



## **KEY AMENDMENTS INTRODUCED IN** **Finance Act 2022**



AUDIT - TAX - ADVISORY

## INTRODUCTION

We have prepared this document covering the major amendments introduced through The Finance Act, 2022:-

<b>Highlights Of Amendments Introduced Through Finance Act 2022</b> .....	3
<b>Amendment Of The Income Tax Act, (Cap. 332)</b> .....	5
<b>Amendment Of The Tax Administration Act, (Cap. 438)</b> .....	14
<b>Amendment Of The Value Added Tax Act, (Cap. 148)</b> .....	19
<b>Amendment Of The Insurance Act, (Cap. 394)</b> .....	33
<b>Amendment Of The Excise (Management And Tariff) Act, (Cap. 147)</b> .....	33
<b>Amendment Of The Vocational Education And Training Act, (Cap. 82)</b> .....	36
<b>Amendment Of The Gaming Act (Cap. 41)</b> .....	36
<b>Amendment Of The Electronic And Postal Communications Act (Cap. 306)</b> ...	38
<b>Amendment Of The Companies Act, (Cap. 212)</b> .....	38

For the complete amendments in the above Acts and other Acts not covered in this document, kindly refer to the Finance Act 2022, a link of which is given in our website, [www.bsk.co.tz](http://www.bsk.co.tz) – [Finance Act 2022](#).

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## Highlights of amendments introduced through Finance Act 2022

- New definitions added: “digital market place”, “alternative financing arrangement”
- Expand definition of “Business: by including activities carried out through the internet or transaction conducted in the digital market place.
- All strategic investment projects duly approved shall be entitled for Income Tax exemption.
- For the purpose of claiming Interest expense under thin capitalization the definition of “equity” means only paid up share capital at the end of the year of income;”.
- “margin” under alternate financing arrangement approved by BOT under cost plus margin shall be treated as “interest”
- Introduction of tax rates (advance tax) for Persons engaged in transportation of passengers or goods
- Widen the base of “Resident Persons” as physical presence is no longer required in the United Republic to qualify as resident person.
- The base of source of payment widened as now it includes “payments through digital market place”.
- Individuals and companies can claim tax credit from both jurisdictions while operating in both Mainland and Zanzibar.
- An individual is to deduct withholding tax for transaction which are subject to deduction of withholding tax as covered under section 82, even though the payment made is not in conducting a business.
- Income realised by non-resident through digital market has been brought under tax net at 2% tax on gross payment.
- No return of income under Sec 91 required for a non-resident referred in section 90A.
- The existing bracket of Tsh 11,000,000 to Tsh 14,000,000 has been abolished and individuals who are independent professionals and providers of, technical, management, construction and training services from now on will not qualify to be under presumptive tax scheme even though their yearly income falls below 100,000,000.
- NIDA card and TIN numbers will be interlinked.
- The Commissioner General is now vested with the powers of issuing licenses for tax consultants.
- The implementation of primary data server to be in United Republic is deferred till 1/7/2023, ie twelve months from 1/7/2022
- The owner of storage facility to register with TRA and shall keep records of all stored goods and report to the Commissioner General on monthly basis.
- Insurance becomes mandatory on import goods or to operate a public market, commercial building, marine vessel, ferry or pantoon.

- The Minister shall, upon approval by the Cabinet and by order published in the Gazette, grant value added tax exemption on goods or services for implementation of special strategic investments approved by the National Investment Steering Committee.
- Where it is not practicable to appoint a tax representative due to his business circumstances, a non-resident person shall apply to the Commissioner to be registered.
- Intern students who are under the Tanzania Employment Service Agency program shall not be liable for SDL.
- Fee ranging from 500 to 2,000 shillings to be charged on television decoder subscription
- The provisions of the Tax Administration Act shall apply with respect to gaming tax.

**The following items which were in budget speech have not been found in the Finance Act:**

- Final withholding tax of 2 % on payment made to small scale miners.
- Introduction of advance tax of T Shs 20 per litre for retailers of petroleum products to be collected by importers from retailers and remitted to Government.
- Minister to approve the remission of interest and penalties, meaning the powers will still vest with the Commissioner General, TRA.
- Schedule of gaming fees and levies proposed to be amended under the Gaming Act, CAP 41, though Gaming tax has been revised under section 31A(2).

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

### + Amendment of section 3: Interpretation.

1. The definition of the term **“business”** was amended by- adding immediately after paragraph (a) the following:

“(b) a transaction or activity carried out through the internet or an electronic means including an electronic service or transaction conducted in the digital market place regardless of the manner in which such transaction is carried out;”;

Hence the definition of business under Sec 3 will now read as follows:

Business includes:

- (a) A trade, concern in the nature of trade, manufacture, profession, vocation, or isolated arrangement with a business character; and
- (b) a transaction or activity carried out through the internet or an electronic means including an electronic service or transaction conducted in the digital market place regardless of the manner in which such transaction is carried out;”;
- (c) a past, present or prospective business but excludes employment

**Interpretation- the purpose of the amendment is to bring in internet or electronic transaction within the ambit of taxation, as the world has moved to digital business transactions. It may be noted that the definition has used the word “includes” meaning transaction which are not in the definition as above can be construed as business based on its nature.**

2. New definitions added in the Finance Act 2022

**“digital market place”** means a platform which enables direct interaction between buyers and sellers of electronic services;

**“electronic service”** has the meaning ascribed to it under section 51 of the Value Added Tax Act;

As per Sec 51 of the VAT Act, Electronic Services means any of the following services provided or delivered through a telecommunication network-

- a) Websites, web-hosting or remote maintenance of programmes and equipment
- b) software and updating thereof
- c) images, text and information
- d) access to data base
- e) self-education packages
- f) music, films and games, including gaming activities and

g) political, cultural, artistic, sporting, scientific and other broadcasts and events including broadcast television.

**“alternative financing arrangement”** means any financial arrangement approved by the Bank of Tanzania other than conventional financial arrangements;”.

#### **✚ Amendment of section 10: Minister may exempt income from tax.**

Section 10(3)(b), is amended and to read as follows:

The Minister may, by order published in the gazette provide .....

10 (3)(b) – Notwithstanding any law to the contrary, no exemption shall be provided from tax imposed by this Act and no agreement shall be concluded that affects or purports to affect the application of this Act, except as provide for-

- a) By the provision of this Act
- b) By an agreement
  - (1) On a strategic project;
  - (2) On public interest; and
  - (3) For a special strategic investment approved by the National Investment Steering Committee under the Tanzanian Investment Act.

**Interpretation – all strategic investment projects duly approved shall be entitled for Income Tax exemption. However the validity of the exemption will be confirmed by Government Notification (GN) duly published in the gazette. It is in taxpayers interest to ensure that the GNs are duly issued, where applicable, to avoid bottlenecks with the Tanzania Revenue Authority at a later date.**

#### **✚ Amendment of section 12: Interest.**

Amendment of section 12(5) by deleting the definition of the term “equity” and substituting for it the following:

“equity” means paid up share capital at the end of the year of income;”.

Previous definition of “equity”.

~~“equity” means:~~

- ~~(i) — paid up share capital;~~
- ~~(ii) — paid up share premium; and~~
- ~~(iii) — retained earnings on an unconsolidated basis determined in accordance with generally accepted accounting principles;~~

**Interpretation – The total amount of interest that and exempt – controlled resident entity may deduct in accordance with Sec 11 (2) for a year of income shall not exceed the sum of interest equivalent to **debt-equity** ratio of 7to 3. While there is no change in the definition**

of Debt, Equity has been redefined as above. Hence going forward paid up share premium and retained earning will not form part of Equity for claiming interest expenses for exempt-controlled entities. Although there is no specific mention of advance towards share capital, since the word used is paid up share capital, even advance towards share capital will not be treated as Equity. However it may be noted that the definition of Debt doesn't include, debt to a resident financial institution, nor to a non-resident bank or financial institution on whose interest, tax is withheld in the United Republic, meaning it includes mostly private borrowings.

**✚ Amendment of section 32: Annuities, instalment sales and finance leases**

adding “(7) For the purpose of this section, where an alternative financing arrangement approved by the Bank of Tanzania is payable as cost plus margin, the margin shall be treated in the same manner as interest.”

**Interpretation - “margin” under alternate financing arrangement approved by BOT under cost plus margin shall be treated as “interest”**

**✚ Addition in Division VI: Transportation – major changes**

**Persons engaged in transportation of passengers or goods**

65T.-(1) The income of a resident person engaged in transportation of passengers or goods shall be determined in accordance with Subdivision B of Part III, as provided in para 2(5) of First Schedule;

<b>Category of Vehicles</b>		<b>Tax Payable</b>
<b>Category A : Goods Vehicle</b>	<b>Category B : Passenger Vehicle</b>	
Load Vehicle between 0 - 1 Tonne	Bus and other similar vehicle with seating capacity below 10 passengers	TZS 180,000
Load Vehicle between 1 - 5 Tonnes	Bus with seating capacity above 10 but below 16 passengers	TZS 450,000
Load Vehicle between 6 - 10 Tonnes	Bus with seating capacity from 16 up to 30 passengers	TZS 720,000
Load Vehicle between 11 - 15 Tonnes	Bus with seating capacity up to 32 passengers	TZS 1,710,000
Load Vehicle between 16 - 20 Tonnes	Ordinary bus	TZS 2,430,000
Load Vehicle between 21 - 25 Tonnes	Semi-luxury bus	TZS 2,610,000
Load Vehicle above 25 Tonnes	Luxury bus	TZS 2,790,000

(2) Expenses of a resident person engaged in transportation of passengers or goods shall be determined in accordance with Subdivision D of Part III.

Subdivision D of Part III has section 11 to 19 of the Act and it gives general principles of claiming expenses which are common to general business.

(3) Notwithstanding the provisions of sub-section (1), tax payable by a resident person under this Division shall be determined in accordance with the rates prescribed in paragraph 2(5) of the First Schedule.

(4) The tax payable under subsection (3) shall be the person's advance tax.

(5) The persons referred to under this Division shall comply with electronic means of issuing receipts as may be prescribed by the Commissioner.”.

**Interpretation – It is our understanding that the rates mentioned above are advance taxes, however the timing and modality of the payment awaits clarification. Also including this under the presumptive tax and then mentioning that it will be an advance tax and not final tax and expenses will be allowed as per provisions of Sec 11 to 19 is confusing.**

#### **Amendment of section 66: Resident persons**

Amendment in section 66(4) by adding the words “whether physically or through any electronic means” immediately after the words “United Republic” appearing in paragraph (b).

66(4) will now read as:

A corporation is a resident corporation for a year of income if-

- (a) it is incorporated or formed under the laws of the United Republic; or
- (b) at any time during the year of income the management and control of the affairs of the corporation are exercised in the United Republic **whether physically or through any electronic means.**

**Interpretation – physical presence is no longer required in the United Republic to qualify as resident person. We await more clarity on “through any electronic means”**

#### **Amendment of section 69: Source of payments**

adding the words immediately after the word “waters” appearing at the end of paragraph (c);

The Section will now read as :

69 (c) natural resource payments made in respect of or calculated by reference to natural resources taken from land or the sea situated within the United Republic or its territorial waters **including payment made for harnessing, generating or utilising land, air or water natural resources for**

generation of power or anything of value whether the respective natural resource is located alongside the border or within the country;

adding immediately after paragraph 69(l) the following:

“69(m) payments made by an individual other than payments made in conducting a business in respect of a service rendered by a non-resident through a digital market place”.

**Interpretation – the amendment widens the base of source of payment including payments through digital market place.**

#### **✚ Amendment of section 74: Unallocated income of controlled foreign trust and corporation**

Amendment in section 74(1)(b) by adding the words “respectively”.

The section will now read:

74.-(1) The unallocated income of a controlled foreign trust or corporation for a year of income shall be –

(a) the attributable income of the trust or corporation for the year of income; less

(b) any distributions made by the trust or corporation during the year of income determined otherwise than in section 75(1) that are included in calculating the income of a member under section 52(2)(b) or 54(1)(b), respectively and in the case of distributions by a resident financial institution and for purpose of section 75(6), amount of distributions which are treated as not-distributable as determined by the Bank of Tanzania.

**Interpretation – while the above amendment is defining the deduction in arriving at the unallocated income of Financial Institutions, there is no amendment to Sec 75.**

#### **✚ Addition of section 77A: Tax credit for business or investment operating in both Mainland Tanzania and Tanzania Zanzibar**

77A has been added immediately after 77 which reads:

A resident person, other than a partnership, who carries out business or investment in both Mainland Tanzania and Tanzania Zanzibar, may claim a tax credit for year of income for any income tax paid by the person in relation to the person’s taxable income from business or investment carried out in Mainland Tanzania or Tanzania Zanzibar, as the case may be.”

**Interpretation - welcome change as now individuals and companies can claim tax credit from both jurisdictions while operating in both Mainland and Zanzibar. However whether losses in one jurisdiction can be claimed against the profit in another awaits clarification.**

#### ✚ **Amendment of section 82: Withholding from investment returns**

Amended in section 82(2), by-deleting paragraph (a); renaming paragraphs (b) to (e) as paragraphs (a) to (d) respectively; and adding immediately after paragraph (d).

82(2) This section shall not apply to –

~~(a) payments made by individuals unless made in conducting a business;~~

(a) interest paid to a resident financial institution;

(b) payments that are exempt amounts;

(c) rent paid to a resident person for the use of an asset other than aircraft, land or buildings; or

(d) 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.

(e) interest paid to a holder of corporate or municipal bonds issued and listed at the Dar es Salaam Stock Exchange with effect from 1st July, 2022.

**Interpretation - by deleting section 82(2)(a) as highlighted above, an individual is to deduct withholding tax for transaction which are subject to deduction of withholding tax as covered under section 82, even though the payment made is not in conducting a business. For example - Individuals leasing residential accommodation will, from now on, have to deduct withholding tax while making rental payments.**

#### ✚ **Amendment of section 86: Final withholding payments**

Paragraph 86(1)(g) is deleted, meaning

payments made to resident corporation which makes a payment in respect of agriculture, livestock and fishing products supplied by a resident person in the course of conducting business shall withhold income tax at the rates mentioned in paragraph 4(c) of the first schedule will not be the final tax.

**Interpretation- while withholding tax will needs to be deducted, it will not be the final tax for the withholder.**

#### ✚ **Addition of sections 90A: Tax payment on income realised through digital market place**

90A.-(1) Where a non-resident person receives a payment that has a source in the United Republic from an individual, other than a payment made in the course of conducting business, in respect of services rendered through a digital market place, such person shall pay income tax for payments received in a calendar month by way of single instalment equal to two percent of the gross payment.

(2) A person referred to under subsection (1) shall be liable to pay income tax by filing a return to the Commissioner on or before the seventh day of the month following the month to which the payment relates.

(3) The Minister may, by regulations, prescribe procedures for assessing and collecting income tax or giving effect to the provisions of this section.

(4) For the purpose of subsection (1), “gross payment” means the payment made but does not include value added tax.”.

**Interpretation- Income realised by non-resident through digital market has been brought under tax net. We await the Regulations on the effective implementation of this welcome change as it will be cumbersome to ensure that the non-resident service provider to pay the 2 % tax or file the returns. It is likely that the onus will be on the service receiver and it will be akin to withholding tax. It may be noted that this section applies only to individuals making the payment while not conducting business.**

#### **Amendment of section 92: Return of income not required.**

amended in section 92(b) by adding the words “or 90A” immediately after figure “90(1)”.

92(b) a non-resident person other than one with a domestic permanent establishment who has no income tax payable for the year of income under section 4(1)(a) or whose income tax payable for the year of income under section 4(1)(a) consists exclusively of gains of the type referred to in section 90(1) or 90A.

**Interpretation – No return of income under Sec 91 required for a non-resident referred in section 90A above**

#### **Amendment of First Schedule**

##### **a) Paragraph 2: Presumptive income tax for individuals**

in paragraph 2, by- adding the words “not including income derived by independent professionals and providers of, technical, management, construction and training services” immediately after the word “business” appearing in subparagraph (1)(a);

2.-(1) Where a resident individual meets the following requirements for a year of income the individual's income tax payable with respect to section 4(1)(a) for the year of income shall be equal to the amount of presumptive income tax provided in subparagraph (3)-

(a) the individual's income for a year of income consists exclusively of income from a business **not including income derived by independent professionals and providers of, technical, management, construction and training services** having a source in the United Republic;

(b) the turnover of the business does not exceed the threshold in subparagraph (2); and

(c) the individual does not elect to disapply this provision for the year of income.

<b>Turnover</b>	<b>Tax Payable Where Section 35 Of Tax Administration Act Is Not Complied With</b>	<b>Tax Payable Where Section 35 Of Tax Administration Act Is Complied With</b>
Where turnover does not exceed Tshs. 4,000,000/=	NIL	NIL
Where turnover exceeds Tshs. 4,000,000/= but does not exceed Tshs. 7,000,000/=	Tshs. 100,000/=	3% of turnover in excess of Tshs. 4,000,000/=
Where turnover exceeds Tshs. 7,000,000/= but does not exceed Tshs. 11,000,000/=	Tshs. 250,000/=	Tshs. 90,000/= plus 3% of turnover in excess of Tshs. 7,000,000/=
Turnover of Tshs. 11,000,001/= but does not exceed Tshs. 100,000,000/=	3.5% of turnover	

**Interpretation - The bracket of 11,000,000 to 14,000,000 has been abolished and individuals who are independent professionals and providers of, technical, management, construction and training services from now on will not qualify to be under presumptive tax scheme even though their yearly income falls below 100,000,000.**

b) Adding immediately after subparagraph (3) the following:

(4) The Minister may, in consultation with the Minister responsible for finance of the Revolutionary Government of Zanzibar, determine the presumptive rate applicable in Tanzania Zanzibar.

c) In paragraph 4(b), by- adding immediately after subparagraph (ii) the following:

“(iii) in the case of royalty for the use of, or right to use, a cinematography film, videotape, sound recording or any other like medium referred to in paragraph (c) of the definition of the term “royalty” - ten percent;”;

### **✚ Amendment of Second Schedule: Exempt amounts**

Amendment in paragraph 1 of the Second Schedule by adding immediately after subparagraph (x) the following the following three which will be exempt:

(y) amount derived from gain on realisation or transfer of mineral rights and mineral information to a partnership entity formed between the Government and an investor;

(z) amount derived from gain on realisation or transfer of free carried interest shares from a partnership entity to the Government;

(aa) amount derived from gain on realisation or transfer of shares to the Government through the Treasury Registrar.

### **Interpretation – the above three more items added to Exempt Amounts.**

The following changes proposed in the Budget speech has not been enacted.

1. Final withholding tax of 2 % on payment made to small scale miners.
2. Introduction of advance tax of T Shs 20 per litre for retailers of petroleum products to be collected by importers from retailers and remitted to Government.

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

### **✚ Amendment of section 3: Interpretation.**

Amendment in section 3(3) by adding the words “or any other electronic system” immediately after the word “machine” appearing in paragraph (a) of the definition of the term “fiscal device”.

#### **Fiscal Device definition will now read as:**

“**fiscal device**” means an electronic receipt issuing machine or any other electronic system authorised by Commissioner General to be used for business transactions;

### **✚ Amendment of section 22: Application for Taxpayer Identification Number – Major changes as follows**

a) Amendment in section 22, by- (a) deleting subsection (2) and substituting for it the following: “(2) Notwithstanding the provision of subsection (1), the Commissioner General shall –

(1) register and issue Taxpayer Identification Number to every Tanzanian citizen who has been registered and issued with a National Identification Number under the Registration and Identification of Persons Act; and

(2) ensure each Taxpayer Identification Number issued is connected with a National Identification Number.”;

b) adding a proviso to subsection (3) as follows:

“Provided that, for purposes of this Act, a registered person with a branch in Tanzania Zanzibar shall use Zanzibar Registration Number issued by Zanzibar Revenue Board.”;

b) adding immediately after subsection (4) the following:

“(5) The provisions of subsection (2) shall come into operation on 1st January, 2023.”;

**Interpretation – Sec 22 of The Tax Administration Act** is dealing with the registration of small vendors and service providers and from now on:

- a) Every Tanzanian Citizen who has a NIDA card will be issued with TIN numbers.
- b) Every TIN so issued will be connected to the National Identification Number.
- c) NIDA registered person with branch in Zanzibar shall use the TIN registered at ZRB. There can be difficulties in implementing this.
- d) Application of the above will be from 1/1/2023

#### ✚ **Repeal and replacement of section 28:**

Previously Sec 28 only stated that “the Minister may make regulations for the registration and de registration of tax consultants and the conduct of their activities.”

The entire section has been repealed and replaced with the following:

28.-(1) Subject to subsection (2), the Commissioner General may licence an individual to act as a tax consultant on behalf of any person under a tax law for purposes of discharging the person’s obligation in a tax law.

(2) The Commissioner General shall not licence an individual to act as a tax consultant under a tax law unless he is satisfied that the individual has fulfilled the conditions prescribed in the regulations or licence issued by the Commissioner.

(3) A duly licensed tax consultant may act as an agent of a taxpayer under any tax law subject to conditions prescribed in the regulations or licence.

(4) Except as otherwise provided for under this Act, an individual other than an employee or manager of a person, who is not licensed under this section, shall not act on behalf of such person or communicate with the Commissioner General on pretext of representing a person on any matter under any tax law.”.

**Interpretation – The Commissioner General is now vested with the powers of issuing licenses for tax consultants. Though till date it was the practise, now it is backed by law.**

#### ✚ **Amendment of section 35: Maintenance of documents.**

Amended in section 35(10) by deleting the date “1st July, 2021” and substituting for it the date “1st July, 2022.”.

35 (10) The requirements of subsections (7), (8) and (9) shall come into effect twelve months from ~~1st July, 2021~~ **1st July, 2022** .”.

For reference, section 35(7), (8) & (9) append below

(7) Every taxable or liable person who maintains documents in electronic form, shall maintain in the United Republic a primary data server for storage of documents in electronic form.

(8) The server referred to under subsection (7) shall be accessible by the Commissioner General for purposes of tax administration in the manner and time prescribed under section 42.

(9) For the purpose of this section, “primary data server” means a server which stores data that is created or collected by a taxable or liable person in the ordinary course of business.

**Interpretation – the implementation of primary data server to be in United Republic is deferred till 1/7/2023, ie twelve months from 1/7/2022.**

### ✚ **Addition of section 37A: Electronic filing of tax returns**

Sec 37 (A) has been amended to bring in electronic filing as under:

37A.-(1) Every taxpayer required to file return shall file the return electronically on or before the due date as prescribed in the specific tax law.

(2) The Minister may prescribe the form and manner in which the tax return shall be filed electronically.

(3) Notwithstanding subsection (1), the Commissioner General may, by notice in writing and under special circumstances, permit a person to file a tax return manually or by any other means.

**Interpretation- previously the Section was talking about filing of returns. It has been amended to be in line with the current practise at TRA, where returns are filed electronically.**

### ✚ **Addition of section 45A: Registration and monitoring of storage facility**

A new sub section has been added under Sec 45(which deals with Tax audit or investigation), as below:

45A.-(1) Any person who establishes a storage facility with the aim of keeping goods for business purposes shall register the facility with the Commissioner General.

(2) The owner of the storage facility registered under subsection (1) shall keep records of all stored goods and report to the Commissioner General on monthly basis in the manner prescribed by the Commissioner General.

(3) Where the Commissioner General satisfies himself that a storage facility has not been registered as required or goods have been kept without being reported as required under subsection (2), the facility owner shall be liable to a penalty of 300 currency points and be responsible to pay any detected loss of revenue with respect to undisclosed goods, whether the goods are owned by the storage facility owner or not.”.

**Interpretation: this is a major amendment. While we await the format for the monthly reporting, there can be some challenges as under:**

- 1. In case of rented warehouse facilities, the onus is on the warehouse owner. To what extent the lessee will be comfortable disclosing the stock details to the land lord.**
- 2. To what extent can the land lord rely on the stock details as given by the lessee**
- 3. There can always be difference between physical stock and book stock.**
- 4. The tax payer has to now carry out stock taking on a monthly basis.**

#### **✚ Amendment of section 65: Liability of managers of entities**

- a) Amendment in section 65, by- (a) inserting the words “Subject to subsection (2)” immediately before the word “Where” appearing at the beginning of subsection (1) and the sub section will now read as:

Subject to sub section (2) where an entity fails to pay tax on time, a manager or a person who was the manager of that entity during the time of occurrence of the default shall jointly and severally liable with the entity for payment of the tax.

- b) deleting subsection (2) and substituting for it the following: “(2) The provisions of subsection (1) shall apply where the default which occurred was due to fraud as it shall be proved in a court of law.”.

**Interpretation- previously Sub section 2 was absolving the managers if they had exercised due care, diligence and skills, which was vague. Now the much needed clarity has come in to the sub section, where element of fraud needs to be established.**

#### **✚ Amendment of section 82: Offence for failing to comply with tax law**

Amendment in section 82 by deleting the opening phrase and substituting for it the following: “Notwithstanding the provisions of a tax law relating to offence, a person who fails to comply with a provision of a tax law commits an offence and shall, on conviction be liable-”;

**Interpretation- Previously the opening phrase was mentioning “ a person who fails to comply with a provision of this Act commits an offence and shall be liable on conviction”. Now it has been broadened by adding - Not withstanding the provisions of a tax law relating to offence.**

#### **✚ Amendment of section 86: Offence for failing to use electronic fiscal device**

Amendment in section 86- (a) by deleting paragraph (b) appearing in subsection (1) and substituting for it the following:

“(b) fails to issue fiscal receipt or fiscal invoice at the time of supply of goods, rendering service or receiving payment for goods or service;”;

(b) in subsection (4) by deleting the word “for” appearing between the words “payment” and “goods” and substituting for it the words “or receipt of”.

**Interpretation- previously the Act was just stating – fails to issue fiscal receipt or fiscal invoice upon receiving payment for sale of goods or services, meaning the issuing of fiscal receipt could be deferred till the time of receipt. The amendment is in line with the timing of supply of taxable goods and service.**

## **✚ Amendment of section 87: Offences by authorised and unauthorised persons**

Amendment in section 87 by adding immediately after subsection (4) the following: “(5) A person who is required to be registered or licensed under a tax law to perform any function and fails to apply for such registration or licensing within the period prescribed by law or as may be notified by the Commissioner General commits an offence and shall, on conviction, be liable to a fine not exceeding 500 currency points or to imprisonment for a term not exceeding one year or to both.”.

## **✚ Addition of section 91A: Excise duty offences**

Sec 91 deals with Stamp Duty offences. A new sub section 91 (A) has been added which deals with Excise Duty offences as under:

91A.-(1) A person who, contrary to the provisions of the Excise (Management and Tariff) Act-

- a) manufactures any excisable goods without being licenced by the licensing authority;
- b) does not abide with any of the condition in a licence imposed on him or breaches any of the licence conditions given to him;
- c) does not obey a suspension or revocation of his licence by the Commissioner together with any condition thereof;
- d) fails to keep records with respect to manufacture, storage and delivery of excisable goods at his factory or place of work in the prescribed manner;
- e) denatures spirits for sale without being licenced by the licensing authority and adopting the prescribed formula;
- f) fails to make entry or declaration, before commencing manufacture of excisable goods, of each building, room, place, machinery or equipment, item of plant for the manufacture, preparation for sale or storage of excisable goods;
- g) makes use of any building, room, place, machinery or equipment or item of plant for manufacture, preparation for sale or storage of excisable goods without a valid entry;
- h) makes use of a building, room, place, machinery or equipment or item of manufacture, preparation for sale or storage of excisable goods for purpose other than that declared in the approved entry; or
- i) effects alteration in shape, position, or capacity of a building, room, place of manufacture or preparation for sale or storage of excisable goods without prior permission of the Commissioner, commits an offence and shall, on conviction, be liable to a fine not exceeding 330 currency points or to imprisonment for a term not exceeding three years or to both.

(2) Where a person who commits an offence under subsection (1) is a subsequent offender, such person shall, on conviction, be liable to a fine of not less than 330 currency points but not exceeding 3500 currency points or to imprisonment for a term of not less than five years but not exceeding twenty years or to both.

(3) In addition to the penalty provided for under subsection (1) or (2), the court may issue an order for forfeiture of any plant, excisable goods or materials connected to the commission of the offence”.

**Interpretation- for those dealing in excisable goods, due care need to be taken, as subsequent default can be costly.**

The following changes proposed in the Budget speech has not been enacted.

1. Minister to approve the remission of interest and penalties, meaning the powers will still vest with the Commissioner General, TRA.

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

### **✚ Amendment of section 2: Interpretation.**

“**alternative financing product**” means any financial product approved by the Bank of Tanzania other than conventional financial products;

**Interpretation- for “alternative financing product” which should be approved by the BOT. The examples of alternative financing activities through 'online marketplaces' are reward-based crowd funding, equity crowd funding, revenue-based financing, online lenders, peer-to-peer consumer and business lending, and invoice trading third party payment platforms. The inclusion is to geared up for the increasing trend of digital market operation.**

### **✚ Amendment of section 6: Exemptions**

Adding immediately after subsection (1) the following:

“(1A) Notwithstanding the provisions of subsection (1), the Minister shall, upon approval by the Cabinet and by order published in the Gazette, grant value added tax exemption on goods or services for implementation of special strategic investments approved by the National Investment Steering Committee under the Tanzania Investment Act.”;

**Interpretation- With this introduction, the Minister shall grant exemption for special strategic investments, which will enable to engage in the process of the special strategic investments.**

And in subsection (2) by adding the words “as duly approved by the Minister” immediately after the word “services” appearing in the proviso to paragraph (e), which will now read as under:

(e) an importation by or supply of goods or services to a non-governmental organisation having an agreement with the Government of the United Republic solely for project implemented by the respective non-

governmental organisation: Provided that, such agreement provides for value added tax exemption on goods or services [as duly approved by the Minister](#).

**Interpretation- With this introduction, the Minister approval is required for the Commissioner General to exempt VAT importation by or supply of goods or services to a non-governmental organisation having an agreement with the Government.**

#### **✚ Amendment of section 11: Deferral of value added tax on imported capital goods**

Amendment in section 11(10) by adding the words “and Heading 87.16 and HS Code 8701.20.90 locally manufactured or assembled in a customs bonded warehouse” immediately after the word “Union”.

11(10) For purposes of this section, “capital goods” means goods classifiable under Chapters 84, 85, and 90 of Annex 1 to the Protocol on the Establishment of the East African Community Customs Union: [and Heading 87.16 and HS Code 8701.20.90 locally manufactured or assembled in a customs bonded warehouse](#).

Provided that, the goods are not imported for the purpose of resale in the ordinary course of carrying on the person’s economic activity, whether or not in the form or state in which the goods were imported.

**Interpretation- The inclusion of goods under Heading 87.16 and HS Code 8701.20.90 may boost businessman to establish the manufacturing or assembling facilities in the country as price of goods that requires further assembling or manufacturing are low, compared to finished goods, and on top of it the amendment in this section provide deferral of VAT.**

#### **✚ Amendment of section 64: Value added tax representatives of non-residents**

Adding immediately after subsection (4) the following:

(5) Notwithstanding subsection (1), where it is not practicable to appoint a tax representative due to his business circumstances, a non-resident person shall apply to the Commissioner to be registered in accordance with procedures prescribed in the regulations.

**Interpretation- The non-resident is required to appoint VAT representative and if not practical, non-resident shall apply to the Commissioner. Hence, there in other way it is mandatory for non-resident to either appoint representative or to apply to the Commissioner.**

#### **Amendment of section 69: Timing of input tax credits**

Amended in section 69(1) by deleting the words “section 70” and substituting for them the words “section 68”.

The section will now read as :

#### **Section 69: Timing of input tax credits**

69.-(1) Where a taxable person is allowed an input tax credit, the tax period in which the credit may be included in the calculations pursuant to ~~section 70~~ section 68 shall be the latter of:

- (a) the tax period in which the value added tax became payable under this Act on the supply or import to which the input tax relates; or
- (b) if the person did not claim the input tax credit in that period, any one of the six succeeding tax periods.

**Interpretation- Section 68 is related to Credit for input tax and Section 70 is related to Partial input tax credit. This amendment is a rectification, to consider credit of input tax instead of partial input tax credit under section 69(1).**

#### **Amendment of section 94: Power to make regulations**

Amendment in section 94(2) by adding immediately after paragraph (g) the following:

(h) prescribing the manner and procedure of dealing in loans, including alternative financing products approved by the Bank of Tanzania.

#### **The section now read as:-**

94.-(1) The Minister may make regulations prescribing for any matter necessary or convenient in order to carry out or give effect to the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations-

- a) requiring persons or classes of persons to provide information required, whether on an isolated or periodic basis;
- b) providing for application of special schemes for payment and recovery of value added tax from particular persons or classes of persons;
- c) prescribing for adjustments to be made when a taxable person applies for property for private use and for taxable activity, and the extent to which the property changes significantly;

- d) prescribing methods for suppliers of financial services to calculate the proportion of input tax that is reasonably attributable to the making of taxable supplies;
- e) prescribing methods for taxable persons to calculate the extent to which an amount of input tax may be credited;
- f) prescribing for the manner value added tax account shall be maintained; and
- g) prescribing for the manner value added tax for goods manufactured in Tanzania Zanzibar and brought in Mainland Tanzania by a registered value added tax person shall be accounted.
- h) prescribing the manner and procedure of dealing in loans, including alternative financing products approved by the Bank of Tanzania.

**Interpretation- the provision now empowers the Minister to make regulations for h above also.**

**✚ Amendment in First Schedule: The updated First Schedule (Exempt supplies) is as below:**

## **SCHEDULE PART I**

### **SUPPLIES AND IMPORTS EXEMPT FROM VALUE ADDED TAX**

#### **1. Agricultural implements.**

<b>No.</b>	<b>Implements</b>	<b>HSC</b>
1.	Tractors for agricultural use	8701.90.00
2.	Agricultural, horticultural or forestry machinery for soil preparation or cultivation except lawn mower or sports ground rollers and parts	84.32
3.	Harvesting or threshing machinery except machines under HS Code 8433.11.00, 8433.19.00, 8433.90.00	84.33
4.	Liquid sprayers for agriculture	8424.81.00
5.	Powder sprayers for agriculture	8424.81.00
6.	Spades	8201.10.00
7.	Shovels	8201.10.00
8.	Mattocks	8201.30.00
9.	Picks	8201.30.00
10.	Hoes	8201.30.00
11.	Forks	8201.90.00

12.	Rakes	8201.30.00
13.	Axes	8201.40.00
14.	Tractor trailers	8716.10.10
15.	New Pneumatic Tyres of a kind used in agricultural and forest vehicles	4011.61.00
16.	Rotavator	8432.29.00
17.	Poultry incubator	8436.21.00
18.	Irrigation equipment	8424.81.00
19.	Irrigation parts (sprinkler system, chemical injection system, water disinfection system, rain guns, high pressure fogging equipments, Irrigation computer, filter for irrigation system)	8424.90.00
20.	Green house system	9406.00.10
21.	Semen for bovine animal	0511.10.00
22.	Semen for non-bovine animal	0511.99.10
23.	Dam liner	3920
<b>24.</b>	<b>Ear tag</b>	<b>3926.90.90</b>
<b>25.</b>	<b>Ear tag applicators</b>	<b>8456.90.00</b>
<b>26.</b>	<b>Automatic turning table</b>	<b>8207.30.00</b>
<b>27.</b>	<b>Stunning box</b>	<b>8438.50.00</b>
<b>28.</b>	<b>Lessor beam machines</b>	<b>9402.90.90</b>

## 2. Agricultural inputs

No.	Item	HS code
1.	Fertilizers	Chapter 31
2.	Pesticides	3808.99.10 or 3808.99.90
3.	Insecticides	3808.91.11 to 3808.91.99
4.	Fungicides	3808.92.10 or 3808.99.90
5.	Rodenticides	3808.92.10 or 3808.99.90
6.	Herbicides	3808.93.10 to 3808.92.90
7.	Anti sprouting products	3808.93.10 or 3808.93.90
8.	Plant growth regulators	3808.93.10 or 3808.93.90
<b>9.</b>	<b>Agro net</b>	<b>56.08</b>

## 3. Livestock, basic agricultural products and food for human consumptions

No.	Food item	HSC
1.	Live cattle	0102.21.00
2.	Live swine	0103.10.00
3.	Live sheep	0104.10.10
4.	Live goats	0104.20.10
5.	Live poultry	0105.11.10
6.	Unprocessed edible animal products	Chapter 2
7.	Unprocessed edible eggs	0407.29.00

8.	Unpasteurised or pasteurised cow milk <b>except with additives and long life milk</b>	04.01
9.	Unpasteurised or pasteurised goat milk <b>except with additives and long life milk</b>	04.01
10.	Unprocessed fish	03.02
11.	Unprocessed edible vegetables	Chapter 7
12.	Unprocessed fruits	08.10 <b>and 0905.10.00</b>
13.	Unprocessed nuts	08.02
14.	Unprocessed bulbs	0601.10.00
15.	Unprocessed tubers	0601.20.00
16.	Unprocessed cereals	Chapter 10
17.	Wheat or meslin flour	11.01
18.	Maize flour	11.02
19.	Tobacco, not stemmed or stripped	2401.10.00
20.	Unprocessed cashew nuts	0801.31.00
21.	Unprocessed coffee	0901.11.00
22.	Unprocessed tea	0902.10.00 0902.20.00
23.	Sunflower seeds	12.06
24.	Oil seeds	12.07
25.	Unprocessed pyrethrum	1211.90.20
26.	Unprocessed cotton	1207.21.00
27.	Unprocessed sisal	5303.10.00
28.	Unprocessed sugar cane	1212.93.00
29.	Seeds and plants thereof	12.09
30.	Preparations of a kind used in animal feeding	23.09
31.	Fertilised eggs for incubation	0407.11.00 0407.19.00 0407.21.00
32.	Oil-cake of soya beans	2304.00.00
33.	Oil-cake and other solid residues of cotton seeds cotton seeds	2306.10.00
34.	Oil-cake and other solid residues of sunflower seeds	2306.30.00
35.	Maize Bran	2302.10.00
36.	Wheat Bran	2302.30.00
37.	Lysine	2922.41.00
38.	Methlonine	29390.40.00
39.	Mycotoxin binders	3824.10.00
40.	Pollard	2309.90.10
41.	Rice Bran	2306.90.90
42.	Cotton cake	2304.00.00
<b>43.</b>	<b>Standing tree</b>	<b>06.02</b>

#### 4. Fisheries Implements

No	Implements	HSC
1.	Floats for fishing nets	7020.00.10
2.	Fishing nets	5608.11.00, <b>3926.90.10</b>
3.	Fishing vessels, factory ships and other vessels for processing or preserving fishery products	8902.00.00
4.	Nylon fishing twine	
5.	Outboard engine	8407.21.00
<b>6.</b>	<b>fishing hooks, reels and lines</b>	<b>9507.20.00</b> <b>9507.90.00</b> <b>9507.30.00</b>

#### 5. Bee-keeping implements

No.	Implements	HSC
1.	Bee hive	Any Description
2.	Protective bee keeping jacket veil	6113.40.00
3.	Mask	6307.90
4.	Honey strainer	
5.	Bee hive smoker	8424.89

#### 6. Dairy equipment

No.	Implements	HSC
1.	Hay making machine	8433.30.00
2.	Aluminium and Stainless-Steel Milk Cans	7310.29.90, 7310.10.00 7612.90.90
3.	Milking machines	8434.10.00
4.	Homogenizer, Butter churn, milk pasteurizer	8434.20.00
5.	Cream separator	8421.11.00
6.	Milk plate heat exchanger	8419.50.00
7.	Milk hose	3917.31.00, 4009.12.00, 4009.32.00
8.	Milk pump	8413.60.00, 8413.70.00, 8413.81.00
9.	Heat insulated cooling tanks	8419.89.00, 7309.00.00, 7310.00.00
10.	Milk storage tanks	
<b>11.</b>	<b>Dairy packaging materials</b>	<b>3923.30.00</b> <b>4819.10.00</b> <b>4819.20.00</b> <b>4819.20.90</b>

## 7. Medicine or pharmaceutical products

1.	Essential Human and veterinary medicine, drugs, medical equipment and packaging material which have been approved by the Minister responsible for health: Provided that, the packaging material is specifically designed for packing pharmaceutical products.
2.	Food supplements or Vitamins supplied to the Government.

## 8. Articles designed for people with special needs

No.	Articles	HSC
1.	Orthopaedic appliances, including crutches, surgical belts and trusses, splints and other fracture appliances, artificial parts of the body, hearing aids and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability excluding other items under HSC 9021.90.00	90.21
2.	White cane for blinds or visually impaired	
3.	Spectacle for correcting vision	9004.90.10
4.	Contact lenses	9001.30.00
5.	Spectacle lenses of glass	9001.40.00
6.	Spectacle lenses of other materials	9001.50.00
7.	Sunscreen and sun tan preparation used by albino	33.04
8.	Braille	8469.00.007
9.	Mechanically propelled tricycle for carriage of disabled persons	8713.1.00
10.	Motor vehicle specifically designed for use by persons with disability	87.03

## 9. Education materials

No.	Article	HSC
1.	Dictionary and encyclopedia	4901.91.00
2.	Printed books	4901
3.	Newspapers	4902.90.00
4.	Children pictures, drawing or colouring	4903.00.00
5.	Maps and hydrographic charts	4905.99.00
6.	Examination question papers	4911.99.20
7.	Instructional charts and diagrams	4911.90.10
8.	Examination answer sheet	4011.00.90

**10. Health care**

1.	A supply of medical, dental, nursing, convalescent, rehabilitation, midwifery, paramedical, optical, or other similar services where the services are provided: by or in an institution approved for the provision of those services by the Government; and by, or under the supervision and control of, a person who is registered as being qualified to perform that service under Tanzania laws, or whose qualifications to perform the services are recognised in Tanzania.
2.	A supply of services in a nursing home or residential care facility for children, or for aged, indigent, infirm, or disabled persons who need permanent care, if the facility is approved for the provision of those services by an appropriate Government institution.

**11. Immovable property**

1.	A sale of vacant land.
2.	A lease, license, hire or other form of supply, to the extent that it is a supply of the right to occupy and reside in residential premises.
3.	A sale of immovable property, to the extent that the property relates to residential premises, not including: the first sale of newly constructed residential premises; or a subsequent sale if the premises have been occupied as a residence for less than two (2) years.

**12. Educational services**

	A supply of services consisting of tuition or instruction for students provided by an institution approved by the Minister responsible for education, being: (a) a pre-primary, primary, or secondary school; (b) a technical college, community college, or university; (c) an educational institution established for the promotion of adult education, vocational training, improved literacy, or technical education; (d) an institution established for the education or training of physically or mentally handicapped persons; or (e) an institution established for the training of sports persons.
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**13. Intermediary services**

1.	Supply of financial services supplied free of charge
2.	Insurance premiums for aircraft
3.	Life insurance or health insurance
4.	Insurance for workers compensation
5.	Crop agricultural insurance
6.	Livestock farming insurance

**14. Government entity or institution**

1.	A non commercial activity carried on by a Government entity or institution, except to the extent that the activity involves making supplies of goods, services or immovable property that are also supplied or able to be supplied in Mainland Tanzania by at least the person who is a non government entity.
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**15. Petroleum products**

No	Petroleum product	HSC
1.	Aviation spirit	2710.12.30
2.	Spirit type jet fuel	2710.12.40
3.	Kerosene type jet fuel (Jet A-1)	2710.19. 21
4.	Petrol (MSR and MSP)	2710.12.10 and 10.12.20
5.	Diesel (GO)	2710.19.31
6.	Kerosene (IK)	2710.19.22
7.	Bitumen	2713.20.00 and 2715.00.00
8.	Liquefied petroleum and Natural gases	2711
9.	Compressed Petroleum and Natural Gases	2711
10.	Compressed or liquefied gas cylinders for petroleum and Natural gases for cooking	7311.00.00
11.	Crude oil	2709.00.00

**16. Supply of water, except bottled or canned water or similarly presented water.**

**17. The transportation of person by any means of conveyance other than taxi cabs, rental cars or boat charters.**

**18. Importation of arms and ammunition, parts and accessories thereof, equipment and machineries for the official use of the armed forces as certified by the Ministry responsible for security and defence.**

~~**Supplies of arms and ammunitions, parts and accessories thereof, to the armed forces.**~~

**19. Funeral services, for the purpose of this item funeral services includes coffin, shroud, transportation, mortuary and disposal services of human remains.**

20. **Gaming supply.**
21. **Supply of solar panels, modules, solar charger controllers, solar inverter, vacuum tube solar collectors and solar battery.**
22. **Supply of air charter services up to 30th December 2022.**
23. **Soya beans. 12.01**
24. **Ground nuts 12.02**
25. **Supply of precious metals, gemstones and other precious stones by a small scale miner at buying stations or at Mineral and Gem Houses designated by the Mining Commission under the Mining Act.**
26. **A supply of precious aircraft lubricants of H. S. Codes 2710.19.51, 2710.19.52, 3403.19.00 and 3403.99.00 to a local operator of air transportation.**
27. **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.**
- ~~A supply or importation of smart phones of HS Code 8517.12.00, tablets of HS Code 8471.30.00 or HS Code 8517.12.00 and modems of HS Code 8517.62.00 or 8517.69.00~~
28. **A supply of raw materials of HS Code 2836.20.00, 2836.30.00, 2836.50.00 and packaging materials to be solely and directly used by a local manufacturer of double refine dedible oil from locally grown seeds for a period of one year from 1st July, 2022 to 30th June, 2023.**
29. **A supply of sisal ropes of HS Code 5607.21.00 and 5607.29.00**

## PART II

### IMPORTS EXEMPT FROM VALUE ADDED TAX

Item No.	Description
1.	An import of goods given, otherwise than for the purposes of sale, as an unconditional gift to the State.
2.	An import of baggage or personal effects exempt from customs duty under the Fifth Schedule of the East African Customs Management Act, 2004.
3.	An import of goods including containers, if the goods have been exported and then returned to Mainland Tanzania by any person without being subjected to any process of manufacture or adaptation and without a permanent change of ownership, but not if at the time when the goods were exported, they were the subject of a supply that was zero-rated under this Act or under the repealed Value Added Tax Act.
4.	An import of goods shipped or conveyed to United Republic for transshipment or conveyance to any other country.
5.	An import of goods made available free of charge by a foreign government or an international institution with a view to assisting the economic development United Republic.
6.	An import of food, clothing and shoes donated to non-profit organisation for free distribution to orphanage or schools for children with special needs in Mainland Tanzania.
7.	Import of goods by non-profit organisation for the provision of emergency and disaster relief, and where such goods are capital goods, the goods shall be handled to the National Disaster Committee upon overtion, completion or diminishing of the disaster.
8.	An import of goods by the religious organisation for the provision of health, education, water, religious services in circumstances that, if services are supplied- ) )
9.	An import of goods that is exempt under an agreement entered into between the Government of the United Republic and an international agency listed under the Diplomatic and Consular Immunities and Privileges Act.
10.	An import of goods by a registered and licensed explorer or prospector for the exclusive use in oil, gas or mineral exploration or prospection activities to the extent that those goods are eligible for relief from customs duties under the East African Customs Management Act, 2004.
11.	An import of aircraft, aircraft engine or parts by a local operator of air transportation.

12.	An import of railway locomotive, wagons, tramways and their parts and accessories by a registered railways company, corporation or authority.
13.	An import of fire fighting vehicles by the Government.
14.	An import of laboratory equipment and reagents by education institution registered by the Ministry responsible for education to be used solely for educational purpose.
15.	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 stabilizer by a natural gas distributor.
16.	Firefighting equipment.
17.	An import of machinery of HS Codes 8479.20.00, 8438.60.00, 8421.29.00, 8419.89.00 by a local manufacturer of vegetable oils for exclusive use in manufacturing vegetable oil in Mainland Tanzania.
18.	An import of machinery of HS Code 8444.00.00, 8445.11.00, 8445.12.00, 8445.13.00, 8445.19.00, 8445.20.00, 8445.30.00, 8445.40.00, 8445.90.00, 8446.10.00, 8446.21.00, 8446.29.00, 8446.30.00, 84.47, 8448.11.00, 8448.19.00, 8449.00.00, 8451.40.00 or 8451.50.00 by a local manufacturer of textiles for exclusive use in manufacturing of textiles in Mainland Tanzania.
19.	An import of machinery of Chapter 84 by a local manufacturer of pharmaceutical for exclusive use in manufacturing pharmaceutical products in Mainland Tanzania.
20.	<b>An import of machinery of HS Code 8438.50.00 and 8453.10.00 by a local manufacturer of hides and skins; and a registered abattoir for exclusive use of skinning, dehiding and leather processing in Mainland Tanzania duly certified by the Ministry responsible for livestock or fishery.</b>  <del>An import of machinery of HS Code 8453.10.00 by a local manufacturer of hides and skins for exclusive use in manufacturing leather in Mainland Tanzania.</del>
21.	Import of ambulance of HS Code 8703.90.10 by a registered health facility other than a pharmacy, health laboratory or diagnostic centre.
22.	Revenue Stamps of HS Code 4907.00.90
23.	Electronic cash register Code 8470.50.00
24.	
25.	An import of precious minerals, tin, tungsten, tantalum, mineral concentrates and loaded carbon by any person for processing, smelting, refining or sale in the Mineral and Gem Houses or buying stations designated by the Mining Commission.

26.	An import of Contactless Smart Cards and Consumables of HS Code 3921.11. 90 by the National Identification Authority.
27.	<b>An import of cold rooms of HS Code 9406.10.20, 9406.20.20, 9406.90.20 and refrigerated truck of HS Codes 8704.21.90; 8704.22.90, 8704.23.90, 8704.31.90, 8704.32.90, 8704.90.90 by a person engaged in livestock, fishery or agriculture duly certified by the Ministry responsible for livestock, fishery or agriculture.</b> <del>An import of cold rooms of HS Code 9406.10.10 and 9406.90.10 by a person engaged in horticulture.</del>
28.	<b>An import of artificial grass of HS Code 5703.30.00 and 5703.20.00 for football pitches located in City or Municipal Council approved by the National Sports Council of Tanzania.</b>
29.	<b>An import of raw materials of HS Code 2528.00.00, 2710.99.00, 3505.20.00 and equipment and machineries of Chapters 84 and 85 to be solely and directly used in manufacturing of fertilizers duly certified by the Ministry responsible for industries.</b>
30.	<b>An import of soil testing equipment of HS Code 9031.80.00, 9027.81.00 and 9027.89.00 as certified by the Ministry responsible for agriculture.</b>
31.	<b>An import of moisture meter of HS Code 9031.80.00, rain gauge for weather stations of HS Code 9015.80.00, PH meters of HS Code 9031.80.00 tissue culture equipment of HS Code 8419.89.00 and tension meters of HS Code 9031.80.00 as certified by the Ministry responsible for agriculture.</b>
32.	<b>An import of meteorological equipment and machinery by the Tanzania Meteorological Authority.</b>
33.	<b>An import of raw materials of HS Code 7208.39.00, 3810.90.00, 3401.19.00, 7904.00.00, 4016.93.00, 8481.10.00 and 8309.90.90 by a manufacturer of gas cylinders upon signing a performance agreement with the Government of the United Republic.</b>

**NOTE:**

ITEM MARK IN RED ■ - DELETED IN FINANCE ACT 2022  
ITEM MARK IN RED ■ - INCLUDED IN FINANCE ACT 2022

## **AMENDMENT OF THE INSURANCE ACT, (CAP. 394)**

### **+ Addition of section 133A: Mandatory insurance**

133A.-(1) Subject to the provisions of this Act and any other written law, a person shall not import goods or operate a public market, commercial building, marine vessel, ferry or pantoon without obtaining an insurance cover.

(2) The Minister shall, by regulations, prescribe commercial buildings, public markets and imported goods requiring mandatory insurance.

**Interpretation - Insurance becomes mandatory on import goods or to operate a public market, commercial building, marine vessel, ferry or pantoon. However, the Ministry shall issue further regulations to prescribe commercial buildings, public markets and imported goods requiring mandatory insurance. Regulation awaited.**

## **AMENDMENT OF THE EXCISE (MANAGEMENT AND TARIFF) ACT, (CAP. 147)**

### **+ Amendment of section 16: Licence required to denature spirits**

Amendment in section 16 by deleting subsection (3), which was dealing with penalties as it is considered in Tax Administration Act Section 91(A).

### **+ Amendment of section 18: Entry**

Amended in section 18 by deleting subsection (5), which was dealing with penalties as it is considered in Tax Administration Act Section 91(A).

### **+ Amendment of section 124: Imposition of excise duty**

Amended in section 124 by deleting the words “cable, television network or cable operator” and substituting for them the words “operator of cable, terrestrial infrastructure, satellite or other technology” as under:

Sec 124 (5) There shall be charged duty at the rate of five percentum of the dutiable value in respect of the service for pay-to-view television provided by licensed ~~cable television network or cable operator~~ **operator of cable, terrestrial infrastructure, satellite or other technology** other than the Government or the local government authority.

**Interpretation- the rectification is providing more clarity on areas covered under this section. Now the “operator of cable, terrestrial infrastructure, satellite or other technology are covered” under this section, instead of earlier only “cable television operator and cable operator.**

**✚ Amendment of section 125: Persons liable to pay excise duty**

Amended in section 125(1) by deleting paragraph (e) and substituting as :

Sec 125 (e) any pay-to-view television service provider using cable, terrestrial infrastructure, satellite or other technology when the service is supplied.

**Interpretation- the rectification is in line with Section 124.**

**✚ Amendment of Fourth Schedule**

Adding immediately below Heading 05.01 the following:

Heading	H.S. Code No.	Description	Unit	Old Rate	New Rate
17.04		Sugar confectionary (including white chocolate), not containing cocoa.			
	1704.10.00	- chewing gum, whether or not sugarcoated			
		Locally produced	kg	Nil	Tshs 500.00
		Imported	kg	Nil	Tshs 700.00
	1704.90.00	- Other			
		locally produced	kg	Nil	Tshs 500.00
		Imported	kg	Nil	Tshs 700.00

Heading	H.S. Code No.	Description	Unit	Old Rate	New Rate
18.06		Chocolate and other food preparations containing cocoa			
	1806.31.00	-- filled, Chocolate in divided bars etc filled with cocoa and sugar preparation			
		locally produced	kg	Nil	Tshs 500.00
		Imported	kg	Nil	Tshs 700.00
	1806.32.00	- not filled			
		locally produced	kg	Nil	Tshs 500.00
		Imported	kg	Nil	Tshs 700.00
	1806.90.00	-Other			
		locally produced	kg	Nil	Tshs 500.00
	Imported	kg	Nil	Tshs 700.00	

19.05		Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.			
	1905.31.00	--Sweet biscuits			
		locally produced	kg	Nil	Tshs 500.00
		Imported	Kg	Nil	Tshs 700.00

Adding the words "except those solely used by exporters of horticultural products" immediately after the word "plastics" appearing at the end of the description of Heading 39.23; and

Heading	H.S. Code No.	Description	Unit	Excise Rate
<b>39.23</b>		Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics except those solely used by exporters of horticultural products		
		-Sacks and bags (including cones)		
	3923.21.00	-- of polymers of ethylene	Kg	50%
	3923.29.00	-- of other plastics	kg	50%

Inserting immediately before Heading 85.23 the following:

Heading	H.S. Code No.	Description	Unit	Old Rate	New Rate
85.07		Electric accumulators, including separators thereof, whether or not rectangular (including square)			
	8507.10.00	Locally produced	u	Nil	5%
		Imported	u	Nil	10%
	8507.20.00	- other lead-acid Accumulators			
		Locally produced	u	Nil	5%
		Imported	u	Nil	10%

## **AMENDMENT OF THE VOCATIONAL EDUCATION AND TRAINING ACT, (CAP. 82)**

✚ **Section 19 (1) is amended by adding the following** immediately after paragraph (h):

“(i) intern students from higher learning institutions or technical and vocational education and training institutions who are under the Tanzania Employment Service Agency program;”; and

**Interpretation - Intern students who are under the Tanzania Employment Service Agency program shall not be liable for SDL.**

## **AMENDMENT OF THE GAMING ACT (CAP. 41)**

✚ **Section 3 has been amended** to include following new definitions

**“Winning”** means the receipt of an amount of payment or other consideration including a prize, award or reward given by way of money, assets, goods or property in kind to a person after having participated in a gaming activity recognised under this Act;

**“Withholding agent”** means a person required to withhold gaming tax on winning from a payment under this Act and remit the amount withheld to the Commissioner;”.

✚ **Section 31 (2) (b) has been amended** by inserting the word “monthly” between the words “the” and “gross”. Therefore, amended section shall read as under:

“Internet casino shall be paid at the rate of twenty five percent of the **monthly** gross gaming revenue”.

✚ **Section 31 has been further amended** by inserting subsection 6 as follows:

“(6) The provisions of the Tax Administration Act relating to the maintenance of documents, tax liability, collection and recovery of tax, imposition of interest, tax enforcement, objection and appeal shall apply with respect to gaming tax under this Act.”

**Interpretation - The provisions of the Tax Administration Act shall apply with respect to gaming tax.**

**✚ Section 31A (2) has been deleted and substituted with new Section 31A (2):**

**❖ Erstwhile Section 31A (2), now deleted:**

~~(2) Notwithstanding subsection (1), land based casino shall be taxed at a rate of twelve percent on the amount or value of winnings.~~

**❖ New Section 31A (2) shall read as under:**

“(2) Notwithstanding subsection (1)-

(a) land-based casino shall be taxed at a rate of twelve percent on the amount or value of winnings; and

(b) sports betting shall be taxed at a rate of ten percent on the amount or value of winnings.”;

**✚ Section 31A (4) has been deleted and substituted with new subsections (4), (5) and (6):**

**❖ Erstwhile Section 31A (4), now deleted:**

~~(4) The Commissioner shall prescribe the mode of the reporting and collection of the gaming tax on winnings.~~

**❖ New subsection (4), (5), (6) shall read as under:**

“(4) For purposes of collecting gaming tax under subsection (1), the licensee of a gaming activity in which the winning is made and paid for, shall be a withholding agent of a person entitled to the winning and responsible for-

(a) issuing notifications necessary for collection of gaming tax on winning and withholding the gaming tax at the time of payment of winning;

(b) remitting the withheld gaming tax to the Commissioner electronically on or before the seventh day of the following month from the month of payment of the winning; and

(c) submitting return or certificate of payment of the withheld gaming tax to the Commissioner not later than fifteen days following the end of each calendar month.

**(5)** The Commissioner may, subject to subsection (4) and in consultation with the Board, issue guidelines on the mode of reporting and collection of gaming tax on winning under this Act.

**(6)** A licensee or withholding agent who fails to withhold gaming tax under this Act shall be responsible to pay the amount of gaming tax

on winning not withheld together with the interest and penalty as provided for under the Tax Administration Act.”

**Interpretation - Licencee or withholding agent shall be responsible to remit the gaming tax on winnings together with interest and penalty if the gaming tax is not withheld.**

The following change proposed in the Budget speech has not been enacted.

Schedule of gaming fees and levies proposed to be amended under the Gaming Act, CAP 41, though Gaming tax has been revised under section 31A(2).

## **AMENDMENT OF THE ELECTRONIC AND POSTAL COMMUNICATIONS ACT (CAP. 306)**

✚ **Section 164B dealing with “imposition of fees on television decoder subscription”** has been newly inserted as follows after section 164A:

164B.-(1) There is imposed a fee to be charged on television decoder subscription paid at a rate ranging from 500 to 2,000 shillings.

(2) The Minister shall, upon consultation with the Minister responsible for finance, make regulations prescribing the manner and modality under which the fee shall be collected and accounted for.”

## **AMENDMENT OF THE COMPANIES ACT, (CAP. 212)**

✚ **Section 2 has been amended** by deleting the definition of “beneficial owner” and substituting with new definition which shall read as under:

““beneficial owner” has the meaning ascribed to it under the Anti-Money Laundering Act;”.

✚ **Section 115 has been amended** by deleting the subsection 5 and substituting it with new subsection 5 which shall read as under:

“(5) Where a company fails to comply with subsection (1), (2), (4) or (6), the company and every officer of the company who is in default shall be liable to a fine of not less than one hundred thousand shillings but not exceeding one million shillings.”

- ✚ **Section 116 (4) has been amended** by deleting the word “default fine” and substituting for them the words “fine of not less than one hundred thousand shillings but not exceeding one million shillings”.

Therefore, amended section shall read as under:

(4) If default is made in complying with this section, the company and every officer of the company who is in default shall be liable to a **fine of not less than one hundred thousand shillings but not exceeding one million shillings**.

- ✚ **Section 393 is amended** by adding the following proviso immediately after subsection 2:

“Provided that, the liquidator shall be responsible for maintaining accounting records and underlying documentations relating to the dissolution of a company for period of at least ten years from the date of dissolution.”.