



KEY AMENDMENTS INTRODUCED IN FINANCE ACT 2025

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INTRODUCTION

We have prepared this document covering the major amendments introduced through The Finance Act, 2025:-

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For the complete amendments in the above Acts and other Acts not covered in this document, kindly refer to the Finance Act 2025, a link of which is given in our website, www.bsk.co.tz – [Finance Act 2025](#).

Disclaimer: The information contained in this document has been compiled from the Finance Act, 2025. While all reasonable attempts have been made to ensure that the information contained herein is accurate, Balakrishna Sreekumar & Co. accepts no responsibility for any errors or omissions it contains whether caused by negligence or otherwise. The Document contains general information only and is neither intended to be a comprehensive publication nor provide specific advice.

Restructuring of Acts:-

It may be noted that almost all the existing Acts have been re-structured whereby all the amendments up to the Finance Act 2023 have been incorporated. The sections have been re-numbered in these restructured Acts. All these re-structured Acts have been uploaded on TRA website and can be accessed on <https://www.tra.go.tz/resource-center/8>

Therefore, the sections referred to in the Finance Act 2025, shall correlate with these new re-structured Acts and not with the previous version.

For Referring to the write up, please note that”

- The new addition/amendments are indicated in **Blue**
- The Deletions have been indicated off in **Red**

AMENDMENT OF THE INCOME TAX ACT, (CAP. 332)

✚ **Amendment of section 12 (5):**

Definition of Equity for the purpose of Thin Capitalization shall mean Share capital and Positive Retained Earnings

Impact: This was removed in Finance Act 2022 and only paid up share capital was considered to calculate the ratio of debt equity for the purpose of calculation the allowability on interest under Thin Capitalization Rules. So this is a welcome addition as positive retained earnings shall now form part of the Equity.

✚ **Introduction of Section 33 A :**

A new Section 33A has been introduced to read as under:-

33A.-(1) Where the Commissioner determines that an entity has not made distribution for the year of income for a period of twelve months, after the end of the year of income, he may treat that thirty percent of the profit of the entity, for the purposes of this Act, as having been distributed on a date twelve months after the end of the year of income:

Provided that, this section shall not apply to a resident entity covered under section 96(6).

(2) Without prejudice to subsection (1), where an entity subsequently makes distribution, the entity shall not be required to withhold income tax in respect of the amount deemed distributed under subsection (1).”.

Impact: With this definition it is our understanding that:”

- i) It is not on previous/brought forward retained earnings.**
- ii) It is not applicable for Resident Entity under Section 96(6) which was Previously Section 75(6). This section applies for those companies who have a non-resident associate, meaning the entities whose 25% or more of the shares are held by Non-Residents.**

So for such entities, it is our understanding that Section 96(6) shall be applicable, whereby the companies shall be treated to be distributing the dividend to the extent of shareholding on Non-Resident.

- iii) For all other companies (other than covered under Section 96 (6), only thirty percent of the profit for the year may be deemed as distribution and taxed after twelve months after the year end.
- iv) The future distribution shall not attract tax to the extent already taxed on deeming.

The word used is “he (Commissioner) MAY treat” which is important.

✚ **Amendment of section 44 (1):**

A new proviso after paragraph (b) has been introduced to read as under: -

Provided that, where such person subsequently realises or transfers ownership of the asset, the cost of the asset for purposes of computing gains or losses under section 36 shall be the net cost of the asset at the time of acquisition of the asset by that other person and subsequent cost after acquisition as if the person and the other person were the same persons

✚ **Amendment of 71(1), 75(4), 80(1) and 84(4): Set off of Losses from**

- Mining Operations
- A license conducting processing, smelting or refining
- Petroleum Rights
- Midstream and Downstream Activities

The entities involved in above activities can now set off unrelieved loss under section 19 only up to 60%, instead of 70% of current year's income.

Impact: Now the companies involved in the above activities can set off losses u/s 19 only up to 60% of current year's income.

✚ **Amendment of section 105(2) : Withholding Tax Introduced on hired motor vehicle**

Section 105(2) (Previous 82(2)) has been amended

Withholding tax of 10% shall now be applicable on hiring of Motor Vehicle as well.

Impact: Till now withholding on hiring/lease under this section was applicable to Leasing of Land or Building and Aircraft only. Now leasing/hiring of Motor Vehicle also shall be liable for withholding tax.

✚ **Amendment of section 106 (1): Withholding Tax on Commission for Gaming advertisement or promotion, and salt.**

Section 106(1) (d) and (f) (Previous 82(2)) has been amended

Withholding tax of 10% shall now be applicable on Withholding Tax on Commission for Gaming Advertisement or Promotion.

Withholding tax of 2% shall now be applicable on Withholding Tax on Industrial Minerals including Salt.

Impact: Last year in Finance Act 2024, industrial minerals were added but other than salt. Now Salt has also been included.

✚ **Amendment of section 115: Single Instalments (Capital Gains Tax)**

Section 115 (1) (d) (Previously 90 (1) (d)) has been amended

Capital Gains Tax for Non-Resident Persons has been increased from twenty to thirty percent.

Impact: This has been done to align the First Schedule where the Income of a Non Resident is taxable at 30% to ensure that such non-residents pay full tax at the time of obtaining CGT itself.

✚ **Introduction of section 116A: Single Instalments Tax on Sale of Forest Produce w.e.f. 01.01..2026**

Section 116 A has been introduced to read as under:-

116A.-(1) A resident person, an “instalment payer”, who receives payment in respect of sale of forest produce shall pay income tax by way of single instalment equal to 2 percent of gross payment.

(2) The income tax referred to in subsection (1) shall be paid before the forest produce is transported.

(3) Upon payment of the income tax the Commissioner shall issue a instalment payer with a single instalment certificate certifying that the tax has been paid or that no tax is payable.

(4) Instalment tax paid under this section shall satisfy the instalment payer's income tax liability with respect to the payment.

(5) For the purposes of this section-

(a) “forest produce” means timber, logs, mirunda and poles;

(b) “instalment payer” means a person other than a corporation who harnesses forest resources for sale to the other person;

(c) “gross payment” means the farm gate price, purchasing price or value of the forest produce as determined by Tanzania Forest Service Agency, whichever is greater.

(6) The Minister may make regulations for the purpose of giving effect the provisions of this section.

(7) This section shall come into effect on 1st January, 2026.”.

Impact: A person selling forest produce, i.e. timber, logs, mirunda and poles shall pay single instalment tax of 2%, which will be final.

+ Amendment of section 117: Return of Income

Section 117 (3) (b) (Previously 91(2) (b)) has been amended

Return of Income

117 (3) (b) in the case of an individual whose turnover in a year of income exceeds five hundred million shillings and a corporation whose gross income in a year of income exceeds one hundred million shillings, be prepared or certified by a certified public accountant in public practice;”.

Impact: Previously it was required to be certified only for Corporates irrespective of turnover. However in practice, as per e filing portal requirements, all returns were required to be certified.

Apart from the above, there is a cosmetic amendment to the definition of Permanent Establishment.

+ Amendment of First Schedule –

The following notable amendments have been made to the First Schedule.

- Minor changes in Tax Payable by Persons involved in business of Transportation of Passenger or goods.
- a newly listed company with the Dar es Salaam Stock Exchange with at least ~~thirty~~ **Twenty five** percent of its equity ownership issued to the public shall be taxed at a reduced corporate rate of twenty five percent for three consecutive years from the date of listing;
- **Alternate Minimum Tax increased from 0.5% to 1 %.**
- **WHT Rate increased from 5% to 10%** for a resident person who is conducting business of extractive industry in mining, oil or gas pays a service fee to another resident person in respect of management or technical services provided wholly and exclusively for the business.

- WHT Rate increased from 5% to 10% for a resident person who pays to a non-resident an insurance premium with a source in the United Republic.
- WHT Rate of 10% to apply for payments made by resident person who pays for commission for gaming advertisement or promotion.

✚ Amendment of Second Schedule

A proviso to Paragraph 1 (1) Subparagraph (o) has been deleted and a new proviso has been added.

Subparagraph (o) was as under:-

“Income derived from investment or business conducted within the Export Processing Zone, and Special Economic Zone during initial period of ten years”

The Existing Proviso and the New Proviso are

~~Provided that, this paragraph shall not apply to category B investor in the Special Economic Zone as provided in the Special Economic Zones Act;~~

Provided that, this paragraph shall not apply to investors within the Export Processing Zone and Special Economic Zone who produce for sale into the United Republic or who offload products into the domestic market in respect of the offloaded products.

Impact: An entity into EPZ or SEZ shall not get exemption from Corporate Tax even if a small fraction of its turnover is coming from local sales. Earlier up to twenty percent of local sales was allowed.

AMENDMENT OF THE VALUE ADDED TAX ACT, (CAP. 148)

✚ Amendment of section 2: Interpretation – Definitions added/Amended

Definition of Resident amended to read as under:

“resident” means an entity incorporated or registered in Mainland Tanzania or an individual whose permanent home is in Mainland Tanzania;

Following new Definitions have been added:

“assisted Government entity” means a Government entity in respect of which the Commissioner General is empowered to collect considerations for a taxable supply payable to such entity;

“withholding agent” means-

- (a) the Ministry responsible for finance;
- (b) a Government entity which retains whole or part of its collected revenue;
- (c) a registered person as may be appointed by the Commissioner General by notice;

✚ Amendment of section 5: VAT Withholding introduced on supplies made to Withholding Agent and reduced VAT Rate for certain transactions

Section 5 has been amended to include the following subsections (5) and (6):-

5 (5) “Where the supply that is taxable at a standard rate is made in Mainland Tanzania to a withholding agent, the rate shall be eighteen percent but the withholding agent shall be required to withhold the rate of three percent on supply of goods and the rate of six percent in respect of supply of service in which the rate payable to a taxable person supplying service shall be twelve percent.

(6) Where the supply that is taxable at a standard rate is made in Mainland Tanzania to unregistered person in Mainland Tanzania who pays for the consideration of that supply through a bank or electronic payment system approved by the Commissioner General, the rate shall be sixteen percent:

Provided that, the Commissioner General shall, by public notice, specify the persons eligible and the manner in which the arrangement shall be implemented:

Provided further that, the provisions of this subsection shall come into operation on 1st September, 2025.”

Impact: All supplies to Government Entities and other WHT Agents to be specified shall be liable for VAT WHT. A Reduced VAT rate of 16% for unregistered buyers who makes online payments. There might be practical challenges to adopt the same and therefore the effective date has been kept as 01.09.2025 so that required infrastructural changes can be accomplished.

✚ Introduction of section 27A: VAT payable to assisted Government Entity.

A new Section 27A has been added as under:

27A “Where an assisted Government entity makes a supply and the consideration payable to such entity in respect of that supply is required to be collected by the Commissioner General, the value added tax included in that consideration shall be treated as advance value added tax paid by such entity to the Commissioner General.”.

✚ Amendment of section 29: Other persons required to be registered.

The existing Section 29(3) and (4) reads as under:-

29(3) notwithstanding the provisions of section 28, the Commissioner General may register a taxable person as intending trader upon fulfilling the following conditions-

- (a) provide sufficient evidence to satisfy the Commissioner of his intention to commence an economic activity, including contracts, tenders, building plans, business plans, bank financing;
- (b) the person makes or will make supplies that will be taxable supplies if the person is registered; and
- (c) specify the period within which the intended economic activity commences production of taxable supplies.

“29 (4) A person who does not comply with conditions under subsection (3) shall notify the Commissioner General within a period of 90 days after the end of the period required under sub-section 3(c), by giving reasons for failure to comply with the conditions.”

The following subsections (5) and (6) have been added:

“(5) Upon receipt of the notification to in subsection (3), the Commissioner General shall serve the person with his decision setting out the reason for grant or refusal of extension of time referred to in subsection (3)(c).

(6) Where the Commissioner General refuses to grant extension of time, the person shall be deemed to be deregistered for Value Added Tax.”

Existing Subsection (5) to be renumbered as (7)

✚ Amendment of section 46: Supplies relating to immovable property.

A cosmetic amendment to Section 46(2) has been made as under:

46(2) A supply of service directly related to immovable property shall be treated as a supply made in Mainland Tanzania if-

(a) the land to which the property relates is **not** situated in Mainland Tanzania; and

(b) the supplier is-

(i) a resident of Mainland Tanzania; or

(ii) a non-resident who carries on an economic activity at or through a fixed place in Mainland Tanzania

✚ Amendment of section 51: A cosmetic Change to the meaning of Electronic Service.

✚ Amendment of section 56 (Previously Section 55A):

Zero Rating of Supply of Locally Manufactured Fertilizers has been extended for 3 more years up to 30th June 2028.

✚ Amendment of section 57 (Previously Section 55B):

Zero Rating of supply of locally manufactured garments made from locally grown cotton has been extended for one more year upto 30th June 2026.

✚ Amendment of section 70 (Previously Section 66): VAT Returns

Sub Section (2), (3) & (4) inserted to include the claiming of VAT) WHT, Reduced VAT Rate

Section 70

“(2) A taxable person shall not subtract withheld output tax in the calculations made under section 71, unless at the time of filing the value added tax return for the relevant tax period, such person holds a valid value added tax withholding certificate.

(3) A taxable person who made taxable supply at the rate of sixteen percent pursuant to section 5(6) shall, through the system or any manner directed by the Commissioner General, submit a proof of bank payment or electronic payment showing that the consideration for that supply was made electronically or through bank.

(4) An assisted Government entity shall attach a valid certificate of advance value added tax paid for the relevant tax period at the time of filing the value added tax return.”

Subsection (7) has been deleted, which was:

~~(7) For purposes of subsection (1), where the 20th day falls on a Saturday, Sunday or a public holiday, the value added tax return shall be lodged on the first working day following a Saturday, Sunday or public holiday.~~

Other Subsections (2), (3), (4), (5) and (6) to be re-numbered as (5), (6), (7), (8) and (9).

Impact: While subsections (2) to (4) are for the purpose of implementing the amendments introduced to Section 5. Deletion of subsection means that in case of 20th being Saturday, Sunday or Public Holiday, the Vat return and payment has to be made on previous working days, as is the case for other tax returns, i.e. PAYE, SDL and WHT etc.

✚ Amendment of section 71 (Previously Section 67): Calculation and payment of net amount.

Section 71 has been amended to give corresponding effect of VAT withholding to be subtracting from VAT payable.

✚ Amendment of section 72 (Previously Section 68): Credit for Input Tax

Section 72 (1) (c) has been amended to ensure the credit for input VAT on import is given upon payment. The amendment is as under:-

72 (1) A taxable person shall be allowed a credit for an amount of input tax incurred by the person if-

(c) in the case of an import, the person paid, ~~or is liable to pay~~, the value added tax imposed on the import under this Act or input tax paid under the value added tax law applicable in Tanzania Zanzibar, where the respective goods are transferred to Mainland Tanzania.

Impact: This is to ensure that the input VAT on import is allowed only upon its payment, which is anyway the case in current practice on the e filing portal.

✚ Introduction of section 90A and 90B: Certificate of advance output tax and Withholding Certificate.

Sections 90A and 90B have been inserted to prescribe the procedure and format for issuance of Certificate of Advance output Tax under Section 27 to Assisted Government entity; and issuance of Withholding Tax Certificate to supplier for the Vat withhold under section 5(5) by a withholding Tax Agent.

✚ Amendment of Schedule to the VAT Act, 2014

Part I of The Schedule to the Act (SUPPLIES AND IMPORTS EXEMPT FROM VALUE ADDED TAX)

Item 1 Agricultural Implements – Following Items have been deleted and are no more exempt

6.	Spades	8201.10.00
7.	Shovels	8201.10.00
8.	Mattocks	8201.30.00
9.	Picks	8201.30.00
11.	Forks	8201.90.00
12.	Rakes	8201.30.00
13.	Axes	8201.40.00
15.	New Pneumatic Tyres of a kind used in agricultural and forest vehicles	4011.61.00
23.	Dam liner	3920

So the above mentioned items are no more exempt.

The following other changes are made under this Schedule of Exempt items:

- ~~Sisal~~ to be replaced by **Fiber Sisal** (Item 3, Sub items No 29.)
- ~~Newspapers~~ to be replaced with **“Newspapers printed and published locally by a person licensed under the Media Services Act”** (Under Item No 9, sub items 3)
- **Reinsurance** (Added as sub items 7 to Item No 13). Hence **Reinsurance shall now be exempt.**
- ~~Bitumen~~ (deleted from Item No 15). Hence **Bitumen is no more exempt.**
- ~~“Liquefied petroleum and Natural gases”~~ to be replaced with **“Liquefied petroleum gas.”** (Under Item No 15)
- ~~“Compressed Petroleum and Natural gases”~~ to be replaced with **“Compressed Natural gas for motor vehicles.”** (Under Item No 15)
- ~~Compressed or liquefied gas cylinders for petroleum and Natural gases for cooking~~ to be replaced with **“Liquefied Petroleum Gas tanks or cylinders for cooking.”** (Under Item No 15)
- The transportation of person by any means of conveyance other than taxi cabs, rental ~~cars~~ **Motor Vehicles** or boat charters. (Under Item No 17).
- Supply of solar panels, modules, solar charger controllers, solar inverter, vacuum tube solar collectors and solar battery **“specifically designed for exclusive use in storage of solar power”**. (Under Item No 21).
- A supply of double refined edible oil from locally grown seeds by a local manufacturer for a period of one year from ~~1st July, 2022 to 30th June, 2023,~~ **1st July, 2025 to 30th June, 2026”**. (Under Item No 27).
- Supply of-
 - ~~(a) aircraft and aircraft maintenance to a local operator of air transportation; or~~
 - ~~(b) aircraft engine and aircraft parts to a local manufacturer or assembler of aircraft or to a local operator of air transportation~~
 - (a) **Aircraft of heading 88.02 and aircraft maintenance to a local operator of air transportation; or**
 - (b) **Aircraft engine of HS Code 8407.10.00 and aircraft parts of heading 88.07, excluding parts of goods of heading 88.01 and 88.06 to a local manufacturer or assembler of aircraft or to a local operator of air transportation.”; (Under Item No 31).**

- A supply of piped natural gas specifically for being converted to Compressed Natural Gas (CNG) to be used exclusively for fueling motor vehicle from 1st July, 2025 to 30th June, 2028.” (Added as Item No 35).

Part II of The Schedule to the Act (IMPORTS EXEMPT FROM VALUE ADDED TAX)

- ~~An import of CNG plants equipments, natural gas pipes, transportation and distribution pipes, CNG storage cascades, CNG special transportation vehicles, natural gas metering equipments, CNG refueling of filling, gas receiving units, flare gas system, condensate tanks and leading facility, system piping and pipe rack, condensate stabiliser by a natural gas distributor.~~ (previous Item No 14 now deleted).
- An import of CNG plants equipment including CNG Compressors, CNG metering equipment, CNG storage cascades, CNG special transportation vehicles and CNG dispenser by a natural gas distributor. (new Item No 14 inserted).
- An import of Carbonization furnace of HS Code 8417.80.00 for exclusive use in manufacturing of briquettes. (Added as Item No 31).
- An import of new pneumatic tyres of a kind used in agricultural and forest vehicles of HS Code 4011.70.00; dam liners of heading 39.20; forks of HS Code 8201.90.00; rakes of HS Code 8201.30.00 and axes of HS Code 8201.40.00 as certified by the Ministry responsible for agriculture. (Added as Item No 32).

AMENDMENT OF THE TAX ADMINISTRATION ACT,(CAP. 438)

✚ **Amendment of section 11: Private and class rulings**

Section 11 (1), to read as under:

11.-(1) The Commissioner General may, on application in writing by a person, issue a private ruling or a class ruling setting out position on the application of a tax law to an arrangement or status proposed or entered into-

Additionally, a new proviso to paragraph (a) has been inserted as under:

(a) in the case of a private ruling, by that person;

“Provided that, where the Commissioner General, based on conditions set in a tax law, issues a private ruling in favour of a person relating to tax residence status, such ruling shall be accompanied with a tax residency certificate in a manner determined by the Commissioner General.”

Impact: TRA will now issue the tax residency certificate as well to the applicant while issuing the private ruling for tax residence status.

✚ **Amendment of Section 23: (Previously Section 22A) Recognition of small-scale traders**

Erstwhile Section 22A related to “Registration of small vendors and service providers” has been repealed and substituted with new Section 23 related to “Recognition of small-scale traders” as under:

23.-(1) The Commissioner General shall recognise a small-scale trader conducting business in an informal sector who has been duly registered by the relevant authority.

(2) The authority responsible for registration of small scale traders shall in addition to any other prescribed criteria, register traders-

(a) whose annual turnover is below the minimum taxable income specified under the Income Tax Act; and

(b) who have Tax Identification Number .

(4) For avoidance of doubt, registration as a small scale trader shall not be conclusive evidence that a trader's annual turnover is below the minimum taxable income.

(5) Where the Commissioner determines or has a reason to believe that a person registered as small scale trader has an annual turnover exceeding the minimum taxable income, the Commissioner shall assess such trader and demand the tax payable.

(6) The Minister may, in consultation with the relevant authority, make regulations prescribing for the fees, manner of recognition and registration and any other matter relating to small scale traders.”.

Note: Kindly note that Subsection 3 is missing in the above section. Further clarification is awaited on the same, which might be only a typo error and in that case subsection (4) to (6) should be read as subsections (3) to (5).

Impact: TRA will now register small scale trade under this regime.

✚ Amendment of Section 42: (Previously Section 34) Electronic tax administration system

Erstwhile Section 34 related to “Electronic Document System” has been repealed and substituted with new Section 42 related to “Electronic tax administration system” as under:

42.-(1) For purposes of administering tax laws, the Commissioner General shall establish and operate a computerised electronic system for filing, furnishing, storing, archiving and accessing electronic documents and carrying out any other tax administration functions.

(2) A person shall not access, file or receive a document from the electronic system unless such person is a registered user of the system:

Provided that, the Commissioner General may cancel the registration of a registered user in the event of breach of conditions for registration.

(3) An electronic document shall be considered to be filed by a

person and received by the Commissioner General under a tax law when a document registration number is created in the system by using the person's authentication code.

(4) An electronic document shall be considered to be served on a person by the Commissioner General under a tax law when a document registration number is created in the system and the document can be accessed by using the person's authentication code.

(5) The provisions of the Electronic Transactions Act relating to validity, authenticity and admissibility of electronic documents shall apply mutatis mutandis to electronic documents created by the system under this section.

(6) The Commissioner General may authorise a printed document to be treated as a copy of an electronic document filed under subsection (3) or served under subsection (4).

(7) A court or tribunal shall accept a copy authorised under subsection (6) as conclusive evidence of the nature and contents of an electronic document, unless the contrary is proved.

(8) Notwithstanding subsection (2), the Commissioner General may, for tax purposes and by notice in writing, require any person who owns or operates an electronic system to interface or connect his electronic system with the system established under this section subject to such terms and conditions and in the manner as may be required by the Commissioner General.

(9) A person who-

(a) without lawful authorisation, gains access to or attempts to access the system;

(b) having lawful access to the system uses or discloses information obtained from the system for unauthorised purposes;

(c) without lawful authorisation, receives information obtained from the system and uses, discloses, publishes or otherwise disseminates such information;

(d) falsifies records or information stored in the system;

(e) interferes, tampers with, damages or impairs the system;
or

(f) upon being required by the Commissioner General, deliberately fails to interface his electronic system with the system established under this section, commits an offence and shall be liable on conviction-

(i) in the case of an individual, to imprisonment for a term not exceeding three years or to a fine not exceeding 1000 currency points; or

(ii) in the case of an entity, to a fine not exceeding 3000 currency points.

Impact: We understand that all communication with TRA including during the conduct of tax audits or examination may now be carried out using this electronic tax administration system.

✚ Amendment of Section 54: (Previously Section 44A) Disclosure of information on contracted services

Erstwhile subsection 2 has been deleted and substituted with new subsection 2 as under:

(2) For purposes of this section, the entity referred to under subsection (1) shall, within thirty days from the date of commencement of the subcontracted works and in the manner as may be prescribed by the Commissioner General, disclose names of the persons, value of the contract, nature of the subcontracted works and the duration of carrying out the works.

Impact: This is for the entities engaged in construction of extractive industry, which are required to submit the details of all contractors and subcontractors engaged during the performance of their work. The requirements has now been enlarged to cover more information including the duration etc.

✚ Amendment of Section 62: (Previously Section 51) Objection to Tax Decisions.

Erstwhile subsection 8 has been deleted and substituted with new subsection 8 as under:

(8) An objection shall be deemed to have been admitted on the following dates:

(a) in the case of an objection which relates to an assessment of tax or notice of liability to pay tax, on the date the conditions of subsection (1), (7) or (9) were complied with, or on the date of payment of the lesser amount allowed under subsection (9); or

(b) in any other case, on the date of service of the objection to the Commissioner General.

Impact: With this change, the objection shall be deemed to have been admitted upon making payment of required deposit, if any, or in case there is no deposit required on the date of submission of the objection itself.

✚ Amendment of section 63: (Previously Section 52) Decisions on Objection



Following proviso has been added after subsection 4:

“Provided that, where the objector fails to make submission within the time prescribed under this subsection, the notice issued under subsection (3) shall be treated as an objection decision and, the objector shall have the right to appeal to the Board in accordance with the Tax Revenue Appeals Act.”

Following proviso has been added after subsection 11:

“Provided that, where the Commissioner General had issued a notice under subsection (3), the notice shall be treated as an objection decision and the objector shall have the right to appeal against such notice to the Board in accordance with the Tax Revenue Appeals Act.”

Impact: With this change, if the taxpayer does not respond to the notice of intention to settle the objection, such notice shall be deemed to be the final determination. Similarly if TRA does not settle the objection within 6 months from the date of admission and a notice of intention is issued, such notice shall be deemed to be the final determination.

✚ Amendment of section 75: (Previously Section 52) Restraint of Assets

Section 75 (6) has been amended as under by incorporating and deleting the following wordings to read as below:

(6) The Commissioner General may restrain an asset for a ~~period sufficient to~~ period not exceeding three months within which he may raise a jeopardy or adjusted assessment and exercise the powers under sections 77 and 78.

Impact: With this change, the maximum period for restraining of assets by TRA has been restricted to 3 months.

✚ Amendment of section 90: (Previously Section 79) Penalty for making false or misleading statements.

Section 90 (2) has been amended which prescribes the penalty for making false or misleading statements, to read as below:

(2) The penalty shall be-

(a) where the statement or omission is made without reasonable excuse, fifty percent of the tax shortfall; or

(b) where the statement or omission is made knowingly or recklessly, seventy five percent of the tax shortfall.

(c) for a person who has contravened subsection (1)(c), one hundred percent of the tax shortfall ~~or thirty percent of the adjusted loss.~~

Impact: Subsection 1(c) is related to the Transfer Pricing Adjustments. Earlier the penalty was 100% of the tax shortfall. Now this scope of penalty has been extended for cases where there is no shortfall but loss has been adjusted, where the penalty shall be equal to 30% of loss adjustment.

AMENDMENT OF THE TAX GAMING ACT, (CAP.41)

- **Amendment of section 34: Imposition of Gaming Tax on winning amount**

- **Section 34 (2) has been amended to read as under:-**

“(a) land-based casino shall be taxed at a rate of 13 percent on the amount or value of winnings provided that, 8 percent of the collected amount shall be distributed as follows:

(i) 70 percent to AIDS Trust Fund; and

(ii) 30 percent to Universal Health Insurance Fund;

(b) sports betting shall be taxed at the rate of 12 percent on the amount or value of winnings provided that 17 percent of the collected amount shall be distributed as follows:

(i) 70 percent to AIDS Trust Fund; and

(ii) 30 percent to Universal Health Insurance Fund;”

Impact: With this change the land based casino shall pay Gaming Tax @13% in place of existing 10% and sports betting shall be charged @ 12% in place of existing 10%.

Further Section 34(4) (b) has also been amended whereby, the filing or return for Gaming Tax has also been changed from “fifteen days following the end of each calendar month” to “seven days following the end of each calendar month”, i.e. on the same day of remitting the Gaming Tax.

AMENDMENT OF THE INSURANCE ACT, (CAP.394)

- **Introduction of section 134A - Mandatory inbound travel insurance**

Section 134 A has been introduced to read as under:-

134A.-(1) A foreigner entering Mainland Tanzania through land, seaport or airport shall, upon arrival, purchase an inbound travel insurance policy at a premium amount of Tanzania Shillings equivalent to 44 United States Dollars.

(2) The purpose of the inbound travel insurance is to provide emergency assistance to foreigners for a maximum stay of ninety two days from the date of

arrival in the event of-

- (a) medical emergency;
- (b) loss of luggage;
- (c) emergency medical evacuation or repatriation.

(3) Subject to subsection (1), insurance policy cover shall be issued by the National Insurance Corporation or any other registered insurer in partnership with the National Insurance Corporation.

(4) Notwithstanding subsection (1), the provisions of this section shall not apply to residents of the East African Community Partner States or Southern African Development Community Partner States.

(5) The Minister may make regulations for better implementation of the provisions of this section.”.

Impact: Mandatory inbound travel insurance policy for a foreigner (other than from EAC and SADAC Community Partner) entering Mainland Tanzania shall be required to pay a premium amount of Tanzania Shillings equivalent to 44 United States Dollars

AMENDMENT OF THE LOCAL GOVERNMENT FINANCE ACT, (CAP. 290)

Amendment of section 6 (1) (q)

Section 6 (1)(q) has been amended to read as under:-

6 (1) (q) all moneys payable as hotel levy equal to **two per centum** of the guest house charges payable by a guest”

(This was previously 10% payable to Urban Authority).

Amendment of section 6 (1) (v) & 7 (1) (z)

Section 6 (1)(v) and 7 (1) (z) have been amended to reduce the rate of City Service Levy from existing rate of 0.3% **to 0.25%** of the turnover, in case of both Urban Authority and District Councils as the case may be,

AMENDMENT OF THE AIRPORT SERVICE CHARGE ACT, (CAP. 365)

Amendment of section 3 & 7, whereby:

- Airport Service Charge for domestic travel has been increased from Tzs 10,000 to **Tzs 11,000** – Section 3(2).
- Airport Service Charge for International travel has been increased from USD 40 to **USD 40.4** – Section 3(3)
- The Airport service charge so collected by the Agent (Airlines) shall be payable by 20th of the following month and also the monthly return shall be filed **by 20th of the following month** (Earlier both payment and returns were required by last day of the following month – Section 7 (1) and 7 (3).