Tanzania Tax Data 2020/2021

Mineral Royalties

Mining Act 2010

Diamonds, Gemstones, Metallic minerals (incl. copper, gold, silver and platinum group minerals) Uranium General rate "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 Withholding tax, PAYE & SDL 7 days after month of deduction

PSSSE, NSSE & WCF 1 month after month end 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

Filina Corporate tax return Withholding tax/PAYE

Instalment: end of 1st quarter;

Final return: 6 months after accounting period

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

Excise Duty Last working 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

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

- 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

Partner - Tax Reporting Services

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2020/2021





Tanzania Tax Data 2020/2021

Drofit

Income tax - Corporations

Corporation rate Profit %	1 urnover %
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	5
Technical and management services to extractive sector 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 In tax losses for 3 consecutive years 	
Capital deductions	%
Buildings (straight line)	
Agriculture or livestock/fish farming Other	20 5
Other Plant and machinery (initial allowance)	5
Manufacturing or tourism	50
Agriculture	100
Plant & machinery (reducing balance)	07.5
Class 1 Class 2	37.5 25
Class 3	12.5
Intangible assets (straight line)	Over useful life
Agriculture - improvements/research and development Extractive sector - prospecting, exploration and development (straight line)	100 20

Income tax - Resident Individuals

Individual rate - monthly (Mainland Tanzania)

	Bands of	Taxable	Tax	Tax on	Cumulative
	taxable	income	Rate	Band	tax on
	income				income
	TZS	TZS	%	TZS	TZS
First	270,000	270,000	0	0	0
Next	250,000	520,000	9	22,500	22,500
Next	240,000	760,000	20	48,000	70,500
Next	240,000	1,000,000	25	60,000	130,500
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
<= 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.

Excess of "statutory rate" over actual interest rate paid.

Tanzania Tax Data 2020/2021

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)	20
(up to half (10%) can be deducted from employee)	
Skills and Development Levy (employer)	4*
Workers' Compensation Fund (employer)	1 / 0.5**

^{*} Exemption applicable to some cases including employment in farms and education

Rates of Withholding Tax

	Hesident	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	10	n/a
agent or digital payment agent		
Payments for goods by Government institutions	2	n/a
Note: Reliefs may apply to SEZ/EPZ investors, strategic invest	ors, certain loans i.r.o Gov	vernment projects

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Disposal of investments

Tax rates	Tanzanian	Overseas
	asset	asset
	%	%
Individual		
- Resident	10	30
- Non - resident	30	n/a
Company		
- Resident	30	30
- Non - resident	30	n/a
Exemptions:		

- Private Residence Gains of TZS 15m or less
- 2. Agricultural land Market value of less than TZS 10m
- Units in an approved Collective Investment Scheme
- Shares (i) DSE shares held by resident, (ii) shares held by non resident (and associates) where shareholding of less than 25%

Single Instalment Tax

10*
20*
30**
5***

^{**} applied to gain, computed separately from business income/loss
*** applied to gross payment

Tanzania Tax Data 2020/2021

Indirect taxes

VAT

Taxable Supplies	Rate*
Supply of goods & services Import of goods & services Export of goods & certain services	18 18 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 "Regular repayment"	Six monthly basis Monthly basis
* Mandatory registration for professional service providers and government institution with economic providers irrespective of the quantum of turnover.	

Customs duty

Capital goods, raw materials, agricultural inputs, pure-bred breeding animals Semi-finished goods Finished consumer goods	% 0 10 25
Energy and Resources: (i) Mining - machinery and spare parts thereof imported by a licenced mining comparand used in mining activities;	any 0
iii) 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.	n, 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 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

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 turnove
Property Tax	TZS
Ordinary building	10,000
Each storey in a storey building	20,000/50,000
*Lower rate applies to District Councils	

^{** 1% (}private sector), 0.5% (public sector)