments that influence their behaviour (North, 1990). Organisations can reduce

operational costs by establishing a stable, specific regulatory environment (North, 1990). Institutions, including administrative procedures, regulatory frameworks, and enforcement mechanisms, influence taxpayer behaviour and tax revenue collections (Luoga and Makinyika, 2000). Regulatory quality refers to the government's ability to develop and enforce sound policies that promote tax revenue collection (Kaufmann et al., 2010). Strong institutions enhance the effective development and enforcement of tax regulations, thereby improving voluntary tax compliance (Moore, 2008). Strong institutions, particularly those with high regulatory quality, enhance tax revenue collection by creating and enforcing effective tax regulations (Besley and Persson, 2013).

Furthermore, Tax compliance theory argues that the physiological, human behaviour and economic factors primarily determine voluntary tax compliance. M. Allingham and A. Sandmo (1972) assert that taxpayers analyse the costs of penalties and the benefits of tax evasion before deciding whether to comply voluntarily with tax laws and regulations. However, E. Kirchler (2007) posits that attitudes toward tax payment are influenced by subjective norms, such as perceptions of social pressure and perceived behaviour, which are likely to be affected by regulatory quality.

E. Kirchler (2007) argues that intrinsic motivation to comply voluntarily with tax laws and regulations is a more significant driver than deterrent factors. Good governance and regulations enhance perceived fairness and trust in government by increasing voluntary tax

compliance and, consequently, improving tax revenue collection.

Regulatory quality and tax revenue performance

Regulatory quality refers to the government's ability to formulate and implement sound regulations, policies and rules to enhance compliance and economic growth (Kaufmann et al., 2010). Regulatory quality is considered to affect tax revenue performance by simplifying and improving the fairness of tax systems and voluntary tax compliance (Acemoglu, Johnson, & Robinson, 2001). Several authors emphasise the importance of regulatory quality in influencing tax revenue performance. R. Kahunde, I. Mukisa and J. Teera (2019) assessed the effect of regulatory quality on tax revenue performance in East Africa and found that countries with a strong regulatory framework have significantly higher tax revenue performance in the long run. This finding highlights the importance of a sound, reliable regulatory system for tax revenue performance in developing countries. In addition, C. Kirkpatrick (2014) argues that accountability, consistency, transparency, and proportionality are essential for enhancing regulatory quality. They argue that taxpayers are more likely to comply with tax laws when regulatory frameworks are appropriately designed and transparent. M. Djayasinga and T. J. Prasetyo (2019) investigated the relationship between governance and tax compliance. They concluded that certain governance aspects of regulatory quality, such as

transparency, accountability, and regulations, could promote tax compliance and improve tax revenue collections.

Additionally, G. N. Asante, P. O. Takyi, and G. Mensah (2023) found a positive and significant relationship between regulatory quality and the tax-to-GDP ratio across 29 countries in Sub-Saharan Africa. In addition, T. N. Kebede (2025) examined the relationship between regulatory quality and tax revenue performance in Sub-Saharan African countries. They found that regulatory quality is positively related to tax revenue performance.

On the other hand, some studies have reported intriguing findings that contrast with the prevailing literature on the effect of regulatory quality on tax revenue performance. I. D. Ayana (2024) found a significant and negative relationship between regulatory quality and tax revenue performance. They argue that complex and stringent regulations harm business operations, thereby decreasing tax revenue performance. This finding suggests that excessive bureaucracy or cumbersome regulations may hinder organisational operations, increase tax administration costs, and negatively affect the tax base, thereby reducing tax revenue performance. Additionally, M. Ali (2018) examined a sample of developing countries and found a negative, significant relationship between regulatory burden and tax revenue performance. They argue that most developing countries struggle to collect tax revenue effectively due to high compliance costs, corruption, and administrative challenges, which discourage formalisation. This result: developing countries should fight corruption and improve

tax administration to enhance effective, consistent, practical enforcement. Also, J. B. Nyanzi, P. Babyenda, & J. M. Bbale (2016) found a negative relationship between regulatory and tax revenue performance, as most developing countries have large informal sectors that may divert business away from formal tax procedures toward tax evasion or avoidance to avoid compliance costs.

A study conducted by S. A. Fitri (2023) indicated that improvements in regulatory quality alone did not have a significant effect on tax revenue performance, due to factors such as tax avoidance strategies. Moreover, E. Fernández-Rodríguez, M. E. Sánchez-Vidal and M. Moya-Salazar (2023) conducted a study in a developing country. They found that institutional factors, such as regulatory quality, have a statistically significant effect on tax revenue performance only when combined with the rule of law and government effectiveness. This result implies that regulatory quality alone may not improve tax performance unless it is supported by a robust legal framework that ensures fairness, consistent law enforcement, and an effective government that utilises resources efficiently. Furthermore, M. Milosavljevic et al. (2024) conducted a study in Europe, where tax systems are developed within a stable regulatory framework. They found that regulatory quality improvements have no statistically significant effect on tax revenue performance unless combined with other factors, such as technological advances in tax administration and political willingness. This result suggests that further improvement in regulatory quality may not significantly improve tax revenue performance. Also, the findings

highlight that other factors, such as tax policy design, economic conditions, political willingness, and social attitudes toward taxation, should be taken into account when improving the regulatory framework.

These contrasting results indicate the complexity and context-dependent nature of the relationship between regulatory quality and tax revenue performance. Developing countries should consider establishing a stable legal system and effective governance to ensure that regulatory quality significantly influences tax revenue performance.

Research methodology

This study applied a descriptive research design to determine the relationship between regulatory quality and tax revenue performance. The descriptive research design is useful since it provides an accurate and detailed picture of society (Creswell and Plano Clark, 2011). The study employed a quantitative method to objectively and accurately identify the relationship between regulatory quality and tax revenue performance (Bryman and Bell, 2015).

The study population of interest comprised key stakeholders who were involved in tax administration, governance monitoring, and tax consultation in Dar es Salaam City. Dar es Salaam is Tanzania's largest commercial city, accounting for more than 50% of the country's tax revenue. Also, rich financial, tax, governance, and social information can be obtained in Dar es Salaam, as most of the country's business is conducted there.

Table 1. Study population

Participant's Role / Title	Target Population
Tax administrators	30
Tax payers	100
Tax consultants	70
Total	150

Source: composed by the author.

One hundred fifty (150) participants with extensive knowledge and experience in governance, tax laws, and regulations were purposively selected for this study. The purposive sampling technique was applied, as it improves data quality by focusing on relevant cases and ensures depth of information through rich knowledge and experience, thereby achieving reliable statistical estimates (Kothari, 2017). The study used a sample of 150 participants, in line with B. G. Tabachnick and L. S. Fidell's (2019) recommendations, which suggest a minimum ratio of 5-10 participants per predictor variable for regression analysis. This study used four primary predictor variables. Furthermore, the sample size of 150 is larger than that in previous similar studies by O. H. Fjeldstad, B. Tungodden, and J. Semboja (2008) and E. Kirchler, E. Hoelz, and I. Wahl (2008), which used samples of 100 and 75 participants, respectively.

Description of the methods of data collection

This study applied structured survey questionnaires to collect quantitative data. The rationale for using survey questionnaires is to ensure consistency and comparability in the study (Kothari, 2017). In addition, the technique appeals to participants due to its simplicity and con-

venience, and is suitable for measuring participants' perceptions and feelings (Saunders and Thornhill, 2012). The research questionnaires were developed based on the review of existing literature on regulator quality and tax revenue performance. Moreover, the questionnaires were refined following a pilot test with three tax and governance professionals and an academician to enhance the study's validity. The primary data were collected and applied in this study because they enhance the originality, relevance, and accuracy of the data (Kothari, 2017). The data were collected between August 2024 and April 2025, enabling the capture of recent perspectives on the relationship between regulatory quality and tax revenue performance. The study utilised Google Forms to collect information from research participants regarding the effect of regulatory quality on tax revenue. The researcher formulated five Likert scale questions to enhance the reliability and validity of the research instrument (Kothari, 2017).

This study used Cronbach's Alpha to assess the consistency of the research questionnaires due to its convenience and accuracy (Hair et al., 2007). They argue that the reliability of the questionnaires is assessed using Cronbach's alpha, with values exceeding 0.7 suggesting acceptable internal consistency.

Table 2. Reliability of research variables

Variables	Cronbach's Alpha	Number of Items
Regulatory quality	0.956	11
Tax revenue performance	0.864	2

Source: elaborated by the author.

The Cronbach's alpha coefficients for regulatory quality and tax revenue performance were 0.956 and 0.864, respectively, as indicated in Table 2. All coefficients are above 0.7, which means good internal consistency. Furthermore, the pilot study was conducted with three tax and governance academicians to increase the study's validity, particularly the extent to which the research conclusion accurately reflects what is supposed to be (Hair et al., 2007).

Data analysis

The researcher analysed the collected quantitative data to investigate the effect of governance on tax revenue performance. The raw data, which was collected from structured questionnaires, was then cleaned, organised, and edited. The descriptive data processing strategy was used to analyse and interpret the collected data. The study employed linear multiple regression to examine the relationships among the independent variable (Regulatory quality), the control variables (government effectiveness and rule of law), and the dependent variable (Tax revenue performance). Multiple regression was used because it has been widely applied in social science research to provide a more accurate understand-

ing of the relationship between two or more variables (Bryman and Bell, 2015). The researcher also used the Variance Inflation Factor (VIF) to measure the influence of other variables on the independent variable.

In addition, the multiple regression model was expressed as follows:

$$Y_1 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

where Y_1 = Tax Revenue performance (dependent variable)

X_1 – Regulatory quality

X_2 – Government effectiveness

X_3 – Rule of law

α – regression constant

$\beta_1, \beta_2, \beta_3$ and β_4 – Coefficient factors

ε – Error term assumed to be randomly distributed

One hundred fifteen (115) respondents returned the completed Google Forms for the one hundred fifty (150) questionnaires distributed to participants (see Table 2). This response rate of 77% is appropriate, as it exceeds the standard 50% suggested by O. Mugenda and A. Mugenda (2003). Google Forms enables researchers to create online questionnaires that participants can complete remotely. In addition, Google Forms are considered among the most convenient and accurate collection tools because they are both speedy and inexpensive to use (Moises Jr., 2020).

Demographic analysis

The study conducted a demographic analysis to characterise the 115 respondents, including their age, sex, educational background, and administrative position, as shown in Table 3. This is enriched by providing a deeper understanding of the respondents.

The study sought to analyse the respondents' age to improve the accuracy and relevance of the findings. Most respondents, 42.6%, were between 41 and 50 years old, and 36.5% were between 31 and 40 years old, as indicated in Table 3. These findings suggest a lack of age-based bias, as most respondents spanned a wide age range. The study aimed to collect information on the respondents' gender, as indicated in Table 3. The sex analysis ensures that research results are relevant and representative of the population. Regarding gender, most

respondents were male (68.7%), followed by female respondents (31.3%). The findings indicate that both sexes participated in the study and that no gender bias was observed. The results also suggest a gender gap among tax stakeholders in Tanzania.

The study sought to determine respondents' educational levels. The aim is to link their level of education and their perceptions of governance and tax-related issues. The findings in Table 3 show that the majority of respondents, 75 (65.2%), held a Master's degree or a PhD, while 40 (34.8%) had a Bachelor's degree or an Advanced Diploma. The perceptions from different levels of education provided insight into the relationship between governance and tax revenue performance. The study aimed to determine respondents' occupations to gain insight into tax-related issues and to ensure there is no administrative position bias.

Table 3. Respondents' demographic characteristics

Variables	Details	Frequencies	Percentage
Age	31-40	42	36.5
	41-50	49	42.6
	51-60	24	20.9
Gender	Female	36	31.3
	Male	79	68.7
Education Background	Degree B.Sc / Advanced Diploma	40	34.8
	Diploma / Certificate	0	0
	Master's degree / PhD. D	75	65.2
Position of the respondents	Tax Administrators	30	26
	Taxpayers (business persons)	70	61
	Tax Consultants	15	13

Source: elaborated by the author.

The study's findings in Table 3 reveal that most respondents (70.61%) were taxpayers who were businesspersons. Additionally, the study showed that 15 (13%) participants were tax consultants. Lastly, 30 (26%) respondents were Commissioners/Assistant Commissioners.

Analysis and discussion

The study employed descriptive statistics, including the mean, standard deviation, median, and mode, to generate findings from the data. This aligns with researchers, who recommend using mode and

median in addition to mean and standard deviation to minimise the risk of misleading results, as mean and standard deviation assume equal differences between Likert scale categories. The findings in Table 4 indicate that the average mean is 3.23, indicating that the average value in the dataset is 3.23. The average standard deviation is 1.25, indicating a moderate spread from the mean. The median range is 3-4. These values are higher and below the mean, indicating a skewed distribution. The results in Table 4 suggest, in most cases, a mode of 4; that is, 4 is the most frequently occurring value in the sample. The respondents

Table 4. Descriptive results on the effect of regulatory quality on tax revenue performance

	N	Mean	Std. Dev.	Med.	Mode
RQ1. There is a strong regulatory quality that enhances tax revenue performance in Tanzania	115	3.19	1.191	3.00	4
RQ2. Regulatory quality is given high attention in Tanzania	115	3.19	1.139	3.00	4
RQ3. The current business regulatory environment promotes a good business environment in Tanzania.	115	3.09	1.322	3.00	4
RQ4. Customs and trade regulations are user-friendly for taxpayers in Tanzania	115	2.88	1.365	3.00	2
RQ5. Tax regulations are effectively monitored and enforced in Tanzania	115	3.21	1.218	4.00	4
RQ6. The Tanzanian Government is doing well in monitoring and enforcing tax regulations	115	3.24	1.295	4.00	4
RQ7. Effective policies and legislation have been created and implemented in Tanzania	115	3.26	1.222	4.00	4
RQ8. Good policies and legislation enhance the growth of the private sector in Tanzania	115	3.55	1.172	4.00	4
RQ9. Tax regulations provide legal certainty and improve tax compliance in Tanzania	115	3.41	1.206	4.00	4
RQ10. Tax regulations in Tanzania are less complex, which improves tax compliance and increases tax revenue performance	115	3.03	1.311	3.00	2
RQ11. Simpler tax regulations lead to higher tax revenue in Tanzania	115	3.50	1.266	4.00	4
Average score		3.23	1.25		

Source: elaborated by the author.

agreed with most of the statements except statements RQ4 and RQ10. This is because most respondents agreed that Regulatory quality affects Tax Revenue Performance.

The findings in Table 4 indicate that some respondents disagree that customs and trade regulations are user-friendly for taxpayers in Tanzania (mean = 2.88, SD = 1.365, median = 3, mode = 2). Additionally, some respondents disagree that tax regulations in Tanzania are less complex, which they believe hinders tax compliance. The above findings suggest that customer and trade regulations should be user-friendly for Tanzanian taxpayers and less complex. Table 5 shows the relationship between good governance and tax revenue performance. The results show that good governance (Regulatory quality, Government effectiveness, and the rule of law) and Tax revenue performance (Tax revenue) are significantly positively related.

As indicated in Table 5, there is a significant and positive relationship between tax revenue performance and Government effectiveness. This is

indicated by a Pearson correlation coefficient of $r = 0.683$ and a p -value < 0.01 , both significant at the 0.01 level. This means that improved Government effectiveness increases tax revenue performance. A positive and significant relationship was found between regulatory quality and tax revenue performance, as shown in Table 5. The Pearson correlation coefficient is $r = 0.743$, p -value < 0.001 . The statistics show that reasonable regulations improve tax revenue performance. In addition, Table 5 indicates a significant positive relationship between tax revenue performance and the rule of law. This is evidenced by the Pearson correlation coefficient ($r = 0.766$, $p < 0.001$). The results suggest that a strong legal framework and enforcement mechanism significantly and positively affect tax revenue outcomes. Table 5 indicates a very strong positive correlation among the governance variables GEF, RQ, RL, and TR. This finding suggests that these aspects of governance operated synergistically, making it one of the areas policymakers should pay attention to. In addition, strong positive

Table 5. Correlation between variables

		GEF	RQ	RL	TR
GEF	Pearson Correlation	1	.892**	.792**	.683**
	Sig. (2-tailed)		<.001	<.001	<.001
RQ	Pearson Correlation	.892**	1	.827**	.743**
	Sig. (2-tailed)	<.001		<.001	<.001
RL	Pearson Correlation	.792**	.827**	1	.766**
	Sig. (2-tailed)	<.001	<.001		<.001
TR	Pearson Correlation	.683**	.743**	.766**	1
	Sig. (2-tailed)	<.001	<.001	<.001	

Source: elaborated by the author.

** Correlation is significant at the 0.01 level (2-tailed).

correlations among the variables (RQ, GE & RL) suggest that governance plays an essential role in influencing tax revenue collections.

Regression analysis

The study addressed linear regression assumptions of normality, linearity, homogeneity of variance, and independence. Significant violation of these assumptions can affect the standard errors, test statistics, P-values, and other results, leading to incorrect conclusions (Field, 2014). This study addressed linear regression assumptions of normality, linearity, homogeneity of variance, and independence. Violating these assumptions can affect standard errors, test statistics, P-values, and related quantities, leading to incorrect conclusions (Field, 2014). The study employed the Kolmogorov-Smirnov and Shapiro-Wilk tests (*see* Table 6)

to test for the normality of the residuals. The Kolmogorov-Smirnov results show that the residuals are not normally distributed. In contrast, the Shapiro-Wilk Test, which is more accurate for small samples (<50), suggests that the residuals are normally distributed. J. P. Royston (1982) argues that the Shapiro-Wilk test is robust and computationally feasible up to a sample of n = 2000.

Moreover, A. Field (2014) argues that results from OLS may still be valid and give valuable insight if the assumption of normality is not reasonably met and the sample size is reasonably large (n > 30).

This linearity test examines whether the regulatory quality and tax revenue satisfy the key assumption. Table 7 indicates a significant linearity effect (F = 95.524, p < 0.001), showing a strong linear relationship between regulatory quality and tax revenue performance

The variance inflation factors (VIF) test how much the variance of regression

Table 6. Normality test

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardised Residual	.102	115	.005	.981	115	.098
Standardised Residual	.102	115	.005	.981	115	.098

Source: elaborated by the author.

Table 7. Linearity test

			Sum of Squares	df	Mean Square	F	Sig.
TR * RQ	Between Groups	(Combined)	101.080	37	2.732	5.317	<.001
		Linearity	77.556	1	77.556	150.941	<.001
		Deviation from Linearity	23.523	36	.653	1.272	.188
	Within Groups	39.564	77	.514			
	Total	140.643	114				

Source: elaborated by the author.

Table 8. Multicollinearity

Model	Unstandardised Coefficients		Standardised Coefficients Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
Constant	.129	.272		.476	.635		
GEF	-.033	.146	-.029	-.224	.823	.195	5.118
RQ	.394	.153	.368	2.579	.011	.166	6.023
RL	.635	.138	.485	4.583	<.001	.302	3.309

Source: elaborated by the author.

Table 9. Independence /Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.790a	.625	.614	.68971	1.846

Source: elaborated by the author.

coefficients is inflated by multicollinearity. The VIF of 6.023 indicates moderate multicollinearity. Despite these results, as shown in Table 8, regulatory quality indicates a significant positive influence of $p = 0.011$, suggesting its effect on tax revenue is vital to overcome the collinearity effect.

Table 9 indicates a Durbin-Watson autocorrelation statistic of 1.846, which is around 2. This value around 2 indicates no significant positive or negative autocorrelations. This result supports

that the residual errors are independent of each other, and the assumption is reasonably met.

Regression results

Multiple regression analysis was used to examine whether the independent variables (government effectiveness, regulatory quality, and rule of law) are associated with the dependent variable (tax revenue performance).

Table 10. Regression coefficients

Model		Unstandardised Coefficients		Standardised Coefficients Beta	t	Sig.
		B	Std. Error			
1	Constant	.129	.272		.476	.635
	GEF	.394	.153	.368	2.579	.011
	RQ	-.033	.146	-.029	-.224	.823
	RL	.635	.138	.485	4.583	<.001

Source: elaborated by the author.

a. Dependent Variable: TR

The findings indicated that most respondents agreed with the concept of regulatory quality. The results in Table 10 show that a unit increase in regulatory quality is associated with a rise of approximately 39.4% in tax revenue performance, holding other variables constant. The results suggest that the table indicates a significant ($p = 0.011$) positive relationship between regulatory quality and tax revenue performance.

Discussions

This study provides valuable insights into the role of regulatory quality in improving tax revenue performance in Tanzania. The descriptive results indicate moderate perception that the regulatory environment is favourable. The descriptive findings also show a greater-than-average score of 3.0 in the effectiveness of monitoring and enforcement of tax regulations (mean = 3.21), the creation and implementation of effective policies (mean = 3.26), and the perceived impact of tax regulations on tax compliance (mean = 3.03). These results suggest that regulatory quality is perceived as an essential factor in driving an efficient tax system. Furthermore, a transparent, predictable, and user-friendly regulatory environment reduces the tax compliance burden and enhances voluntary tax compliance, thereby improving tax revenue performance. The high score of 3.24 regarding the perception of the government's role in monitoring and enforcement suggests the institution's commitment to improving regulatory quality. Conversely, some regulations, such as customs and trade (mean = 2.88), were not perceived as good due to their

complexity. This indicates a regulatory bottleneck that can increase compliance costs or lead to non-compliance, underlining the area that needs reform. These findings are supported by the empirical literature, which provides clarifications and contextualisation. E. Fernández-Rodríguez et al. (2023) argue that regulatory quality in isolation may not have a significant impact on tax revenue performance unless combined with the rule of law and government effectiveness.

Conversely, I. D. Ayana (2024) found a significant negative relationship between regulatory quality and tax revenue performance in some contexts; weak or complex regulations may increase operational costs for businesses and individual taxpayers, thereby reducing tax revenue performance. Some mixed findings suggest that regulatory quality is essential in Tanzania, and it should be complemented by the Institutional factors and efficient policy implementation. The regression analysis, as indicated in Table 6, shows a statistically significant positive effect of regulatory quality on tax revenue performance. Specifically, the results show that a unit increase in regulatory quality is associated with an estimated 39.4% improvement in tax revenue performance, controlling for other institutional factors, including government effectiveness and the rule of law. These findings are consistent with the broader scholarly consensus that a practical regulatory framework decreases compliance costs. The results align with those of M. Djayasinga and T. J. Prasetyo (2019), R. Kahunde et al. (2019) and G. N. Asante, P. O. Takyi, and G. Mensah (2023). These studies found that regulatory quality significantly affects tax revenue performance. The findings

support the theories of Institution and Compliance. Furthermore, the findings support the institutional and compliance theories' argument that high regulatory quality enhances accountability, voluntary compliance, and efficiency in tax revenue performance. Overall, these findings underline the importance of regulatory quality in enhancing tax revenues. The government should prioritise policy interventions to strengthen regulatory systems as part of an institutional reform strategy to achieve effective, well-enforced tax regulations, integrated with government effectiveness, that enhance voluntary tax compliance and promote taxpayer trust.

Conclusion

The study examined the relationship between regulatory quality and tax revenue performance, with a focus on developing countries, particularly Tanzania. The research findings indicate a significant positive relationship between regulatory quality and tax revenue performance in Tanzania. The findings align with most respondents' views, who agreed that regulatory quality has a significant positive effect on tax revenue performance. Moreover, the descriptive results suggest that Tanzania's business environment is favourable. The descriptive findings indicated a complex compliance process and an effective monitoring and enforcement mechanism which limit the regulatory quality and increase compliance costs. These compliance costs may discourage voluntary tax compliance and impair taxpayer behaviour, thereby affecting tax revenue collection.

Collectively. These findings suggest the need for Tanzania and other developing countries to implement reforms to enhance tax regulations and streamline the capacity of the tax revenue authority. The study recommends that the Government improve the ease of use of its regulations and reduce their complexity. The Government should continue to enhance regulatory quality and ease tax laws and regulations to improve tax revenue performance further.

Limitations of the study can be identified. The nature of the study is not longitudinal. The study uses a cross-sectional design, which limits the ability to examine the causal relationship between regulatory quality and tax revenue performance. The cross-sectional data cannot capture changes in the regulatory framework. Furthermore, the study's conclusion cannot be generalised to other developing and developed countries, as regulatory environments and institutional factors vary widely across countries. Also, the study does not capture other variables, including microeconomic, social, and political factors, such as tax morale, corruption, economic shocks or external aid. In future, panel data analysis should be applied to accommodate changes in regulatory quality and tax revenue performance over time. Also, future studies should conduct comparative analyses across multiple developing countries to assess whether the findings in Tanzania hold in different contexts, thereby helping generalise the findings and identify context-specific policy solutions. Moreover, studies should in the future assess other variables such as institutional trust, corruption indices, tax morale, economic factors and political stability.

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KOKYBIŠKA VALDYSENA IR PAJAMOS IŠ MOKESČIŲ: DAR ES SALAMO ATVEJO ANALIZĖ TANZANIJOJE

S a n t r a u k a

Mokesčių surinkimas sulaukia vis didesnio dėmesio, nes jis labai svarbus vyriausybės finansams, skirtiems viešosioms paslaugoms ir prekėms teikti. Dauguma besivystančių šalių susiduria su sunkiais finansuodamos viešąsias prekes ir paslaugas dėl nepakankamų pajamų. Manoma, kad neefektyviai dirbančios institucijos, ypač reguliavimo neveiksmingumas, yra vienas iš veiksnių, prisidedančių prie prasto pajamų surinkimo, ypač besivystančiose šalyse, kuriose mokesčių sistemose yra įvairių atitikties, administracinių, netinkamo technologijų naudojimo ir vykdymo užtikrinimo problemų.

Šiame tyrime nagrinėjamas kokybiškos valdysenos ir pajamų iš mokesčių surinkimo santykis, remiantis Tanzanijos pavyzdžiu. Tyrimas daugiausia sutelktas į didžiausią Tanzanijos komercinį miestą Dar es Salaamą, kuriame vyksta didžioji dalis šalies komercinės ir nekomercinės veiklos. Tyrime nagrinėjama, ar kokybiška valdysena daro įtaką vidaus pajamų surinkimui. Mokestinės pajamos yra labai svarbios tvariam vystymuisi ir viešosioms prekėms bei paslaugoms. Išsivysčiusių šalių tyrėjai dažnai nepastebi ryšio tarp reguliavimo veiksmingumo ir pajamų iš mokesčių. Tačiau besivystančiose šalyse trūksta literatūros, kurioje būtų tiriamas ryšys tarp korupcijos ar valdymo ir pajamų iš mokesčių. Literatūroje pastebėta spraga tarp reguliavimo kokybės ir pajamų iš mokesčių besivystančiose šalyse, ypač Tanzanijoje.

Šiame tyrime šis trūkumas pašalinamas nagrinėjant reguliavimo kokybės poveikį pajamų iš mokesčių kokybei. Konkrečiai, tyrime vertinama dabartinė reguliavimo kokybė ir Tanzanijos mokesčių reguliavimo bei politikos veiksmingumas. Jame tiriamas ryšys tarp mokesčių reguliavimo ir pajamų iš mokesčių pokyčių. Be to, tyrime nustatyti pagrindiniai mokesčių reguliavimo vykdymo sunkumai, pateikiamos praktinės politikos rekomendacijos, kaip pagerinti mokesčių surinkimą.

Siekiant šio tyrimo tikslo, buvo taikytas kiekybinis metodas. Be to, tyrime naudojami skerspjūvio duomenys, gauti iš 115 dalyvių, turinčių įvairių žinių ir patirties valdymo ir mokesčių srityje, imties. Tyrime naudojama aprašomoji analizė,

siekiant apibendrinti ir pateikti pagrindines duomenų charakteristikas, įskaitant pagrindinius kintamuosius, susijusius su reguliavimo kokybe ir mokesčių pajamų rezultatais. Aprašomieji rezultatai suteikia aiškų duomenų pagrindinių tendencijų ir kintamumo vaizdą, leidžiantį tiksliai iširti reguliavimo kokybės ir mokesčių pajamų rezultatų santykius. Tyrime naudojama linijinė regresijos analizė, siekiant įvertinti nepriklausomų kintamųjų, ypač reguliavimo kokybės ir kontrolės kintamųjų, pvz., teisinės valstybės principo ir vyriausybės veiksmingumo, poveikį priklausomam kintamajam – mokestinių pajamų surinkimui.

Rezultatai rodo, kad reguliavimo kokybė yra teigiamai ir reikšmingai susijusi su mokestinių pajamų surinkimo efektyvumu. Konkrečiai, dėl kokybiško reguliavimo didėja atskaitingumas, skaidrumas, savanoriška atitiktis ir veiksmingas mokesčių administravimas, taip gerinamas mokestinių pajamų surinkimas. Tačiau šie poveikiai gali priklausyti nuo vyriausybės veiksmingumo ir mokesčių įstatymų. Rezultatai rodo, kad dėl silpno arba sudėtingo reguliavimo gali padidėti įmonių ir individualių mokesčių mokėtojų veiklos sąnaudos ir sumažėti mokesčių pajamos tam tikromis aplinkybėmis. Apskritai rezultatai rodo, kad reguliavimo kokybė turi reikšmingą teigiamą poveikį pajamoms. Tyrime rekomenduojama, kad vyriausybė turėtų gerinti reguliavimo kokybę, užtikrindama, jog mokesčių įstatymai būtų patogūs naudoti, ir supaprastindama mokesčių reguliavimą.

Tyrimas turi trūkumų, kuriuos reikia toliau nagrinėti. Tyrime naudotas skerspjūvio metodas, kuris riboja galimybę iširti priežastinį ryšį tarp reguliavimo kokybės ir mokestinių pajamų. Ateityje reikėtų taikyti panelinių duomenų analizę, kad būtų galima atsižvelgti į reguliavimo kokybės ir pajamų iš mokesčių pokyčius laikui bėgant. Be to, tyrimo išvados negali būti taikomos kitoms besivystančioms ir išsivysčiusioms šalims, nes reguliavimo aplinka ir instituciniai veiksniai skirtingose šalyse labai skiriasi. Ateityje reikėtų skatinti lyginamuosius tyrimus, apimančius kelias besivystančias šalis, siekiant įvertinti, ar Tanzanijos tyrimo išvados galioja kitomis aplinkybėmis.