

2024



INVESTING IN TANZANIA

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Introduction

Tanzania, having achieved independence in 1961, has established itself as a fortress of peace and political stability. This has been instrumental in fostering investment and maintaining stable diplomatic relations with a diverse array of countries and cultures. The nation has adopted a more positive stance in both its domestic and foreign policies towards enhancing the business environment, legal framework, and essential measures to attract and accommodate investments of all kinds.

Tanzania's strategic position on the eastern coast of Africa, directly connected to the Indian Ocean, provides significant trade advantages by facilitating links with Asian economies. Additionally, as a passage for goods between the ocean and six landlocked countries, is a highly desirable destination for investors, travellers, and tourists.

The country shares its borders with Kenya and Uganda to the north, Rwanda, Burundi, and the Democratic Republic of the Congo to the west, and Zambia, Malawi, and Mozambique to the south. It is renowned for its rich history and vibrant culture, making it an exciting location to visit.

Tanzania plays a critical role in regional trade. The country's three deep-water ports, namely Dar es Salaam, Tanga, and Mtwara, serve as vital gateways for neighbouring nations' cargo. The presence of such ports reinforces Tanzania's significance as a regional trade hub while underscoring the importance of its geography.

Tanzania's political stability and conducive business environment have attracted investors from various industries, including agribusiness, energy, and tourism, among others. The country's commitment to improving its legal system has further strengthened its reputation as a reliable investment destination. As a result, several international companies have set up offices and business ventures in Tanzania, creating employment opportunities and prompting economic growth.

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GENERAL REMARKS ON DOING BUSINESS IN TANZANIA

Tanzania's economy has been experiencing an outstanding growth trend, positioning itself as one of the fastest-growing economies in Africa. Its impressive average annual GDP growth rate of almost 7% since 2000 is a testament to this fact. With a population of approximately 62 million people and a strategic location on the Indian Ocean, Tanzania offers an abundance of natural resources that make it a highly attractive destination for investors across various sectors. This article will confidently outline some of the key reasons why investing in Tanzania is a smart choice that can provide investors with lucrative opportunities.

Tanzania is a goldmine for businesses seeking to tap into a large and thriving market, both locally and regionally. As a member of the African Union, the African Continental Free Trade Area (AfCFTA), the East African Community (EAC), and the Southern African Development Community (SADC), Tanzania enjoys special trade and investment arrangements, granting access to a market of over 450 million people.

Furthermore, Tanzania is home to a young and vibrant population, with a median age of 18 years and an impressive literacy rate of 80%. This creates vast opportunities for businesses aiming to meet the growing demand of consumers and benefit from the country's skilled workforce.



TANZANIA MARKET

A Large and Thriving Market
Locally and Regionally



TRADE AND INVESTMENT

Arrangements Access to Special Trade and
Investment Arrangements



SKILLED WORKFORCE

Benefit from the Country's
Skilled Workforce



YOUTHFUL AND VIBRANT

Population a Young and Vibrant Population
with Vast Opportunities

ESTABLISHING A BUSINESS IN TANZANIA

In establishing a business in Tanzania, the first stage is to identify the type of entity you want to trade on or conduct business with, then the next stage is registration of the prospective entity. After the Registration stage, it's important to follow all the necessary steps. Thus, make sure you obtain the following;

INCORPORATION OF A COMPANY

A company must have a memorandum and articles of association (MEMARTS).

A VAT REGISTRATION NUMBER (VRN)

If your business falls under the VAT threshold of 200 Million shillings as per the 2023 Finance Act. For professional service providers, VRN registration is mandatory.

A TAXPAYER IDENTIFICATION NUMBER (TIN)

a crucial step after business registration, the Application for TIN is made to the Tanzania Revenue Authority, Entities and Employees are required to obtain it.

RESIDENCE AND WORK PERMITS

For foreign employees or investors; there are different categories of Applications depending on their preferences and legal implications. Investors and expertriates are more incentivized.

BUSINESS NAME REGISTRATION

If the entity is a partnership; the registration of business name is crucial.

OTHER SECTOR-SPECIFIC REQUIREMENTS

Banking, insurance, marine services, and telecommunications businesses require licenses from their respective regulators.

A BUSINESS LICENSE

- Class A license: issued by the Business Registration and Licensing Agency (BRELA).
- Class B license: issued by Local Government Authorities (LGAs).
- Sector-Specific Licenses/permits: Depending on the nature of the Business and legal requirements for special licences, export and import licences, mining licences, etc.

The business vehicle that is most commonly utilised by investors is a private company limited by shares, while foreign companies may also establish branches within Tanzania. It is important to note that both entities are regulated by the Companies Act of 2002. Private companies in Tanzania must meet certain requirements to be registered. They need to have at least two shareholders but no more than 50, as well as two directors.

The registration process is completed online and involves uploading the MEMARTS, a consolidated form that includes details of the members, directors, and company secretary, an integrity pledge signed by the directors of the company, and a Form 14b declaration of Beneficial ownership.



COMPLIANCE REPORTING REQUIREMENTS

Companies operating in Tanzania are legally required to file specific documents with various government agencies. The key agencies that companies need to interact with are the Business Registration and Licensing Authority (BRELA), the Tanzania Revenue Authority, and the Labour Commissioner. Documents that must be filed include:

- Annual returns within 18 months of the incorporation date, which are filed with the BRELA.
- Annual tax returns, which are filed with the Tanzania Revenue Authority.
- Audited account statements for branch companies.
- Notifications about any changes that take place, such as the appointment, changes, and termination of directors and secretaries, increases in share capital, changes in the MEMARTS, and changes to the registered address. These notifications are filed with the BRELA.
- Charges related to mortgaging the company's assets must be filed with the BRELA.
- Returns on the employment of foreign nationals must be filed with the Labour Commissioner.
- Due to recent legal reforms, entities are now required to file their beneficial owners to enhance transparency, integrity, and accountability within companies by uncovering individuals who hold substantial control or own shares indirectly.



FORMS OF BUSINESS IN TANZANIA

SOLE PROPRIETORSHIP

In order to operate a business as a sole proprietor and use branded names other than one's own, it is necessary to comply with the Tanzanian Business Names Registration Act. This act requires that the business name be registered. A sole proprietorship is a form of business that is operated by a single individual without any legal separation between the proprietor and the business.

PARTNERSHIP

In Tanzania, partnerships arise out of contracts and are legally recognized and registered under the Business Names Registration Act. This allows partners to jointly trade as individuals within the partnership. Partnerships are not considered taxable entities, meaning only the partners are responsible for tax liabilities.

COMPANIES

In Tanzania, if two or more people want to establish a company for any legitimate purpose, they can register it under the Tanzanian Company Act. By signing a memorandum of association, individuals can choose to register a company with or without limited liability. It is important to note that each subscriber of the memorandum must hold at least one share.

A company that limits the liability of its members to the amount unpaid on their shares is called a "company limited by shares". Conversely, a "company limited by guarantee" limits the liability of its members to the amount they undertake to contribute to the company's assets if it is wound up. An "unlimited company" is one where there is no limit on the liability of its members. Finally, a "public company" is either a company limited by shares or limited by guarantee and having a share capital, whose memorandum states that it is to be a public company. A private company can have 2 up to 50 members, while a public company must have at least seven members.

JOINT VENTURES

Are formed when two or more parties agree to collaborate on a specific business or project. In Tanzania, Joint Ventures must be registered with the Business Registration and Licensing Authority (BRELA) and the Contractors Registration Board, particularly if they plan to undertake a construction project in the country. The establishment of Joint Ventures between construction companies is a recent initiative to address contractors' issues in Tanzania. It tackles one of the main challenges currently faced by the construction industry in the country, especially when dealing with large and complex projects.

TRUSTS

A trust is a legal arrangement where trustees hold assets on behalf of beneficiaries distinct from partnerships and companies. To register a trust, you must apply for a certificate of registration from The Registration Insolvency and Trusteeship Agency (RITA) and prepare a trust deed that lists the names and addresses of all trustees. Each trustee needs to apply for a Tax Identification Number (TIN). If a trustee already has a TIN certificate for another purpose, they cannot apply for another one and must use the existing TIN.

ESTABLISHING A BRANCH IN TANZANIA

In order for a foreign company to establish a branch in Tanzania, it is necessary to register as a foreign company and obtain a Taxpayer Identification Number (TIN certificaion). The foreign branch must also appoint a representative based in Tanzania who will be responsible for handling all business-related affairs, including government correspondences. It is important for the branch to operate in compliance with all relevant laws and regulations pertaining to doing business in Tanzania.

GENERAL INCENTIVES

As an investor in Tanzania, you can enjoy several incentives, including access to various services related to permits, licenses and approvals in the TIC One Stop Facilitation Centre. Additionally, the country recognizes private property and offers protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance Wing and the Multilateral Investment Guarantees Agency. It is also a member of The International Centre for Settlement of Investment Disputes, another body affiliated with the World Bank.

Furthermore, the country offers a range of tax incentives, including no import duty on computers and computer accessories, human and livestock pharmaceuticals and medicaments, inputs for manufacturing pharmaceutical products, project capital goods, motor vehicles in completely knocked-down form, and raw materials and replacement parts for agriculture, animal husbandry, and fishing. You will only be charged a 10% import duty for semi-processed/semi-finished goods. In addition, there is a pay and refund scheme for excise duty paid on fuel purchased by eligible companies. As an investor in the agricultural and mining sectors, you can enjoy a 100% capital expenditure allowance.

If you are using plant and machinery for manufacturing processes, fixed in a factory, fish farming or providing services to tourists and in hotels, you can get a 50% capital allowance in the first year of use. Finally, you can also get VAT deferment granted on project capital goods such as plant and machinery.



TAX CREDITS AND INCENTIVES

Foreign tax credit: This is reflected in the Foreign Income in the Income Determination section for a description of the foreign tax credit regime. Agriculture, manufacturing, and tourism incentives: Tax incentives by way of generous capital deduction provisions are given for specific sectors, namely agriculture, manufacturing, and tourism.

Export processing zones (EPZs) and special economic zones (SEZs): There are special benefits for EPZs and SEZs. Included in the benefits available to a person licensed to carry on business in an EPZ, as well as to SEZ investors selling in export markets, are a ten-year income tax holiday and WHT holiday, subject to a requirement to export at least 80% of production.

New manufacturers of pharmaceutical or leather products: There is a tax incentive by way of a reduced CIT rate for new manufacturers of pharmaceutical or leather products who have a performance agreement with the Tanzanian government from 30% to 20% for the first five years from the commencement of operations.

Newly listed companies: Companies that are newly listed on the DSE get an incentive of a reduced CIT rate for the first three years from 30% to 25%, provided at least 30% of shares are publicly listed.

TAX SUMMARY ON CORPORATE, INDIVIDUAL AND OVERALL BUSINESS ENVIRONMENT

Corporate - Taxes on corporate income: This is charged at a rate of 30% on the income of both resident corporations taxable on worldwide income irrespective of the source and Permanent Established (PE) nonresident corporations are taxable on income with a source in Tanzania.

For technical and management service providers to mining, oil, and gas entities a tax rate of 5% of turnover is applied, deducted by way of Withholding Tax (WHT). Gain from the disposal of investments in Tanzania is subject to income tax where such investments fall within the source rules, and, in such a case, the gain will be taxed at a rate of 30%. Reduced Rate for Newly Listed Companies: A reduced corporate income tax (CIT) rate of 25% applies for three consecutive years for companies newly listed on the Dar Es Salaam Stock Exchange (DSE). To qualify, at least 30% of the company's shares must be issued to the public. Alternative minimum tax (AMT): AMT applies at a rate of 0.5% to the turnover of companies with perpetual unrelieved tax losses for the current and preceding two income years. An exemption applies to agricultural companies and companies engaged in the provision of health or education.

Corporate residence: A company is tax resident if it is incorporated or formed under the laws of Tanzania or if the management and control of its affairs is exercised in Tanzania, whether physically or through any electronic means. Permanent establishment (PE): A non-resident entity has a PE in Tanzania if it carries on business in Tanzania.

Value-added Tax (VAT): VAT is chargeable on all taxable goods and services supplied in, or imported into, the United Republic of Tanzania. The standard rate of VAT is 18% in Mainland Tanzania and 15% in Tanzania Zanzibar except for banking, postal and telecommunication services where an 18% rate is applicable.

Additionally, the export of goods and certain services is eligible for a zero rating. Generally, businesses with or expecting to generate an annual taxable turnover of more than TZS 200 million in Mainland Tanzania and TZS 100 million in Tanzania Zanzibar must register for VAT. The Commissioner has the discretion to register (as intending traders) investors whose projects have not commenced production of taxable supplies but wish to be VAT-registered in order to reclaim the tax they incur on start-up costs. A business that only makes exempt supplies is unable to register for VAT and, consequently, unable to recover the VAT incurred on inputs.

Note: Registered businesses must submit VAT returns, and pay any tax due, monthly.

There is also mandatory registration for professional service providers (e.g. lawyers and accountants) and government entities/institutions carrying out economic activities. A non-resident who carries on an economic activity in Mainland Tanzania without a fixed place (e.g. non-resident suppliers of B2C electronic services) and makes taxable supplies in excess of the VAT registration threshold (no threshold for non-resident suppliers of B2C electronic services) is required to appoint a VAT representative unless it is impractical to do so due to business circumstances, in which case the non-resident would be required to apply for a simplified registration in accordance with procedures prescribed in regulations.

For imported goods, VAT is payable at the time of importation together with any customs and excise duties. VAT payable concerning specific capital goods (as defined) may be deferred, subject to certain procedures being followed. However, VAT deferment on imported capital goods will cease to apply from 30 June 2026.

Digital Service Tax

A non-resident engaged in digital transactions, such as providing electronic services, is required to account for a tax of 2% on the turnover, excluding VAT. The Income Tax (Registration of Non-Resident Electronic Service Suppliers) Regulations, 2022, outline the procedures to be followed by non-residents providing electronic services. These regulations cover the scope of services, online registration, filing of simplified income tax returns online, and payment requirements. There is a requirement to file digital service tax returns monthly by the 20th of the month following the month to which the payment relates.

The 2024 Finance Act has introduced a withholding tax on digital assets exchangers to 3%.

Customs Duty

Tanzania is a member of the East African Community, which became a Customs Union on 1 January 2005 on the implementation of the East African Customs Union Protocol. This protocol provides for a common external tariff (CET), elimination of internal tariffs, rules of origin, anti-dumping measures, a common customs law, and common export promotion schemes.

Excise Duty: Excise duty rates apply on a specific or ad valorem basis as follows (this list is not exhaustive and exceptions may apply in some cases).

Stamp Duty: Instruments giving rise to stamp duty obligations include conveyances, leases, share transfers, and issue and transfer of debentures. For most of these instruments, the applicable stamp duty rate is 1% of the consideration.

Payroll Taxes and Social Security Contribution: Apart from individual income tax (deducted at source by the employer), payroll taxes include Skills and development levy at 3.5% of payroll cash costs. This applies to every employer who has ten or more employees. Employers who are not obliged to pay SDL are not required to file SDL returns, 20% social security contribution, which is normally split equally between employer and employee (i.e. 10% each), Workers compensation fund tariff charged at 0.5% of cash sums paid to employees. The tariff is payable on a monthly basis.

Gaming Tax: Under the gaming tax, gaming activities are taxed at a maximum of 25% and gaming prize winners are taxed at a maximum of 15% on the amount or value of the winnings.



LOCAL TAXES AND RELATED ISSUES

Property Taxes: The TRA levies a property tax based on the value of a premises. The rates vary depending on the value and location of the property. For unvalued properties, TZS 18,000 is payable for a normal building and TZS 90,000 per storey for a storey building.

Service Levy: The Local Government Authorities are entitled to charge up to a maximum of 0.3% service levy based on turnover generated by corporate bodies in the relevant district.

Produce Cess: Produce cess is capped at 3% on food and cash crops and 5% on forest products such as timber, charcoal, and logs. However, there is an exemption on the transportation of crops of less than one tonne from one district to another.

Branch Income: The income tax liability of a person with a PE in Tanzania is calculated as if the person and the PE are independent but as if the PE is resident in Tanzania. The income of the PE is taxed at the normal income tax rate for entities, namely 30% on net income or 5% of turnover for technical and management service providers to mining, oil, and gas entities.

Income Determination: Subject to any provision to the contrary in the Income Tax Act, income is to be calculated in accordance with generally accepted accounting principles (GAAP). Local GAAP is in accordance with International Financial Reporting Standards (IFRS). Corporations must apply an accrual basis of accounting.

Inventory Valuation: The trading stock is valued at the end of the year at a lower cost and market value. No explicit method is stated for determining inventory cost, and, so far, for tax purposes, such cost will match the cost determined in accordance with generally accepted accounting principles GAAP. Special rules apply for the valuation of long-term work in progress.

Capital Gains: There is no separate capital gains tax in Tanzania. Instead, income tax is charged on the taxable profit arising on a gain arising from the realization of an 'investment asset' (a term that [subject to certain exceptions] includes shares, interests in land and buildings, and beneficial interest in a trust). The gain is determined as the difference between costs incurred and sale proceeds.

Dividend Income: Dividend income will be included in the calculation of taxable income unless it is exempt or a final withholding payment. Dividend payments are taxed by way of WHT, and this is a final tax. The normal rate of WHT on dividends is 10%. Dividends paid by a company listed on the DSE are subject to 5% WHT (regardless of whether they are paid to a resident or non-resident).

Interest Income: Interest income will be included in the calculation of taxable income unless it is exempt or a final withholding payment. Interest payments made by residents are taxed by way of WHT at 10%.

Royalty Income: Royalty income will be included in the calculation of taxable income unless it is exempt or a final withholding payment. Royalty payments made by residents are taxed by way of WHT at 15% (regardless of whether it is paid to a resident or non-resident), except for payment relating to the use of cinematography film, videotape, sound recording, or any other medium, where the applicable rate is 10%. WHT on royalty payments to a non-resident is a final tax.

Foreign Income: A resident person's foreign-source income or loss (from employment, business, and investment) is calculated as that person's worldwide income or loss less any income sourced in Tanzania and plus any loss sourced in Tanzania.

Deductions: In calculating taxable profit, deductions are allowed for revenue expenditures incurred wholly and exclusively in the production of income, with some statutory exceptions. For capital expenditures, there are specific tax depreciation allowances.

Start-up Expenses: Start-up expenses are deductible to the extent that they meet the general deduction criteria (i.e. they are revenue in nature and were incurred wholly and exclusively in the production of income). The definition of 'businesses include a prospective business.

Transfer Pricing: With respect to transactions between related parties, there is an obligation to 'quantify, apportion, and allocate amounts' for income tax purposes on an arms-length basis. The Transfer Pricing Regulations and Guidelines require any taxpayer whose transactions with associates exceed TZS 10 billion to file the CIT returns together with transfer pricing documentation. Also, any other taxpayer with related-party transactions is to have transfer pricing documentation in place and provide this within 30 days from the date of request by the TRA. The penalty for any adjustment made during an audit is 100% of the underpaid tax.

TAX ADMINISTRATION AND RELATED ISSUES

Taxable Period: While the year of income for tax purposes is the calendar year, an entity may apply to use its own accounting period rather than the calendar year.

Tax Returns: A statement of estimated tax payable, which contains an estimate of the chargeable income and the tax payable thereon, is due for submission within three months from the beginning of the accounting period. A final tax return must be furnished within six months from the end of the accounting period. Withholding Tax returns must be submitted every month, the due date for filing the WHT return is the seventh day of the month following the month to which the tax relates.

Payment of Tax: Installment tax is payable in four equal installments not later than three months, six months, nine months, and 12 months from the beginning of the accounting period. Final tax is payable on the date on which the final return is due for submission, namely six months after the end of the accounting period. WHT is due seven days after the month of deduction.

Tax Audit Process: The normal practice is for the TRA to carry out a review every two or three years. The time limit set for the Commissioner to determine an objection: If no determination is issued within six months of an objection, the underlying tax assessment or decision will be treated as final/confirmed, and the taxpayer can appeal to the Board. A 100% tax deposit on objection to tax decisions where there is a flight risk: The Commissioner can demand a deposit of 100% of assessed tax where the Commissioner has reasonable cause to believe that the objector intends to permanently leave the country.

Statute of limitations: There is a five-year time limit for the TRA to adjust an income tax return filed by a taxpayer. The five years runs from the due date of filing the final tax return.

Functional Currency: Taxable income and deductible expenditure are quantified in Tanzanian shillings. Upon request by the taxpayer, the Commissioner has the power, by notice in writing, to permit quantification in a foreign currency convertible to Tanzanian shillings.

VAT EXEMPTION

The Minister of Finance, through the Commissioner General of the Revenue Authority, has the power to exempt VAT on projects funded by the government or donors. The exemption also applies to supplies or imports of goods or services listed under parts 1 & 2 of the first schedule of the Tanzanian VAT Act, provided the applicant satisfies and verifies the application.

Net Wealth/Worth Taxes: There are no net wealth/worth taxes in Tanzania.

Inheritance, Estate, and Gift Taxes: There are no inheritance, estate, or gift taxes in Tanzania.

Skills and Development Levy (SDL): SDL is a tax on the employer calculated as 3.5% of gross cash emoluments of employees. It is not a tax on the individual but is a cost that needs to be borne in mind when considering the overall cost of employment of employees. It is only applicable to employers who have a minimum of 10 employees.

Workers' Compensation Fund Tariff: Employers are subject to the worker's compensation fund tariff. The tariff is payable on a monthly basis and is calculated as a percentage of cash sums paid to employees at 0.5%. Employers are also required to file a monthly return form.

Property Taxes: The property tax rates for valued properties vary depending on the value and location of the property. For unvalued properties, property tax is charged at TZS 18,000 for a normal building and TZS 90,000 per storey for a storey building.



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A 100% tax deposit on objection to tax decisions where there is a flight risk: The Commissioner can demand a deposit of 100% of assessed tax where the Commissioner has reasonable cause to believe that the objector intends to permanently leave the country.

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Functional Currency: Taxable income and deductible expenditure are quantified in Tanzanian shillings. Upon request by the taxpayer, the Commissioner has the power, by notice in writing, to permit quantification in a foreign currency convertible to Tanzanian shillings.

TAX SOURCE RESIDENT	NON	RESIDENT
Tax rate on total income of the corporation	30%	30%
Corporations with perpetual unrelieved losses for 3 consecutive years excluding corporation conducting agricultural business, provision of health or education	0.5% of annual turnover	N/A
Newly listed corporation to the Dar es Salaam Stock Exchange, with at least 30% of its equity ownership issued to the public for three consecutive years from the date of listing	25%	25%
A corporation with a newly established plant for assembling motor vehicles, tractors, fishing boat or out boat engine and having a performance agreement with a government of URT for the first five years from commencement of production	10%	N/A
A newly established entity dealing in manufacture of pharmaceuticals or leather products and having a performance agreement with the Government of the URT shall be taxed at reduced corporate rate for five consecutive years from the year of commencement of production	20%	N/A
Total income of a Domestic Permanent Establishment	N/A	30%
Digital Service Tax (DST) Payments received by a non-resident person who renders electronic services consumed in Tanzania.	N/A	2%
Repatriated income of domestic permanent establishment.	N/A	10%



EMERGING ISSUES ASSOCIATED WITH BUSINESS AND INVESTMENT IN TANZANIA

DATA PROTECTION

In the current business landscape, the exchange of personal and sensitive information among stakeholders is commonplace, making data protection a critical concern. For example, healthcare providers handle personal health data, while telecom companies process private communication data. In response to this growing concern, Tanzania has enacted the Personal Data Protection Act of 2022, which seeks to establish minimum requirements for the collection and processing of personal data, provide for the principles of personal data protection, create a Personal Data Protection Commission, enhance the protection of personal data processed by public and private entities, and address other related matters.

Therefore, investors should be mindful of these compliance requirements.

FINTECH

According to the Bank of Tanzania's (Fintech Regulatory Sandbox) Regulations of 2023, all providers (Fintech Companies) of technological innovations to be utilized in the provision of financial services in Tanzania are primarily regulated by the Central Bank. To facilitate the testing of new innovative products, services, delivery channels, or business models in a controlled environment, the Bank has established a formal procedure for fintech firms to conduct live tests under a regulated environment.

Thus there are laid procedures for individual Fintech firms and Cohorts for the same to adhere to before their products are deployed to the market. The Fintech Industry is still a lucrative market for investment as Tanzania is the business hub surrounded by several landlocked countries faster and more efficient payment gateways are in high demand to foster financial inclusion even for people from remote areas.

CONSUMER PROTECTION

The end users of any product or business must be afforded legal protection by its producers. Neglecting the welfare of consumers may result in the entity becoming liable, which could ultimately lead to the collapse of the business and the thwarting of the founders' dreams. Throughout history, we have witnessed numerous instances of producers neglecting consumer rights, leading to the bankruptcy of many entities. It is therefore incumbent upon businesses to prioritize consumer safety and well-being, to prevent legal and financial repercussions that could ultimately have far-reaching effects on the business and the wider community. The Fair Competition Commission in Tanzania is responsible for consumer protection, the same is the case for other sectorial-specific regulators like the Bank of Tanzania on issues involving financial consumer protection. As an investor, it is advised to be aware and adhere to consumer protection directives to avoid lawsuits and unnecessary.

The concept of "local content" denotes the economic value that is added to or created within a given economy by way of a deliberate utilization of the resources of Tanzania, both human and material, in investments. The goal of this approach is to facilitate the development of local capabilities while also encouraging local investments, ownership, and participation. The extractive sector policies and laws in Tanzania have been reviewed to include local content issues. This is aimed at prioritizing Tanzanians in employment and supply of goods and services in the sector. Other sector laws and policies have reserved certain activities for Tanzanians only, given preference to local companies, or required a certain percentage of shares in a company to be owned by Tanzanians. Tanzania has adopted a multisector approach to local content to apply it to other sectors as well. This highlights the need for relevant sector policies and laws to include local content as an essential component for the growth of the economy.

LOCAL CONTENT

In Mining activities; according to the Mining (Local Content) Regulations, GN. No. 3 of 2018 preference will be given to indigenous Tanzanian companies for mining licenses, subject to certain conditions. These conditions include a requirement for at least a five per cent equity participation of an indigenous Tanzanian company, which may be varied by the Minister in certain circumstances. The interest of an indigenous Tanzanian company in a mining license cannot be transferred to a non-indigenous Tanzanian company. Additionally, non-indigenous Tanzanian companies intending to provide goods or services to contractors or other entities in Tanzania must incorporate a joint venture company with an indigenous Tanzanian company and provide at least twenty per cent equity participation to the indigenous Tanzanian company. Mining contractors, subcontractors, licensees, and affiliated entities must include local content in their mining activities which includes issues of employment to the local workforce, issues of insurance, financial services and legal services with local brokerage firms or Local entities and local service providers and submit a local content plan in accordance with the guidelines or sector law.

In addition, there are other priority sectors including; The Construction sector (Works, Transportation and Communication), The Manufacturing and Trade sector; The Agricultural sector(Agriculture, Livestock and Fisheries); and the Tourism sector (Natural Resources and Tourism) stakeholders in these sectors are required to Develop local content plans in accordance with the law regulating a specific sector or in the absence of a specific sector law in accordance with the Guideline or Agreement. Local content issues in mining are a vital aspect that must not be taken lightly or conducted fraudulently. The law on mining local content imposes penalties and imprisonment terms for nonadherence to compliance or perpetration of fraud in the guise of compliance. It is crucial to ensure compliance and avoid fraudulent activities, as the consequences of non-compliance or fraudulent acts can be severe. Therefore, stakeholders in the mining industry must adhere to established regulations to promote transparency and accountability. Submitting false documents is punishable by a fine of 50-500 million TZS or 2-5 years imprisonment. Misrepresenting an indigenous Tanzanian company for local content requirements carries a penalty of 100-250 million TZS or 1-5 years imprisonment. Colluding to deceive the Commission about local content requirements carries a penalty of 100 million-10 billion TZS or 5-10 years imprisonment.

THE PUBLIC-PRIVATE PARTNERSHIP

Public-Private Partnerships (PPPs) are viewed as a cooperative venture between public and private sector entities that leverages the expertise of each partner to best meet clearly defined public needs through the most appropriate allocation of resources, risks, and rewards. In Tanzania, most PPPs are implemented as concession arrangements for running existing enterprises, with limited provisions for rehabilitation and new investments. The primary motivation behind establishing PPPs is to effectively address constraints related to the financing, management, and maintenance of public goods and services. PPPs can enable the Government to fulfil its responsibilities in efficiently delivering socioeconomic goods and services by ensuring efficiency, effectiveness, accountability, quality, and outreach of services. Overall, PPPs are a crucial tool for promoting socio-economic development in Tanzania by addressing financing, management, and maintenance constraints and enabling efficient delivery of socio-economic goods and services.

The Public Private Partnership (PPP) program in Tanzania is governed by the Public Private Partnership Act No. 19 of 2010. The Act aims to encourage and regulate private sector participation in public enterprises and projects, aimed at increasing efficiency, innovation and productivity for public services and projects. The Bill provides for the establishment of the Tanzania Economic Authority which reviews, approves and supervises PPP projects and prescribes procedures for project identification, procurement and financing procedures, and dispute resolution mechanisms. Additionally, the Bill allows for amendments to existing laws to suit changing circumstances and ensure the continued growth of the PPP process in Tanzania.

In recent years, Tanzania has undergone several significant changes in PPP legislation. One of the key amendments was the Public Private Partnerships (Amendment) Bill No. 9 of 2018, which introduced significant changes to the PPP framework. This reform established a dedicated PPP unit within the Ministry of Finance of Tanzania, which was responsible for the development and monitoring of PPP projects. Mechanisms were also introduced to enhance transparency, accountability and public participation in PPP processes. In addition, the amendment provided for the establishment of a dedicated PPP fund, which was intended to facilitate the financing of PPP projects in the country. These legislative reforms demonstrate Tanzania's commitment to creating an environment for private sector participation in the public sector, to stimulate economic growth and development in the country.

DISSOLVING A BUSINESS

There are issues to be taken into consideration when terminating a business in Tanzania. The following actions must be taken when terminating the business of a company as per the provisions of the Companies Act:

- Initiate a voluntary winding up of a company using the following procedure:
- The company's board of directors must convene a board meeting. The agenda of this meeting is to call for a member's general meeting to pass a resolution for the winding up of the company.
- The board of directors must also issue a statutory declaration of solvency 30 days before the passing of the resolution to wind up the company and submit it to the Registrar of Companies for registration.
- Pass a resolution to wind up the company.
- Issue a notice of resolution to complete a voluntary winding up within 14 days of the date of the resolution and have it published in the Government Gazette.
- Appoint a liquidator in a company general meeting to oversee the settlement of liabilities and distribution of the company's assets.
- The liquidator must call a creditors' meeting (if the company is insolvent and cannot meet all of its financial obligations).
- The liquidator must call for an annual general meeting at the end of each year if the winding up takes more than a year.
- The liquidator must conduct a final meeting and dissolution where he or she will lay before the members the settlement of accounts that he or she has undertaken. The meeting must follow a 30 days notice published in the Government Gazette.

Within 14 days after the meeting, the liquidator must deliver the accounts to the Registrar of Companies for registration.

- Within 90 days of the registration by the Registrar, the company is deemed to be dissolved.
- Settle accounts in the following order: the statutory creditors must be paid first (e.g. unpaid taxes must be paid to the Tanzania Revenue Authorities);
- Secured creditors are second in priority; • payment of employees' arrears follows, and unsecured creditors are the fourth in the list of priorities.
- Write a cessation letter in respect of the TIN to the Commissioner General of the Tanzania Revenue Authority.
- The company's business licence comes to an end on its expiration date.

REGULATORY AUTHORITIES, LICENSES, AND PERMITS IN TANZANIA

AUTHORITY/AGENCY	PERMIT/ LICENSE/ CERTIFICATE ISSUED
BUSINESS REGISTRATION & LICENSING AGENCY (BRELA)	Company incorporation, winding up; certificate of compliance // Business name registration // Trade, services marks and design registration // Patents registration // Beneficial ownership registration
TANZANIA COMMUNICATIONS REGULATORY AUTHORITY (TCRA)	Application services license // Network services // Network facility // Installation of telecom equipment's license // Importation & distribution of telecom equipment's license // Special content education license // Online content services; content aggregation license // Radio frequency spectrum license // Domestic; international; inter city; intra city; public and EAC courier services license
TANZANIA CIVIL AVIATION AUTHORITY (TCAA)	All aviation activities permits // Pilots and other related entities license // Drones registration and licensing.
ENERGY AND WATER UTILITY REGULATORY AUTHORITY (EWURA)	Local Suppliers and Service Providers (LSSP) registration // Small power producer and distributors licensing // Electrical installation license // Electrical service provider license // Petroleum wholesale; storage; retail license // Petroleum consumer installation license // LPG wholesale license // Lubricant blending license // Lubricant wholesale; and distribution license // Bulk importation coordination license // Petroleum marine Loading and Offloading license // Petroleum refinery operations license // Waste oil recycling operations license // Petroleum pipelines operations // Water and sanitation services license // Bulk water supply license // Sanitation services license

AUTHORITY/AGENCY	PERMIT/ LICENSE/ CERTIFICATE ISSUED
NATIONAL ENVIRONMENT MANAGEMENT COUNCIL (NEMC)	<ul style="list-style-type: none"> — Environment inspection (Environment Impact Assessment) — Environment Audit — Environment Experts registration
TANZANIA REVENUE AUTHORITY (TRA)	<ul style="list-style-type: none"> — Tax Identification Number (TIN) — Tax Clearance Certificate — All issues related to income tax, capital gains tax, corporate tax, PAYE, VAT, SDL, property, excise duties etc. — Driving license processing — Motor vehicle/cycle transfer & registration — Storage facilities registration — Clearing and Forwarding licensing; TANCIS
REGISTRATION OF INSOLVENCY AND TRUSTEESHIP AGENCY (RITA)	<ul style="list-style-type: none"> — Trust incorporation — Wakf & Will registration — Marriage, divorce, birth and death registration
ENGINEERS REGISTRATION BOARD & CONTRACTORS REGISTRATION BOARD (ERB & CRB)	<ul style="list-style-type: none"> — Engineering and Contractor's license (this covers both Freelancers consultant firms, local construction companies and foreign construction companies) — Building contractors; Civil Contractors; Electrical; mechanical and Specialist
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY	<ul style="list-style-type: none"> — Registration of primary & secondary schools — Registration of International schools; religious schools
TANZANIA TOURISM BOARD & MINISTRY OF NATURAL RESOURCES AND TOURISM	<ul style="list-style-type: none"> — Tourism Agents; Tour operators; Tourist hotels; tour operators; car rental; tourist camp sites; mountain climbing; balloon safaris; hunting

AUTHORITY/AGENCY	PERMIT/ LICENSE/ CERTIFICATE ISSUED
OCCUPATIONAL SAFETY AND HEALTH AUTHORITY	<ul style="list-style-type: none"> — Registration of Workplace — Provision of routine occupational safety Training — Monitoring and Inspection of Occupational Safety and health compliance in workplaces.
MINISTRY OF AGRICULTURE	<ul style="list-style-type: none"> — Export & Import of crop products permits.
TANZANIA FERTILIZER REGULATORY AUTHORITY (TFRA)	<ul style="list-style-type: none"> — Fertilizer Agency licensing — Fertilizer and Supplement registration — Premises registration — manufacturing plants licensing — Fertilizer Imports & Export permits — Fertilizer Stock submission — Fertilizer dealers license
MINISTRY OF FINANCE	<ul style="list-style-type: none"> — Auctioneers License
THE GAMING BOARD OF TANZANIA	<ul style="list-style-type: none"> — Sport betting; online sport betting; — Casino; route operators — Lottery License
THE MINING COMMISSION	<ul style="list-style-type: none"> — Primary mining license — Mining license — Processing license — Exploration license — Export and importation license — Special mining license — Brokers and Dealers license — Refinery license

AUTHORITY/AGENCY	PERMIT/ LICENSE/ CERTIFICATE ISSUED
BANK OF TANZANIA (BOT)	<ul style="list-style-type: none"> — Foreign Loan Registration & De-registration — commercial bank licensing — Bureau De Change — Credit reference Bureau — Licensing Mortgage financing — FINTECH Regulation — licensing Microfinance (entity & individual) Community bank (SACCOS & VICOBA)
FAIR COMPETITION COMMISSION (FCC)	<ul style="list-style-type: none"> — Merger and acquisition with a capital threshold to TZS 3.5+ billion notification/ approval
CAPITAL MARKETS & SECURITIES AUTHORITY (CMSA)	<ul style="list-style-type: none"> — Security brokers and dealers' license — Nominated security advisor licenses Investment advisors; — Fund managers and custodian of security license — Central depositions license — Stock exchange/commodity — Takeover and mergers approval for PLC Initial Public Offering (IPO) approval.
LAND TRANSPORT REGULATORY AUTHORITY (LATRA)	<ul style="list-style-type: none"> — Goods carrying vehicles license — Private hire services — Public services vehicles licensing — Certification of commercial vehicle drivers and crew registration
TANZANIA PORTS AUTHORITY	<ul style="list-style-type: none"> — Ship chandlers — Miscellaneous ports services and stevedoring license
MINISTRY OF HEALTH (MOH)	<ul style="list-style-type: none"> — Hospital,dispensary, health centres and pharmacy registration — Clinics — Therapeutics; — Prosthetics; diagnostic services registration

AUTHORITY/AGENCY	PERMIT/ LICENSE/ CERTIFICATE ISSUED
TANZANIA INVESTMENT CENTRE (TIC); LGA & MIT	<ul style="list-style-type: none"> — Certificate of incentives — Project registration — Work and residence permit — Certificate & Land Acquisition
MINISTRY OF LIVESTOCK AND FISHERIES	<ul style="list-style-type: none"> — Animals Importation & Exportation license — Animal products importation license — Hatchery or breeder flock farm license — Day Old chicks and hatching eggs Dealers; — Agents and Broker's License — Slaughter facility license — Live wild birds exportation license — Premises for manufacturing; selling, transporting and storage of animal feeds; feed ingredients and feed additive registration — Fish export license — Aquaculture registration
TANZANIA SHIPPING AGENCIES CORPORATION (TASAC)	<ul style="list-style-type: none"> — Initiating the ratification, domestication and implementation of the relevant International Maritime Instruments — Developing Merchant Shipping — Regulations and forwarding to the Minister responsible for shipping for approval and signing — Appointment of Surveyors — Registration and licensing vessels — Surveying and inspection of vessels along with issuing relevant Safety certificates — Measuring the tonnage of ships — Marking of ships i.e. load lines — Overseeing safe manning level of vessels — Exercising Port State Control of all foreign ships

AUTHORITY/AGENCY	PERMIT/ LICENSE/ CERTIFICATE ISSUED
	<ul style="list-style-type: none"> — Regulating and approving marine services safety equipment's and marine services providers — Regulating ferries including ferries that are offering services and operated by the Government. — responsible for carrying out the responsibilities of cargo clearing and forwarding services under the exclusive mandate — Register shippers, shipping agents and Clearing and Forwarding Agents — Superintend the conduct of Shipping Agents
FIRE AND RESCUE FORCE TANZANIA	<ul style="list-style-type: none"> — Registration or deregistration of auxiliary fire units and fire dealers; — Certificate of fire safety Inspection — Provision of Fire rescue and safety training

ABOUT US

Lawfic Attorneys is a premier full-service law firm based in Dar es Salaam, Tanzania with a vast established network within the East African region.

We are a vibrant team who have achieved a commendable reputation in the legal market and profession. We have established long-standing relationships with the leading financial institutions, government entities, non-profit organisations, and other prominent public and private sectors in East Africa and beyond.

Our practice aims to provide efficient, accurate and cost-effective legal services with attention to detail and the highest professional standards. We offer real-time legal solutions for a fast-changing and dynamic business environment.

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