



Tanzania tax datacard

2013/2014

Income tax - Corporations

Corporation rate	%
Resident corporation	30
Non-resident corporation*	30
Newly listed companies - reduced rate for 3 years**	25
Alternative minimum tax (on turnover)***	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
Mining prospecting, exploration and development	100
Oil & Gas - Prospecting and exploration	100
- Development (straight line)	20
* A non-resident corporation with a permanent establishment also has to account for tax of 10% 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	13	24,700	24,700
Next	180,000	540,000	20	36,000	60,700
Next	180,000	720,000	25	45,000	105,700
Over	720,000		30		

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

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" (see Penalty section) over actual interest rate paid.

Business - Presumptive Income Tax

For individuals with business turnover not exceeding TZS 20m, specific presumptive income tax rates apply.

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) (note: exemption in respect of employment in agricultural farming)	5

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	0/10*
- other assets	0	10
Royalty	15	15
Natural resource payment	15	15
Service fees	5	15
Technical and management services to mining companies	5	15
Insurance premium	0	5
Commission on mobile phone money transfer	10	n/a
Payments for goods by the Government of Tanzania	2	n/a

Note: withholding tax reliefs may apply to SEZ/EPZ investors

* An exemption applies where lessee is engaged in air transport business

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 with 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 40m 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, spares and inputs imported by a licenced company for direct use in oil, gas and geothermal exploration	0

Excise duty

Goods

Applied to specified goods including, alcohol, petroleum products, soft drinks, non-utility motor vehicles > 1000cc, tobacco and specified imported goods

Services

Applied to certain services as follows: Electronic communication services (17%), money transfer > TZS 30,000 (0.15%)* and satellite and cable television broadcasting (5%)

* Note: Exemption for transfers between banks and financial institutions, government, diplomats and diplomatic missions

Stamp duty

	%
Conveyance / transfer	1
Transfer of shares or debentures	1
Lease agreements	1

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

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, Interest & Penalties

		Deadline/Obligation	Immediate penalty %	Monthly penalty %
Income Tax				
Instalment tax/return				
	Payment	instalment at end of each quarter		Stat + 5
	Filing of return	end of 1st quarter		2.5*
	Under-estimation			Stat
Final tax/return				
	Payment	6 months after accounting period		Stat + 5
	Filing of return	6 months after accounting period		2.5*
Withholding tax				
	Payment	7 days after month of deduction		Stat + 5
	Return	30 days after each 6 month period		Stat**
Payroll***				
Payment	PAYE	7 days after month of deduction		Stat + 5
	Skills & Dvpm. Levy	7 days after month end		Stat + 5
	NSSF	1 month after month end		5
	PPF	30 days after month end	5	5
VAT				
	Filing / payment	last working day of following month	1	2****
	Interest chargeable on late payment			CBL + 5
	Interest due to taxpayer on late payment of VAT refunds			CBL
Excise Duty				
Payment		last working day of the following month		Stat + 5
Stamp Duty				
Payment / Stamping		30 days after execution / entry of instrument	25 - 1000	n/a

Key

- Stat = "Statutory Rate" (prevailing discount rate determined by Bank of Tanzania), compounded monthly; prior to July 2012, rate was the discount rate at the start of the year; from July 2012, the rate is determined on a monthly rather than annual basis.
(Annual rate.: 2012 12%; 2011 & 2010 7.58%; 2009 17.53%; 2008 15%; 2007 & 2006 20%; 2005 14.6%; 2004 12.8%)
(Monthly equivalent: 2012 1%; 2011 & 2010 0.63%; 2009 1.46%; 2008 1.25%; 2007 & 2006 1.67%; 2005 1.22%; 2004 1.07%)
- CBL = Central Bank commercial bank lending rate
- * = subject to a minimum of TZS 10,000 (individuals) and TZS 100,000 (corporates)
- ** = subject to a minimum of TZS 100,000
- *** = PAYE and SDL returns due 30 days after each 6-month period
- **** = minimum penalty is TZS 50,000 for first month and TZS 100,000 per month thereafter

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This datacard reflects the law as at 1 January 2014 including changes introduced by the Finance Act 2013.

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