



**TANZANIA REVENUE AUTHORITY**  
**ISO: 9001:2015 Certified**

**DIALOGUE FORUM FOR FOREIGN INVESTORS  
IN TANZANIA**

**Presentation On Tax Regime**

**31<sup>st</sup> October 2024**  
**Johari Rotana Hotel**



# Presentation Outline

1. Introduction
2. Taxes Administered by TRA
3. Tax Incentives
4. Conclusive Remarks





# 1.0 Introduction

- The Tanzania Revenue Authority (TRA) was established by an Act of Parliament No.11 of 1995
- Pursuant to Section 5 (1) of the TRA Act, CAP 399 R.E 2019. TRA Major functions;
  - ❖ Assess, collect and account for Government Revenue;
  - ❖ Monitor, oversee, coordinate activities and ensure the fair, efficient and effective administration of tax laws;
  - ❖ Advise the Minister and other relevant organs on all matters pertaining to fiscal policy.



# 1.0 Introduction ...Con't

- In discharging such functions, TRA plays a pivotal role in Tanzania's economic development by ensuring an efficient, transparent, and fair tax administration system;
- The Authority supports the country's fiscal policies, creating an enabling environment for both local and foreign investors; and
- Through various tax incentives and streamlined compliance procedures, TRA is committed to fostering business growth and sustainable investment in Tanzania.

# 2.0 Taxes Administered by TRA



## Domestic Taxes

Income Tax

Value Added Tax (VAT)

Excise Duty

Pay AS You Earn (PAYE)

Skills Development  
Levy (SDL)

Gaming Tax

Withholding Tax

Capital Gains Tax

## Customs Duties

Import duty

Value Added Tax (VAT)

Excise Duty

Railway Development  
Levy

Customs Processing  
Fee (CPF)

## 2. 0 Taxes Administered by TRA...



### Income Tax

- The Income Tax is chargeable at a rate of **30 percent** on chargeable income of entities (Such as Limited companies, Parastatals, clubs, associations, societies etc).
- Income tax payable by resident individual with top marginal rate of **30 Percent.**
- Alternate Minimum Tax at the **rate of 0.5 percent** of annual sales for resident person that suffer losses for three (3) consecutive years.

## 2.0 Taxes Administered by TRA...



### Pay As You Earn (PAYE)

- This is a tax based on Employment known as Pay As You Earn. This is withholding tax for taxable employees.
- Under this system, the employer obliged to legally deduct income tax from the salary or wages of the taxable employee and remit to TRA.

### Skills Development Levy (SDL)

- SDL is charged based on the gross emolument of all payments made by the employer to the employees employed by such employer in the particular time.
- This levy is due and payable by an Employer.
- The applicable rate is **3.5 percent**.

## 2. 0 Taxes Administered by TRA...



### Value Added Tax (VAT)

- Chargeable on all taxable goods and services **supplied in**, or **imported into**, the United Republic of Tanzania.
- The standard rate of VAT is **18 percent** in Mainland Tanzania, but the export of goods and certain services are eligible for **zero rating**.
- Businesses with or expecting to generate an annual taxable turnover of more than TZS 200 million in Mainland Tanzania must register for VAT.
- Depending on the industry, there are a number of **exempt supplies**.

## 2. 0 Taxes Administered by TRA...



### Excise duty

- This is a duty charged on specific goods and services **manufactured locally** or **imported** on varying rates.
- Charged in both **Specific** and **ad valorem** rates.
- Most of these products charged with excise duty are consumables such as soft drinks, hard drinks, cigarette etc.
- Electronic communication services, Motor Vehicle are also charged with excise duty.



## 2. 0 Taxes Administered by TRA...

### Import duty

- These are tariff imposed on the products from the rest of the world.
- Administered under East African Customs Management Act.
- The applicable rates ranges from **0 percent to 35 percent.**

## 2.0 Taxes Administered by TRA...



### Gaming Tax

- This is a tax levied on gaming revenue.
- The tax includes two tiers of taxation related to gaming. Gaming Tax charged to the **operator due to income derived from gaming and** Tax on Winnings charged to the player after winning the game prize.

### Stamp duty

- Stamp Duty is charged on instrument related to; acquisition of real property, or rights in such property, share transfer of a company etc.
- The tax is imposed on specific or ad valorem rate

## 2.0 Taxes Administered by TRA...



### Capital Gain Tax

- Taxed on disposal of investment assets such as interest in land, shares, stock and securities, transfer of rights in mining and petroleum activities;
- Charged on the net gain
- Capital gain tax is charged at the rate from **10 percent to 30 percent.**

### Withholding Tax (WHT)

- The amount of tax retained by one person when making payments to another person in respect of goods supplied or services rendered. The rates are varying depending on the nature of the activity (such dividend, interest, royalty ).



# 3.0 Tax Incentives

## 3.1 Income Tax Incentives:

- Exemption of withholding on interest payable to a non-resident bank by a **strategic investor** except for interest payable on any loan taken by a strategic investor from an associated or related company.
- A reduced rate of corporate tax to **20 percent** for five consecutive years to a newly established entity dealing in **manufacture of pharmaceuticals** or **leather products** and having a **performance agreement** with the Government of the United Republic of Tanzania.



## 3.1 Income Tax Incentives...

- A reduced corporate tax rate of **10 percent** for five consecutive years to a newly corporation with an established plant for **assembling motor vehicles, tractors, fishing boats** or out **boats engine** and having a **performance agreement** with the Government.
- A reduced corporate rate of **25 percent** for three consecutive years from the date of listing to a newly **listed company with the Dar es Salaam Stock Exchange** with at least thirty percent of its equity ownership issued to the public.



## 3.1 Income Tax Incentives...

- **Exemption of income tax** on income derived from **investment** or **business** conducted within the Export Processing Zone, and Special Economic Zone during initial period of **ten years**.



## 3.2 Tax Incentives on Importation

- **Duty remission** on importation by **eligible manufacturers** of selected goods e.g raw materials for exercise books, sanitary pads, e.t.c.
- **Specific** and **General Exemptions** under the 5<sup>th</sup> Schedule to the EACCMA 2004 and the Exemption schedule to the VAT Act, 2014.
- Deferment of VAT on **capital goods**.

### 3.2.1 Specific Incentives on Importation (TIC/EPZ/SEZ)

- Investors under TIC are eligible to Import Duty exemption to the tune of **75 percent** on an approved list of capital/deemed capital goods, excluding items mentioned under S. 22(2) of the Tanzania Investment Act 2022.
- **TIC Strategic** and **Special Strategic Investors** are eligible for additional VAT and/or Excise Duty Exemption on application and **approval** by the **Minister for Finance**.

## 3.2.1 Specific Incentives on Importation (TIC/EPZ/SEZ)



- All **Imports to EPZ** are exempted from payment of Import Duty. VAT is exempted on goods for exclusive use of the EPZ (except consumables, spare parts and non-utility motor vehicles).

## 4.0 Conclusive Remarks

- The Tax Administration in Tanzania is in a continual improvement to enhance industrial economic growth as well better business environment.
- Please be invited to grab Vast Investment Potentials available in Tanzania.

# ASANTENI SANA

