

Tanzania Tax Data 2019/2020

Mineral Royalties

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

Tax treaties

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

Deadlines

Obligation	Deadline
Payment of tax	
Corporate tax	Instalment*: each quarter end; Final tax: 6 months after accounting period 7 days after month of deduction
Withholding tax, PAYE & SDL	1 month after month end
PSSSF, NSSF & WCF	20th day of the following month
VAT	Last working day of the following month
Excise Duty	30 days after execution/entry of instrument
Stamp Duty	End of each quarter
Service Levy	
Filing	
Corporate tax return	Instalment: end of 1st quarter; Final return: 6 months after accounting period
Withholding tax/PAYE	30 days after each 6 month period (30 July and 30 January)
SDL	7 days after month of deduction
VAT	20th day of the following month
WCF	Last working day of the following month
Transfer pricing documentation	Due with final return if related party transactions exceed TZS 10bn; otherwise within 30 days of request

* New TIN registrant relieved of the instalment tax payment requirement for the first 6 months.

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%. In addition failure to adhere to TP documentation requirements results in penalty of not less than 3,500 currency points (currently TZS 52.5m)

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 will be determined by the Director General of Worker's Compensation Fund

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

www.pwc.co.tz

Assurance

Patrick Kiambi
Nelson Msiyu
Zainab Msimbe
Cletus Kiyuga
Delvina Libent
Neemayanti Kaduma

Partner - Assurance Leader
Partner - Public Sector Group
Partner
Partner
Associate Director - Public Sector Group
Associate Director - Risk Assurance

Tax

David Tarimo
Rishit Shah
Joseph Lyimo
Mirumbe Mseti
Ali Asger Dawoodbhai

Country Senior Partner
Partner - Tax Leader
Partner
Partner
Associate Director

Advisory

Mpho Malaka **Partner**

DAR ES SALAAM
3rd Floor, Pemba House
369 Toure Drive, Oysterbay
P O Box 45
Dar es Salaam, Tanzania

Tel: 255 22 219 2000
Fax: 255 22 219 2200

E-mail: info@pwc.co.tz

ARUSHA
Fourth Floor, PPF Plaza
Plot No.15, Corridor Street
P O Box 3070
Arusha, Tanzania

Tel: 255 27 254 8881
Fax: 255 27 250 8166

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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Income tax - Corporations

Corporation rate	Profit %	Turnover %
Resident corporation*	30	
Newly listed companies (first 3 years)**; sanitary pad manufacturers (2 years from July 2019)***	25	
Newly established business - reduced rate for 5 years*** Pharmaceutical and leather industry	20	
Assemblers of motor vehicles, tractors, fishing boats or out boats engine	10	
Technical and management services to extractive sector		5
Alternative minimum tax ****		0.5
* Includes PE of a non-resident (which also accounts for 10% tax on repatriated income)		
** Provided at least 30% of shares are publicly issued		
*** Should have a performance agreement with the Government		
**** Where tax losses for 3 consecutive years		
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	
Extractive sector - prospecting, exploration and development (straight line)	20	

Income tax - Resident Individuals

Individual rate - monthly (Mainland Tanzania)

	Bands of taxable income		Tax Rate	Tax on Band	Cumulative tax on income
	TZS	TZS			
First	170,000	170,000	0	0	0
Next	190,000	360,000	9	17,100	17,100
Next	180,000	540,000	20	36,000	53,100
Next	180,000	720,000	25	45,000	98,100
Over	720,000		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															
	<table border="1"> <thead> <tr> <th></th> <th>TZS</th> <th>TZS</th> </tr> </thead> <tbody> <tr> <td><= 1,000 cc:</td> <td>250,000</td> <td>125,000</td> </tr> <tr> <td>1,000 - 2,000 cc:</td> <td>500,000</td> <td>250,000</td> </tr> <tr> <td>2,000 - 3,000 cc:</td> <td>1,000,000</td> <td>500,000</td> </tr> <tr> <td>> 3000 cc:</td> <td>1,500,000</td> <td>750,000</td> </tr> </tbody> </table>		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
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> 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.

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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, PSSF)	20
(up to half (10%) can be deducted from employee)	
Skills and Development Levy (employer)	4.5*
Workers' Compensation Fund (employer)	1 / 0.5**
* Exemption applicable to some persons including employment in farms and education	
** 1% (private sector), 0.5% (public sector)	

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
Insurance premium	0	5
Money transfer commission paid to money transfer 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		

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, 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, credit against final tax liability	
** applied to gain, computed separately from business income/loss	
*** applied to gross payment	

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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 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

Customs duty

Capital goods, raw materials, agricultural inputs, pure-bred breeding animals	%
Semi-finished goods	0
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*
*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 Money transfer and withdrawal charges by telecommunication service providers Satellite and cable television broadcasting	17 10 10 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*
Property tax	Rate set by LGA
* Maximum rate : 0.3% of turnover	