

## ABSTRACT

The main objective of the study was to investigate the implication of tax reforms on the economy of Tanzania. The study was guided by three specific objectives. One was to investigate the relationship between income tax reforms and the economy of Tanzania. Second was to examine the relationship between VAT reforms and the growth of Tanzania economy, and lastly was to assess the relationship between citizens tax burden on the growth of Tanzania economy. From the secondary data employed from the World Bank for the sample period of 32 years from 1990 to 2021. The study findings revealed a significant impact of tax reforms on the economy of Tanzania. From the findings, the model revealed that, estimated regression model is statistically significant at 5% level of significant. This was provided by the probability of F-statistic of 0.000106 which is less than 0.05 level of significance at 95% confidence level. This indicate that, the independent variables (income tax, VAT, tax burden and inflation rate) are statistically significant predictor of economic growth in Tanzania. The adjusted R-squared shows that, 71.6% of the variation of country's GDP has been explained by independent variables (income tax, VAT, tax burden and inflation rate). The findings further revealed that, tax reforms (income tax and VAT) has a significant positive relationship with the economic growth of Tanzania. However, tax burden revealed a negative significant relationship with economic growth of Tanzania. The researcher recommended that, the government of Tanzania, when considering change of a taxes, should expand the tax bracket of Income Tax in order to collect more revenue for funding its expenditure instead of borrowing. This is because Income Tax positively affecting the economic growth. Secondly, VAT should be streamlined to make progress such that it's applied discriminatively in that goods and services used by affluent segments of the population attract relatively higher taxes.

**Keywords:** *Tax Reforms, Economic Growth, Tax Burden, VAT*