



**TAXES AND DUTIES
AT A GLANCE
2017/2018**

July, 2017

A. DIRECT TAXES		RATES	
No.	TAX SOURCE	RESIDENT	NON RESIDENT
1.0	Corporation Tax:		
(a)	Tax rate on total income of the corporation	30%	30%
(b)	Corporations with perpetual unrelieved losses for 3 consecutive years (excluding corporation conducting agricultural business, provision of health or education)	0.3% of annual turnover	N/A
(c)	Newly listed corporation to the Dar es Salaam Stock Exchange, with at least 30% of its equity ownership issued to the public for three consecutive years from the date of listing	25%	25%
(d)	A corporation with a newly established plant for assembling motor vehicles, tractors, fishing boat or out boat engine and having a performance agreement with a government of URT for the first five years from commencement of production.	10%	N/A
(e)	Total income of a Domestic Permanent Establishment	N/A	30%
(f)	Repatriated income of a branch owned by a non- resident person (Branch remittance)	N/A	10%

2.0	Withholding tax on:	RESIDENT	NON RESIDENT
(a)	(i) Dividends from the Dar es salaam Stock Exchange listed corporations	5%	5%
	(ii) Dividend from resident corporation to another resident corporation where the corporation receiving the dividend holds 25% or more of the shares in the corporation	5%	N/A
(b)	Dividends from other corporations	10%	10%
(c)	Commission on money transfer through mobile phones	10%	N/A
(d)	Interest	10%	10%
(e)	Royalties	15%	15%
(f)	Management and Technical services fees (mining, oil and gas)	5%	15%
(g)	Transport (Non-resident operator/ charterer without permanent establishment).	N/A	5%

(h)	Rental Income: Land and building	10%	10%
	Aircraft lease	10%	15%
	Others assets	N/A	15%
(i)	Transport across borders.	N/A	5%
(j)	Insurance Premium	N/A	5%
(k)	Natural Resources Payment	15%	15%
(l)	Service Fees	5%	15%
(m)	Directors' Fees (Non-full time Directors)	15%	15%
(n)	Payment for goods supplied to Government and its institutions by any person	2% of gross payment	N/A
(o)	Withholding income tax on sale of minerals (Small miners)	5%	N/A
(p)	Other withholding payments	15%	15%
3.0	Capital Gains on Disposal of Investment Asset		
	Person's asset (Entity and Individual)	10%	20%
	Exemption on disposal of Investment assets:		
	a) Private residence - Gains of Tshs. 15 million or less b) Agricultural land - Market value of less than 10 million c) Shares - DSE shares held by a person with share holding less than 25%		

4.0 Single Installment Tax on			
(a)	Transport across borders. <i>(Non - resident transport operator/charter without permanent establishment)</i>	N/A	5%
(b)	Exemption on single installment tax at time of realization or receipt Carriage of fish or horticulture products by a foreign aircraft.	N/A	N/A
<p>Note:</p> <p>(i) Payment of withholding taxes should be within 7 days after the month of deduction</p> <p>(ii) The submission of statement is within 30 days after each 6-month period.</p>			
5.0 Resident Individual Income Tax (Tanzania Mainland)			
	Monthly Income	Tax Rate	
(i)	Where total income does not exceed Tshs 170,000/=	NIL	
(ii)	Where total income exceeds Tshs 170,000/= but does not exceed Tshs 360,000/=	9% of the amount in excess of Tshs 170,000/	
(iii)	Where total income exceeds Tshs. 360,000/= but does not exceed Tshs 540,000/=	Tshs 17,100/= plus 20% of the amount in excess of Tshs 360,000/=	
(iv)	Where total income exceeds Tshs 540,000/= but does not exceed Tshs 720,000/=	Tshs 53,100/= plus 25% of the amount in excess of Tshs 540,000/=	
(v)	Where total income exceeds Tshs 720,000/=	Tshs 98,100/= plus 30% of the amount in excess of Tshs 720,000/=	
<p>Note</p> <p>Threshold per annum: Annual Income of Tshs 2,040,000 /= is not taxable</p>			

5.1 Resident Individual Income Tax (Tanzania Zanzibar)

Monthly Income	Tax Rate
Where total income does not exceed Tshs 180,000/=	NIL
Where total income exceeds Tshs 180,000/= but does not exceed 360,000/	9% of the amount in excess of Tshs 180,000/=
Where total income exceeds Tshs 360,000/= but does not exceed Tshs 540,000/=	Tshs 16,200/= plus 20% of the amount in excess of Tshs 360,000/=
Where total income exceeds Tshs 540,000/= but does not exceed Tshs 720,000/=	Tshs 52,200/= plus 25% of the amount in excess of Tshs 540,000/=
Where total income exceeds Tshs 720,000/=	Tshs 97,200/= plus 30% of the amount in excess of Tshs 720,000/=
Note Threshold per annum: Annual Income Tshs 2,160,000 /= is not taxable	

Note

1. An employee who makes donation as per section 12 of the Education Fund Act, the donation is exempted from tax. However the exemption is upon approval by the Commissioner.
2.
 - i. Income of a non-resident employee of a resident employer is subject to withholding tax of 15%.
 - ii. The total income of non-resident individual is chargeable at the rate of 20%
3. The monthly income include basic salary, overtime, bonus, commission, allowances e.g. house allowance or transport allowance and benefits in kind received in lieu of employment but after deducting the contribution to the approved retirement Fund.
4. Resident and Non-resident employee with secondary employment is chargeable at the rate of 30%.

5.2 Benefits in kind

(a)	Housing: Lower of the:- Market value rental of the premises and the higher of the following: i. 15% of the employee's total annual income and ii. The expenditure claimed as deduction by the employer in respect of the premises.																				
(b)	Motor vehicle: Benefits are based on engine size and vehicle age of the following annual values.																				
	<table border="1"><thead><tr><th></th><th>Engine size</th><th>Engine size up to 5 years old Tshs</th><th>Greater than 5 years old Tshs</th></tr></thead><tbody><tr><td>(i)</td><td>Not exceeding 1000cc</td><td>250,000/=</td><td>125,000/=</td></tr><tr><td>(ii)</td><td>Above 1000cc not exceeding 2000cc</td><td>500,000/=</td><td>250,000/=</td></tr><tr><td>(iii)</td><td>Above 2000cc not exceeding 3000cc</td><td>1,000,000/=</td><td>500,000/=</td></tr><tr><td>(iv)</td><td>Above 3000cc</td><td>1,500,000/=</td><td>750,000/=</td></tr></tbody></table>		Engine size	Engine size up to 5 years old Tshs	Greater than 5 years old Tshs	(i)	Not exceeding 1000cc	250,000/=	125,000/=	(ii)	Above 1000cc not exceeding 2000cc	500,000/=	250,000/=	(iii)	Above 2000cc not exceeding 3000cc	1,000,000/=	500,000/=	(iv)	Above 3000cc	1,500,000/=	750,000/=
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Note

- ♦ The Motor vehicle benefit is not applicable where the employer does not claim deduction in respect of the ownership, maintenance or operation of the vehicle
- ♦ The market value will apply in determining other benefits in kind

6.0	Skills Development Levy (SDL)
	<p>i) Rate is 4.5% of the monthly gross emolument for Tanzania Mainland.</p> <p>ii) Rate is 5% of the monthly gross emolument for Tanzania Zanzibar.</p> <p>Exempted employers from SDL</p> <p>a) A Government Department or a Public Institution which is wholly financed by the Government</p> <p>b) Diplomatic Missions</p> <p>c) The United Nations and its organizations</p> <p>d) International and other foreign institutions dealing with aid or technical assistance</p> <p>e) Religious institutions whose Employees are solely employed to administer places of worship, to give religious instructions or generally to minister religion</p> <p>f) Charitable organizations</p> <p>g) Local Government Authority</p> <p>h) Farm employers whose employees are directly and solely engaged in farming</p> <p>i) Registered educational Institutions (Private schools including Nursery, Primary and Secondary Schools; Vocational, Educational and Training Schools; Universities and Higher Learning Institutions)</p> <p>Note</p> <p>i. The gross emoluments include wages, salary, leave pay, sick pay, payment in lieu of leave, fees commission, gratuity, bonuses, any subsistence, travelling or entertainment allowances.</p> <p>ii. Exemptions for Zanzibar is applicable only from a) - d) and g) above.</p>

7.0	The Individual Presumptive Tax Assessment		
		Compliance with section 35 of TAA, Cap 438 (Record keeping)	
	Annual Turnover	Not complied	Complied
	<i>Where turnover does not exceed Tshs 4,000,000/=</i>	NIL	NIL
	<i>Where turnover is between Tshs. 4,000,000/= and Tshs 7,500,000/=</i>	Tshs 150,000/=	3% of the turnover in excess of Tshs 4,000,000/=
	<i>Where turnover is between Tshs 7,500,000/= and Tshs 11,500,000/=</i>	Tshs 318,000/=	Tshs 135,000/= plus 3.8% of the turnover in excess of Tshs 7,500,000/=
	<i>Where turnover is between Tshs 11,500,000/= and Tshs 16,000,000/=</i>	Tshs 546,000/=	Tshs 285,000/= plus 4.5% of the turnover in excess of Tshs 11,500,000/=
	<i>Where turnover is between Tshs 16,000,000/= and Tshs 20,000,000/=</i>	Tshs 862,000/=	Tshs 487,000/= plus 5.3 % of the turnover in excess of Tshs 16,000,000/=
	<p>Note:</p> <ol style="list-style-type: none"> 1. Registration of small vendors and service providers conducting business in an informal sector shall be recognized and registered with TIN and be issued with an Identification Card. 2. Where turnover exceeds Tshs 20,000,000/= p.a. the taxpayer is obliged to prepare audited financial statements in respect of his/her business. 3. Any person whose turnover exceed Tshs 14,000,000/= p.a. is obliged to acquire and use the Electronic Fiscal Device (EFD). 4. A person whose turnover is below Tshs 14,000,000/= shall issue manual receipt in duplicate copy with particulars of:- date, full name of the person sold the goods with TIN thereon, full description of the goods, full name and address to whom the goods were sold and any other particulars the Commissioner General may specify. 		

7.1	Submission of returns and payment of tax
(a)	<p>For accounts based on Calendar year</p> <ol style="list-style-type: none"> i. On or before 31st March ii. On or before 30th June iii. On or before 30th September iv. On or before 31st December <p>Note: Payments for other accounting dates are made at the end of every quarter, depending on one's accounting period.</p>
(b)	<p>Final returns and payment of tax: Within six months from the end of the accounting period.</p>
(c)	<p>Late payment of tax: Shall be charged interest at the prevailing statutory rate at the time of imposition</p>
(d)	<p>Penalties for misuse of EFDs</p> <ol style="list-style-type: none"> (i). Any person who fails to acquire or use electronic fiscal device, fails to issue fiscal receipt or fiscal invoice, issue fiscal receipt/invoice that is false or incorrect, use of EFD device that misleads the system or commissioner, tempers with or causes EFD to work improperly or in a manner that does not give correct or true picture commits an offence and shall be liable, on conviction to a fine of not less than 200 currency points and not more than 300 currency points or to imprisonment for a term not exceeding 3 years or both. (ii). A person involved in above offences upon conviction shall be liable to fine of twice the amount of tax evaded or imprisonment for term not exceeding 3 years.

	(iii). Any person who fails to demand or report a denial of issuance of fiscal receipt or fiscal invoice upon payment for goods or services commits an offence and shall be liable upon conviction to a fine not less than 2 currency points and not more than 100 currency points. <i>(1 currency point is equivalent to Tshs. 15,000/=)</i>	
8.0	Depreciable assets, allowances and the applicable rates	
Class	Depreciable Assets	Rates
1*	Computers and data handling equipment together with peripheral devices, automobiles, buses and minibuses with a sitting capacity of less than 30 passengers, goods vehicles with a capacity less than 7 tones, construction and earth moving equipment.	37.5%
2*	Buses with a seating capacity of 30 or more passengers, heavy general purpose or specialized trucks, trailers, and trailer mounted containers, rail road cars, locomotives, and equipment, vessels, barges, tugs and similar, water transportation equipment, air craft, other self propelling vehicles, plant and machinery used in agriculture or manufacturing	25%
3*	Office furniture, fixtures and equipment, any asset not included in another class.	12.5%
5**	Buildings, structures, dams, water reservoirs, fences, and similar works of a permanent nature used in agriculture, livestock farming or fish farming	20%

6**	Buildings, structures, and similar works of permanent nature other than those mentioned in class 5.	5%
7**	Intangible assets.	Over useful life of the asset
8**	Part and machinery (Including windmills electric generators and distribution equipment) used in agriculture and Electronic Fiscal Devices (EFD) purchased by non VAT registered traders, equipment used for prospecting and exploration of minerals or petroleum.	100%
	<p>Note:</p> <p>Depreciation allowance: expenditure incurred in acquiring a road vehicle, other than a commercial vehicle, to the extent that the expenditure exceeds Tshs. 30,000,000/= the excess shall not be recognized.</p>	
Depreciation allowances for mineral or petroleum Operations		
Year of Income	Depreciation Allowance	
First Year	20% of expenditure	
Second Year	20% of expenditure	
Third Year	20% of expenditure	
Fourth Year	20% of expenditure	
Fifth Year	20% of expenditure	
<p>Note 1 * Pools of depreciable assets calculated basing on Diminishing Value Balance Method.</p> <p>Note 2 ** Pools of depreciable assets calculated basing on Straight Line Method.</p> <p>Note 3 * Class 4 deleted by the Finance Act 2016.</p>		

B: INDIRECT TAXES

9.0	Value Added Tax (VAT)								
	<p>VAT registration threshold:</p> <ul style="list-style-type: none">• Taxable turnover exceeding Tshs 100 million per annum. <p>Mandatory registration</p> <ul style="list-style-type: none">• A registered professional is required to register regardless of taxable turnover• A government entity or institution which carries on economic activity.								
	<p>VAT Rates</p>								
	<table border="1"><thead><tr><th>Description of goods/ supplies and services</th><th>VAT rates</th></tr></thead><tbody><tr><td>Supply of taxable goods and services in Mainland Tanzania</td><td>18%</td></tr><tr><td>Importation of taxable goods and services into Mainland Tanzania</td><td>18%</td></tr><tr><td>Export of goods and certain services from the United Republic of Tanzania</td><td>0%</td></tr></tbody></table>	Description of goods/ supplies and services	VAT rates	Supply of taxable goods and services in Mainland Tanzania	18%	Importation of taxable goods and services into Mainland Tanzania	18%	Export of goods and certain services from the United Republic of Tanzania	0%
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	<p>Exemptions</p> <p>Exempt supplies and imports are provided in the Schedule to the VAT Act, 2014. RE. Finance Act, 2017.</p> <p>Note: International Transport Services is zero rated.</p> <p>A supply of ancillary transport services of goods in transit through mainland Tanzania include:-</p> <ul style="list-style-type: none">(i) An integral part of the supply of an international transport services(ii) In respect of goods stored at the port, airport, or a declared customs area for not more than thirty days while awaiting onward transport.								

	VAT Returns and Payments:	
	Local Supplies: The 20 th day of the month after a tax period. However, where the 20 th day falls on a Saturday, Sunday or a Public holiday, the value added tax return shall be lodged on the first working day following a Saturday, Sunday or a Public holiday.	
	Imports: At the time import duty is due and payable in accordance with East African Community Customs Management Act, 2004.	
	Note: Every VAT registered person is required to use the Electronic Fiscal Device (EFD)	
10.	Stamp Duty	
	Items	Rate
	(i) Conveyance	1% of consideration
	(ii) Conveyance for agricultural land	Tshs 500/=
	(iii) Legal and commercial instruments are charged at a specific rates as specified in the law.	
	Exemptions	
	(i) Receipts on sales of goods or services for business.	
	(ii) Transfer of ownership of assets to the special purpose vehicles (SPV) for purpose of issuing asset-backed securities.	
	Note: Due dates is within 30 days from the date an instrument is executed.	

11.	Import Duty	
	Items	Duty Rates
	(i) Raw materials, Pharmaceuticals and capital goods, Hand hoes, agricultural implements.	0%
	(ii) Semi-finished goods	10%
	(iii) Final consumer goods or finished commercial goods	25%
	<i>Some sensitive items are charged at a higher rate than 25% with the intention of protecting local industries. (E.g. Yoghurt milk and Cream containing sweetening matter; Cane or beet sugar and chemically pure sucrose in solid form, Sacks and bags of a kind used for the packing of goods, Worn clothing and other worn articles (mitumba).</i>	
12.	Excise Duty	
	Excise duty amendment in excisable items intends to protect the Tanzanian currency. The rates amended are in accordance with the prevailing inflation rate.	
	A: (i) Specific Rates on: Wine, spirits, beer, soft drinks, fruit juices, Recorded DVD, VCD, CD and audio tapes, cigarettes, tobacco, and petroleum products and Natural gas	
	(ii) Ad-valorem rates are: 10%, 15%, 17%, 20%, 25%, and 50%. (15% is imposed on imported furniture and on imported seats other than those of heading 94.02.) and 50% is imposed on shopping plastic bags.	

<i>B: Excise Duty on Motor vehicles based on engine capacity</i>	Applicable Rate
Description of vehicle	
(i) Of cylinder capacity less than 1000 cc	0%
(ii) Of cylinder capacity exceeding 1000 cc but not exceeding 2000 cc	5%
(iii) Of cylinder capacity exceeding 2000cc	10%
C: Additional Excise Duty on Imported used vehicles	
(i) Imported vehicles aged from eight (8) years but not more than 10 years, counted from the year of its manufacture.	15%
(ii) Imported vehicles aged ten (10) years or more, counted from the year of its manufacture. Note for (i & ii) Excluding passenger vehicles under HS Code 8702.10.22, 8702.10.29, 8702.10.99, 8702.90.29 and 8702.90.99	30%

	D: Imports of used vehicles spare parts:	
	Imported used spare parts for motor vehicles and motor cycles.	25%
	E: Excise Duty on other Goods/Services	
	Fees or charges payable to Financial Institution or Telecommunication companies for money transfer services	10%
	<p>Submission of Monthly Returns</p> <p>Any manufacturer of excisable scheduled article or provider of excisable service shall submit a monthly return not later than the last working day of the month following the month to which the return relates.</p>	
13.	Fuel levy:	
	Charged per litre of petrol or diesel	Tshs 313 /=-
14.	Petroleum Levy :	
	Chargeable based on per litre of Kerosene, Gas Oil and Motor Spirit	Tshs 50/=-
15.	Tourism Development Levy: Chargeable based on a bed night charge.	USD 1.5 per night

16	Railway Development Levy: Charged based on Customs Value on goods entered for home consumption in Mainland Tanzania.	1.5% of CIF
	Note: Railway Development Levy shall not be charged to exemptions provided under the East African Community Customs Act, 2004 with exception to exemptions provided for under the Fifth Schedule EACCMA, 2004; Pharmaceutical goods and equipment of chapter 30 and 90 of EAC Common External Tariff and fertilizer as defined under EAC External Tariff	
17	Airport Service charges	
	Local Travel (Resident)	Tshs. 10,000/=
	International Travel	USD 40
18	Port Charges	
	Resident traveler	Tshs .500/=
	Non - Resident	USD 5
19	Motor Vehicle First Registration fee is based on:	
	Cubic Capacity (cc)	Fee
	501 – 1500 cc	Tshs 200,000/=
	1501 – 2500cc	Tshs. 250,000/=
	2501 and above	Tshs. 300,000/=
	Motor cycle Registration fee	Tshs 95,000/=
	Personalized Registration Number	Tshs 10,000,000/= for 3 years

20	Motor Vehicle Transfer Tax	
	Motor Vehicle transfer fees	Tshs 50,000/=
	Motor cycle transfer fees	Tshs 27,000/=
	Fees for a new registration card	Tshs 10,000/=
21	Motor Vehicle Driving License	
	License fees renewable every 3 years	Tshs 40,000/=
	Driving test fees	Tshs. 3,000/=
	Provisional license fees renewable every 3 months	Tshs. 10,000/=
22	Export Tax	
	i) Raw hides and skins are charged based on FOB Value or per kg whichever is greater	80% FOB or USD0.52/Kg
	ii) Wet blue leather	10% of FOB Value
23	Restriction on exportation or domestic use of minerals	
	No person shall remove or cause to be removed mineral or minerals from a mine for the purpose of export or domestic use unless that person fulfills the condition specified under the Mining Act	
24	Export Levy	
	Raw cashew nuts is levied based on FOB Value or per metric tones whichever is greater	15% FOB or USD 160/MT

25	Prohibited goods
	Narcotic drugs, tear gas substances, seditious, obscene materials or literature. Used tyres for light commercial vehicles and passenger's car and other goods as provided in the law.
26	Restricted goods
	Live animals, plants, fire arms, ammunitions, ivory powder waste etc. These require permit from relevant authorities.
27	Customs Processing Fee:
	Is a fee charged at 0.6% of FOB Value for processing customs document for goods entered for home consumption.
28	Imports from East African Community (EAC) Member States and SADC:
	Goods produced within member states are chargeable at the rate of zero provided that the criteria of Rules of Origin are adhered to. With exception of goods manufactured under Export Processing Zones and Industries with concession. EAC Member states are Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda
	Note EAC is implementing Single Customs Territory which centres around the removal of trade restrictions including minimization of internal border controls on goods moving within the Partner States.

29	<p>Non Tax Revenue</p>
	<p>1. Property Rate. Rateable area:-</p> <ul style="list-style-type: none"> • City Council • Municipal Council and • Town Council. <p>A building which is not valued the rate is:-</p> <p>(a) Ten thousand shillings for ordinary building and</p> <p>(b) Fifty thousand shillings for each floor in a storey building</p> <p>2. Fees for Advertising for the whole country TRA has been mandated to collect this tariff for Billboards, posters or hoarding for local authorities from July 1, 2017.</p> <p>Exemption: Posters that give direction to areas that provide social services such as schools, dispensary and hospital.</p> <p>3. Wharfage fees. TRA has been mandated to Collect Wharfage effective from 1st August, 2016.</p>
30	<p>Tax Refund</p>
	<ul style="list-style-type: none"> • The Commissioner will make decision whether to refund or not in 90 days from date of application • The Commissioner will effect a refund within 14 days from the date of making decision • The request for a refund of the tax paid in excess must be done within three years since the tax paid date.



