



Tanzania Tax Datacard

2016/2017

Tanzania Tax Data 2016/2017

Income tax - Corporations

Corporation rate	Profit %	Turnover %
Resident corporation*	30	
Newly listed companies - reduced rate for 3 years**	25	
Technical and management services to extractive sector		5
Alternative minimum tax ***		0.3
Capital deductions		%
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
Extractive sector - prospecting, exploration and 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	9	17,100	17,100
Next	180,000	540,000	20	36,000	53,100
Next	180,000	720,000	25	45,000	98,100
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.

Tanzania Tax Data 2016/2017

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)	4.5*
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%

Tanzania Tax Data 2016/2017

Single Instalment Tax

	%
Sale of land, buildings or shares	
- by resident	10*
- by non - resident	20*
Sale of mineral or petroleum rights	30**
Non-resident transport operator/charterer without permanent establishment	5***

* applied to gain, credit against final tax liability

** applied to gain, computed separately from business income/loss

*** 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 (annual turnover)

TZS 100m

Payment

Due date

Monthly VAT returns and any payment due	20th day of following month
VAT on the importation of goods	at the time customs duty is payable

Refund claims

Standard	Six monthly basis
"Regular repayment"	Monthly basis

Customs duty

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

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

Excise duty

	%
Goods	Various
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	
Services	17
Electronic communication services	10
Charges by financial institutions	10
Money transfer and withdrawal charges by telecommunication service providers	5
Satellite and cable television broadcasting	

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

Tanzania Tax Data 2016/2017

Mineral Royalties

Mining Act 2010

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

Tax treaties

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

Deadlines

Obligation	Deadline
Payment of tax	
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	20th day of the following month
Excise Duty	last working day of the following month
Stamp Duty	30 days after execution/entry of instrument
Filing	
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	20th day of the following month
WCF	last working day of following month
Transfer pricing documentation	Within 30 days of request

Interest & Penalties

	Monthly interest/penalty %
Tax Administration Act	
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
Social Security and WCF	
NSSF/PPF****	5
WCF - Late payment	*****
Transfer Pricing	
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	
Disclosure of information	
Failure to disclose names of contractors and subcontractors in extractive and construction industry results in penalty of higher of 25% of the amount payable under the project or a fine of up to TZS 60m	

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 2016 including changes introduced by the Finance Act 2016.

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