

# Tanzania Tax Data card 2022-23

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# INCOME FROM EMPLOYMENT

## PAYE rates:

Bands of Monthly Income	Tax on band (in TZS)
Up to TZS 270,000	0
TZS 270,000 to TZS 520,000	8% of the amount over TZS 270,000
TZS 520,000 to TZS 760,000	TZS 20,000 plus 20% of the amount over TZS 520,000
TZS 760,000 to TZS 1,000,000	TZS 68,000 plus 25% of the amount over TZS 760,000
Above TZS 1,000,000	TZS 128,000 plus 30% of the amount in excess

## Employee Tax Obligations:

	%
Pay as you earn (PAYE) – Employee	As stated above
Social Security (NSSF, PSSSF) (up to half (10%) can be deducted from employee)	20
Skills and Development Levy (SDL) (employer)	4*#
Workers' Compensation Fund (employer)	0.5
Individual (Resident/Non-Resident) with Secondary employment	30%

# Small-scale mining operators are required to pay 0.4% of the sell value of the minerals at the time of selling minerals and payment of royalty at Mineral and Gem Houses or at buying stations designated by the Mining Commission under the Mining Act.

\*SDL is applicable where the number of employees is 10 or more in any entity).

**Note:** SDL shall not be charged upon interning students from higher education or vocational and education training institutes who are under TESA Program.

## While calculating PAYE and SDL, we include below:

- Payment of wages, salary, leave encashment, commissions, bonus, gratuity, traveling entertainment benefits, benefits in kind and other employment benefits
- Reimbursement of expenditure toward employment
- Retirement contributions and payments
- Redundancy, loss of employment, or termination benefits
- Annual director fees paid to full-time directors

## While calculating PAYE and SDL, we exclude below:

- Exempt amounts and final withholding tax payments
  - Below services provided on a non-discriminatory basis
  - On-premises cafeteria services
- Medical services, insurance payments, and reimbursements. This includes individual, spouse, and upto 4 children
- Reimbursement of traveling and other allowances solely related to the business
- Benefits derived from the motor vehicle. The employer should not claim such expenses related to motor vehicle
- Traveling allowance to individual, spouse, and upto 4 children to or from the workplace to home provided the distance is more than 20 miles
- Retirement contributions and retirement payments exempted under the Public Service Social Security Fund
- Unreasonable or administratively impracticable payment for the employer to account for or to allocate to their recipients
- Allowance payable to an employee who offers intramural private services to patients in a public hospital
- Various benefits given to government employees

# INCOME FROM EMPLOYMENT

**Motor Vehicle:** Taxed according to engine size and vehicle age on the following annual values:

Engine size	Less than 5 years old (in TZS)	More than 5 years old (in TZS)
Not exceeding 1000cc	250,000	125,000
Above 1000cc not exceeding 2000cc	500,000	250,000
Above 2000cc not exceeding 3000cc	1,000,000	500,000
Above 3000cc	1,500,000	750,000

## Exemption from SDL applies to the following organizations:

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

**Benefits are given to employees subject to employment taxes:**

**Housing:** Lower of the

(a) Market rental value of the premises

(b) The higher of the following:

- 15% of the employee's total annual income before benefits and
- Expenditure claimed as a deduction by the employer in respect of the premises.

**Exclusions:** benefit derived from the use of residential premises by an employee of the Government or any institution whose budget is fully or substantially out of Government budget subvention.

**Loans:**

- Loan given to the employee for a term less than 12 months, should not exceed 3 months' basic salary.

For any other case, excess of statutory rate over actual interest charged to the employee.

# INCOME FROM BUSINESS - PRESUMPTIVE TAX RATES

Specific presumptive income tax rates apply for individuals with business turnover not exceeding TZS 100 Million.

Annual turnover (TZS)	Requirement
Small vendors & service providers with less than TZS 4,000,000/-	Recognized with Identity Card
Where turnover exceeds TZS 100,000,000/-	Required to prepare Audited financial statements
Where turnover exceed TZS 14,000,000/- per annum	Obligated to acquire and use the EFD machine
Where turnover is below TZS 14,000,000/- per annum	Required to issue a manual receipt in duplicate copy with all particulars of customer & goods or services.

Professional, technical, management, construction, and training services providers will no longer fall under the presumptive tax band and are now mandatorily required to prepare audited financial statements and pay taxes accordingly.

## Income Tax - Non-resident Individuals

The total income of a non-resident individual for the year of income shall be taxed at the rate of 30%. 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 TZS 4,000,000	NIL	NIL
Where turnover is between TZS 4,000,000 and TZS 7,000,000	100,000	3% of the turnover in excess of TZS 4,000,000
Where turnover is between TZS 7,000,000 and TZS 11,000,000	250,000	TZS 90,000 plus 3% of the turnover in excess of TZS 7,000,000
Where turnover is between TZS 11,000,000 and TZS 100,000,000	3.5% of the Turnover	3.5% of the turnover

	Rate
Individual under small scale mining meeting presumptive criteria	2% of the sale value of minerals



# INCOME FROM BUSINESS - CORPORATE TAX

Corporation rate	Profit %	Turnover %
Resident Companies*	30	N/A
Newly listed companies – reduced rate for first 3 years**	25	N/A
Newly established assemblers of motor vehicles, tractors, fishing boats or out boats engine - reduced rate for 5 years ***	10	N/A
Newly established entity dealing in manufacture of pharmaceuticals or leather products ***	20 25	N/A
Newly established entity dealing in manufacture of Sanitary pads ****		N/A
Alternative minimum tax *****	-	0.5
Non-Resident generating income from Digital Market Place #		2

# Digital Market place-a transaction or activity carried out through the internet or an electronic means including an electronic service or transaction conducted in the digital marketplace regardless of the manner in which such transaction is carried out”

File returns on or before the 7<sup>th</sup> of the following month.

\* Includes Permanent Establishment of a non-resident (which also accounts for 10% tax on repatriated income)

\*\* Provided at least 30% of shares are publicly issued and manufacturer of sanitary pad.

\*\*\* Should have a performance agreement with the Government.

\*\*\*\*first 2 years from the commencement of production (from July 2019)

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

## Note: Alternate Minimum Tax (AMT)

- As per amendments made in Section 19 of the Income Tax Act through Finance Act, 2020, the deduction of brought-forward losses is limited to 70% of the current year’s taxable profits.
- This provision applies to companies that have accumulated losses for four consecutive years. In addition to that, the companies are also required to pay AMT of 0.5% of the turnover of that year.
- Alternative Minimum Tax does not apply to Organizations engaged in Agriculture, Health, and Education Services

## Deductions not allowed under corporate tax:

- Consumption expenditures such as domestic or personal expenses
- Excluded expenditures such as
  - Tax payable
  - Bribes and expenditures incurred in corrupt practice
  - Fines and penalties for breaching laws
  - Expenditure related to exempt income or income subject to final withholding tax payments
  - Dividend distributions by an entity
  - Withholding tax paid by the withholder
- Capital expenditures having benefits for more than 12 months

# INCOME FROM BUSINESS - CORPORATE TAX DEDUCTIONS

All expenditures incurred during the year of income shall be allowed for corporate tax deduction provided those are incurred by the person wholly and exclusively in the production of income from the business or investment.

## Interest

- Debt obligation incurred for borrowing money and that money employed in the business or was used to acquire assets employed in generating income for the business or investment
- in any other case, the debt obligation was incurred wholly and exclusively in the production of income from the business or investment
- Total amount of interest that an exempt-controlled resident entity may deduct for a year of income shall not exceed interest equivalent to a debt-to-equity ratio of 7:3
- Where there is a change in the amount of debt or equity, it shall be the average of balances of debt or equity at the end of each period

“debt” means any debt obligation excluding:

- a non-interest-bearing debt obligation
- a debt obligation owing to a resident financial institution; and
- a debt obligation owing to a non-resident bank or financial institution on whose interest tax is withheld in the United Republic

“equity” means:

- Paid-up share capital

## Trading Stock

- The trading stock allowance shall be calculated as -
  - Opening value of trading stock **plus**
  - Expenditure incurred for year of income included as a cost of trading stock **less**
  - Closing value of trading stock
- The opening value of trading stock shall be the closing value of trading stock of the business at the end of the previous year of income.
- Closing value of trading stock for a year of income shall be the **lower of** -
  - Cost of the trading stock of the business at the end of the year of income or
  - Market value of the trading stock of the business at the end of the year of income

## Repairs and Maintenance

- It shall be allowed in respect of the repair or maintenance of depreciable assets to the extent, it is owned and employed by the person wholly and exclusively in the production of income from the business
- Above deduction shall not be allowed for expenditure in improving an asset, but that expenditure may be included in the cost of the asset if the requirements of section 37 are met.

**Note:** An entity is an exempt-controlled resident entity for a year of income if it is resident and at any time during the year of income 25% or more of the underlying ownership of the entity is held by entities exempt under the Second Schedule, approved retirement funds, charitable organizations, non-resident persons or associates of such entities or persons.

# INCOME FROM BUSINESS - CORPORATE TAX DEDUCTIONS

All expenditures incurred during the year of income shall be allowed for corporate tax deduction provided those are incurred by the person wholly and exclusively in the production of income from the business or investment.

## Gifts to public, charitable, and religious institutions

The deduction is allowed for:

- amounts contributed to a charitable institution as per section 64(8) or social development project
  - Any donation made under section 12 of the Education Fund Act and
  - Amount paid to local government authorities, which are statutory obligations to support community development projects.
- Deduction made under section 64(8) should not exceed 2% of the income from business calculated without such deduction

## Losses on realization of business assets and liabilities

- A business asset of the business that is or was employed wholly and exclusively in the production of income from the business
- A debt obligation incurred in borrowing money, where the money is or was employed or an asset purchased with the money is or was employed wholly and exclusively in the production of income from the business; or
- Liability of the business other than a debt obligation incurred in borrowing money, where the liability was incurred wholly and exclusively in the production of income from the business.

## Losses from business or investments

- In calculating a person's income in the year of income, losses will be deducted from a particular business using the following principles:

Category of loss to be carried forward	Time limit
In the case of a foreign source loss from an investment, only in calculating the person's foreign source income from an investment	Unlimited
In the case of other losses from an investment, only in calculating the person's income from an investment	Unlimited
In the case of other foreign source losses, only in calculating the person's foreign source income	Unlimited
in the case of loss incurred on agricultural business, only in calculating the person's income derived from agricultural business	Unlimited

# INCOME FROM BUSINESS - DEPRECIATION ALLOWANCE

Depreciation allowance is granted on depreciable assets owned and employed during the year wholly and exclusively in the production of income from the business.

Assets	%
Buildings (straight line)	
- Agriculture or livestock/fish farming	20
- International pipeline*	5
- Other	5
Plant and machinery (initial allowance for new assets)	
- Manufacturing ,tourism , Fish farming	50
Plant & machinery (reducing balance)	
- Class 1 (Computers, automobiles, buses less than 30 pax capacity, construction, and earth-moving equipment)	37.5
- Class 2 (buses more than 30 pax capacity, heavy vehicles, aircraft, plant, and machinery used in manufacturing, agriculture, irrigation etc.)	25
- Class 3 (office furniture, fixtures, and equipment)	12.5
- Windmills, electric generators used in agriculture	100
- EFD purchased by a non-VAT	100
- registered trader	20
- Extractive sector – prospecting, exploration, and development (straight line)	
Intangible assets (straight line)	Over useful life

## Points to note for depreciation allowance:

- Depreciation is allowed as per the number of days in the person's year of income.
- Where a pool of depreciable assets produces an amount less than TZS 1 million, additional depreciation of the pool shall be calculated as equal to that amount.
- Expenditure incurred in acquiring a road vehicle, other than a commercial vehicle, to the extent that the expenditure exceeds TZS 30 million the excess shall not be recognized.
- Initial allowance of 50% is available for the plant and machinery employed for manufacturing activities in the year of addition and followed a year
- On realization of depreciable assets, excess or shortfall after adjusting the selling price with WDV should be transferred to the computation of taxable income

\*International pipeline means a cross border pipeline for transportation of crude oil from a foreign country to a port facility in the United Republic in which such crude oil is exported to another foreign country.



## ADVANCE TAX FOR PERSONS ENGAGED IN THE TRANSPORTATION OF PASSENGERS OR GOODS:

Category A: Goods Vehicle	Amount in TZS
Load Vehicle between 0 - 1 Tonne	180,000
Load Vehicle between 1 - 5 Tonnes	450,000
Load Vehicle between 6 - 10 Tonnes	720,000
Load Vehicle between 11 - 15 Tonnes	1,710,000
Load Vehicle between 16 - 20 Tonnes	2,430,000
Load Vehicle between 21 - 25 Tonnes	2,610,000
Load Vehicle above 25 Tonnes	2,790,000
Category B: Passenger Vehicle	Amount in TZS
Bus and other similar vehicle with seating capacity	
• Below 10 Passenger	180,000
• Above 10 and below 16 passengers	450,000
• Above 16 and below 30 passengers	720,000
• Up to 32 passengers	1,710,000
Ordinary Bus	2,430,000
Semi Luxury	2,610,000
Luxury	2,790,000

# INCOME TAX - DIGITAL ELECTRONICS SERVICES

Income Tax	Applicable Rate
Services rendered through a digital marketplace	2% of gross payments



## Points to consider:

- The electronic services covered include websites, web-hosting, software, Images, access to databases, self-educational packages, music, films, games, and related services.
- A non-resident provider of electronic services shall be required to make an online application for registration to the Commissioner General.
- 1 January 2023 registration deadline for existing non-residents supplying electronic services prior to 1st July 2022 in Mainland Tanzania.
- Returns for tax on electronic services shall be filed online in a prescribed form on or before the 7th Day of the month following the month to which the payments relate.
- Tax shall be paid on or before the 7th Day of the month following the month to a bank account designated by the Commissioner General in Tanzanian Shillings or equivalent.
- A registered non-resident shall not be required to acquire or use an EFD machine.
- Failure to comply with the regulations shall commit an offense and shall be liable to a fine not less than TZS 3 million and not more than TZS 4.5 million or imprisonment for a term not exceeding 3 years.
- A non-resident supplier of electronic services to Mainland Tanzania, who does not appoint a representative is required to apply for registration as a Taxable person.
- A person registered under these regulations shall not claim Input VAT credit.

For more updates on this tax, kindly read the “Taxation of Digital Services - Income Tax and VAT Regulations 2022” article available on our website [www.raftgroup.co.tz](http://www.raftgroup.co.tz).

# WITHHOLDING TAX

Description of Payment	Rate for Resident	Rate for Non-Resident
(i) Dividends from the Dar es salaam Stock Exchange listed corporations	5%	5%
(ii) 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
Dividends from other corporations	10%	10%
Interest	10%	10%
Royalties relating to cinematography film, videotape, sound recording or any other like medium	10%	10%
Royalties – others	15%	15%
Other Withholding payments from Investment Returns.	15%	15%
Rental Income – Land and Buildings, Aircraft Lease	10%	10%
Resident Tenants on resident buildings	10% rent per annum	N/A
Technical services fees (mining)	5%	15%
Rental Income – Other assets	N/A	10%
Insurance Premium	N/A	5%
Natural Resources Payment	15%	15%
Service Fees	5%	15%
Directors Fee (Non-full time Directors)	15%	15%
Commission to agents by service providers on money transfer through mobile phones.	10%	N/A
Payments for goods supplied to Government and its institutions by any person.	2% of gross payment	N/A

## Points to remember:

- Withholding tax is deducted from the payment made to residents or non-residents
- Withholding tax is not applicable to-
  - Payments made by individuals not conducting business
  - Payments that are of exempt nature
- Professional Services include services rendered by any recognized professional body and shall include other services or activities of an independent business character including consultancy, legal, architectural, engineering, supervisory, accounting, auditing, medical, artistic, survey, theatrical performance, sports, exhibition, private security services, private investigation and consultancies in various disciplines or any entertainment held or given other than those for remuneration under a contract of employment
- Service payment made towards construction works where the amount of material and services could not be apportioned, withholding tax should be deducted at the ratio of 3:2
- Withholding tax relief may be given to SEZ, EPZ investors, certain government projects, and strategic investors upon application

# VALUE ADDED TAX (VAT)

Taxable supplies	Applicable Rate
(i) Supply of goods and services	18%
(ii) Import of goods and services	18%
(iii) Export of goods and any other services	0%

## Notable amendments:

### Air Charters

The VAT exemption on air charter services is applicable up until December 2022, from January 2023 the supply of air charter services shall be subjected to a VAT charge.

### Mobile Phones:

Importation of mobile phones, smartphones, and tablets shall be subjected to a charge of VAT.

VAT Refund Claims Conditions	
(i) Regular Repayments	On monthly basis
(ii) Standard Application*	6 months Basis

\*Mandatory registration irrespective of turnover for professional service providers and government institutions with economic activity.

### Mining Activities

- Royalty on gold sold at refinery centers has been reduced from 6%-4%.
- Royalty on coal used as industrial raw materials has been reduced from 3%-1%.

## Points to remember:

- Threshold limit for VAT registration is TZS 100 million and once crossed, should be applied for registration within 30 days. However, intended buyers who are likely to attend threshold within next 12 months and professional service providers should obtain registration from the day they start their business operations.
- VAT registered person should use TIN (Tax Identification Number) and VRN (VAT Registration Number) on all documents issued the under Act

## VAT input credit is allowed:

- The goods, services, or immovable property on which the input tax was incurred acquired or imported into Mainland Tanzania by the person in the course of the person's economic activity and for the purpose of making taxable supplies

## VAT input credit is not allowed for:

- an acquisition of goods, services, or immovable property, to the extent that it is used to provide entertainment unless the person's economic activity involves providing entertainment in the ordinary course of the person's economic activity
- an acquisition of membership or right of entry for any person in a club, association, or society of a sporting, social, or recreational nature
- an acquisition or import of a passenger vehicle, or of spare parts or repair and maintenance services for a passenger vehicle, unless the person's economic activity involves dealing in, hiring out, or providing transport services in passenger vehicles and the vehicle was acquired for that purpose
- Person cannot claim an input tax credit for the period of more than six succeeding tax periods from the date of claim
- Partial input tax credit is available if the taxpayer is dealing with taxable or exempt supplies and input credit should be apportioned between taxable and exempt sales



# CAPITAL GAIN TAX

## Disposal of Investment Assets

Description	Tanzanian Asset	Overseas Asset
Individual – Resident	10%	30%
Individual-Non Resident	30%	N/A
Resident Company	30%	30%
Non-resident Company	30%	N/A

## Exemptions on the realization of investment assets in the United Republic of Tanzania

- Private residence with a gain of TZS 15,000,000 or less
- Agricultural land with a market value of less than TZS 10,000,000
- Shares - DSE shares held by a resident and Shares held by non-resident with shareholding less than 25%
- Issue or transfer to the Government of shares / free carry interest; or transfer of mineral rights and mineral information to an entity in which the Government is a partner.
- Units in an approved Collective Investment Scheme

**The following transactions are not considered as realization subject to capital gains income tax and capital gains, if any, which arise from such realization are exempt from capital gains income tax:**

- Distribution of the investment asset to its shareholders on its liquidation.
- Distribution of the investment asset on the dissolution of a firm, body of individuals, or association of persons.
- Any transfer in a scheme of amalgamation of an investment asset by the amalgamating company to the amalgamated company if the amalgamated company is a Tanzanian company.

## Points to remember:

- A person who owns an interest in land or building shall be treated as realizing the asset
  - When the person parts with ownership of the interest including when the interest is sold, exchanged, transferred, distributed, canceled, redeemed, destroyed, or surrendered in the case of interest of a person who ceases to exist, excluding a deceased individual, immediately before the person ceases to exist.
- In the case of interest owned by an entity at the moment the underlying ownership of an entity changes by more than 50% as compared with that ownership at the time during the previous 3 years except when for a period of 2 years after the change the entity
  - conducts the business or where more than one business was conducted, all of the businesses that it conducted at any time during the 12 months period before the change and conducts them in the same manner as during the 12 months period
  - conducts no business or investment other than those conducted at any time during the 12 months period before the change
- Advance tax payment by quarterly installments does not apply to the tax on capital gains on the realization of interest in land or buildings

# EXCISE DUTY

Category	Item description	Applicable rate
Goods	Applied to specified goods including, alcohol, petroleum products, soft drinks, non-utility motor vehicles > 1000cc, twines, yarns, vehicles exceeding a certain age limit, tobacco and specified imported goods	Specific & Ad-valorem rates
	Imported vehicle aged 8 years but not more than 10 years, counted from the year of its manufacture.	15%
	Imported vehicle aged more than 10 years, counted from the year of its manufacture	30%
	Imported used motor-cycles aged more than 3 years	10%
	Disposable plastic bags	50%
Service	Electronic communication services	17%
	Charges by financial institutions	10%
	Money transfer and withdrawal charges by telecommunication service providers	10%
	Satellite and cable television broadcasting	5%

Category	Item description	Newly levied Rates
Goods	Chewing Gums(whether or not sugar coated), other sugar confectionary	
	- Locally produced	500 per Kg
	-Imported	700 per Kg
	Chocolate and food containing cocoa (Filled or non-filled or others)	
	-Locally produced	500 per Kg
	-Imported	700 per Kg
	Sweet Biscuits	
	-Locally produced	500 per Kg
	-Imported	700 per Kg
	Electric Accumulators	
	-Locally produced	5% per unit
	-Imported	10% per unit
	Lead-acid Accumulators	
	-Locally produced	5% per unit
	-Imported	10% per unit

**Points to remember:** Persons liable to pay excise duty:

- Importer of scheduled article
- Manufacturer of any scheduled article in Tanzania:
  - upon sale of the article by him, or
  - upon the article ceasing to be subject to customs control, or
  - upon removal of the article from the premises where it was manufactured, **whichever first occurs**
- Any scheduled article manufactured or imported by any person free of duty and which is subsequently sold to any other person, by the purchaser at the time of the sale of the article by him
- any electronic communication service supplied by the electronic communication service provider at the time when such mobile, fixed or wireless phone or any device used to it, is in use or when payment is received for the service, whichever time shall be the earliest
- Any pay-to-view satellite television service provider when the service is supplied
- Charges or service fees by financial institutions and telecommunication service providers on money transfer and payment services

# EXCISE DUTY AND LEVIES

Category	Item description	Applicable rate
Goods	Aircraft (including helicopters, airplanes) but excluding commercial aircraft, yachts, and other vessels for pleasure or sport	20%
	Imported furniture (per unit)	15%
	Imported used spare parts (for vehicles, motorcycles, domestic and electrical appliances)	25%
	Motor car with cylinder capacity exceeding 1,500cc but not exceeding 2,000cc	5%
	Motor vehicle with engine size greater than 2,000cc but not exceeding 3,000cc	5%
	Old passenger motor vehicles (more than five years)	10%
	Liquefied petroleum gas (LPG)	0%
	Music and film products	TZS 50 per unit

**Fuel levy:**

The fuel levy is charged on petroleum and diesel at a rate of TZS 413 per liter.

**Petroleum levy:**

Petroleum levy is charged on petroleum, diesel, and kerosene at TZS 100 per liter.





# IMPORT DUTY

Items attracting custom duty	Applicable Rate
Capital goods, raw materials, agricultural inputs, pure-bred breeding animals	0%
Semi-finished goods	10%
Finished commercial or final consumer goods	25%
Equipment and supplies imported by mining operator / sub-contractor	
- up to 1 year after commencement of production	0
- thereafter	5 (max)
Equipment and supplies for petroleum and gas exploration	0%
Machinery and spare parts thereof imported by a licensed mining company and used in mining activities	0%
Machinery and inputs except motor-vehicles imported by a licensed company for direct and exclusive use in oil, gas or geothermal exploration, development and distribution.	0%
Railway Development Levy	1.5%

## Points to remember:

- Railway Development Levy is not applicable to imported goods that are exempted under the East African Community Customs Management Act, 2004, and also not applicable to pharmaceutical goods, fertilizers, Jet A-1, or goods in Transit.





## VARIOUS OTHER DUTIES AND LEVIES

Duty/Levy/Tax	Item description	Applicable rate/Amount
Stamp Duty	Conveyance / transfer, transfer of shares or debentures, lease agreements	1%
	Stamp duty on conveyance of agricultural land is restricted to TZS 500	
Tourism Development Levy	Registered tourist accommodation facility providers will collect a tourist levy or bed night levy per tourist per night.	1.5\$
Port Charges	Port service charge for a - Resident - Non-resident For a journey in a ship or ferry within/outside Tanzania.	TZS 1,000 10\$
	Imported vehicle aged more than 10 years, counted from the year of its manufacture	30%
Gaming Taxes	Winning Tax on all Sports Betting	10%
	Land Based casino	12%
Hotel Levy	Every owner of a registered tourism accommodation facility is obliged to collect from every tourist a Hotel Levy	20% of guest house charges
Service Levy	City Service levy on turnover	0.3% on total turnover (VAT Exclusive)
Property Tax	Residential Properties ( Dar es salaam region)	0.15% as per valuation rolls
	Commercial Properties (Dar es salaam region)	0.20% as per valuation rolls
In City, Municipal & Town councils	Ordinary Building	TZS 12,000
	Store building	TZS 60,000
In districts councils	Ordinary building	TZS 12,000
	Store building	TZS 60,000

# VARIOUS OTHER DUTIES AND LEVIES

Duty/Levy/Tax	Item description	Applicable rate/Amount
Mineral royalties	Diamonds, Gemstones, Metallic minerals (incl. copper, gold, silver and platinum group minerals)	6%
	Uranium	5%
	Gems	1%
	General rate	3%
Motor vehicle transfer Tax	Motor Vehicle transfer fees	TZS 50,000
	Motorcycle transfer fees	TZS 27,000
	Motor Vehicle (Fee for duplicate card)	TZS 50,000
	Tricycle (example Bajaj) - Fee for duplicate card	TZS 30,000
	Motorcycle (Fee for duplicate Card)	TZS 20,000
Motor Vehicle Driving license	License fee renewable every 5 years	TZS 70,000
	Driving Test fees	TZS 30,000
	Provisional license fees renewable every 3 months	TZS 10,000
	Personalized Plate Number Registration fee every 3 years	TZS 5,000,000
Mineral royalties	Diamonds, Gemstones, Metallic minerals (incl. copper, gold, silver and platinum group minerals)	6%
	Uranium	5%



# OTHER TAXES AND COMPLIANCES

## Repatriation Tax

Where a branch (domestic permanent establishment) of a foreign company operates in Tanzania, its profits are charged at the rate of 30% of taxable income, and funds repatriated by the branch to its foreign company are charged at the rate of 10% on repatriated income as provided in section 72 of the Act.

## Dividend Distribution Tax

Dividends distributed by a resident corporation, controlling 25% or more shares, shall be taxed at 5% when paid to another resident corporation and 10% when paid to a non-resident company.

Corporations that are listed on Dar-es-Salaam Stock Exchange (DSE) and paying dividends to the resident or non-resident entities shall be taxed at 5%. Dividends paid by other companies shall be taxed at 10% for residents or non-residents.

## Foreign Tax Relief

A resident corporation may claim foreign tax credits in a year of income for any foreign income tax paid by a corporation to the extent to which it is paid with respect to the corporation's taxable foreign income for the year of income. Foreign tax credits claimed shall be calculated separately for each year of income and shall not exceed the average rate of Tanzania income tax of the corporation for the year of income applied to the corporation's taxable foreign income. However, a corporation may elect to relinquish a foreign tax credit available for a year of income and claim a deduction for the amount of the foreign income tax; but otherwise, no deduction is available for foreign income tax.

## Business License

The Business Licensing Act No. 25 of 1972 is the Main Act for Business Licensing Processes in Tanzania. The Act requires that No Entity is required to operate a Business in Tanzania without being a Holder of a Valid Business License issued by the Respective Authority. In Tanzania, Business Licenses are issued by two Authorities namely the Business Registration and Licensing Agency (BRELA) for Class "A" Business Licenses and Local Government Authorities (LGAs) for Class B Licenses.

### Pre-requisite for Obtaining a Business License.

For any entity to obtain a Business License, it should have:-

- Lease agreement or Title deed (in case of ownership of premises)
- Certificate of Incorporation (BRELA)
- Tax Identification Number (TIN) certificate from Tanzania Revenue Authority (TRA)
- Registration with the Sector Ministry/ Agency for the Permit to operate in the sector

Business License should be applied with the Ministry of Industry Trade and Investment (MITI) or Local Government Authorities depending the upon naturethe of business.

# OTHER TAXES AND COMPLIANCES

## Transfer Pricing

- Taxpayers are provided with guidance about the procedures to be followed in the determination of arm’s length prices and provide consistency in the administration of the Income Tax Act, Cap.332, and its regulations taking into consideration the Tanzania business environment. These guidelines are therefore expected to provide a general overview as well as practical guidance on issues and factors to be considered in arriving at an acceptable arm’s length price.
- Taxpayers with related party transactions of TZS 10 Billion (USD 4.35 million) are required to file with Commissioner General their transfer pricing documentation together with their tax returns.
- However, during TRA audits, the Commissioner General can ask for transfer pricing documentation for the taxpayers whose transaction is below the above mandatory limit. Hence, it is advisable to maintain this documentation by all the taxpayers having transactions with their associates every year to avoid penal actions.

	Specific Failures	Interest/Penalty
Penalty	Non-Compliance with arm’s length principle	100% of transfer pricing adjustment
	Failure to provide TP documentation	3,500 Currency points

## Tax Treaties

Tanzania has a double taxation avoidance agreement (DTAA) with each of the following countries: South Africa, Denmark, Canada, Finland, India, Italy, and Norway.

- However, the DTT with Zambia has no limitation under the treaty on withholding tax on dividends, interest, royalty, and management fees. These payments are only subjected to tax in the originating country if they are not taxable in the recipient country.
- Under the DTT with Canada, India, and Sweden, interest rates are further reduced for certain percentages of ownership.
- Services received from South African suppliers in Tanzania are not considered under Article 7 of DTAA signed between Tanzania and South Africa.\*

Treaty Countries	Dividend (%)	Royalty (%)	Management or professional Fees (%)
South Africa	10% / 20%	10%	10%
Sweden	15% / 25%	15%	20%
India	10% / 15%	12.5%	20%
Italy	10%	15%	15%
Norway	20%	15%	20%
Finland	20%	15%	20%
Denmark	15%	12.5%	20%
Canada	20% / 25%	15%	20%
Zambia	No Limitation	No Limitation	No Limitation

\*The Court of Appeal of Tanzania judgment in the case of Mlimani Holdings Limited (referred to as ‘MHL’ or ‘Appellant’) Vs. Commissioner General Civil Appeal no. 265 of 2021.



# DEADLINES FOR SUBMISSION OF RETURNS, TAX PAYMENTS & OTHER STATUTORY PAYMENTS

Category	Descriptions	Deadline
Annual returns	Return of Income (Corporate Tax)	6 months after accounting period
	Statement of Estimated Tax payable	Before end of first quarter
	Provisional Tax payable	Installment: Each quarter end
	WCF Annual return	Every year by 31st March.
Monthly Returns	Skills Development Levy (SDL)	7 days after month of deduction
	Value Added Tax (VAT)	20 <sup>th</sup> Day of the following month
	Excise Duty	30 days after working month
	Withholding Taxes (on both service & Rent)	7 days after month of deduction
	Digital Service Tax	7 days after month of deduction
	Electronic mobile money transfer & withdrawal levy by the collector	7 days after month of deduction
Transfer pricing	Transfer pricing Documentation	Within 30 days of request
Tax payments	Employment Taxes (P.A.Y.E)	7 days after month of deduction
	Skills Development Levy (SDL)	7 days after month of deduction
	Withholding Taxes (on both rents & service)	7 days after month of deduction
	Excise Duty	30 days after working month
	Monthly Value Added Tax	20 <sup>th</sup> Day of the following month
	Stamp Duty	30 days after execution / entry of instrument
Other Monthly statutory payments	Social Security Funds (NSSF, PSSSF, NHIF)	1 month after month end
	Workers Compensation Fund (WCF)	1 month after month end
Return of employment for non-citizens	Labour Commissioner - Dodoma	30 <sup>th</sup> June and 31 <sup>st</sup> December

# INTERESTS & PENALTIES FOR NON-COMPLIANCE

Category	Specific Failures	Interest/Penalty/Fine
Penalties	Failure to maintain documents	- Individual 1CP - Entity 10CPs
	Failure to file Tax returns - Provisional return - Statement of WHT, SDL, PAYE - Return of Income	- 2.5% of amount shown in return - Individual 5CPs - Entity 15CPs Whichever is higher
	Making false or misleading statements	- 50% of tax shortfall (without reasonable excuse) - 75% of tax shortfall made knowingly
	Aiding another person to commit offence	- 100% of the tax shortfall
Interests	Under estimation of Tax payable	- Statutory* rate compounded monthly
	Failure to pay tax on time	- Statutory* rate on the amount of tax payable
Social Security Funds	NSSF/PSSSF – Late payment	5%
Workers Compensation Fund	WCF – Late payment	- Fine of TZS 50,000,000/- or imprisonment for a term of ten years or to both.
Return of employment for non-citizens	Non-filing of return on due dates	- TZS 500,000 every month or part of the month until non-compliance continues
Storage Facility	Failure to Register storage facility	- - TZS 4,500,000 and any revenue loss detected due to undisclosed goods.
Offences for Failure to Use EFD	Failure to issue a fiscal invoice or fiscal receipt at the time of supply of goods, provision of service or receiving payment for goods and services shall be considered as an offense for failure to use EFD	- TZS 4,500,000 for every time found in default
Excise Duty	1 <sup>st</sup> Time offender	- Up to TZS 4,950,000 or imprisonment up to 3 year or both
Excise Duty	Subsequent Offender	- TZS 4,950,000 to TZS 52,500,000 or Imprisonment of 5 years to 20 year or both
Licensing or Registration	Failure to apply for License or Registration	- Up to TZS 7,500,000 or Imprisonment up to 1 year or both

\*Statutory Rate (prevailing discount rate determined by Bank of Tanzania). In the case of late payment of excise duty interest is “Stat+5”)

The current prevailing statutory rate as on 3 February 2021 is 7% per annum. CP – Currency Point; 1CP=TZS 15,000

# OTHER TAXES AND COMPLIANCES

## LOCAL TAXES

1	Service Levy for corporate entities or any person conducting business with business licence - charged on turnover	Rate set by LGA - Maximum rate : 0.3% of turnover net of the value added tax and excise duty
2	<b>Property Tax</b> NOTE Payment for property tax will be made on every purchase of the electricity unit up to the limit of the rates mentioned for the respective month	TZS 1,000/= per month on ordinary buildings with one meter; and a rate of TZS 5,000/= per month for every storey building or apartments with one meter
3	<b>Land Rent on Occupation ie. On processing the Certificate of Occupancy</b> New land occupancy Regularizing Land	Premium rate of 0.5% Premium rate of 0.5%
4	Hotel levy	10 % of the guest house charges payable by a guest

<b>Export Levy:</b> Raw cashew nuts	15% FOB Value or 15% FOB or USD 160 per metric tones whichever is greater
Custom processing fee	0.6% of FoB value
Railway Development Levy (Charged based on Customs Value on goods entered for home consumption in Mainland Tanzania)	1.5% of CIF
<b>Export Tax</b>	
Raw hides and skins	80% FOB Value or USD 0.52 / Kg whichever is greater
Wet blue leather	10% of FOB Value
De minimis value where customs duties shall not be collected as per EACCMA, 2004 AMENDED 2021	USD 50



Meat Board of Tanzania

	FEE
Clearance Fee	TZS 70,000/= per Consignment

OSHA

Electrical Inspection, Electrical Insulation Test and General Inspection Fee	<b>Charge</b>
	TZS 150,000/=

Double Tax Agreement

Tax Treaties In force: Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, Zambia

NEMC

	<b>Fee</b>
<b>Environmental Fees and Charges</b>	
Fee for destroying expired medicines	TZS 100,000/=
Annual environmental Fee	TZS 100,000/=
NOTE Based on new Amendments on finance act 2021/2022 on NEMC Regulation	

STAMP DUTY

	Items	Rate
1	<b>Conveyance</b>	
	Consideration below TZS 20,000/=	Nil
	Consideration amount exceeds TZS 20,000/=	0.5% for the first TZS 100,000/= then 1% for the value excess of TZS 100,000/=
	Conveyance for agricultural land	TZS 500/=
2	Legal and commercial instruments are charged at a specific rates as specified in the law	

Stamp duty Exemptions

- Receipts on sales of goods or services for business
- Transfer of ownership of assets to the special purpose vehicles (SPV) for purpose of issuing asset-backed securities





# OTHER TAXES AND COMPLIANCES

## MINERALS

	Individuals engaged in small mining operations whose annual turnover does not exceed Tanzania shillings 100 million per annum	Rate
1	Income tax on Sale value of the minerals	3%
2	Income tax of the sale value of the minerals NOTE Payment shall be deemed as <ul style="list-style-type: none"><li>• PAYE from employment income of an employee to an individual in a small scale mining operations at the time of selling minerals and</li><li>• Payment of royalty at buying stations or at Mineral and Gem Houses designated by the Mining Commission</li></ul>	0.60%
3	Gold sold to home refinery centres	4%
4	Coal used as industrial raw materials	1%

Type of Minerals	Royalty Rate (on gross value)
Uranium	5%
Gemstone and Diamond	6%
Metallic minerals such as copper, gold, silver, and platinum group minerals	6%
Gem	1%
Other minerals, including building materials, salt, all minerals within the industrial minerals group	3%
Gold sold to home refinery centres	4%
Coal used as industria raw materials	1%

### Exemption from Royalty payment

Samples of minerals acquired for the purposes of assay, analysis or other technical examination if the market value of such samples of minerals is not more than TZS 50000/=

**Depreciation Allowances for Minerals or Petroleum Operations**

Year of Income	Depreciation Allowance
First Year	20% of expenditure
Second Year	20% of expenditure
Third Year	20% of expenditure
Fourth Year	20% of expenditure
Fifth Year	20% of expenditure

VAT RATES Tanzania Mainland	
Description of goods/ supplies and services	VAT rates
Export of goods and certain services from the United Republic of Tanzania	0%
A supply of ancillary transport services of goods in transit through mainland Tanzania include: <ul style="list-style-type: none"><li>• An integral part of the supply of an international transport services</li><li>• In respect of transit goods stored at the port, airport, or a declared customs area for not more than thirty days while awaiting onward transport or for such further additional period as the Commissioner for Customs may authorise</li></ul>	0%
Transportation services of Crude oil and all other related services attached in transportation of crude oil through the pipeline which will be constructed under an intergovernmental agreement between the Government of Tanzania and Government of Uganda (EACOP)	0%
VAT RATES ZANZIBAR	
	VAT rates
Supply of taxable goods and services in Zanzibar	15%
Importation of taxable goods and services into Zanzibar	15%
Export of goods and certain services from Zanzibar	0%
A supply of ancillary transport services of goods in transit through mainland Tanzania include: <ul style="list-style-type: none"><li>• An integral part of the supply of an international transport services and</li><li>• Transit goods stored at the port, airport, or a declared customs area for not more than thirty days while awaiting onward transport or for such further additional period as the Commissioner for Customs may authorise</li></ul>	0%

VAT Registration Threshold Tanzania Mainland

- Taxable turnover exceeding TZS 100 million per annum
- Taxable turnover exceeding TZS 50 million in six months
  - A person carrying an economic activity involving the supply of professional services
  - Government Entity or institution which carries on economic activities

NB:

VAT Registration Threshold Zanzibar  
Taxable turnover exceeding Tshs 50 million per annum