



# Tanzania tax datacard 2015/2016

## Tanzania Tax Data 2015/2016

### Income tax - Corporations

Corporation rate	Profit %	Turnover %
Resident corporation*	30	
Newly listed companies - reduced rate for 3 years**	25	
Technical and management services to mining, oil and gas companies		5
Alternative minimum tax ***		0.3
<b>Capital deductions</b>		<b>%</b>
Buildings (straight line)		
Agriculture or livestock/fish farming		20
Other		5
Plant and machinery (initial allowance)		
Manufacturing or tourism		50
Agriculture		100
Plant & machinery (reducing balance)		
Class 1		37.5
Class 2		25
Class 3		12.5
Intangible assets (straight line)		Over useful life
Agriculture - improvements/research and development		100
Mining prospecting, exploration and development		100
Oil & Gas - Prospecting and exploration		100
- Development (straight line)		20
* Includes PE of a non-resident (which also accounts for 10% tax on repatriated income)		
** Provided at least 30% of shares are publicly issued		
*** Where tax losses for 3 consecutive years		

### Income Tax - Resident Individuals

#### Individual rate - monthly (Mainland Tanzania)

	Bands of taxable income TZS	Taxable income TZS	Tax Rate %	Tax on Band TZS	Cumulative tax on income TZS
First	170,000	170,000	0	0	0
Next	190,000	360,000	11	20,900	20,900
Next	180,000	540,000	20	36,000	56,900
Next	180,000	720,000	25	45,000	101,900
Over	720,000		30		

#### Employment Benefits

Housing: Lower of (a) market value rental and (b) the higher of the following:  
i. 15% of employee's total annual income and  
ii. the expenditure claimed as deduction by the employer in respect of the premises

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

Engine size	up to 5 years old TZS	> 5 years old TZS
<= 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" over actual interest rate paid.

**Business - Presumptive Income Tax**

Specific presumptive income tax rates apply for individuals with business turnover not exceeding TZS 20m.

**Employer's payroll obligations**

	%
PAYE (employee)	see above
Social Security (NSSF, PPF) (up to half (10%) can be deducted from employee)	20
Skills and Development Levy (employer)	5*
Workers' Compensation Fund (employer)	1 / 0.5**
*Exemption applicable to some persons including employment in farms	
**1% (private sector), 0.5% (public sector)	

**Rates of Withholding Tax**

	Resident %	Non-resident %
Dividend		
- to company controlling 25% or more	5	10
- from DSE listed company	5	5
- otherwise	10	10
Interest	10	10
Rent		
- land and buildings	10	10
- aircraft lease	10	10
- other assets	0	10
Royalty	15	15
Natural resource payment	15	15
Service fees	5	15
Director fees (other than full time service)	15	15
Insurance premium	0	5
Money transfer commission paid to money transfer agent	10	n/a
Payments for goods by Government institutions	2	n/a
Note: withholding tax reliefs may apply to SEZ/EPZ investors, strategic investors		

**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 TZS 15m or less
2. Agricultural land - Market value of less than TZS 10m
3. Units in an approved Collective Investment Scheme
4. Shares - (i) DSE shares held by resident, (ii) shares held by non - resident (and associates) where shareholding of less than 25%

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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

#### VAT

##### Taxable Supplies

##### Rate\*

	%
Supply of goods & services	18
Import of goods & services	18
Export of goods & certain services	0

##### Registration threshold (turnover)

TZS 100m p.a.

##### Payment

##### Due date

Monthly VAT returns and any payment due	last working day of following month
VAT on the importation of goods	at the time customs duty payable

##### Refund claims

Standard	Six monthly basis
"Regular repayment"	Monthly basis

### Customs duty

	%
Capital goods, raw materials, agricultural inputs, pure-bred animals	0
Semi-finished goods	10
Finished final consumer goods	25
Machinery and spare parts imported by licenced mining companies and used in mining activities	0
Machinery and spare parts imported by a licensed company for direct use in oil, gas and geothermal exploration	0
Railway Development Levy	1.5*

\*Not applicable to imported goods that have relief or exemption under the EACCMA 2004 and goods in transit

### Excise duty

	%
<b>Goods</b>	Applied to specified goods including, alcohol, petroleum products, soft drinks, non-utility motor vehicles > 1000cc, vehicles exceeding a certain age limit, tobacco and specified imported goods
<b>Services</b>	Electronic communication services
	17
	Charges by financial institutions
	10
	Money transfer charges by telecommunication service providers
	10
	Satellite and cable television broadcasting
	5

### Stamp duty

	%
Conveyance / transfer, transfer of shares or debentures, lease agreements	1

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

## Mineral Royalties

## Mining Act 2010

<b>Rate</b>	
%	
5	Diamonds, Gemstones, Uranium
4	Metallic minerals (incl. copper, gold, silver and platinum group minerals)
3	General rate
1	Gems
0	N/A
<b>Base:</b>	"Gross value"

## Tax treaties

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

## Deadlines

Obligation	Deadline
<b>Payment of tax</b>	
Corporate tax	Instalment: each quarter end; Final tax: 6 months after accounting period
Withholding tax, PAYE & SDL	7 days after month of deduction
NSSF & WCF	1 month after month end
PPF	30 days after month end
VAT & Excise Duty	last working day of following month
Stamp Duty	30 days after execution/entry of instrument
<b>Filing</b>	
Corporate tax return	Instalment: end of 1st quarter; Final return: 6 months after accounting period
Withholding tax	30 days after each 6 month period
SDL	7 days after month of deduction
VAT & WCF	last working day of following month
Transfer pricing documentation	Within 30 days of request

## Interest &amp; Penalties

	Monthly interest/penalty %
<b>Tax Administration Act</b>	
Under-estimation/Late Payment	Stat*
Late filing/payment	2.5**
Failure to maintain proper documents	***
Interest due to taxpayer on late payment of refunds	Stat
<b>Social Security and WCF</b>	
NSSF/PPF****	5
WCF - Late payment	*****
<b>Transfer Pricing</b>	
Transfer pricing adjustment if not complying with arm's length principle - 100%; In addition failure to provide transfer pricing documentation within 30 days after request from the Commissioner results in penalty of not less than TZS 50m and/or imprisonment for not more than 6 months	

## Key

- \* Stat = "Statutory Rate" (prevailing discount rate determined by Bank of Tanzania). In the case of late payment of excise duty interest is: Stat+5
- \*\* Monthly penalty subject to a minimum of TZS 75,000 (individuals) and TZS 225,000 (corporates); in the case of stamp duty, late payment/stamping subject to penalty of 25% to 1000%
- \*\*\* Payable at TZS 150,000 per month
- \*\*\*\* PPF also applies immediate penalty of 5%
- \*\*\*\*\* Interest rate will be determined by the Director General of Worker's Compensation Fund

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This datacard reflects the law as at 1 July 2015 including changes introduced by the Finance Act 2015.

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