**Tax Alert – Tax Administration (General) Regulations, 2015**

**May 2016**

**In brief**

7 day minimum notice period for taxpayer request to (i) change proposed tax audit date, or (ii) extend deadline for lodging an objection.

14 day time limit introduced for a response to TRA audit findings.

14 day time limit introduced for a request for waiver of tax payment requirement on objection i.e. must be made within 14 days of the assessment.

Payment of any tax not in dispute or one third of the assessed tax to be made on or before the due date for lodging the objection i.e. within 30 days of assessment.

**Background**

The Tax Administration Act 2015, which came into force on 1 August 2015, provides for the Minister to make regulations for various matters. The relevant regulations have now been issued in the form of the Tax Administration (General) Regulations, 2015 (GN No 101 of 2016). The Regulations are stated to come into force on the date of publication - shown on the Government Notice as 18 March 2016.

The Regulations will bring about significant changes to the process for tax audits and investigations as well as dispute resolution.

**The tax audit and investigation**

The Regulations places tax audit and investigation in almost similar contexts granting the Tanzania Revenue Authority (“TRA”) extensive powers to audit or investigate, sometimes without a prior written notice.

Where served with a notice of a tax audit date, the taxpayer may only request a change in the date if such a request is made no later than 7 days before the relevant date.

The Regulations require the taxpayer to comprehensively respond to the audit findings within 14 days from the service of the audit findings. This period may be extended upon giving reasonable cause but for not more than a further 14 days.

Upon receipt of the response, the TRA is required to discuss it with the taxpayer being audited or investigated and upon finalization of the discussions, issue a final audit or investigation report.

**Dispute resolution on tax decisions**

The maximum extension of the 30 day deadline for objection is a further 30 days, and a request for such extension must be made no later than 7 days before the normal objection deadline.

Payment of any tax not in dispute or one third of the assessed tax to be made on or before the due date for lodging the objection is maintained.

Otherwise the objection is deemed not to have been filed and shall not be admitted.

Any application for waiver of the one-third payment should be made within 15 days before expiration of time limit for lodging the notice of objection.
In line with this, the TRA shall determine application for waiver of payment of tax on or before expiration of time to lodge the objection.

If the objection time limit has passed and no valid objection has been filed the TRA are entitled to recover the full amount of tax assessed.

**Prescribed Forms**

Any objection to an assessment or application for extension of time to file an objection are now to be made in prescribed forms.

**Obligations on TIN certificate holders**

Taxpayer Identification Number (“TIN”) certificate holders are required to:
- Display the TIN certificate
- Notify TRA of changes including: death / dissolution, change of principal place of business, change of number of directors or shareholders, and “any other changes”.

**Other provisions**

Other provisions in the Regulations include the following:
- Registration of tax consultants (and repeal of the regulations previously governing this)
- Process for private or class ruling
- Electronic Fiscal Devices, and Electronic Filing and Payment (and repeal of the regulations previously governing this)
- DistRAINT officers and agents
- Publication in the media of list of tax offenders
- Compounding of offences
- Requirement for tax clearance certificate for renewal of business licence

**Our experience**

Audit findings reports require a lot of information to be retrieved, collated and analysed. Gathering and analysing such information is time consuming and may take weeks and sometimes months to complete.

It is already difficult to obtain a waiver for the one third payment required to validate an objection as the TRA has become increasingly reluctant to grant such waivers. The new 14 day time limit for waiver request will only make this process even harder, not least because the objection would ordinarily provide some context for the waiver request.

**Action required**

Taxpayers will be prudent to seek to anticipate issues that might arise during the audit, and during the audit to proactively engage with TRA officers, so as to be sufficiently prepared to respond within the 14 day deadline following the issue of an audit report.

It will also be crucial to attend to tax payment waiver requests and objections on a very timely basis.
If you require our assistance on an independent review of your tax compliance, which focuses on the areas of high risk, please do contact our team below.

**Let’s talk**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Tarimo</td>
<td>Partner / Director</td>
<td>+255 22 219 2600</td>
<td><a href="mailto:david.tarimo@tz.pwc.com">david.tarimo@tz.pwc.com</a></td>
</tr>
<tr>
<td>Ibrahim Abdi</td>
<td>Manager</td>
<td>+255 22 219 2643</td>
<td><a href="mailto:Ibrahim.abdi@tz.pwc.com">Ibrahim.abdi@tz.pwc.com</a></td>
</tr>
<tr>
<td>Samwel Ndandala</td>
<td>Manager</td>
<td>+255 22 219 2657</td>
<td><a href="mailto:Samwel.ndandala@tz.pwc.com">Samwel.ndandala@tz.pwc.com</a></td>
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