

**The Role of Withholding Tax System on Collection of Revenue in Tanzania
The Case of Moshi Municipal Council**

By

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The role withholding tax system holds a prominent position as a principal mechanism for revenue generation globally. This study aimed to examine the role of withholding tax system on collection of revenue in Tanzania: a case of Moshi municipal council in Tanzania. But specifically, to examine the level of compliance with withholding tax system in assisting collection of revenue, burdens of withholding tax agents in tax collection, Effect of withholding tax refund and the challenges of withholding tax system in the collection of tax revenue in Moshi Municipal Council. A concurrent research design with a mixed quantitative and qualitative research methods was adopted in this study. Data were collected from a sample size of 304 respondents through administering questionnaires to 298 randomly selected taxpayers and conducting interviews to purposely selected 6 key informants. The SPSS software was used for quantitative data analysis while qualitative data were analysed through content methods. The study found that the withholding tax system assists in collection of tax revenue (mean score = 2.78). A mix of quantitative and qualitative research methods was employed, involving 304 respondents. Findings indicated that the withholding tax system aids significantly in tax revenue collection, with a notable level of compliance among taxpayers. The system's structure was found to be instrumental in mitigating tax evasion and promoting the timely and accurate filing of tax returns. However, tax agents are confronted with a set of challenges, including the necessity for precision, adaptability to changing tax laws, and potential legal ramifications arising from errors. Furthermore, the study revealed the positive effects of prompt and accurate tax refunds. Such refunds contribute to business growth, elevate taxpayer morale, and assist governmental budgetary planning. Nonetheless, specific challenges, such as unreliable internet connectivity and limited public awareness of tax laws, were identified as barriers to optimising the efficiency of the tax collection process. In addressing these issues, recommendations from the study include enhancing internet infrastructure and intensifying public awareness initiatives regarding taxation. There is also a call for broader research, encompassing various geographical and thematic scopes, to furnish a comprehensive understanding of the intricacies involved in tax revenue collection. this study therefore, not only unveils the multifaceted dynamics of the withholding tax system but also proposes pragmatic solutions for improved efficiency and effectiveness in tax collection.