Exemptions- Government Funding; Donor Projects; Natural Calamity; Diplomats/Consular

1. Exemption through an order published in Gazette of supply or import of goods or services by a Government entity to be used solely for:
   a. implementation of a project funded
      (i) by the Government* or
      (ii) by concessional loan, non concessional loan or grant through an agreement between the Government of the United Republic of Tanzania and another Government or representative of another Government, donor or lender of concessional loan or non concessional loan, or
      (iii) by a grant agreement duly approved by the Minister in accordance with the provisions of the Government Loans, Grants and Guarantees Act entered between a Local Government Authority and a donor
   b. Relief of natural calamity or disaster

Procedure for granting and processing tax exemptions:

Application: To be done using specified forms at least 30 days before commencement of the project. The application to be accompanied by documents listed in the Regulations including list of contractor and subcontractor, tentative quantities of value of goods and services to be exempted.

Procesing: Applications to utilise VAT exemptions to be done using specified forms accompanied by documents listed in the Regulations.

Monitoring: Applicants issued with exemption shall submit periodic reports of utilisation of the granted exemption using specified form to the Commissioner General and a copy to the Minister."

2. Where there is an agreement approved by the Minister* entered into between the Government of United Republic and an international agency listed under the Diplomatic and Consular Immunities and Priviledges Act, and such an agreement entitles a person* to an exemption from tax, then:
   - Import of goods – exemption (subject to specific criteria)
   - Local purchases – Refund of the incurred input VAT (upon application)

*Project funded by the Government means a project financed by the Government in respect of (a) transport, water, gas or power infrastructure; (b) buildings for provision of health or education services to the public; or (c) a centre for persons with disabilities

*Minister means the Minister responsible for finance.

*Person means an individual, a company, an association of persons, a government entity, a foreign government, non-government organisation or a public international organisation.



If you would like any further information on this card or the services that PwC can provide please contact:

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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 2019 including changes introduced by the Finance Act 2019
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 VAT Datacard

2019/2020



pwc

Tanzania VAT Data 2019/2020

Taxable supplies	Rate %
Supply of goods & services in Mainland Tanzania	18
Import of goods & services into Mainland Tanzania	18
Export of goods & services from Mainland Tanzania	0
Supply of locally manufactured goods to Tanzania Zanzibar	0
Import of capital goods (VAT deferment process)	0

Registration

Registration Threshold - TZS 100m p.a.

Mandatory registration - Professional services

Non-resident - If makes supplies of radio or television broadcasting services or "electronic services" in excess of the VAT registration threshold, then may be required to appoint a VAT representative

Payment	Due date
Supply of taxable goods & services and import of services	20th day of the month following the tax period
Import of goods	At the time customs duty is payable.

Refund

Refund type	Conditions
Standard	A negative net amount has been carried forward for more than six months, and is not less than TZS 100,000
Regular repayment	50% or more of turnover is or will be from zero-rated supplies 50% or more of input tax is incurred on acquisitions or imports that relate to making supplies that are or will be zero-rated. Any other case, where the Commissioner General is satified that nature of the business means that it will regularly result in a refund position
Diplomats & international bodies	Various conditions specified

Refund decision and payment

Commissioner General to make refund decision within 90 days of receipt of application

Payment of refund within 14 days from date of decision

VAT Return

Return	Due date/Deadline
Monthly return	20th day following the end of the tax period
Amended return:	
• Application to Commissioner General	Within three years of relevant tax period
• Decision by Commissioner General	Not later than 90 days after the application

Tax point

Tax point

Earlier of the date of: (i) issue of invoice (ii) receipt of consideration (in whole or part) (iii) time of supply

Time of supply;

- Goods – when delivered or made available
- Services – when rendered, provided or performed
- Immovable property – when created, transferred, assigned, granted or otherwise supplied to the customer; or delivered or made available

Tax invoice

Tax invoice must (i) be issued no later than the time of supply (ii) be printed from Electronic Fiscal Device (iii) be serially numbered (iv) include the following details:

- Date of issue
- Supplier's name, TIN* and VRN**
- Description, quantity, and other relevant specifications of supply
- Total consideration and the VAT component
- If supply value >TZS 100,000, customer's name, address, TIN and VRN
- Any other information prescribed in regulations

Tax invoices that do not comply with the above requirements can not be used in claiming refunds or input tax credits.

Periodic statement - For Financial services

Financial service providers are required to issue periodic statements to their customers for supplies made each month.

The periodic statements are considered to be tax invoices. Periodic statements that do not comply with the requirements listed in the VAT regulations cannot be used in claiming refunds or input tax credits.

Adjustment notes

Adjustment note to be issued within seven days of becoming aware of the adjusting event, and to show:

- Date of issue
- Supplier's name, TIN* and VRN**
- Description of supply and reasons for adjustment
- The amount of VAT to be adjusted
- If effect of VAT payable > TZS 100,000, customer's name, TIN and VRN
- Any other information prescribed in regulations

*TIN Taxpayer's Identification Number

**VRN Value Added Tax Registration Number

Input tax restrictions

Entertainment (food, beverages, amusement, recreation or hospitality of any kind)

Membership or right of entry in a club, association, or society of a sporting, social, or recreational nature. Acquisition or import of passenger vehicle (being a vehicle with seating capacity of 16 person or less), spare parts or repair and maintenance services for a passenger vehicle.

Input tax for exportation of:

- raw minerals
- raw forestry products, raw aquatic products and raw fauna products

Partial exemption methods:

For partially exempt traders (and subject to the De-minimus rule), two methods of input tax apportionment apply:

- Average method: To be used to determine the input tax to be claimed where the incurred input tax is attributable to both, exempt and taxable supplies.
- Direct attribution method: To be used to determine the input tax to be claimed where the incurred input tax can be directly attributable to either taxable or exempt supplies.

Once the apportionment method has been selected, the taxable person should apply the same method for whole financial year.



Interest and Penalties

Interest and penalties together with other tax administration matters as provided in the Tax Administration Act, 2015

Late lodgement of return/payment

The higher of:

- 2.5% of the tax assessable less tax paid by the start of the period towards that amount
- 5 CP for individual and 15 CP for a corporation

Late payment interest	Commercial bank lending rate of the Central bank
Failure to keep proper records	1 CP for individual and 10 CP for a corporation Payable per month during which failure continues
Failure to register	**Intentional:** Not less than 100 CP and not more than 200 CP, one year imprisonment but not more than 2 years, or both **Unintentional:** Not less than 50 CP and not more than 100 CP, one month imprisonment but not more than 3 months, or both CP=Currency point 1 CP = TZS 15,000

Zero rated supplies

A: Goods

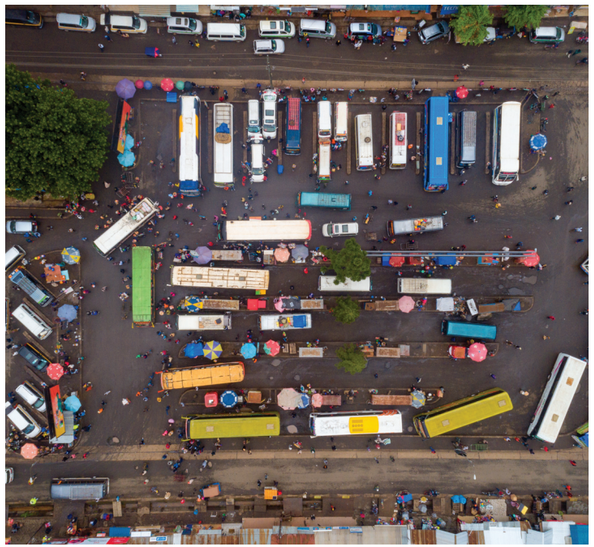
- Export of goods*
- Immovable property outside Tanzania
- Supply of goods to Zanzibar
- Leased goods used outside Tanzania
- Goods used to repair temporary imports
- Supply of goods and services to non resident warrantor
- Goods for use in international transport

B: Services

- Services supplied for use outside Tanzania**
- Electricity services supplied by a supplier in Mainland Tanzania to another supplier of electricity services in Tanzania Zanzibar
- Services connected with temporary imports
- Inter-carrier telecommunication services
- Intellectual property rights for use outside Tanzania
- Supply of international transport, and certain related ancillary services

*Generally export of goods means removal of goods from a place in Mainland Tanzania to a place outside Tanzania, subject to documentary evidence.

**Generally services are zero rated if customer is outside United Republic at the time of supply and use and enjoyment are outside Tanzania.



Exempt supplies

1. Agricultural implements

Tractors for agricultural use; agricultural, horticultural or forestry machinery for soil preparation or cultivation except lawn mower or sports ground rollers and parts; harvesting or threshing machinery (except for specified machinery); liquid sprayers for agriculture; powder sprayers for agriculture; spades; shovels; mattocks; picks; hoes; forks; rakes; axes; tractor trailers; new pneumatic tyres of a kind used in agricultural and forest vehicles; rotavator; poultry incubator; irrigation equipment; irrigation parts (specified); green house system; semen for bovine animal; semen for non-bovine animal and dam liner

2. Agricultural inputs

Fertilizers; pesticides; insecticides; fungicides; rodenticides; herbicides; ant sprouting products and plant growth regulators

3. Agricultural equipment

An import of refrigerated containers of HS Code 8418.69.90 by a person engaged in horticulture for exclusive use in horticulture in Mainland Tanzania

An import of grain drying equipment of HS Code 8419.31.00 by a person engaged in agriculture for exclusive use in agriculture in Mainland Tanzania

4. Livestock basic agricultural products and food for human consumptions

Live cattle; live swine; live sheep; live goats; live poultry; unprocessed edible animal products; unprocessed edible eggs; unpasteurized or pasteurized cow milk except with additives and long life milk; unpasteurized or pasteurized goat milk except with additives and long life milk; unprocessed fish; unprocessed edible vegetables; unprocessed fruits; unprocessed nuts; unprocessed bulbs; unprocessed tubers; unprocessed cereals; wheat or meslin flour; maize flour; tobacco not stemmed/ stripped; unprocessed cashew nuts; unprocessed coffee; unprocessed tea; soya beans; ground nuts; sunflower seeds; oil seeds; unprocessed pyrethrum; unprocessed cotton; unprocessed sisal; unprocessed sugarcane; preparations of a kind used in animal feeding; fertilized eggs for incubation; seeds and plants thereof; oil-cake of soya beans; oil-cake and other solid residues of cotton seeds; oil-cake and other residues of sunflower seeds; maize bran; wheat bran; lysine; mycotoxin binders; pollard; rice bran; cotton cake; rice; sorghum; millet and other cereal crops; maize flour; wheat flour

5. Fisheries Implements

Floats for fishing nets; fishing nets; fishing vessels; factory ships and other vessels for processing or preserving fishery products nylon fishing twine; Outboard engine

6. Bee-keeping implements

Bee hive; protective bee keeping jacket veil; mask; honey strainer; bee hive smoker

7. Dairy equipment

Hay making machine; cans and ends for beverages; milking machines; homogenizer; butter churn; milk pasteurizer; cream separator; milk plate heat exchanger; milk hose; milk pump; heat insulated cooling tanks; milk storage tanks

8. Medicine

Essential human and veterinary medicine, drugs, medical equipment and packaging material which have been approved by he Minister responsible for health

Food supplements or vitamins supplied to Government entities

9. Articles designed for people with special needs

Orthopaedic appliances, including crutches, surgical belts and trusses, splints and other fracture appliances, artificial parts of the body, hearing aids and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability (excluding specified items); white cane for blind or visually impaired; spectacle for correcting vision; contact lenses; spectacle lenses of glass and other materials; sunscreen and sun tan preparation used by albino; braille; mechanically propelled tricycle for carriage of disabled persons; motor vehicles specifically designed for use by persons with disability

10. Education materials

Dictionary and encyclopaedia; printed books; newspapers; children pictures drawing or colouring; maps and hydrographic charts, examination question papers; instructional charts and diagrams; examination answer sheet

11. Health care

A supply of medical, dental, nursing, convalescent, rehabilitation, midwifery, paramedical, optical, or other similar services where the services are provided (a) by or in an institution approved for the provision of those services by the Government; and (b) by, or under the supervision and control of a person, who is registered as being qualified to perform that service under Tanzania laws, or whose qualifications to perform the services are recognized in Tanzania.

A supply of services in a nursing home or residential care facility for children, or for aged, indigent, infirm, or disabled persons who need permanent care, if the facility is approved for the provision of those services by an appropriate Government institution

12. Immovable property

Supply of residential premises as follows:

- a lease, license, hire or other form of supply, to the extent that it is a supply of the right to occupy and reside in residential premises:

- a sale of immovable property, to the extent that the property relates to residential premises, not including (a) the first sale of newly constructed residential premises; or (b) a subsequent sale if the premises have been occupied as a residence for less than two (2) years Sale of vacant land

13. Educational services

A supply of services consisting of tuition or instruction for students provided by an institution approved by the Minister responsible for education, being:

a. a pre-primary, primary, or secondary school
b. a technical college, community college, or university
c. an educational institution established for the promotion of adult education, vocational training, improved literacy, or technical education
d. an institution established for the education or training of physically or mentally handicapped persons; or
e. an institution established for the training of sportspersons

14. Intermediary services

Supply of financial services supplied free of charge; insurance premiums for aircraft; life insurance or health insurance; insurance for workers compensation

15. Government entity or institution

A non-commercial activity carried on by a Government entity or institution, except to the extent that the activity involves making supplies of goods, services or immovable property that are also supplied or to be supplied in Mainland Tanzania by at least the person who is a non-government entity

16. Petroleum products

Aviation spirit; spirit type jet fuel; kerosene type jet fuel (Jet A-1); petrol (MSR and MSP); diesel (GO); kerosene (IK); bitumen; liquefied petroleum and natural gases; compressed petroleum and natural gases; compressed or liquefied gas cylinders for petroleum and natural gases for cooking

17. Aircraft lubricants

Supply of aircraft lubricants of HS Code 2710.19.51, 2710.19.52, 3403.19.00 and 3403.99.00 to a local operator of air transportation. An import of aircraft lubricants

18. Stationery for use by airline

An import of airline tickets, brochure, leaflets, calendars, diaries, headed papers and airline uniforms engraved or printed or marked with an airline logo. The importation should be done by a designated airline under a Bilateral Air Services Agreement between the Government of United Republic and a foreign Government.

19. Air charter

Supply of air charter services

20. Water

Supply of water, except bottled or canned water or similarly presented water.

21. Transport

The transportation of person by any means of conveyance other than taxi cabs, rental cars or boat charters

22. Arms

Supplies of arms and ammunitions, parts and accessories thereof, to the armed forces

23. Funeral services

Funeral services including coffin, shroud, transportation, mortuary and disposal services of human remains

24. Gaming

Gaming supply

25. Solar

Supply of solar panels, modules, solar charger controllers, solar inverter, solar lights, vacuum tube solar collectors and solar battery

26. Revenue Stamps

Revenue stamps of HS Code 4907.00.90

27. Cash Register

Electronic cash register of HS code 8470.50.00



Exempt Import

General

1. Baggage or personal effects exempt under the Fifth Schedule of the East African Customs Management Act, 2004
2. Goods given, otherwise than for the purposes of sale, as an unconditional gift to the State
3. Goods exported and returned to Mainland Tanzania without (i) being subjected to process of manufacture or adaptation and (ii) permanent change of ownership, and assuming not zero rated at time of export
4. Goods shipped or conveyed to United Republic for transhipment or conveyance to any other country

Donor Funding, Non-Profit, Religious Organisations

5. Goods made available free of charge by a foreign Government or an international institution with a view to assisting the economic development of the United Republic
6. Food, clothing and shoes donated to non-profit organization for free distribution to orphanage or schools for children with special needs in Mainland Tanzania
7. Import of goods by non-profit organization for the provision of emergency and disaster relief, and where such goods are capital goods, the goods shall be handled to the National Disaster Committee upon avertion, completion or diminishing of the disaster
8. An import of goods by the religious organisation for the provision of health, education, water, religious services provided that (i) services are supplied free of charge or (ii) any consideration does not exceed fifty percent of the fair market value
9. Goods exempt under an agreement entered into between the Government of the United Republic and an international agency

Extractive

10. An import of goods by a registered and licensed explorer or prospector for the exclusive use in oil, gas or mineral exploration or prospecting activities to the extent that those goods are eligible for relief from customs duties under the East African Customs Management Act, 2004

Transport

11. Aircraft, aircraft engine or parts by a local operator of air transportation
12. Railway locomotive, wagons, tramways and their parts and accessories by a registered railways company

Other

13. Fire fighting vehicles by the Government
14. Laboratory equipment and reagents by education institution registered by the Ministry responsible for education to be used solely for educational purpose
15. CNG plant equipment, natural gas pipes, transportation and distribution pipes, CNG storage cascades, CNG special transportation vehicles, natural gas metering equipment, CNG refuelling of filling, gas receiving units, flare gas system, condensate tanks and leading facility, system piping and pipe rack, condensate stabilizer by a natural gas distributor
16. Firefighting equipment

17. to 20. Certain specified machinery for local manufacturers (vegetable oil; textiles; pharmaceuticals; hide and skin)

21. Ambulance by a registered health facility other than a pharmacy, health laboratory or diagnostic centre.

