



TANZANIA – September 2021

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Property tax compliance in Tanzania: Can nudges help?

Low- and middle-income countries around the world struggle with low tax compliance together with limited capacity to enforce compliance. This paper reports the results of a randomly rolled out text-message campaign aimed at promoting compliance among landowners in Dar es Salaam, Tanzania.

Landowners were effectively randomly assigned to one of four groups designed to test different aspects of tax morale. They either received a simple text-message reminder to pay their tax (a test of salience), a message highlighting the connection between taxes and public services (reciprocity), a message communicating that non-compliers were not contributing to local or national development (social pressure), or no message (control). Recipients of any message were 11 percent (or 1.2 percentage points) more likely to pay any property tax by the end of the study period.

Across treatments, simple reminders and reciprocity messages delivered similar gains in payment rates, whereas social pressure messages delivered lower gains in payment rates. Actual payment amounts were highest for reciprocity messages. The average estimated benefit-cost ratio across treatments is 20:1 due to the low cost of the intervention, with higher cost-effectiveness for reciprocity messages.