

How does cooperation between government and multinational corporations in developing countries transform the mining sector? A case study of Tanzania

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Abstract

The paper is based on Tanzania experience in managing the mining sector. It provides a qualitative analysis of the importance of cooperation between multinational corporations and the government in transforming the mining sector's contribution to the economy. By highlighting major reforms undertaken by the government in relation to scholars' comments regarding mining in developing countries. The findings show that the government of Tanzania amended the income tax act by including specific clauses on taxation of the mining sector. The new sections have abolished a depreciation allowance of 100 percent for capita assets, introduced ring facing and thin capitalization rules. The paper also examines the outcomes of renegotiation between the government and one multinational corporation. The two parties agreed to form a joint venture company where the government own 16 percent. They also agree on sharing future economic benefit 50/50. These findings suggest that cooperation between the two parties would yield desired outcomes for the public.

Keywords: Mining; Mining Tax Regime; Multinational Corporations and Government

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Harnessing Carbon Credit Trading for Tax Revenue Mobilization in Tanzania:

The Role of Voluntary Markets and Social Enterprises

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Abstract

This study explores the potential for generating tax revenue from carbon credit trading in Tanzania's voluntary carbon market (VCM), with a focus on the role of social enterprises. The main objective was to evaluate how social enterprises contribute to community-based carbon offset initiatives while promoting sustainable development and domestic revenue growth. Employing a qualitative research design, the study analyzes secondary data from 2022 to 2024, including government reports, REDD+ documentation, and voluntary market registries. The findings reveal that Tanzania's emerging VCM has attracted over USD 1 billion in investment and generated approximately TZS 14.3 billion in revenue. Social enterprises play a key role by reducing transaction costs and facilitating local engagement, yet their impact is constrained by fragmented regulations and unclear tax guidelines. The study concludes that Tanzania's VCM holds significant untapped tax potential. It recommends establishing a unified legal and tax framework, subsidizing certification costs, and incentivizing social enterprises to enhance finance contributions.

Keywords: Carbon credit trading, Tax revenue mobilization, Voluntary Markets, Social enterprises, Tanzania.

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