

**2017/2018
TANZANIA TAX GUIDE**



TZ TAX GUIDE 2017/2018



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INCOME TAX FOR CORPORATIONS:

Corporation rate	%
Resident corporation	30
Non-resident corporation with a domestic permanent establishment	*30
Newly listed companies – <i>reduced rate for 3 years</i>	**25
A corporation with newly established plant for assembling motor vehicles, tractors, fishing boat or out boat engine	****10
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
EFD machine (Non VAT taxpayers)	100

* **A non-resident corporation with a Domestic Permanent Establishment (DPE) also has to account for tax of 10% on "repatriated income" (branch remittance)**

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

*** **Where tax losses for 3 consecutive years. This will not apply to a corporation conducting agricultural business or engaged in the provision of health or education.**

**** **must have a performance agreement with Tanzanian government and the reduced rate will apply for first 5 years from commencement of production.**

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INCOME TAX FOR INDIVIDUALS IN TANZANIA MAINLAND:

Individual Income Tax Rates – for Tanzania Mainland:

<i>Income Range (monthly)</i> Tshs	<i>Tax rate (PAYE)</i> %
0 – 170,000=00	NIL
170,000=00 – 360,000=00	9% of the amount in excess of Tshs. 170,000=00
360,000=00 – 540,000=00	Tshs. 17,100=00 plus 20% of the amount in excess of Tshs. 360,000=00
540,000=00 – 720,000=00	Tshs. 53,100=00 plus 25% of the amount in excess of Tshs. 540,000=00
720,000=00 and above	Tshs. 98,100=00 plus 30% of the amount in excess of Tshs. 720,000=00

THRESHOLD PER ANNUM: annual income of TZS 2,040,000/= is not taxable.

Individual Income Tax Rates – for Zanzibar:

<i>Income Range (monthly)</i> Tshs	<i>Tax rate (PAYE)</i> %
0 – 180,000=00	NIL
180,000=00 – 360,000=00	9% of the amount in excess of Tshs. 180,000=00
360,000=00 – 540,000=00	Tshs. 16,200=00 plus 20% of the amount in excess of Tshs. 360,000=00
540,000=00 – 720,000=00	Tshs. 52,200=00 plus 25% of the amount in excess of Tshs. 540,000=00
720,000=00 and above	Tshs. 97,200=00 plus 30% of the amount in excess of Tshs. 720,000=00

THRESHOLD PER ANNUM: annual income of TZS 2,160,000/= is not taxable.

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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

A SIMPLE BUT COMPREHENSIVE EXAMPLE OF HOW TO COMPUTE HOUSING BENEFIT BY VIRTUE OF SECTION 27(1)(C)

Mr XYZ is a resident of United Republic of Tanzania. He is employed by a company dealing with manufacturing of textile products.

During the year of income 2014 he had the following details:

Mr XYZ's total employment income for the year 2014 before housing benefit is TZS 21,763,333

He was provided a house by employer where the employee (Mr. XYZ) contributed only TZS 100,000 per month as rent. The employer costs the house TZS 500,000 per month in renovation the house and other cost relating to the house which the employer claims this as a deduction.

Mr XYZ occupied the house for 9 months only during the year 2014

The market value of rent is TZS 350,000 per month.

You are required to compute the housing benefit for Mr. X during the year of income 2014

SOLUTION

Section 27(1)(c) comparing (i) or (ii) whichever is lesser

Market rent =TZS 350,000x9= TZS 3,150,000

(aa) 15% of total employment income = $15\% \times 21,763,333 \times 9 / 12 =$ TZS 2,448,375

(bb) expenditure claimed by employer in relation to house TZS 500,000X9= TZS 4,500,000

To compare (aa) and (bb) and take the greater (here the greater is TZS 4,500,000)

Then compare (i) and (ii) above and take the lesser (here the lesser is TZS 3,150,000)

Then this lesser amount is to be reduced by rent paid by employee (Mr. XYZ). But rent paid by Mr. XYZ is TZS 100,000X9= TZS 900,000

Hence, housing benefit [taxable under section 7(2)] will be TZS 3,150,000 - 900,000 = TZS 2,250,000

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Car:

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

Engine size	up to 5 years old	> 5 years old
	Tshs	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.

Non-resident employees of a resident employer

- Income of a non-resident employee of a resident employer is subject to withholding tax of 15%.
- The total income of non-resident individual is chargeable at the rate of 20%

NOTE: non-resident employees = employee who work in Tanzania for less than 183 days, doesn't have a permanent home in Tanzania, is not present in the United Republic during the year of income and in each of the two preceding years of income for periods averaging more than 122 days in each such year of income, or is not an employee or an official of the Government of the United Republic posted abroad during the year of income.

Others

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

Resident and Non-resident employee with secondary employment is chargeable at the rate of 30%.

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 16

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EMPLOYMENT TAXES (Payroll Taxes):

	%
PAYE (employee)	see page 3
Social Security (NSSF, PPF) (up to half (10%) can be deducted from employee)	20

For computing NSSF, "Salary" means gross salary of the member payable to an employee in consideration of the service rendered under the contract of service or apprenticeship or any other form of office of call, including bonus, commission, cost of living allowance, benefits in kind, overtime payment, Director's fees or any other additional emoluments;"

Skills and Development Levy (employer) Tanzania Mainland	4.5
Skills and Development Levy (employer) Zanzibar	5.0

This tax is payable where total number of employees exceed 4 (four) in any one organization.

4.5% 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.

Exempted employers from Skills and Development Levy:

- (a) A Government Department or a Public Institution which is wholly financed by the Government
- (b) Diplomatic Missions
- (c) The United Nations and its organizations
- (d) International and other foreign institutions dealing with aid or technical assistance
- (e) Religious institutions whose Employees are solely employed to administer places of worship, to give religious instructions or generally to minister religion
- (f) Charitable organizations
- (g) Local Government Authority
- (h) Farm employers whose employees are directly and solely engaged in farming
- (i) Registered educational Institutions (Private schools including Nursery, Primary and Secondary Schools; Vocational, Educational and Training Schools; Universities and Higher Learning Institutions)

Exemptions for Zanzibar is applicable only from (a) to (d) and (g) above.

Workers Compensation Fund

Contributions shall be made on monthly basis. Payment of contributions for a particular month shall be made within a period of one month after the end of the month to which the tariff relates. Late payments will attract penalties in line with Section 75(3) and (4) of the Workers Compensation Act No. 20 of 2008.

Monthly contributions shall be 1% of the employer's monthly wage bill for employers in the private sector and 0.5% of employer's monthly wage bill for employers in the public sector.

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WITHHOLDING TAX RATES:

	Resident %	Non-resident %
Dividend		
- Dividend from resident corporation to another resident corporation where the corporation receiving the dividend holds 25% or more of the shares in the corporation	5	n/a
- from DSE listed company	5	5
- otherwise	10	10
Interest	10	10
Rent		
- land and buildings	10	10
- aircraft lease	10	15
- other assets	n/a	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, oil and gas companies	5	15
Insurance premium	n/a	5
Payments for goods supplied to Government and its institutions by any person	2	n/a
Commission on money transfer through mobile phones	10	n/a
Transport (non-resident operator/charterer without permanent establishment)	n/a	5%
Transport across borders	n/a	5%
Withholding income tax on sale of minerals (small miners)	5	n/a
Other withholding payments	15	15

Note:

1. Payment of withholding taxes should be within 7 days after the month of deduction; and
2. The submission of withholding tax statement is within 30 days after each 6 month period.

** does not include the following services: hotel/accommodation services, security services, clearing services, loading and off loading services, storage services, packaging services, vehicle rental, equipment rental, supply of agency staff, and telephone services.

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Investment returns earned by approved retirement funds will now be subjected to Withholding Tax.

Where service involves construction works, the payment which is subject to Withholding Tax shall be based on the ratio of 3:2 for materials and services respectively.

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:

	%
Gain on Sale of investment assets (land, buildings and shares)	
- by resident	10*
- by non - resident	20*
Transport across borders: non-resident transport operator/charterer without permanent establishment	5**

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

**** applied to gross payment**

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INDIRECT TAXES:

Value Added Tax:

Taxable Supplies

	Rate*
Supply of taxable goods & services in Mainland Tanzania	%
Import of taxable goods & services into Mainland Tanzania	18
Export of goods & certain services from the United Republic of Tanzania	0

REGISTRATION THRESHOLD (turnover)

For the purposes of section 28 of the VAT Act, 2014, the threshold for registration shall be one hundred million shillings (100,000,000/=)

MANDATORY REGISTRATION:

A registered professional is required to be registered for VAT purposes regardless of his/her taxable turnover

A government entity or institution carrying on economic activities is also required to be registered for VAT purposes.

Payment due date

Monthly VAT returns and any related payments are due on the 20th day of the following month to which it relates. In case the 20th day falls of Saturday, Sunday or public holiday the due date will change up to first working day following that Saturday, Sunday or public holiday

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

Refund claims

- **A taxable person is allowed to carry forward of net negative amount from earlier VAT returns**
- **A taxable person who has paid more than the net amount for a tax period may apply for a refund provided that the application is made within 3 years after overpayment**

A supply of locally manufactured goods by a local manufacturer shall be zero rated if the goods are supplied to a taxable person registered under the Value Added Tax law administered in Zanzibar and such goods are removed from Mainland Tanzania without being effectively used or enjoyed in Mainland Tanzania.

Requirements of a Valid Tax Invoice for VAT purposes:

According to Section 86 of the new VAT Act 2014, registered persons should issue valid tax invoices generated from electronic fiscal devices for supplies.

The contents of the tax invoice [generated from electronic fiscal devices] should include the following information:

- Date of supply and of invoice;
- Supplier name, address, TIN & VRN;
- Description of goods/services;
- Total Consideration payable for supply;
- EFD/ESD number;
- VAT rate and amount included in the supply; and
- Name and address of recipient of supply

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If the value of the supply exceeds Tshs. 100,000/= (Say, Tanzanian Shillings One Hundred Thousands Only], the name, address, TIN and VRN of the customer should also be mentioned on the tax invoice.

Persons who are not VAT registered with a turnover ranging from Tshs. 14 million and above per year are also required to issue an EFD receipt or tax invoice.

Non-compliance with the above requirements will render input tax claims as invalid.

PENALTIES FOR MISUSE OF ELECTRONIC FISCAL DEVICES**:**

1. Any person who fails to acquire or use electronic fiscal device, fails to issue fiscal receipt or fiscal invoice, issue fiscal receipt/invoice that is false or incorrect, use of EFD device that misleads the system or Commissioner, tempers with or causes EFD to work improperly or in a manner that does not give correct or true picture commits an offence and shall be liable, on conviction to a fine of not less than 200 currency points and not more than 300 currency points or to imprisonment for a term not exceeding 3 years or both.
2. A person involved in above offences upon conviction shall be liable to fine of twice the amount of tax evaded or imprisonment for term not exceeding 3 years.
3. Any person who fails to demand or report a denial of issuance of fiscal receipt or fiscal invoice upon payment for goods or services commits an offence and shall be liable upon conviction to a fine not less than 2 currency points and not more than 100 currency points.

(1 currency point is equivalent to Tshs. 15,000/=)

******* Please refer Regulations 46 to 51 of Tax Administration Act, 2015 – General Regulations (Government Notice 101)***

IMPORT 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 <i>- up to 1 year after commencement of production</i>	0
<i>- thereafter</i>	5 (max)
Equipment and supplies for petroleum and gas exploration	0

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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.

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>		Stat
Filing of return	<i>end of 1st quarter</i>		2.5*
Under-estimation			Stat
Final tax/return			
Payment	<i>6 months after accounting period</i>		Stat
Filing of return	<i>6 months after accounting period</i>		2.5*
Withholding tax:			
Payment	<i>7 days after month of deduction</i>		Stat
Return	<i>30 days after each 6 month period</i>		Stat**
Payroll***:			
Payment			
PAYE	<i>7 days after month of deduction</i>		Stat
Skills & Development Levy	<i>7 days after month end</i>		Stat
NSSF	<i>1 month after month end</i>		5
PPF	<i>30 days after month end</i>	5	5
VAT:			
Filing / payment	<i>20th day of following month</i>	1	2****
Interest chargeable on late payment			CBL + 5
Interest due to taxpayer on late payment of VAT refunds			CBL
Excise Duty:			
Payment	<i>last working day of the following month</i>		Stat
Stamp Duty:			
Payment / Stamping	<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

CBL = Central Bank commercial bank lending rate

* = subject to a minimum of Tshs 75,000 (individuals) and Tshs 225,000 (corporates)

** = subject to a minimum of Tshs 225,000

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

**** = minimum penalty is Tshs 225,000 per month

Penalty for failing to maintain documents: Tshs. 15,000 in the case of individuals and Tshs. 150,000 in the case of body corporate

In prior years, when a taxpayer's estimated taxable profits (declared vide provisional tax returns) deferred with actual taxable profits (declared vide final tax returns) by more than 20%, then interest would be levied for under declarations. Henceforth, the 20% threshold has been removed. As a result, any positive difference between actual taxable profits and estimated taxable profits will be subject to tax interest – for under declaration cases only.

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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 agriculture or manufacturing 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%
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**

The expenditure incurred and allowed for non-commercial vehicle is restricted to TZS 30,000,000. Where commercial vehicle means a vehicle designated to carry more than ½ tonne or more than 13 passengers or is used in transport business

Class 4 of depreciable assets has been removed from the Income Tax Act vide Finance Act 2016.

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DEPRECIATION ALLOWANCES FOR MINERAL OR PETROLEUM OPERATIONS:

- (a) The whole of depreciation allowance expenditure incurred in respect of mineral or petroleum operations during a year of income shall be placed in a separate pool.
- (b) The depreciation allowances shall be granted with respect to each pool at the rates provided below:

Year of income	Depreciation allowance
First year	20% of expenditure
Second year	20% of expenditure
Third year	20% of expenditure
Forth year	20% of expenditure
Fifth year	20% of expenditure

- (c) The depreciation allowance granted with respect to a particular year of income shall be taken in that year and shall not be deferred to a later year(s) of income.

FIRST YEAR ALLOWANCE:

Certain depreciable assets are allowed 50% initial allowance (first year allowance). This means that the proportionate amount of the cost of the asset is deducted in the first year. In the following years the remaining cost of the asset may be depreciated using the normal method according to which class the asset is in (annual allowance). This special allowance applies to plant and machinery –

- I. that is –
used in manufacturing processes and fixed in a factory; and
used for providing services to tourists and fixed in a hotel
- II. that is added to the person's Class 2 or 3 pools of depreciable assets for a business of the person.

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PRESUMPTIVE TAX RATES:

Annual Turnover	Compliance with Section 8o 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 150,000/=	3% 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 318,000/=	Tshs 135,000/= plus 3.8% 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 546,000/=	Tshs 285,000/= plus 4.5% 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 862,500/=	Tshs 487,000/= plus 5.3% of the turnover in excess of Tshs 16,000,000/=

1. *Registration of small vendors and service providers conducting business in an informal sector shall be recognized and registered with TIN and be issued with an Identification Card.*
2. *Where turnover exceeds Tshs 20,000,000/= p.a. the taxpayer is obliged to prepare audited financial statements in respect of his/her business.*
3. *Any person whose turnover exceed Tshs 14,000,000/= p.a. is obliged to acquire and use the Electronic Fiscal Device (EFD).*
4. *A person whose turnover is below Tshs 14,000,000/= shall issue manual receipt in duplicate copy with particulars of:- date, full name of the person sold the goods with TIN thereon, full description of the goods, full name and address to whom the goods were sold and any other particulars the Commissioner General may specify.*

HOTEL LEVY

Every owner of a registered tourism accommodation facility is obliged to collect from every tourist a Hotel Levy of an amount equal to 10% of guest house charges.

RAILWAYS DEVELOPMENT LEVY

There shall be charged a levy known as Railways Development Levy at the rate of 1.5% of customs value on importation of goods entered for home consumption in Mainland Tanzania.

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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

80% of the value (FOB) of Raw Hides and Skins or 0.52 USD per Kilogram whichever is greater.

Wet Blue Leather is 10% of the value of the commodity (FOB)

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.

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.*

With effect from 1 July 2016, Tanzania Revenue Authority shall have the obligation to evaluate, assess, collect and account for property rates.

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KEY AMENDMENTS VIA THE FINANCE ACT, 2017:

- ▣ Definition of the term “business” in the Income Tax Act has been amended to as follows:

“business” includes-

- (a) a trade, concern in the nature of trade, manufacture, profession, vocation or isolated arrangement with a business character; and
- (b) a past, present or prospective business, but excludes employment

the purpose of this change is to bring into tax net activities of not-for-profit organizations which dont fall within the ambit of Section 64 of the Income Tax Act.

- ▣ Adding amongst others, definition of new term: “entity of public character” in the Income Tax Act:

“an entity of a public character” means an entity established and functions solely for a public purpose and which operates in such a way that: (a) its membership is open to the general public or an identifiable group of a community with common interests; (b) it operates for purposes other than deriving profit or gain; (c) it does not allow any distribution or deemed distribution of profit generated out of its charitable business; and (d) its profit is ploughed back and used solely for improving or expansion of the original charitable purpose or function;”

- ▣ Section 91(2)(e) of the Income Tax Act has been amended to mandate inclusion of “certified financial statements” when filing final tax returns – be it an entity or an individual person;

- ▣ Depreciation allowance: expenditure incurred in acquiring a road vehicle, other than a commercial vehicle, to the extent that the expenditure exceeds Tshs. 30,000,000/= the excess shall not be recognized;

- ▣ Amendment to the Occupational Health and Safety Act which relieves private schools from payment of compliance fees;

- ▣ Amendment to the Tax Administration Act, Remission of Interest and Penalty: Where the Commissioner General is satisfied that there is good cause to remit interest or penalty imposed under any tax law, he may remit the whole or part of the interest or penalty payable by that person, except that in the case of interest, the remission shall not exceed fifty percent of the total interest amount.

- ▣ Application for tax refunds should not be more than 3 years in ageing: Amendment of Section 71 of the Tax Administration Act: An application under this section shall, except where a tax law provides otherwise, be made within a period not exceeding three years from the date of payment of tax in excess.

- ▣ In prior years, when a taxpayer’s estimated taxable profits (declared vide provisional tax returns) deferred with actual taxable profits (declared vide final tax returns) by more than 20%, then interest would be levied for under declarations. Henceforth, the 20% threshold has been removed. As a result, any positive difference between actual taxable profits and estimated taxable profits will be subject to tax interest – for under declaration cases only.

- ▣ Amendment of Value Added Tax Act to include zero rating of ancillary transport services as follows:

a supply of ancillary transport services of goods in transit through Mainland Tanzania shall be zero rated in circumstances where the service is- (i) an integral part of the supply of an international transport services; and (ii) in respect of goods stored at the port, airport, or a declared customs area for not more than thirty days while awaiting onward transport;

- ▣ When the deadline for filing of Value Added Tax returns (20th of every month) falls on a Saturday, Sunday or public holiday, then the deadline shall be considered to be the first working day following the Saturday, Sunday or public holiday;

- ▣ Amendment of the Vocational and Education Training Act to exclude registered educational institutions, including nursery, primary and secondary schools; vocational, educational and training schools; and universities and higher learning institutions from payment of Skills and Development Levy.

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CAVEAT

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