



Tanzania tax datacard*

2008/2009

* connectedthinking

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Income tax - Corporations

Corporation rate		%
Resident corporation		30
Non-resident corporation		
Branch profits		30
Repatriated income of branch		10
Newly listed companies - reduced rate for 3 years (with at least 35% of shares publicly issued)		25
Alternative minimum tax*		0.3
Capital deductions		
Buildings (straight line)		
Used in agriculture or livestock/fish farming		20
Other		5
Plant and machinery		
Used in manufacturing or tourism (first year allowance)		50
Used in 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

* Charged on turnover where a corporation makes tax losses for 3 consecutive years

Income Tax - Resident Individuals

Individual rate - monthly

	Bands of taxable income Shs	Taxable income Shs	Tax Rate %	Tax on Band Shs	Cumulative tax on income Shs
First	100,000	100,000	0	0	0
Next	260,000	360,000	15	39,000	39,000
Next	180,000	540,000	20	36,000	75,000
Next	180,000	720,000	25	45,000	120,000
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 Shs	> 5 years old Shs
<= 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 Bank of Tanzania discount rate at the beginning of year over actual interest rate paid

Business - Presumptive Income Tax

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

Employer's payroll obligations

	%
PAYE (employee)	see above
National Social Security Fund (note: 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 by Government to 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 Shs 15m or less
2. Agricultural land - Market value of less than Shs 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 in Mainland Tanzania	20
Import of goods & services into Mainland Tanzania	20
Export of goods & certain services from the United Republic of Tanzania	0

Registration threshold (turnover)

Shs 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: 1) Stamp duty on conveyance of agricultural land is restricted to Shs 500
2) Stamp duty on acknowledgement of debt is Shs 500

Mineral Royalties

	%
Diamonds	5
Polished & Cut Stones	0
Other	3

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		BoT
Filing of return	end of 1st quarter		2.5*
Underestimation			BoT
Final tax/return			
Payment	6 months after accounting period		BoT
Filing of return	6 months after accounting period		2.5*
Withholding tax			
Payment	7 days after month of deduction		BoT
Return	30 days after each 6-month period		BoT**
Payroll***			
Payment	PAYE		BoT
	Skills & Dvpmt. Levy	25	n/a
	NSSF		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
Stamp Duty			
Payment / Stamping	30 days after execution / entry of instrument	25 - 1000	n/a

Key

- BoT = Bank of Tanzania discount rate at start of year, compounded monthly
(Statutory rate (annual): 2008 (15%); 2007, 2006 (20%); 2005 (14.6%); 2004 (12.8%))
- CBL = Central Bank commercial bank lending rate
- * = subject to a minimum of Shs 10,000 (individuals) and Shs 100,000 (corporates)
- ** = subject to a minimum of Shs 100,000
- *** = PAYE return due 30 days after each 6-month period, annual PAYE and SDL returns due 31 January
- **** = minimum penalty is Shs 50,000 for first month and Shs 100,000 per month thereafter

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This datacard has been prepared based on commentary in the Budget 2008 speech read on 12 June 2008 and on legislation in force on that date. The Finance Act 2008 may result in changes to the information in this card.

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