



The Foreign Exchange Regulations 2022

EXECUTIVE SUMMARY

13 MAY 2022



THE FOREIGN EXCHANGE REGULATIONS 2022 : EXECUTIVE SUMMARY

Persons travelling out of Tanzania

- Any person travelling out of Tanzania can only buy foreign currency from a registered financial institution or bureau de change to the maximum value (or equivalent) of \$10,000/-, that too upon submission of relevant travel documents.
- Any person travelling into or out of Tanzania with any currency exceeding in value (or equivalent) of \$10,000/- will be required to declare the same at the port of entry or exit (respectively)

Residents operating bank accounts out of Tanzania

- A resident of the United Republic of Tanzania is not allowed to open/maintain a bank account outside Tanzania.

Gold:

No person apart from those permitted by the Governor of Bank of Tanzania shall deal in gold as currency.

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Exporters

- All exporters operating in Tanzania to receive proceeds of their export sales in foreign currency via banks in which they maintain their business bank account(s) and not otherwise.
- Any person residing in Tanzania who has to receive money from a person residing out of Tanzania shall receive such monies via registered financial institutions and not otherwise.
- All exporters have a duty to provide to their bankers all relevant export related documents within 7 days following completion of customs export procedures.
- Payment terms for all exports now limited by law to 90 days and not otherwise. Any delay or shortfall in payment from customer to be explained in writing by exporter to his/her banker, who then is obliged by law to submit this information to Bank of Tanzania in prescribed format.

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Right of offset with foreign creditors

- There will be no right of offset between associated companies for export related transactions.

Tanzanian currency notes

- Tanzanian currency notes cannot be taken out of Tanzania without the approval of Governor of the Bank of Tanzania.

Importers

- All goods to be imported into Tanzania should arrive within 90 days from the date of payment. If the goods do not arrive, the same has to be informed by the importer to his/her banker within 14 days of expiry of the 90 days arrival time period. Where the importer fails to report non-arrival of goods to his/her banker, the banker shall cease to provide foreign currency to the importer until the matter is resolved.

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Schedule of documents required to be submitted to the bank for remission of foreign currencies outside Tanzania:

Purpose	Documentary evidence required
Education or medical	Letter or invoice from service provider out of Tanzania
Living allowances	Passport copy of beneficiary, letter from beneficiary. Amount of each remittance for living allowances should not exceed \$10,000/- or its equivalent
Remittance by expatriates for various purposes	Work permit copy and employment contract with employer in Tanzania
Retirement benefits of expatriates	Work permit copy and employment contract with employer in Tanzania
Insurance or reinsurance	Approval letter from Commissioner of Insurance
Consultancy, management or royalty payments	Agreement with supplier, invoice copy, tax clearance letter from Tanzania Revenue Authority
Other transactions not specifically mentioned in the Regulations	Supporting documents as requested by the banker

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Dividends to foreign shareholders

- All remittances out of Tanzania for dividends and profit repatriation to foreign shareholders requires the transferor to submit the following documents to his/her banker:
 - Audited financial statements or dividend payment notice along with board resolution/annual general meeting minutes; and
 - Tax clearance certificate from Tanzania Revenue Authority.

Investments and funding by non-residents

- Non residents cannot purchase, sell or transfer government securities.
- Non residents can purchase, sell or transfer non-government securities. For this purpose, they must maintain an account with registered financial institution in Tanzania.
- Capital injected by non-residents in Tanzania cannot be converted to debt at later stage and therefore cannot be repatriated unless in an event of entity wind up.

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Foreign Loans and Borrowings

- All loan agreements with foreign lenders whose tenure exceed 365 days shall be registered with the Bank of Tanzania and assigned a Debt Registration Number, which shall then be used for repayment purposes.
- Failure to register foreign loans (whose tenure exceeds 365 days) with Bank of Tanzania shall attract penalty of Tshs. 1,000,000/- per day.
- For loan registration purposes, borrower has to submit all relevant documents to his/her banker within 14 days upon earlier of either date of arrival of incoming funds (loan) or signed loan agreement.

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- The same procedural requirement applies to where loan relates to asset financing arrangement (where funds move directly from the lender to the supplier of the borrower).
- Interest rate and other charges including loan repayment terms shall be commensurate with prevailing market conditions and conducted at arm's length level and not otherwise.
- Bank of Tanzania reserves the right to refuse to register any foreign loan if it fails to comply with any requirement under this law.

Investment by residents in real estate out of Tanzania

- The law permits residents to acquire real asset assets out of Tanzania in a prescribed territory provided approval of Bank of Tanzania is obtained, the necessary tax clearances are obtained and relevant supporting documents are available. For this purpose, remittances out of Tanzania should be made through registered financial institution.

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Proceeds from life assurance policy

- Proceeds from life assurance policy acquired overseas is permissible to be transferred into or out of Tanzania.

Others

This law replaces the Foreign Exchange Regulations of 1998 and the Foreign Exchange (Listed Securities) Regulations of 2003.



CAVEAT

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