

**DECENTRALIZED TAXES AS A TOOL FOR RAISING REVENUE FROM
DECENTRALIZED ENTITIES IN RWANDA
A CASE STUDY OF GASABO DISTRICT**

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ABSTRACT

Fiscal and financial decentralization consists of devolution of the financial resources and decision-making powers to sub-national governments that will allow them to implement the functions and responsibilities that have been delegated to them. In principle, every new responsibility must be followed with the appropriate level of resources and a precise definition of the resources of revenue for the execution of that new responsibility. In other words, finance must follow functions. The present research study entitled “The decentralized taxes as a tool for raising revenue from decentralized entities”. A case study of Gasabo District was been carried out with a purpose of helping decentralized entities to maximize their revenue collections. In this way, the specific objectives of this study were to identify various decentralized taxes collected by the districts, to compare the revenue collections before the Fiscal decentralization of 2006 (2003-2006) and the revenue collections after Fiscal decentralization (2008-2012), to determine the match between the annual collection targets and the revenue collections from decentralized taxes, and to come up with possible strategies on how decentralized taxes can increase revenue from decentralized entities. This research project is significant to policy makers at central government level to assess the level of success in meeting the targeted objective of fiscal decentralization policy. It will be significant to local government for identifying relevant strategies for better improvement of local taxation and to the researcher it serves as a partial fulfillment of the award of a degree in MBA and enriches the knowledge of researcher on the topic of study. Relevant literature related to the theories and models of other writers. As methodology, the study used both secondary and primary data. The researcher used the stratified random sampling technique to determine the sample size of 80. Quantitative method, comparative method, historical methods were used in this research. Secondary data was got from journals, documentation, which is in relation to the study objectives. Data entered in excel was presented by use of frequencies and percentages in tables. Data was been analyzed by using Statistical Package for Social scientists (SPSS. 18), was presented in table which showed the positive relationship between two variables. The research concluded that decentralized taxes have played a significant role for raising revenues from decentralized entities in Rwanda. Recommendation is made on focus to the channels that are more effective in mobilizing decentralized taxes in effective way such as focusing on cell channel and village channel as these are more effective channels for mobilizing decentralized taxes in order to get or raise more revenue, this can help districts to reduce the degree of dependency. The government should set appropriate strategies of tax recovery and improve database of taxpayers.