

Tanzania Tax Datacard

2011/2012

Income tax - Corporations

Corporation rate		%
Resident corporation		30
Non-resident corporation*		30
Newly listed companies - reduced rate for 3 years**		25
Alternative minimum tax (on turnover)***		0.3
Capital deductions		
Buildings (straight line)		
Agriculture or livestock/fish farming		20
Other		5
Plant and machinery (initial allowance)		
Manufacturing or tourism		50
Agriculture		100
Plant & machinery (reducing balance)		
Class 1		37.5
Class 2		25
Class 3		12.5
Intangible assets (straight line)		Over useful life
Agriculture - improvements/research and development		100
Mining exploration and development		100
Oil & Gas prospecting, exploration and development (straight line)		20

* A non-resident corporation with a permanent establishment also has to account for tax of 10% on "repatriated income"

** Provided at least 30% of shares are publicly issued

*** Where tax losses for 3 consecutive years as a result of tax incentives

Income Tax - Resident Individuals

Individual rate - monthly

	Bands of taxable income TZS	Taxable income TZS	Tax Rate %	Tax on Band TZS	Cumulative tax on income TZS
First	135,000	135,000	0	0	0
Next	225,000	360,000	14	31,500	31,500
Next	180,000	540,000	20	36,000	67,500
Next	180,000	720,000	25	45,000	112,500
Over	720,000		30		

Employment Benefits

Housing: Lower of (a) market value rental of the premises and (b) the higher of the following:
i. 15% of employee's total annual income and
ii. the expenditure claimed as deduction by the employer in respect of the premises

Car: Taxed according to engine size and vehicle age on following annual values:

Engine size	up to 5 years old TZS	> 5 years old TZS
<= 1,000 cc:	250,000	125,000
1,000 - 2,000 cc:	500,000	250,000
2,000 - 3,000 cc:	1,000,000	500,000
> 3000 cc:	1,500,000	750,000

Note: not chargeable where employer does not claim deduction in respect of the ownership, maintenance, or operation of the vehicle.

Loans: Excess of "statutory rate" (see Penalty section) over actual interest rate paid.

Tanzania Tax Data 2011/2012

Business - Presumptive Income Tax

For individuals with business turnover not exceeding TZS 20m, specific presumptive income tax rates apply.

Employer's payroll obligations

	%
PAYE (employee)	see above
Social Security (NSSF, PPF) (up to half (10%) can be deducted from employee)	20
Skills and Development Levy (employer) (note: exemption in respect of employment in agricultural farming)	6

Rates of Withholding Tax

	Resident %	Non-resident %
Dividend		
- to company controlling 25% or more	0	10
- from DSE listed company	5	5
- otherwise	10	10
Interest	10	10
Rent		
- land and buildings	10	15
- aircraft lease	0	0
- other assets	0	15
Royalty	15	15
Natural resource payment	15	15
Service fees	0	15
Technical services to mining companies	5	15
Insurance premium	0	5
Payments to resident persons without a TIN certificate	2	n/a

Disposal of investments

Tax rates	Tanzanian asset %	Overseas asset %
Individual		
- Resident	10	30
- Non - resident	20	n/a
Company		
- Resident	30	30
- Non - resident	30	n/a

Exemptions:

1. Private Residence - Gains of TZS 15m or less
2. Agricultural land - Market value of less than TZS 10m
3. Units in an approved Collective Investment Scheme
4. Shares - (i) DSE shares held by resident, (ii) shares held by non - resident with shareholding of less than 25% (iii) shares in a resident company held by another resident company with shareholding of 25% or more

Single Instalment Tax

	%
Sale of land and buildings	
- by resident	10*
- by non - resident	20*
Non-resident transport operator/charterer without permanent establishment	5**

* applied to gain, credit against final tax liability

** applied to gross payment

Indirect taxes

VAT

Taxable Supplies

	Rate
	%
Supply of goods & services	18
Import of goods & services	18
Export of goods & certain services	0

Registration threshold (turnover)

TZS 40m p.a.

Payment

Due date

Monthly VAT returns and any payment due	last working day of following month
VAT on the importation of goods	at the time customs duty payable

Refund claims

Standard	Six months after the due date of the tax return on which the refund became due or the submission of the last VAT return for that six month period, whichever is the later
"Regular repayment"	Businesses in a constant refund position may apply for authorisation to lodge claims on a monthly basis

Customs duty

	%
Capital goods, raw materials, agricultural inputs, pure-bred animals	0
Semi-finished goods	10
Finished final consumer goods	25
Equipment and supplies imported by mining operator / subcontractor	
- up to 1 year after commencement of production	0
- thereafter	5 (max)
Equipment and supplies for petroleum and gas exploration	0

Stamp duty

	%
Conveyance / transfer	1
Transfer of shares or debentures	1
Lease agreements	1

Note: Stamp duty on conveyance of agricultural land is restricted to TZS 500

Tanzania Tax Data 2011/2012

Mineral Royalties

Rate %	Mining Act 1998	Mining Act 2010
5	Diamonds	Diamonds, Gemstones, Uranium
4	N/A	Metallic minerals (incl. copper, gold, silver and platinum group minerals)
3	General rate	General rate
1	N/A	Gems
0	Polished & Cut Stones	N/A
Base:	"Net back value"	"Gross value"

Tax treaties

In force:
Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, Zambia

Deadlines, Interest & Penalties

	Deadline/Obligation	Immediate penalty %	Monthly penalty %
Income Tax			
Instalment tax/return			
Payment	instalment at end of each quarter		Stat + 5
Filing of return	end of 1st quarter		2.5*
Under-estimation			Stat
Final tax/return			
Payment	6 months after accounting period		Stat + 5
Filing of return	6 months after accounting period		2.5*
Withholding tax			
Payment	7 days after month of deduction		Stat + 5
Return	30 days after each 6 month period		Stat**
Payroll***			
Payment			
PAYE	7 days after month of deduction		Stat + 5
Skills & Dvpm. Levy	7 days after month end		Stat + 5
NSSF	1 month after month end		5
PPF	30 days after month end	5	5
VAT			
Filing / payment	last working day of following month	1	2****
Interest chargeable on late payment			CBL + 5
Interest due to taxpayer on late payment of VAT refunds			CBL
Excise Duty			
Payment	last working day of the following month		Stat + 5
Stamp Duty			
Payment / Stamping	30 days after execution / entry of instrument	25 - 1000	n/a

Key

Stat = "Statutory Rate" (Bank of Tanzania discount rate at start of year), compounded monthly
(Annual rate.: 2011 & 2010 7.58%; 2009 17.53%; 2008 15%; 2007 & 2006 20%; 2005 14.6%; 2004 12.8%)
(Monthly equivalent: 2011 & 2010 0.63%; 2009 1.46%; 2008 1.25%; 2007 & 2006 1.67%; 2005 1.22%; 2004 1.07%)

CBL = Central Bank commercial bank lending rate

* = subject to a minimum of TZS 10,000 (individuals) and TZS 100,000 (corporates)

** = subject to a minimum of TZS 100,000

*** = PAYE and SDL returns due 30 days after each 6-month period

**** = minimum penalty is TZS 50,000 for first month and TZS 100,000 per month thereafter

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This datacard has been prepared based on commentary in the Budget speech read on 8 June 2011, the draft Finance Bill 2011 and on legislation in force on that date. The Finance Act 2011 may result in changes to the information in this card.

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