



**2013/2014
TANZANIA TAX CARD**

INCOME TAX FOR CORPORATIONS:

Corporation rate	%
Resident corporation	30
Non-resident corporation	*30
Newly listed companies – <i>reduced rate for 3 years</i>	**25
Alternative minimum tax (on turnover)	*** 0.3
Capital deductions	
Buildings (straight line)	
<i>Agriculture or livestock/fish farming</i>	20
<i>Other</i>	5
Plant and machinery (initial allowance)	
<i>Manufacturing or tourism</i>	50
<i>Agriculture</i>	100
Plant & machinery (reducing balance)	
<i>Class 1</i>	37.5
<i>Class 2</i>	25
<i>Class 3</i>	12.5
Intangible assets (straight line)	Over useful life
Agriculture - improvements/research and development	100
Mining exploration and development	100
Oil & Gas prospecting, exploration and development (straight line)	20

*** A non-resident corporation with a permanent establishment also has to account for tax of 10% on "repatriated income"**

**** Provided at least 30% of shares are publicly issued**

***** Where tax losses for 3 consecutive years**



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INCOME TAX FOR INDIVIDUALS IN TANZANIA MAINLAND:

Individual Income Tax Rates:

Income Range (monthly) Tshs	Tax rate (PAYE) %
0 – 170,000=00	NIL
170,000=00 – 360,000=00	13% of the amount in excess of Tshs. 170,000=00
360,000=00 – 540,000=00	Tshs. 24,700=00 plus 20% of the amount in excess of Tshs. 360,000=00
540,000=00 – 720,000=00	Tshs. 60,700=00 plus 25% of the amount in excess of Tshs. 540,000=00
720,000=00 and above	Tshs. 105,700=00 plus 30% of the amount in excess of Tshs. 720,000=00

Employment Benefits:

Housing:

Lower of

(a) Market value rental of the premises; and
(b) The higher of the following:

(i) *15% of employee's total annual income; and*
(ii) *the expenditure claimed as deduction by the employer in respect of the premises*

Car:

Taxed according to engine size and vehicle age on following annual values:

Engine size	up to 5 years old Tshs	> 5 years old Tshs
<= 1,000 cc:	250,000	125,000
1,000 - 2,000 cc:	500,000	250,000
2,000 - 3,000 cc:	1,000,000	500,000
> 3000 cc:	1,500,000	750,000

Note: not chargeable where employer does not claim deduction in respect of the ownership, maintenance, or operation of the vehicle.

Loans:

Excess of "statutory rate" (see Penalty section) over actual interest rate paid



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Donations:

An employee who makes donation as per Section 12 of the Tanzanian Education Fund Act, such donation is exempt from tax. But such exemption is upon approval by the Commissioner.

Presumptive Income Tax (for Businesses):

For individuals with business turnover not exceeding Tshs 20,000,000=00 (Tanzanian Shillings Twenty Millions) Per Annum specific presumptive income tax rates apply.

Employment Taxes (Payroll Taxes):

	%
PAYE (employee)	see above
Social Security (NSSF, PPF) (up to half (10%) can be deducted from employee)	20
Skills and Development Levy (employer)	5

*(Note: exemption in respect of employment in agricultural farming)
This tax is payable where total number of employees exceed 4 (four) in any one organization.
5% is to be applied on monthly gross emoluments. Gross emoluments include: wages, salary, leave pay, sick pay, payment in lieu of leave, fees, commissions, gratuity, bonuses, subsistence allowances, travelling allowances and entertainment allowances, and other taxable benefits.
This tax is not applicable to any government department or public institution which is wholly financed by the government.*

Withholding Tax Rates:

	Resident %	Non-resident %
Dividend		
- to company controlling 25% or more	5	10
- from DSE listed company	5	5
- otherwise	10	10
Interest	10	10
Rent		
- land and buildings	10	15
- aircraft lease	10	15
- other assets	0	15
Royalty	15	15
Natural resource payment	15	15



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	Resident %	Non-resident %
Service fees (all services)	5	15
Technical services to mining companies	5	15
Insurance premium	0	5
Payments to resident persons without a TIN certificate	5	n/a
Payments to resident persons by a resident corporation (whose budget is wholly or substantially financed by the government budget subvention) for goods supplied	2	n/a

Disposal of Investments:

	Tax rates	
	Tanzanian asset %	Overseas asset %
Individual - Resident	10	30
- Non - resident	20	n/a
Company - Resident	30	30
- Non - resident	30	n/a

Exemptions:

1. Private Residence - Gains of Tshs 15,000,000=00 or less
2. Agricultural land - Market value of less than Tshs 10,000,000=00
3. Units in an approved Collective Investment Scheme
4. DSE shares held by resident (less than 25% holding);

(Note: Shares held in a private entity, seller holding more than 25% of shares, are NOT exempt. Refer to the amendments in Tanzanian Income Tax Act vide Finance Act, 2012)

Single Instalment Tax:

	%
Sale of investment assets (land, buildings and shares)	
- by resident	10*
- by non - resident	20*
Non-resident transport operator/charterer without permanent establishment	5**



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* applied to gain, credit against final tax liability

** applied to gross payment

INDIRECT TAXES:

Value Added Tax:

Taxable Supplies	Rate*
Supply of goods & services	18
Import of goods & services	18
Export of goods & certain services	0

Registration threshold (turnover) Where the taxable turnover of any taxable person exceeds or is likely to exceed:

- (a) Tanzanian Shillings Forty Million (Tshs. 40,000,000=00) in a period of 12 consecutive months; or
- (b) Tanzanian Shillings Ten Million (Tshs. 10,000,000=00) in a period of three consecutive months.

Payment Due date

Monthly VAT returns and any related payments are due on the last working day of the following month to which it relates.

VAT on the importation of goods is payable at the time customs becomes duty payable.

Refund claims

Standard	<i>Six months after the due date of the tax return on which the refund became due or the submission of the last VAT return for that six month period, whichever is the later.</i>
"Regular repayment"	<i>Businesses in a constant refund position may apply for authorisation to lodge claims on a monthly basis.</i>

***Note: Entities entitled to special relief either pay VAT at 10% or benefit from full relief.**

Time restriction of 3 years apply to VAT Refund claims



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Customs Duty:

	%
Capital goods, raw materials, agricultural inputs, pure-bred animals	0
Semi-finished goods	10
Finished final consumer goods	25
Equipment and supplies imported by mining operator / subcontractor - up to 1 year after commencement of production	0
- thereafter	5 (max)
Equipment and supplies for petroleum and gas exploration	0

Stamp Duty:

	%
Conveyance / transfer	1
Transfer of shares or debentures	1
Lease agreements	1

Note: Stamp duty on conveyance of agricultural land is restricted to TZS 500

Mineral Royalties:

Rate	Mining Act 1998	Mining Act 2010
5%	Diamonds	Diamonds, Gemstones, Uranium
4%	N/A	Metallic minerals (incl. copper, gold, silver and platinum group minerals)
3%	General rate	General rate
1%	N/A	Gems
0%	Polished & Cut Stones	N/A
	<i>"Net back value"</i>	<i>"Gross value"</i>

TAX TREATIES IN FORCE:

Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, Zambia



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DEADLINES, INTEREST AND PENALTIES:

	Deadline/Obligation	Immediate penalty %	Monthly penalty %
Income Tax:			
Instalment tax/return			
Payment	<i>instalment at end of each quarter</i>		<i>Stat + 5</i>
Filing of return	<i>end of 1st quarter</i>		<i>2.5*</i>
Under-estimation			<i>Stat</i>
Final tax/return			
Payment	<i>6 months after accounting period</i>		<i>Stat + 5</i>
Filing of return	<i>6 months after accounting period</i>		<i>2.5*</i>
Withholding tax:			
Payment	<i>7 days after month of deduction</i>		<i>Stat + 5</i>
Return	<i>30 days after each 6 month period</i>		<i>Stat**</i>
Payroll***:			
Payment			
PAYE	<i>7 days after month of deduction</i>		<i>Stat + 5</i>
Skills & Development Levy	<i>7 days after month end</i>		<i>Stat + 5</i>
NSSF	<i>1 month after month end</i>		<i>5</i>
PPF	<i>30 days after month end</i>	5	5
VAT:			
Filing / payment	<i>last working day of following month</i>	1	<i>2****</i>
Interest chargeable on late payment			<i>CBL + 5</i>
Interest due to taxpayer on late payment of VAT refunds			<i>CBL</i>
Excise Duty:			
Payment	<i>last working day of the following month</i>		<i>Stat + 5</i>



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Deadline/Obligation	Immediate penalty %	Monthly penalty %
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Stamp Duty:

<i>Payment / Stamping</i>	<i>30 days after execution / entry of instrument</i>	25 - 1000	n/a
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Key

Stat = "Statutory Rate" (prevailing discount rate determined by Bank of Tanzania), compounded monthly

(Annual rate: 2012 12%; 2011 & 2010 7.58%; 2009 17.53%; 2008 15%; 2007 & 2006 20%; 2005 14.6%; 2004 12.8%)

(Monthly equivalent: 2012 1%; 2011 & 2010 0.63%; 2009 1.46%; 2008 1.25%; 2007 & 2006 1.67%; 2005 1.22%; 2004 1.07%)

CBL = Central Bank commercial bank lending rate

* = subject to a minimum of Tshs 10,000 (individuals) and Tshs 100,000 (corporates)

** = subject to a minimum of Tshs 100,000

*** = PAYE and SDL returns due 30 days after each 6-month period

**** = minimum penalty is Tshs 50,000 for first month and Tshs 100,000 per month thereafter



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DETAILS OF DEPRECIABLE ASSETS:

Class	Depreciable Assets	Rates
1*	Computers and data handling equipment together with peripheral devices, automobiles, buses and minibuses with a sitting capacity of less than 30 passengers, goods vehicles with a seating capacity of less than 7 tones, construction and earth moving equipment.	37.5%
2*	Buses with a seating capacity of 30 or more passengers, heavy general purpose or specialized trucks, trailers and trailer mounted containers, railroad cars, locomotives and equipment, vessels, barges, tags and similar water transportation equipment, aircraft, other self propelling vehicles, plant and machinery (including wind mills, electric generators, and distribution equipment) used in manufacturing or mining operations, specialized public utility plant and equipment, and machinery or other irrigation installations and equipment.	25%
3*	Office furniture, fixtures and equipment, any asset not included in another class.	12.5%
4**	Natural resource exploration and production rights and assets in respect of natural resource prospecting, exploration and development expenditure.	20%
5**	Buildings, structures, dams, water reservoirs, fences, and similar works of a permanent nature used in agriculture, livestock farming or fishing farming.	20%
6**	Buildings, structures, and similar works or permanent nature other than those mentioned in Class 5.	5%
7**	Intangible assets other than those mentioned in Class 4.	Over useful life of the asset
8**	Plant and machinery (including windmills, electric generators and distribution equipment) used in agriculture; and equipment used for prospecting and exploration of minerals or petroleum.	100%

* *Pools of depreciable assets calculated basing on Diminishing Value Balance Method*

** *Pools of depreciable assets calculated basing on Straight Line Method*



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KEY AMENDMENTS VIA THE FINANCE ACT, 2012:

- ☒ **Imposition of 14.5% Excise Duty on “Electronic Communication Service”. For a definition of “Electronic Communication Service” please refer to the Excise (Management and Tariff) Act;**
- ☒ **Imposition of 0.15% Excise Duty on money transfers via banks, financial institutions or telecommunications company (for amounts exceeding Tshs. 30,000=00). This is not applicable to money transfers between banks (inter-bank borrowings and transfers), financial institutions, government, diplomats and diplomatic missions;**
- ☒ **For a copy of the Finance Act, 2013 do not hesitate to contact us.**

CAVEAT

Although we have taken all reasonable care in compiling this publication, we do not accept responsibility for any errors or inaccuracies that it may contain. This datacard has been prepared for quick reference. It is not a substitute for professional advice and action should not be taken solely on the strength of the information contained herein.

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