



# Tanzania Tax Updates

July 2018

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## **This Month:**

- 1. Tax Amnesty**
- 2. Withholding Tax Automation**
- 3. WCF Automation**
- 4. July 2018 submission deadlines**

# 1. Tax Amnesty : what you need to know

**Summary:** Eligible taxpayers can now apply for a 100% tax amnesty on interest and penalties in the six months starting from 1 July 2018 to 31 December 2018

## Who are eligible taxpayers?

- Taxpayers who have filed tax returns for which taxes are either partly paid or not paid at all;
- Taxpayers who have not submitted a tax return;
- Businesses operating without required registrations (TIN / VRN)
- Taxpayers who have filed objections; or
- Taxpayers with a pending case in the Tax Revenue Appeals Board, Tax Revenue Appeals Tribunal or Court of Appeal of Tanzania.

## Who isn't eligible?

- Taxpayers who would have otherwise been eligible, but have already paid the eligible taxes;
- Taxpayers whose tax affairs are being audited or investigated by the Commissioner General in respect of the eligible tax for the period under audit or investigation;
- Taxpayers who have been convicted of fraud by a court in respect of eligible tax;
- Taxpayers who have been convicted of a transnational organized crime, including money laundering, human trafficking, poaching, economic sabotage, corruption, drug trafficking or involvement in terrorism;
- Taxpayers whose assessments are a results of an EFD or other offence which has been compounded; or
- Taxpayers whose assessments emanates from an offence involving wilful or fraudulent omission or commission under a tax law.

## What to do next?

1. Eligible taxpayers can apply for the taxpayer by filling in the TRA form [ITX207.01.E](#).
2. The application must be submitted to the Commissioner General on or before 30 November 2018
3. The application must be indicate the tax liability, amnesty requested and confirmation that taxpayer is willing to pay the principal tax before 30 June 2019

## How C&A can help

- Use above opportunity to clean up your tax affairs
- Perform a thorough tax health check to determine potential tax liabilities and related interest/penalties
- Assist with the tax amnesty application process

## 2. Withholding Tax : what you need to know

### What are withholding taxes?

Withholding taxes (WHT) are taxes deducted by the taxpayer when making payments to another person/taxpayer in respect of services rendered or goods supplied.

### Previous procedure

- The withholding agent (i.e. party making payment) is required to file a withholding tax certificate with TRA and provide a copy to the withholder (payment recipient)
- This was previously done manually where above documents, together with evidence of payment were filed at TRA offices and records manually submitted to the withholder
- The above process, together with payments must be done by the 7th day of the following month

### New automated process

- From 1 July 2018, all withholding tax filing, certificates and payments must be done through TRA's online system
- The new automated system will be managed through the Revenue Gateway System (RGS) available through this [link](#)
- Only payments processed through this system are eligible for WHT credits

### Payment procedure:

- First time users of RGS are required to create an account within the system that will be used for WHT filing and payments;
- Upload all monthly transactions subject to WHT into the system using the excel template provided;
- Process payment of WHT based on transactions uploaded; and
- Retrieve WHT certificates generated once payments have been processed.

### How C&A can help

- Assist with setup and account creation within the Revenue Gateway System
- Train and assist taxpayers with use of the new WHT system
- Identify and advice on payments subject to WHT

## 3. WCF automation: what you need to know

### Workers Compensation Fund (WCF) scheme

The WCF scheme was established to provide compensation for employees injured or incapacitated in the course of employment. Under the Workers' Compensation Act, 2008 all employers are required to contribute to the WCF. All private sector employers must now contribute 1%, and public sector employers must contribute 0.5% of their annual tax bill. Contributions are due on a monthly basis.

### WCF online self service portal

WCF has recently introduced a new online portal that will provide for online verification, assessment, employee management and payment facilities. The portal can be accessed [here](#).

The process is summarised below:

1. Employers must first create an online account within the system. Different requirements apply for new registrations versus already registered employer.

#### New WCF registration

Employers registering for the first time are required to submit the following:

- TIN certificate
- List of employees (excel format)
- Copy of authority certificate from respective industry regulator

#### Employers already registered

Employers previously registered are required to verify registration status submitting the following documents:

- TIN certificate
- List of employees (excel format)
- Copy of WCF certificate

2. Employers can then manage or change employee particulars by adding, removing or editing employee information within the system
3. Once details are complete, employer can request a control number for payment of contributions, penalties or interest amounts. Payments can be made through bank transfer or mobile money services.

### How C&A can help

- Assist with setup and account creation within the new online system
- Train and assist taxpayers with use of the new WCF system
- Assist with calculating any penalty and interest amounts in respect of unpaid WCF



  

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