

ABSTRACT

E-payment system is increasingly becoming an importance means of payments in today's business. The Local government authorities efforts to collect own source revenues through the use e-payment was part of the government overall efforts to improve financial sustainability of urbanization Country. As a tool of improving revenue collection in most of Government institutions including all Local government authorities in Tanzania. It is beneficial to the Councils development since it has contributed a dynamic role on improving the level of economic growth and provision of social service as well as enhancing the Government confidence in making the Councils/LGA develop and grow in a healthy environment.

This paper mainly describes on how e-payment contributed in improving revenue collections performance and enhancing the resource allocation and mobilization to the country economy in order to adhere efficient, effectiveness and economy in revenue collection which among other thing the convenience and timeliness. It is a payment system that is unceasingly being incorporated and adopted in the financial system with a view to restructure and ease payments in government revenue transactions. Based on Arusha city Council, the use e-payment has contributed to highly increase in revenue collection as compared to the previous system of using paper work (m-payment) which ended to loss of revenue, bribery and low tax base and that was depicted through the study of ANOVA test statistics.

Therefore the use of ANOVA tests reveals that e-Payment system in revenue collection in Arusha city council have shown positive result as compared to the former payment system (paper work). This implies that Arusha City Council has boost its revenue collection through use of e-payment systems and this was characterized by increase in level of compliance to budget estimates and level of acceptance of e-Payment to the tax payers.

