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HIGHLIGHTS OF THE FINANCE ACT 2022

On 30th June 2022, The Finance Act No. 5 of 2022 was ratified by the President of Tanzania Hon. Samia Suluhu Hassan to impose and to amend certain laws relating to the collection and management of public revenues effectively from 1st July 2022.

The following amendments have been made under The Act:

The Animal Diseases Act Cap. 156

Under Section 3 (2), The Director for Veterinary Services is granted power to prescribe the use of vaccines and any other related products in use under the Act.

The Business Names (Registration) Act, (Cap. 213)

- The definition of the beneficial owner as provided in the Anti-Money Laundering Act has been endorsed by the Act.
- Every firm having a place of business in Tanzania is required to be registered under the Act
- Upon registering business names, details of every beneficial owners of the partnership needs to be registered.
- Failure to provide information regarding change in beneficial ownership is punishable by a fine of the amount between 1 million shillings and 5 million shillings.
- Information on beneficial owners held by the Registrar is only accessible to authorized persons for inspection such as Tanzania Revenue Authority (TRA), Tanzania Financial Unit (FIU), counter money laundering and terrorist financing authorities and authorities that investigate or prosecute these offences and those with the mandate of tracing, seizing, freezing and confiscating criminal assets.

The Companies Act, Cap. 212

- Beneficial ownership (BO) categorization and threshold under the Anti-Money Laundering Act is endorsed and the new minimum threshold for BO is 5%.
- The Act requires the register of members of the company including BO to be kept at the registered office of the company; failure to do so is an offence liable to a fine of Tsh. 100,000 – Tshs 1,000,000.
- Every appointed liquidator is required to maintaining accounting records and all documents relating to the company dissolution for at least 10 years from the dissolution.

The Copyright and Neighboring Rights Act, Cap. 218

- The Copyright Society of Tanzania is renamed to The Copyright Office of Tanzania
- There is a copyright levy imposition of 1.5% on the value of radio/TV set enabling recording, analogue audio recorders, analogue video recorders, CD/DVD copier, digital jukebox and MP 3 player and the Minister shall set the manner and modality for collecting and accounting of the levy

The Dairy Industry Act, Cap. 262

- Inspection of dairy facilities including dairy farms, plants, kiosks, parlors and other similar facilities will be done by Tanzania Bureau of Standards (TBS) and is no longer done by with Tanzania Food & Drugs Authority (TFDA).

The Excise (Management and Tariff) Act, Cap. 147

- The aforesaid Act deletes punishment to offence under requirement of license to denature spirits
- Offenses related to change of or making use of premises which entry for inspection is awaiting are expunged

New Imposition of Excise Duty

Item Category	Description	New Rate
Service of pay-to-view TV provided by cable operators, terrestrial setup, satellite or other technology		5%
Sugar confectionary (include white chocolate), not containing cocoa	Locally Produced Imported	Tsh. 500 Tsh 700
Chewing gum HS Code 1704.10.00	Locally Produced Imported	Tsh. 500 Tsh. 700
Chocolate and other food preparations containing cocoa HS Code 1704.90.00	Locally Produced Imported	Tsh. 500 Tsh. 700
Filled & Non-filled Chocolate in divided bars filled with cocoa & sugar preparation HS Code 1806.31.00 & HS Code 1806.32.00 respectively	Locally Produced Imported	Tsh. 500 Tsh. 700
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 HS Code 1806.90.00 & Sweet biscuits HS Code 1905.31.00	Locally Produced Imported	Tsh. 500 Tsh. 700
Electric accumulators, including separators thereof, whether or not rectangular (including) square) HS Code No. 8507.10.00	Locally Produced Imported	5% 10%
Other lead-acid accumulators HS Code No. 8507.10.00	Locally Produced Imported	5% 10%

The Electronic & Postal Communications Act, Cap. 306

- Imposition of fees on television decoder subscription ranging from Tsh. 500 - 2,000 which of collection shall be prescribed

The Export Tax Act, Cap. 196

Imposition of export tax on copper waste or scrap metals under Headings 72.04 & 74.04 at a rate of 30% of the Free On Board (FOB) value of the commodity or US$150 per ton, whichever is greater

The Foreign Vehicles Transit Charges Act, CAP 84

- Transit charges for foreign vehicles exceeding three axles are reduced from US $16 per 100 km to US$10 per 100 km to align them with charges in the East African Community (EAC), Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA).
- Transit charges on using foreign vehicles on public roads in Tanzania mainland is limited to round trips to a destination within Mainland Tanzania.

The Gaming Act, CAP 41

- Tax is imposed on digital licensed gaming activities at a rate of 5% of monthly gross gaming revenue.

- Maintenance of documents, tax liability, collection and recovery of tax, imposition of interest, tax enforcement, objection and appeal in the Tax Administration Act are established to apply with respect to gaming tax
- Gaming tax on winning prizes to be withheld by the gaming licensee and to be paid by the 7th of the following month.
- The licensee should submit a return or certificate of withheld tax payment to the CG no later than 15th the following month.
- Failure to withhold gaming tax is subject to full payment including interest and penalties thereof

The Income Tax Act, Cap. 332

Recognition of digital businesses

- Digital services and marketplaces e.g. internet and electronic transactions & services are recognized as businesses.
- A digital marketplace is a platform where buyers and sellers meet, interact & transact business electronically.
- Electronic service are services provided through telecom network including websites, web-hosting, remote program maintenance & equipment software, images, text, information access to databases, self-education packages, music, films, and games, including gaming activities, political, cultural, artistic, sporting, scientific, and other broadcasts and events including broadcast television.
- The definition of equity under Section 11 & 12 of the said Act is amended to be defined as paid up share capital at the end of the year of income.

Transportation of passengers or goods

Residents engaging in long-distance passenger transportation with a bus and transporting more than 40 passengers at a time/ long-distance transportation of goods with a truck with more than three axles and a turnover of up to TZS100 million pay tax at the rate of rate of Tsh. 3.5 million annually. Such tax paid will be considered as an advance tax.

New rates of income tax on transportation of passengers and goods

Category of Vehicles	Tax Payable
Category A : Goods Vehicle	
Load Vehicle between 0 - 1 Tonne	180,000
Load Vehicle between 1 - 5 Tonnes	450,000
Load Vehicle between 6 - 10 Tonnes	720,000
Load Vehicle between 11 - 15 Tonnes	1,710,000
Load Vehicle between 16 - 20 Tonnes	2,430,000
Load Vehicle between 21 - 25 Tonnes	2,610,000
Load Vehicle above 25 Tonnes	2,790,000
Category B : Passenger Vehicle	
Bus and other similar vehicle with seating capacity below 10 passengers	180,000
Bus with seating capacity above 10 but below16 passengers	450,000
Bus with seating capacity from 16 up to 30 passengers	720,000
Bus with seating capacity up to 32 passengers	1,710,000
Ordinary bus	2,430,000
Semi-luxury bus	2,610,000
Luxury bus	2,790,000

Corporation Residence in Tanzania

A corporation is regarded as a resident corporation if its management is exercised in Tanzania during the year of income whether physically or electronically.

Source of payments

Payments regarded to have a source in the United Republic:

- Payment from use of natural resources i.e. land, air or water or anything of value located along the border or within Tanzania
- Payments made by an individual other than payments made in conducting a business for service rendered by a nonresident through a digital market place.

Unallocated income of controlled foreign trust and corporation

Distributions by a resident financial institution and the amount of distributions which are treated as not-distributable as determined by the BOT are added as unallocated income of a controlled foreign trust or corporation for a year of income.

Tax credit for business or investment

A resident person, other than partnership, carrying out business or investment in both Mainland Tanzania and Zanzibar, may claim a tax credit for year of income for any income tax he has paid for his taxable income from business or investment carried out in Mainland Tanzania or Zanzibar, as the case may be.

Exemption of withholding tax on bonds

Interest received on corporate or municipal bonds issued via Dar es Salaam Stock Exchange will be exempt from withholding tax as of July 1, 2022.

Tax on Income from a digital market place

A nonresident who receives a payment with a source in Tanzania from an individual, other than in conducting business, for services rendered in a digital marketplace, shall pay monthly income tax by single installment at 2% of gross payments (without VAT) received in the month by filing a return to the Commissioner by the seventh of the following month.

Presumptive income tax for individuals

Resident individuals who are professionals or derive income from technical management, construction and training services are exclude from presumptive income tax.

Applicable Presumptive income tax payment

TURNOVER	S. 35 Of Tax Admin Act Is Complied	S. 35 Of Tax Admin Act Is Complied
<4 million	NIL	NIL
>4 million – 7 million	Tsh. 100,000	3% of turnover in excess of Tsh. 4 million
Over 7 million to 11 million	Tsh. 250,000	Tsh. 90,000 + 3% of turnover in excess of Tsh. 7 million
Tsh. 11 million to Tsh. 100 million	3.5% of turnover	

Exempt amounts from Income Tax

Amount derived from gain from the sale of land and minerals, and the transfer of mineral rights to a partnership entity formed by the government and an investor; free carry interest shares from a partnership to the government; shares to the government through the treasury registrar are exempt from income tax

The Insurance Act, Cap. 394

There is a mandate imposed to insure prescribed commercial buildings, operation of public markets, imported goods, marine vessels, ferries and pontoons.

The Land Act, Cap. 113

- The accrual period for outstanding land rent commences 12 months after the default date at 0.5% per month of the outstanding amount until the amount is paid and interest at the rate of 1% per month after 12 months. The interest shall be collected in the same manner as rent.
- The Ministers for Lands and Finance can exempt the interest accrued from land rent arrears as to be prescribed.

The Local Government Finance Act, Cap. 290

- The Forest Produce Cess (FPC) on buyers' caps for timber, charcoal, logs and mirunda will be reduced from 5% to 3% of farm gate price or by volume at source.
- Exemption on crop cess on seeds introduced.

The Local Government (District Authorities) Act, Cap. 287

Each district authority is required to establish a one-stop center for coordinating, encouraging, promoting and facilitating business within its area of jurisdiction.

The Local Government (Urban Authorities) Act, Cap. 288

Each urban authority is required to establish a one-stop center for coordinating, encouraging, promoting and facilitating business within its area of jurisdiction.

The Mining Act, Cap. 123

Royalty rates are reduced on gold sold at refinery centers from 6% to 4% and coal used as industrial raw material from 3% to 1%.

The National Payment Systems Act, Cap. 437

- Section 46A which imposes a money transfer tax of between Tsh. 10 to Tsh. 10,000, is amended by reducing the upper limit from Tsh. 10,000 to Tsh. 4,000 on mobile money transactions as prescribed in regulations.
- Electronic money transaction levy shall not apply to transactions involving payment of salaries by employers.

The Occupational Safety And Health Act, Cap. 297

OSHA is required to issue compliance licenses within 7 days after meeting the application requirements. Previously, no such timeframe was provided in the law.

The Tanzania Shipping Agencies Act, Cap.415

TASAC now has the exclusive mandate to deal with imports and exports of arms and ammunition, minerals, chemicals used by mining companies, government trophies and live animals under wildlife conservation act. Specifically, this implies that the exclusive mandate to deal with machineries, equipment, products or extracts related to minerals and petroleum has been removed from TASAC.

The Tax Administration Act, Cap. 438

- The Commissioner General of TRA is required to register and issue Taxpayers Identification Numbers (TINs) to every Tanzanians citizens who have been registered and issued with National Identification Cards (NIDAs). This requirement will come into operation on 1 January 2023.
- The Commissioner has the power to license individuals who have fulfilled the conditions prescribed to act as tax consultants in addition to the previous mandate to only registering them.
- Only employees and managers of a person, who is not licensed can act on behalf of such person or communicate with the Commissioner General on the grounds of representing them on any matter under any tax law.
- The deadline for companies to comply with the requirement for them to maintain a primary data server in Tanzania, has now been extended to 1 July 2023.
- 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.
- Any person who establishes a storage facility for keeping goods for business purposes is required to register the facility with the Commissioner General and keep records of all stored goods and report to the Commissioner General on monthly basis.
- A penalty of 300 currency points is imposed on failure to register a storage facility and responsibility to pay any detected loss of revenue with respect to the undisclosed goods, whether the goods are owned by the storage facility owner or not.
- Claim of fraud has to be proven in Court where an entity fails to pay tax on time because of a default of a performing a manager for lack of care.
- It is an offence when a person fails to issue fiscal receipt or fiscal invoice at the time of supply of goods, rendering service or receiving payment for goods or service.
- Any person required to be registered or licensed to perform any function under tax laws but does not, commits an offence and is liable to a fine of up to 500 currency points or 1 year imprisonment or both.
- Excise duty offences are added for failure to abide with license conditions, manufacturing without license, operating under revoked or suspended license by the Commissioner, failure to keep records of manufacturing, storage and delivery of excisable goods, denaturing spirits without license, fails to make entry declaration in manufacturing excisable goods, uses any manufacturing or storage facility contrary to the approved entry, or alters manufacturing premises, sale or storage of excisable goods without the commissioner's permission. Punishment can be forfeiture, imprisonment or fine.

The Tax Revenue Appeals Act, Cap. 408

Settling tax disputes can now be solved by amicable settlement without necessitating mediation

The Value Added Tax Act, Cap. 148

- Alternative financing product which are any financial product approved by the Bank of Tanzania (BOT) other than conventional financial products are now recognized.
- A non-resident person shall apply to the Commissioner to be registered in accordance with procedures prescribed in the regulations where it is not practicable to appoint a tax representative due to his business circumstances.
- Where a taxable person is allowed an input tax credit, the calculations will be pursuant to Section 68 of the said Act.
- The Minister has authority to make regulations prescribing the manner & procedure of dealing in loans, including alternative financing products approved by the BOT.

Exemptions supplies and imports

Item Description	HS CODE	Status
Agricultural Implements:		
Ear tag	3926.90.90	Exempted
Ear tag applicators	8456.90.00	Exempted
Automatic turning table	8207.30.00	Exempted
Stunning box	8438.50.00	Exempted
Lessor beam machines	9402.90.90	Exempted
Agro nets	56.08	Exempted
Food Items		
Unpasteurized or pasteurized goat and milk with additives and long life milk	04.01	Exempted
Unprocessed fruits	0905.10.00	Exempted
Standing trees	06.02	Exempted
Agricultural Inputs		
Fishing hooks, reels and lines	9507.20.00, 9507.90.00, and 9507.30.00	Exempted
Dairy packaging materials	3923.30.00, 4819.10.00, 4819.20.00, and 4819.20.90	Exempted
Other Items		
Importing arms and ammunition, parts and accessories thereof, equipment and machineries for the official use of the armed forces as certified by the Ministry for security and defense	-	Exempted
Supply of air charter services up to 30th December, 2022	-	Exempted
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		Exempted
Supply of raw materials and packaging materials for sole and direct use by local manufacturers of double refined edible oil from locally grown seeds for a period of one year from 1st July, 2022 to 30th June, 2023	2836.20.00, 2836.30.00, and 2836.50.00	Exempted
Supply of sisal ropes	5607.21.00 and 5607.29.00	Exempted

Imports Exempt From Value Added Tax

Item Description	HS CODE	Status
Agricultural Implements as certified by the Ministry responsible for agriculture:		
Machinery by a local hides and skins manufacturer; a registered abattoir for exclusive use of skinning, dehiding and leather processing in Mainland TZA	8438.50.00 and 8453.10.00	Exempted
Cold rooms by a person engaged in livestock, fishery or agriculture duly	9406.10.20, 9406.20.20, and 9406.90.20	Exempted
Refrigerated truck by a person engaged in livestock, fishery or agriculture duly	8704.21.90; 8704.22.90, 8704.23.90, 8704.31.90, 8704.32.90, and 8704.90.90	Exempted
Raw materials and equipment and machineries of Chapters 84 and 85 to be solely and directly used in manufacturing of fertilizers	2528.00.00, 2710.99.00, and 3505.20.00	Exempted
Soil testing equipment	9031.80.00, 9027.81.00 and 9027.89.00	Exempted
Moisture meter	9031.80.00	Exempted
Rain gauge for weather stations	9015.80.00	Exempted
PH meters	9031.80.00	Exempted
Tissue culture equipment	8419.89.00	Exempted
Tension meters	9031.80.00	Exempted
Import of meteorological equipment and machinery by the Tanzania Meteorological Authority		Exempted
Import of raw materials by a manufacturer of gas cylinders upon signing a performance agreement with the Government of the United Republic	7208.39.00, 3810.90.00, 3401.19.00, 7904.00.00, 4016.93.00, 8481.10.00 and 8309.90.90	Exempted

Imports removed from exemptions of VAT

Item Description	HS CODE	Status
Supply or importation of Smart Phones	8517.12.00	Removed
Supply or importation of Tablets	8471.30.00 and 8517.12.00	Removed
Supply or importation of Modems	8517.62.00 and 8517.69.00	Removed

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