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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
Total income of a domestic permanent establishment (branch profit)	30
<u>Capital deductions</u>	
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 – for Tanzania Mainland:

<i>Income Range (monthly)</i>	<i>Tax rate (PAYE)</i>
Tshs	%
0 – 170,000=00	NIL
170,000=00 – 360,000=00	12% of the amount in excess of Tshs. 170,000=00
360,000=00 – 540,000=00	Tshs. 22,800=00 plus 20% of the amount in excess of Tshs. 360,000=00
540,000=00 – 720,000=00	Tshs. 58,800=00 plus 25% of the amount in excess of Tshs. 540,000=00
720,000=00 and above	Tshs. 103,800=00 plus 30% of the amount in excess of Tshs. 720,000=00

Individual Income Tax Rates – for Tanzania Zanzibar:

<i>Income Range (monthly)</i>	<i>Tax rate (PAYE)</i>
Tshs	%
0 – 125,000=00	NIL
125,000=00 – 360,000=00	15% of the amount in excess of Tshs. 125,000=00
360,000=00 – 540,000=00	Tshs. 35,250=00 plus 20% of the amount in excess of Tshs. 360,000=00
540,000=00 – 720,000=00	Tshs. 71,250=00 plus 25% of the amount in excess of Tshs. 540,000=00
720,000=00 and above	Tshs. 116,250=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

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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

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.

Others

The market value will apply in determining other benefits in kind.

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.

Where turnover exceeds Tshs. 20,000,000=00 (Tanzanian Shillings Twenty Millions) Per Annum the taxpayer is obliged to prepare audited financial statements in respect of his/her business.

For presumptive tax rates – see Page 11

EFD Phase II

Any taxpayer whose turnover exceeds Tshs. 14,000,000=00 (Tanzanian Shillings Fourteen Millions) per annum is obliged to acquire and use an Electronic Fiscal Device.

Penalty for failure to acquire or use an Electronic Fiscal Device or issue a fiscal receipt/invoice is Fine of not less than Tshs. 3,000,000=00 (Tanzanian Shillings Three Millions) or imprisonment for a term not exceeding 12 months, or both.

Any person who fails to demand and retain fiscal receipt/invoice is liable to a fine of Tshs. 1,000,000=00 (Tanzanian Shillings One Million Only) or imprisonment not exceeding 3 months, or both.

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Employment Taxes (Payroll Taxes):

PAYE (employee)	% see above
Social Security (NSSF, PPF) <i>(up to half (10%) can be deducted from employee)</i>	20
Skills and Development Levy (employer) <i>(Note: exemption in respect of employment in agricultural farming)</i> <i>This tax is payable where total number of employees exceed 4 (four) in any one organization.</i> <i>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.</i> <i>This tax is not applicable to any government department or public institution which is wholly financed by the government.</i>	5

Withholding Tax Rates:

	Resident %	Non-resident %
Dividend		
- to company controlling 25% or more	5	n/a
- 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
Director Fees (non-full time service director fees)	15	15
Royalties	15	15
Natural resource payment	15	15
Service fees (all services) (taxpayers with/without TIN)	5	15
Technical services to mining companies	5	15
Insurance premium	0	5
Payments to persons by a resident corporation (whose budget is wholly or substantially financed by the government budget subvention) for goods supplied	2	15
	Resident %	Non-resident %

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Commission on money transfer through mobile phones	10	n/a
Transport (non-resident operator/charterer without permanent establishment)	n/a	5%

Note:

1. *Payment to non-resident person on rental charges of aircraft lease by a person engaged in air transport business is exempted;*
2. *Payment of withholding taxes should be within 7 days after the month of deduction; and*
3. *The submission of withholding tax statement is within 30 days after each 6 month period.*

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)

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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**
* applied to gain, credit against final tax liability	
** applied to gross payment	

INDIRECT TAXES:

Value Added Tax:

Taxable Supplies

	Rate*
	%
Supply of taxable goods & services in Mainland Tanzania	18
Import of taxable goods & services into Mainland Tanzania	18
Export of goods & certain services from the United Republic of Tanzania	
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 9% (45% restricted exemption) 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, pharmaceutical goods	0
Semi-finished goods	10
Finished commercial or 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
Legal and commercial instruments (maximum Stamp Duty of Tshs. 10,000=00)	1

Note: Stamp duty on conveyance of agricultural land is restricted to TZS 500; Stamp Duty is payable within 30 days from the date an instrument is signed.

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
Base:	<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 %
<u>Income Tax:</u>			
<u>Instalment tax/return</u>			
Payment	instalment at end of each quarter		Stat + 5
Filing of return	end of 1st quarter		2.5*
Under-estimation			Stat
<u>Final tax/return</u>			
Payment	6 months after accounting period		Stat + 5
Filing of return	6 months after accounting period		2.5*
<u>Withholding tax:</u>			
Payment	7 days after month of deduction		Stat + 5
Return	30 days after each 6 month period		Stat**
<u>Payroll***:</u>			
<u>Payment</u>			
PAYE	7 days after month of deduction		Stat + 5
Skills & Development Levy	7 days after month end		Stat + 5
NSSF	1 month after month end		5
PPF	30 days after month end	5	5
<u>VAT:</u>			
Filing / payment	last working day of following month	1	2****
Interest chargeable on late payment			CBL + 5
Interest due to taxpayer on late payment of VAT refunds			CBL
<u>Excise Duty:</u>			
Payment	last working day of the following month		Stat + 5
<u>Stamp Duty:</u>			
Payment / Stamping	30 days after execution / entry of instrument	25 - 1000	n/a

Key

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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, tugs 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 of 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; Electronic Fiscal Devices (EFDs) purchased by non VAT registered traders; 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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PRESUMPTIVE TAX RATES:

Annual Turnover	Compliance with Section 80 of Income Tax Act, 2004	
	If financial statements/books of accounts have not compiled	If financial statements/books of accounts have been compiled
Where turnover does not exceed Tshs. 4,000,000=00	NIL	NIL
Where turnover is between Tshs. 4,000,000=00 and Tshs. 7,500,000=00	Tshs 200,000/=	4% of the turnover in excess of Tshs 4,000,000/=
Where turnover is between Tshs. 7,500,000=00 and Tshs. 11,500,000=00	Tshs 424,0000/=	Tshs 140,000/= plus 5% of the turnover in excess of Tshs 7,500,000/=
Where turnover is between Tshs. 11,500,000=00 and Tshs. 16,000,000=00	Tshs 728,000/=	Tshs 340,000/= plus 6% of the turnover in excess of Tshs 11,500,000/=
Where turnover is between Tshs. 16,000,000=00 and Tshs. 20,000,000=00	Tshs 1,150,000/=	Tshs 610,000/= plus 7% of the turnover in excess of Tshs 16,000,000/=

TOURISM DEVELOPMENT LEVY


Every owner of a registered tourism accommodation facility is obliged to collect from every tourist a bed night levy of an amount equal to two percent (2%) of a bed night charge.

Bed night charge is defined as an amount of money payable by a tourism accommodation facility for a night or day stay in that facility.

EXCISE DUTY

- ✚ Specific rates apply on: Wine, Spirits, Beer, Soft Drinks, Fruit Juices, Recorded DVD, VCD, CD and Audio Tapes, Cigarettes, Tobacco, and Petroleum Products and Natural Gas.
- ✚ Ad-valorem rates are: 14.5%, 15%, 20%, 25% and 50% (15% is imposed on imported furniture and 50% is imposed on shopping plastics bags).
- ✚ Imports of used vehicles:
 - (i) Imported used non-utility vehicles of ten years of age or more, counted from the date of manufacture, are charged extra Excise Duty at the rate of 30%
 - (ii) Imported used utility vehicles of ten years of age or more, counted from the date of manufacture, are charged extra Excise Duty at the rate of 5%

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	Excise Duty on Motor Vehicles:	%
(i)	Of cylinder capacity exceeding 1000 cc but not exceeding 2000 cc	5
(ii)	Of cylinder capacity exceeding 2000 cc	10

FUEL LEVY

Tshs. 263=00 per litre of Petrol or Diesel

PETROLEUM LEVY

Tshs. 50=00 per litre of Kerosene, Gas Oil and Motor Spirit

AIRPORT SERVICE CHARGES

International travel	USD 40=00
Local travel (Resident)	Tshs. 10,000=00

PORT CHARGES

Non Resident Traveler	USD 5=00
Resident Traveler	Tshs. 500=00

MOTOR VEHICLE REGISTRATION

Motor Vehicle Registration Fee	Tshs. 150,000=00
Motor Cycle Registration Fee	Tshs. 45,000=00
Personalized Vehicle Registration Number	Tshs. 5,000,000=00

ANNUAL MOTOR VEHICLE LICENSE FEES

Engine Capacity	Annual fees
Up to 500 cc	Tshs. 50,000/= per annum
501 – 1,500 cc	Tshs. 150,000/= per annum
1,500 – 2,500 cc	Tshs. 200,000/= per annum
Above 2,500 cc	Tshs. 250,000/= per annum
Tractors used for agricultural purposes, motor cycles and motorized tricycles	Exempted

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MOTOR VEHICLE TRANSFER TAX

Motor Vehicle Transfer Fees	Tshs. 50,000=00
Motor Cycle Transfer Fees	Tshs. 27,000=00
Fees for New Registration Card	Tshs. 10,000=00

MOTOR VEHICLE DRIVING LICENSE

License Fees	Tshs. 40,000=00 renewable every 3 years
Test Driving Fees	Tshs. 3,000=00
Provisional License Fees (Learner)	Tshs. 10,000=00 renewable every 3 months

FIRE INSPECTION CHARGES FOR MOTOR VEHICLES

Motor Vehicles with 1cc to 500cc	Tshs. 10,000=00
Motor Vehicles with 501cc to 1,500cc	Tshs. 20,000=00
Motor Vehicles with 1,501cc to 2,500cc	Tshs. 30,000=00
Motor Vehicles with more than 2,500cc	Tshs. 40,000=00

EXCISE DUTY ON IMPORTATION OF USED VEHICLES

Imported vehicle aged 8 years but not more than 10 years	15%
Imported vehicle aged more than 10 years	30%

EXPORT TAX

60% of the value (FOB) of Raw Hides and Skins or Tshs. 600=00 per Kilogram whichever is greater.

A levy of 10% is chargeable on Raw Cashew Nuts, computed on FOB value or USD 160 per mt. whichever is higher.

PROHIBITED GOODS

Narcotic Drugs, Tear Gas Substances, Seditious, Obsceneness Materials or Literature.

RESTRICTED GOODS

Live Animals, Plants, Fire Arms, Ammunitions, etc

These require permit from relevant authorities.

DESTINATION INSPECTION

Imported goods regardless of their value are required to be inspected in the country.

A fee of 0.6% on FOB value is chargeable.

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Exempted goods are enshrined in the law.

IMPORTS FROM EAST AFRICAN COMMUNITY MEMBER STATES

Goods within member states are chargeable at the rate of 0% provided that the criteria of rules of origin are adhered to.

EAC Member states are Tanzania, Kenya, Uganda, Rwanda and Burundi.

PROPERTY TAX RATES

Dar Es Salaam Region

Residential Properties	0.15% of rateable value as per Valuation Rolls
Commercial Properties	0.2% of rateable value as per Valuation Rolls

Note:

1. *Provided that the amount chargeable shall not be less than Tshs. 10,000=00*
2. *For properties not included in the valuation roll, the property tax rates are provided in the First Schedule to the Bye-Laws of the respective local authority (Temeke, Ilala and Kinondoni Municipalities).*
3. *Property tax rates for other regions will continue to be collected by the respective local authorities.*

KEY AMENDMENTS VIA THE FINANCE ACT, 2014:

- ✦ **Businesses operating in different locations will require 'subsidiary licenses'. Subsidiary license means a license for the same kind of business carried on by the same entity at any other place other than the principal place of business;**
- ✦ **Every business license in Tanzania shall be valid for a period of 12 months from the date of issuance and subject to renewal every year;**
- ✦ **A business license holder may opt to pay a license fee for a period of up to three consecutive years;**
- ✦ **Schedule of business license fees payable by each type and nature of business has also been amended. For a copy of the revised schedule do not hesitate to contact us;**
- ✦ **Excise Duty on money transfers (of 0.15%) via banks, financial institutions or telecommunications company (for amounts exceeding Tshs. 30,000=00) has been abolished. Alternatively Excise Duty at the rate of 10% has been imposed on charges or service fees payable to financial institutions and telecommunication service provider on money transfer service.**
- ✦ **When a change in control occurs in line with Section 56 of the Income Tax Act, the entity shall have the duty to report to Tanzania Revenue Authority immediately before and after the change [Ref. Section 56(5)];**
- ✦ **Tanzania Investment Centre (TIC) Certificate of Incentives minimum threshold requirements have been revised to USD 500,000=00 for non-Tanzanian owed businesses and USD 300,000=00 for Tanzanian owned businesses**
- ✦ **Removal of corporation tax exemption to companies for income derived from gaming;**
- ✦ **Removal of withholding tax exemption on rental charges on aircraft lease paid to a non-resident by a person engaged in air transportation business.**
- ✦ **For a copy of the Finance Act, 2014 do not hesitate to contact us.**

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CAVEAT

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