

VAT non-compliance has been a major problem in Sub-Saharan Africa, Tanzania being inclusive. The overall objective of this study was to assess factors affecting compliance with Value Added Tax in Tanzania with focus to Arusha region. Specifically, the study examined business owners' attitudes towards compliance with value added tax (VAT), determined taxpayers' access to information and knowledge about value added tax, and also examined reasons for non-compliance with tax laws and regulations. This study involved a total of 148 respondents who were tax payers. Data were collected by use of questionnaire. Findings revealed that Tax payers understood their responsibility for paying due taxes and that deliberate compliance with VAT was mandatory. Some of the challenges conflicting information from different sources, electronic VAT system which was not easy to understand, and confusing technical details found in the tax laws and regulations. Respondents opined that not filling tax returns was not something that should be counted as an offence. Accordingly, they considered tax evasion not to be a punishable offence. Slightly more than half of respondents indicated not reporting all incomes or lying about tax to TRA was an offense but could be understood. It was concluded that TRA training programs were not yet effective in enhancing tax compliance. Accordingly, TRA lacked institutional capacity to enforce VAT compliance. Some of key recommendations include the following. TRA should design and offer more effective training programs on compliance with VAT to tax payers. TRA should strengthen its institutional capacity to enforce VAT compliance. Lastly, tax payers should strive to access right information about VAT and other taxes.