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.
Processing: 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 Privileges 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 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 Data 2019/2020

#### 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.

#### Input tax restrictions

<table>
<thead>
<tr>
<th>Taxable supplies</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of goods &amp; services in Mainland Tanzania</td>
<td>18</td>
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<td>Import of goods &amp; services into Mainland Tanzania</td>
<td>18</td>
</tr>
<tr>
<td>Export of goods &amp; services from Mainland Tanzania</td>
<td>0</td>
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<tr>
<td>Supply of locally manufactured goods to Tanzania Zanzibar</td>
<td>0</td>
</tr>
<tr>
<td>Import of capital goods (VAT deferral process)</td>
<td>0</td>
</tr>
</tbody>
</table>

#### 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.

#### Taxable supplies

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#### Refund
- Refund type
  - Standard: A negative net amount has been carried forward for more than six months, and is not less than TZS 100,000.
  - 50% or more of turnover is or will be from zero-rated supplies.
  - Any other case, where the Commissioner General is satisfied that nature of the business means that it will regularly result in a refund position.
- Refund conditions
  - A negative net amount has been carried forward for more than six months, and is not less than TZS 100,000.
  - 50% or more of turnover is or will be from zero-rated supplies.
  - Any other case, where the Commissioner General is satisfied that nature of the business means that it will regularly result in a refund position.

#### Tax return
- Due data/Deadline
  - Monthly return: 20th day following the end of the tax period.
  - Annual return: Not later than 30 days after the application.

#### Refund
- Refund type
  - Standard: A negative net amount has been carried forward for more than six months, and is not less than TZS 100,000.
  - 50% or more of turnover is or will be from zero-rated supplies.
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#### Tax invoice
- Tax invoice must be issued no later than the time of supply. It must be printed from an Electronic Fiscal Device and be serially numbered. It should 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 is T2S 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.

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

#### 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 details for adjustment
  - The amount of VAT to be adjusted
  - If effect of VAT payable > T2S 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.

#### Financial service providers
- Financial service providers are required to issue periodic statements to their customers for supplies made each month.
- 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.
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#### Diplomats & international bodies
- Various conditions specified
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

• 5 CP for individual and 15 CP for a corporation

• 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 lodgement of return/payment

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

Interest and Penalties

Failure to register

• 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

• Goods for use in international transport

• Supply of goods and services to non resident warrantor

• Goods used to repair temporary imports

• Supply of goods to Zanzibar

• Immovable property outside Tanzania

• Goods for use in international transport

B: Services

• Services supplied for use outside Tanzania**

• 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.

Exempt Supplies

1. Agricultural implements

2. Agricultural equipment

3. Bee-keeping implements

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

5. Dairy equipment

6. Bee-keeping implements

B: Services

• Services supplied for use outside Tanzania**

• Inter-carrier telecommunication services

• Intellectual property rights for use outside Tanzania

• Supply of international transport, and certain related ancillary services

**Generally services are zero rated if customer is outside United Republic at the time of supply and use and enjoyment are outside Tanzania.
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, natural gas storage cascades, CNG special transportation vehicles, natural gas compression, condensate tanks and leading facility, system piping and pipe rack, metering equipment, CNG refuelling of vehicles, CNG special storage tanks, gas receiving units, filling, gas receiving units, filling, gas receiving units.


17. Fire extinguishing equipment.

18. Laboratory equipment and reagents by education institution registered by the Ministry responsible for education to be used solely for educational purpose.

19. Air charter services between the Government of United Republic and a foreign Government.

20. Water

21. Transport

Transport

1. Aircraft, aircraft engines or parts by a local operator of air transportation.

2. Railway locomotive, wagons, tramways and their parts and accessories by a registered railways company.

Other

3. Fire fighting vehicles by the Government.

4. Laboratory equipment and reagents by education institution registered by the Ministry responsible for education to be used solely for educational purpose.

5. CHS plant equipment, natural gas pipelines, transportation and distribution pipelines, CNG storage cascades, CNG special transportation vehicles, natural gas metering equipment, CNG refilling of filling, gas receiving units, filling, gas receiving units.

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 shows donated to non-profit organization for free distribution to orphans or schools for children with special needs in Mainland Tanzania.

7. Import of goods by non-commercial activity carried on by a Government entity or institution, except to the extent that those goods are eligible for relief from customs duties under the East African Customs Management Act, 2004.

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.

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.