

## ABSTRACT

The study sought to find out the performance of outsourcing strategy in revenue collection in Local Government Authorities the case of Arusha District Council. This study examines experiences with outsources revenue collection of local government, as many local government authority in Tanzania have reformed their tax collection systems to increase their revenue. The researcher was guided by research questions which were mainly intended to identify outsourcing strategy experienced, major obstacles of revenue collection and the measures of improving outsourcing strategy experienced by the Local government Authorities of the case of Arusha District council.

Therefore, outsourcing strategy increased revenue collection in Local Government Authority and reduce tax administration problem to a greater extent in Arusha district council. The collection has increased and experienced high profit margin for the private agents at the expense of accomplishing reasonable return to local authority. Most of contracts examined during the study shows, private agents have secured exceptional high profit margins at the expense of accomplishing revenue return to Arusha district council. While in the council, outsourcing faced high challenge of corruption and failure to meet target on revenue collection due to rejected fines and fees by some people.

From that fact, the study recommends improvements in the methods and the system of revenue collection or the tax administration to overcome tax evasion, improve collection efficiency, enforcement, reporting and transparency. Enhanced transparent and accountability will improve the ability to pay for extra and better services and therefore encourage voluntary tax compliance. However outsourced revenue collection when properly managed and monitored in all of the stages, may establish a foundation for more effective and efficient local government revenue administration. In relations to the Measures to improve outsourcing strategy experienced by the Local government it was suggested that, let there be a plan to open more parking spaces and to have proper arrangements of the market places.

