

Tanzania Tax Data 2021/2022

Mineral Royalties

Mining Act 2010	
Rate	
%	Diamonds, Gemstones, Metallic minerals (incl. copper, gold, silver and platinum group minerals)
6	Uranium
5	General rate
3	Gems
1	N/A
0	*Gross value"

Tax treaties

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

Obligation	Deadline
Payment of tax	
Corporate tax	Instalment: each quarter end; Final tax: 6 months after accounting period
Withholding tax, PAYE & SDL	7th day of the following month
PSSSF, NSSF & WCF	1 month 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
Service Levy	End of each quarter
Filing	
Corporate tax return	Instalment: end of 1st quarter; Final return: 6 months after accounting period
Withholding tax, PAYE & SDL	7th day of the following month
VAT	20th day of the following month
Excise Duty	Last working day of the following month
WCF	Annual - by 31 March of each year
Transfer pricing documentation	Due with final return if related party transactions exceed TZS 10bn; otherwise 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 (from the date of approval)	Stat****
Social Security and WCF	
NSSF	5
PSSSF	1.5****
WCF - Late payment	*****
Local Government Act	
Service Levy (depending on a particular by-law)	Maximum 1.5%
Transfer Pricing (TP)	
TP adjustment if not complying with arm's length principle - 100% of the tax shortfall. In addition failure to adhere to TP documentation requirements results in penalty of not less than 3,500 currency points (currently TZS \$2.5m)	
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 the interest rate 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
- **** On compounded basis
- ***** Interest rate as determined by the Director General of Worker's Compensation Fund

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Although we have taken all reasonable care in compiling this publication, we do not accept responsibility for any errors or inaccuracies that it may contain.

This datacard reflects the law as at 1 July 2021 including changes introduced by the Finance Act 2021

This datacard has been prepared for quick reference. It is not a substitute for professional advice and action should not be taken solely on the strength of the information contained herein.

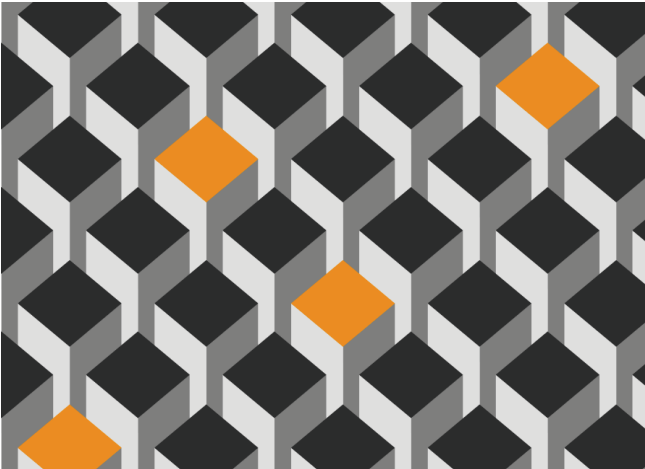
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Tanzania Tax Datacard

2021/2022



Tanzania Tax Data 2021/2022			
Income tax - Corporations			
Corporation rate	Profit %	Turnover %	
Resident corporation*	30**	5	
Technical and management services to extractive sector		5	
Alternative minimum tax (in tax losses for 3 consecutive years)		0.5	
* Includes PE of a non-resident (which also accounts for 10% tax on repatriated income)			
** For businesses in specified sectors or newly listed companies, and for a limited period, a lower rate can apply as follows:			
• 25% (first 3 years): newly listed companies (with at least 30% of shares publicly issued)			
• Manufacturing / assembly businesses with performance agreement with Government:			
o 25% (2 years from July 2019): sanitary pad manufacturers			
o 20% (first 5 years): pharmaceutical or leather industry			
o 10% (first 5 years): assembly industry for motor vehicles, tractors, fishing boats, boat engines			
Tax Depreciation		%	
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	
International crude oil pipeline depreciable assets		5	

Income tax - Resident Individuals

Individual rate - monthly (Mainland Tanzania)

	Bands of taxable income	Taxable income	Tax Rate	Tax on Band	Cumulative tax on income
	TZS	TZS	%	TZS	TZS
First	270,000	270,000	0	0	0
Next	250,000	520,000	8	20,000	20,000
Next	240,000	760,000	20	48,000	68,000
Next	240,000	1,000,000	25	60,000	128,000
Over	1,000,000		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 the following annual values: Engine size up to 5 years old > 5 years old TZS TZS 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 2021/2022		
Business - Presumptive Income Tax		
Specific presumptive income tax rates for individuals with business turnover not exceeding TZS 100m.		
Employer's payroll obligations		
		%
PAYE (employee)	see above	
Social Security (NSSF, PSSSF) - (up to half (10%) can be deducted from employee)	20	
Skills and Development Levy (employer)	4*	
Workers' Compensation Fund (employer) - public sector/ private sector	0.5 / 0.6	
* Exemption applicable in certain cases including employment in farms and education		
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
General insurance premium (not life insurance)	0	5
Money transfer commission paid to money transfer agent	10	n/a
Commission, fees and other charges to commercial bank agent or digital payment agent	10	n/a
Payments for goods by Government institutions	2	n/a
Note: Reliefs may apply to SEZ/EPZ investors, strategic investors, certain loans i.r.o Government projects, DSE bonds of at least three years and listed wef 1 July 2021		

Disposal of investments		
Tax rates	Tanzanian asset %	Overseas asset %
Individual		
- Resident	10	30
- Non - resident	30	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%		

Single Instalment Tax		
		%
Sale of land, licence or concessional right on reserved 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, in certain cases credit against final tax liability		
** applied to gain, computed separately from business income/loss		
*** applied to gross payment		

Tanzania Tax Data 2021/2022		
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
* Mandatory registration irrespective of turnover for professional service providers and government institutions with economic activity.		
Customs duty		
		%
Capital goods, raw materials, agricultural inputs, pure-bred breeding animals		0
Semi-finished goods		10
Finished consumer goods		25
Energy and Resources:		
(i) Mining - machinery and spare parts thereof imported by a licenced mining company and used in mining activities;		0
(ii) Petroleum / Energy - machinery and inputs (except motor-vehicles) imported by a licenced company for direct and exclusive use in oil, gas or geothermal exploration, development and distribution.		0
Railway Development Levy		1.5*
Custom processing		0.6% of FoB value
*Not applicable to imported goods that have exemption under the EACCMA 2004, pharmaceutical goods, fertilizers, Jet A - 1 or goods in transit		
Excise duty		
		%
Goods	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	Various
Services	Electronic communication services Charges by financial institutions Levies on (i) mobile money transfer & withdraw (ii) airline Satellite and cable television broadcasting	17 10 Fixed tariffs 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		
Local taxation		
Service Levy - charged on turnover		Rate set by LGA - Maximum rate : 0.3 % of turnover
Property Tax		TZS
Ordinary building		12,000
Each storey in a storey building - district council/ other		20,000/60,000