

TANZANIA TAX GUIDE

2024/25

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PERSONAL TAX

Resident Individual

An individual is a resident in the United Republic of Tanzania for a year of income if the individual:

- has a permanent home in the United Republic and is present in the United Republic during any part of the year of income;
- is present in the United Republic during the year of income for a period or periods amounting in aggregate to 183 days or more;
- is present in the United Republic during the year of income and in each of the two preceding years of income for periods averaging more than 122 days in each such year of income; or
- is an employee or an official of the Government of the United Republic of Tanzania posted abroad.

Individual Income Tax Rates

Taxable Income Year 2024–2025 TZS. p.m.		Rate %	Tax on Minimum Band TZS. p.m.
0	–	270,000	Nil
270,001	–	520,000	8
520,001	–	760,000	20
760,001	–	1,000,000	25
Over 1,000,001		30	128,000

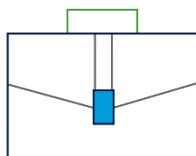
The taxable pay is computed after deducting the employee's share of the contribution to the approved Retirement Fund.

Note:

- Donation made by an employee as per Section 12 of the Education Fund Act is exempt from tax, subject to approval from the Commissioner General.
- Income of a non-resident employee of a resident employer is subject to withholding tax at 15%.
- The total income of a non-resident individual is chargeable at the rate of 30%.
- The monthly income includes basic salary, overtime, bonus, commission, allowance e.g. house allowance or transport allowance and benefits in kind received in lieu of employment but after deducting employee's share of the contribution to the approved Retirement Fund.
- Secondary employment is chargeable at the rate of 30%.

Presumptive Tax Rates for Individuals (Entrepreneurs)

Turnover Year 2024–2025 TZS. p.a.		Improper maintenance of documents and accounting records	Proper maintenance of documents and accounting records
0	–	4,000,000	Nil
4,000,001	–	7,000,000	TZS 100,000
7,000,001	–	11,000,000	TZS 250,000
11,000,001	–	100,000,000	3.5% of the turnover



Note:

1. Small vendors and service providers conducting business in an informal sector with turnover below TZS 4,000,000 such as hawkers (Machinga), shall be registered and be issued with identification cards.
2. The rates above shall not be applicable to individuals conducting business of professionals, technical, management, construction and training services. An individual engaging in these activities, irrespective of the turnover, shall be taxed under the self-assessment tax system.
3. Where turnover exceeds TZS 100,000,000 p.a., the taxpayer is obliged to prepare audited financial statements and submit the same with the final return of income.
4. Any person whose turnover exceeds TZS 11,000,000 p.a. is obliged to maintain proper documents/accounting records and acquire and use the Electronic Fiscal Device (EFD) at all outlets and points of sale (POS).
5. A person whose turnover is below TZS 11,000,000 shall issue manual receipts in duplicate which shall include details such as the date, name of the seller, seller's TIN, full description of the goods/services rendered, name of the buyer, address of the buyer, TIN and VRN of the buyer (where applicable) and any other particulars the Commissioner General may specify.

Taxable Employment Benefits

a) Housing

Lower of:

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

b) Motor vehicles

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

Engine size	Up to 5 years old	Over 5 years old
	TZS. p.a.	TZS. p.a.
Up to 1000cc	250,000	125,000
1000 – 2000cc	500,000	250,000
2000 – 3000cc	1,000,000	500,000
Over 3000cc	1,500,000	750,000

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

- c) **Loans** – Excess of “statutory rate” over actual interest rate paid. The benefit is chargeable if the loan availed is in excess of 3 months’ basic salary and/or is repayable beyond 12 months.

d) Excluded benefits/income

- Foreign sourced income of expatriate who is a resident for less than two years.
- Exempt amounts and payments where withholding tax is a final tax.
- Cafeteria services provided on the employer's premises and available on a non-discriminatory basis.
- Any subsistence, travelling, entertainment or other allowance expended wholly and exclusively for the purposes of business.
- Passages where the individual is domiciled more than 20 miles from the place of employment (for employee, spouse and up to 4 children).
- Retirement contributions and payments exempted under the Public Service Retirement Benefits Act.
- Payment that is unreasonable or administratively impracticable for the employer to account for or to allocate to the recipients.
 - Payment for medical services or insurance for medical services to employees, spouse and up to 4 children if provided on a non-discriminatory basis.



EMPLOYER'S OTHER OBLIGATIONS

National Social Security Fund (NSSF) and Public Service Social Security Fund (PSSSF)

- 20% of monthly gross salary – up to 10% may be deducted from the employee's salary.
- Payable by last day of the following month.

Skills and Development Levy (SDL)*

- Applies where a person has ten or more employees.
- 3.5% and 5.0% of monthly gross salary for Tanzania Mainland and Tanzania Zanzibar respectively.
- Payable by 7th of the following month.

*Exemptions

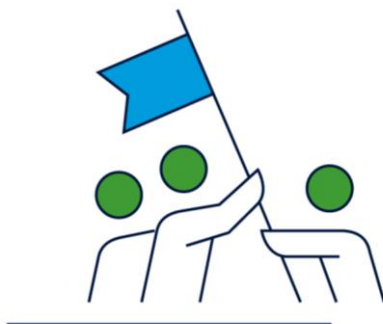
The following are exempt from SDL:

- A Government department or a public institution which is wholly financed by the Government;
- Diplomatic missions;
- The United Nations and its organisations;
- International and other foreign institutions dealing with aid or technical assistance;
- Local Government Authority;
- Religious institutions whose employees are solely employed to administer places of worship, to give religious instructions or generally to administer religion;
- Charitable organisations;
- Farm employers whose employees are directly and solely engaged in farming (excluding farm managers);
- Registered educational institutions (private schools including nursery, primary and secondary schools, vocational, educational and training schools and universities and higher learning institutions);
- Payment made to intern students from higher learning institutions or technical and vocational education and training institutions who are under the Tanzania Employment Service Agency program (FA 2022);
- Water supply and sanitation authority on payment to casual labourers engaged in implementation of water and sanitation project (FA 2024); and
- Minister responsible for finance may, in consultation with the Minister and by order published in the Gazette, exempt any person from paying levy provided that, such exemption is for public interest. (FA 2023).

For Zanzibar, only (a) to (e) above are exempt from SDL.

Workers Compensation Fund

- 0.5% of monthly gross salary.
- Payable by last working day of the following month.



INCOME TAX – CORPORATIONS

Income Tax Rates	
Resident company	30%
Non-resident company:	
– branch profits	30%
– repatriated income of a branch	10%
Newly listed companies with at least 30% of shares issued to the public	25% for the first three years
Newly established plant for assembling of motor vehicles, tractors, fishing boats or out boat engine – reduced rate for 5 years (conditions apply)	10%
Alternative Minimum Tax	0.5%*
At 0.5% of turnover on entities making tax losses for 3 consecutive years (<i>Exemption applies to agricultural companies, companies engaged in provision of health and education, mining operations and tea processors</i>)	
*Tea processors exempt from AMT for a period of 3 years from 1 July 2024	
Newly established entity dealing in the manufacture of pharmaceutical or leather products having a performance agreement with the Government of Tanzania	20% for five consecutive years from the year of commencement of production

Deduction of expenses

- Expenses incurred wholly and exclusively in the production of income from business or investment shall qualify for a tax deduction only. Any consumption or excluded expenditure shall not qualify for a tax deduction.*
* It is important to note that to claim a tax deduction it is mandatory to ensure a fiscal receipt is obtained i.e. "expenditure incurred by a person during the year of income on goods or services relating to the production of income shall be supported by fiscal receipt" except where the person providing the goods or services is a non-resident person with no permanent establishment in Tanzania or seller or supplier is a resident with an annual turnover of TZS 11 million or less.
- Section 12 of the ITA restricts the amount of realised exchange loss on non-interest bearing loans a taxpayer can claim for the purpose of Income Tax. 70% of realised exchange loss shall be eligible for deduction and the remaining balance of 30% shall be permanently disallowed (FA 2020).

Carry forward losses

Unrelieved tax losses shall be carried forward and allowed as a deduction in determining the tax payer's chargeable income in the following year of income.*

* Section 19 of the ITA restricts claim of unrelieved losses brought forward for entities with tax losses of 4 consecutive years to the extent of 60% of the chargeable income derived during the year of income. (FA 2020).



CAPITAL ALLOWANCES

Wear and Tear Allowances	Rate & method
Computers and data handling equipment together with peripheral devices, automobiles, buses with a seating capacity of under 30 passengers, goods vehicles with a load capacity of less than 7 tonnes, construction & earth-moving equipment (Class 1)	37.5% Reducing balance method
Buses with a seating capacity of more than 30 passengers or more passengers, heavy general purpose or specialized trucks, trailers and trailer-mounted containers, railroad cars, locomotives & equipment, vessels, barges, tugs, and similar water transportation equipment, aircrafts, other self-propelling vehicles, plant & machinery used in agriculture or manufacturing, specialized public utility plant & equipment and machinery or other irrigation installations and equipment (Class 2)	25% Reducing balance method
Office furniture, fixtures and office equipment and any other asset not included in any other class of assets (Class 3)	12.5% Reducing balance method
Buildings, structures and similar works of a permanent nature used in agriculture, livestock or fish farming (Class 5)	20% Straight line method
Buildings, structures, and similar works of permanent nature including assets owned by an international pipeline operator other than those mentioned in Class 5 (Class 6)	5% Straight line method
Intangible assets (Class 7)	Depreciated over the useful life of the asset
Plant and machinery including windmills, electric generators and distribution equipment used in agriculture and electronic fiscal device (EFD) purchased by a non-value added tax registered trader, equipment used for prospecting and exploration of minerals (Class 8)	100%
Expenditure incurred, including purchase of equipment used in the mineral or petroleum operations	20% Straight line method

Note:

- Plant and machinery used in the manufacturing process and fixed in the factory, used in fish farming or used for providing services to tourists and fixed in a hotel shall qualify for initial depreciation allowance of 50% on the cost of the asset, of which the first half (25%) shall be available in the year when an asset is employed in the business and the second half (25%) in the subsequent year of income.
- Depreciation basis for a non-commercial vehicle shall not exceed TZS 30,000,000 for the purpose of computing the depreciation allowance i.e. the excess shall be permanently disallowed.

TRANSFER PRICING



In Tanzania, related parties are required to develop an appropriate transfer pricing policy based on one of the following methods for transactions:

- Comparable uncontrolled price method
- Cost plus method
- Resale price method
- Profit split method
- Transactional net margin method
- Any other method prescribed by the Commissioner

In Tanzania, a TP policy is required for transactions with resident and non-resident related parties. Documentation of a TP policy is a mandatory requirement and failure to comply is an offence under Section 7 of the Transfer Pricing Regulations, 2018 which attracts a penalty of 3,500 currency points which is equivalent of TZS 70 million.

Transfer pricing policy to be attached with final income tax returns where total transactions with related parties exceed TZS 10 billion.

CAPITAL GAINS TAX

Disposal of Investments

Tax rate	Tanzanian asset	Overseas asset
Individual – resident – non-resident	10% 30%	30% n/a
Company – resident – non-resident	30% 30%	30% n/a

Exemptions

- Business assets, depreciable assets and trading stock.
- Private residence-gains of TZS 15 million or less.
- Agricultural land-market value of less than TZS 10 million and used for at least two of the three prior years for agricultural purposes.
- Shares or securities in Dar Es Salaam Stock Exchange (DSE) held by a resident person or non-residents (and associates) where shareholding is less than 25%.
- Units in an approved Collective Investment Scheme.
- Amount derived from gain on realisation or transfer of mineral rights and mineral information to a partnership entity formed between the Government and an investor (FA 2022).
- Amount derived from gain on realisation or transfer of free carried interest shares from a partnership entity to the Government (FA 2022).
- Amount derived from gain on realisation or transfer of shares to the Government through the Treasury Registrar (FA 2022).
- Amount derived from gain on the internal restructuring of mining companies pursuant to the requirement of a Framework Agreement entered between the Government and investor to form partnership entity (FA 2023).
- Amount derived by the National Health Insurance Fund from investment returns on fixed deposit, treasury bonds, treasury bills or dividends (FA 2023).

Single instalment tax

Sale of land and building – resident – non-resident	10%* 20%* * Applied to gain, credit against final tax liability. *A reduced rate of 3% on higher of consideration or approved sales value is applicable for resident individuals with no records of cost of asset (FA 2023)
Non-resident transport operator/charterer without permanent establishment (excluding carriers of fish or horticulture products by a foreign aircraft)	5% of gross payment
Non-resident electronic service provider without a permanent establishment in Tanzania	2% of gross payment



MOTOR VEHICLE ADVANCE TAX

Presumptive Tax Rates for Individuals (engaged in transportation of passengers or goods)	
Class of Vehicles	Tax Payable (TZS)
Class A: Passenger service vehicles	
Bus and other similar vehicle with seating capacity up to 15 passengers	250,000
Bus and other similar vehicle with seating capacity from 16 up to 30 passengers	650,000
Bus and other similar vehicle with seating capacity from 31 up to 45 passengers	1,100,000
Bus and other similar vehicle with seating capacity from 46 up to 65 passengers	1,600,000
Bus and other similar vehicle with seating capacity above 65 passengers	2,200,000
Class B: Tour service vehicles	
Bus and other similar vehicle with seating capacity up to 15 passengers	650,000
Bus and other similar vehicle with seating capacity from 16 up to 25 passengers	900,000
Bus and other similar vehicle with seating capacity from 26 up to 45 passengers	1,300,000
Bus and other similar vehicle with seating capacity from 46 up to 65 passengers	1,800,000
Bus and other similar vehicle with seating capacity above 65 passengers	2,400,000
Class C: Goods Carrying Vehicles	
Load Vehicle between 0 – 1 Tonne	250,000
Load Vehicle between 1 – 5 Tonnes	500,000
Load Vehicle between 6 – 10 Tonnes	750,000
Load Vehicle between 11 – 15 Tonnes	1,100,000
Load Vehicle between 16 – 20 Tonnes	1,300,000
Load Vehicle between 21 – 25 Tonnes	1,650,000
Load Vehicle between 26 – 30 Tonnes	1,900,000
Load Vehicle above 30 Tonnes	2,200,000
Class D: Private Hire Service Vehicles	
Motor Cycle	65,000
Tricycle	120,000
Taxi	180,000
Ride Hailing	350,000
Ride Sharing	450,000
Special Hire	750,000

The tax shall be applicable to individuals operating in the transport sector with turnover of less than TZS 100m.

PAYMENT OF TAXES

Instalment Tax

Payable before the end of each quarter as follows:

	Third Month	Sixth Month	Ninth Month	Twelfth Month
All taxpayers*	25%	25%	25%	25%

*For taxpayers in agricultural business involving seasonal crops with no other business in Tanzania, the first and second instalment tax shall be nil.

*A non-resident person who supplies electronic services to resident individuals in Tanzania shall pay the income tax to the TRA, no later than the 20th day of the following month to which the payment relates.

Basis for Instalment Tax: Based on self-estimate. However, the advance tax i.e. sum of estimated tax paid by way of instalment and tax paid at source must be equal to or more than 80% of the total tax payable at final assessment.

Final Tax

Payable by the end of the sixth month after the year-end.

SELF ASSESSMENT RETURN (SAR)

Final return is due for filing within six months after the end of the accounting year-end. However, an extension of up to 30 additional days may be requested.

Note: Whilst the extension to file the final tax returns may be granted, the final tax due must be paid by the end of the sixth month after the year-end, failure to which interest and penalties could be imposed.

STANDARDS LEVY & CUSTOMS AND EXCISE

CUSTOMS DUTY

- Customs duties chargeable under the East African Community Customs Management Act for imports outside the EAC region:

Raw materials, pharmaceuticals, hand hoe and agricultural implements	0%
Semi-finished goods (semi-processed and intermediate goods)	10%
Finished consumer goods	25% / 35%
Other Fees/Levies:	
Customs Processing Fee (applied on FOB price)	0.6%
Infrastructure Development Levy	1.5%
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).	

- Member countries have powers to levy additional anti-dumping or countervailing duty rates in addition to the normal duty rates. Tanzania is also a member of the Southern African Development Community (SADC). Where goods are subject to a lower rate of duty from another trade bloc, such as the SADC, the lower duty rate applies until the trading arrangements between the trading blocs are harmonised.



EXCISE DUTY

Item	Duty Rate FY 2024/25
Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	TZS 9.90 per litre / TZS 255.20 per litre
Sugar confectionary (including white chocolate), not containing cocoa. chewing gum, whether or not sugar-coated	TZS 500 per kg/ TZS 700 per kg
Chocolate and other food preparations containing cocoa filled, Chocolate in divided bars etc filled with cocoa and sugar preparation	TZS 500 per kg/ TZS 700 per kg
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, sweet biscuits	TZS 500 per kg/ TZS 700 per kg
Imported Tomato ketchup and other tomato sauces (other than tomato paste) and other imported sauces and preparations therefore: mixed condiments and mixed seasonings mustard flour and meal and prepared mustard	TZS 300 per kg
Electric accumulators, including separators thereof, whether or not rectangular (including square)	5%/ 10%
Other lead-acid accumulators	5%/ 10%
Imported powdered beer of heading 2106.90.90	1,012.80 per kg
Imported powdered juice of heading 2106.90.00	TZS 255.20 per kg
Water including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter or flavoured; ice and snow	TZS 56.00 per litre / TZS 70.46 per litre
Water, including mineral water and aerated water, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 20.09	TZS 67.10 per litre
Beer made from malt (100 % locally grown barley)	TZS 620 per litre
Beer made from malt (wholly or partially imported barley)	TZS 918 per litre
Malt beer (imported)	TZS 963 per litre
Opaque beer (imported)	TZS 963.90 per litre
Non-alcoholic beer	TZS 673.20 per litre / 706.86 per litre
Clear beer (with 100% local unmalted cereals)	TZS 540 per litre
Cider	TZS 2,959.74 per litre
Wine with domestic grapes content exceeding 75%	TZS 200 per litre
Wines produced from locally grown fruits such as banana, tomato, rosella, etc. other than grapes with domestic content exceeding 75%	TZS 73.20 per litre
Wine with more than 25% imported grapes	TZS 2,466.45 per litre
Spirits obtained by distilling grape wine or grape marc from locally produced grapes	TZS 540 per litre
Locally manufactured ready to drink of not more than 7% alcohol by volume (ABV)	TZS 2,466.45 per litre
Other locally produced vodka	TZS 3,978.00 per litre
Imported spirits, rum, other spirits obtained by distilling fermented sugar products, gin & Geneva, vodka, liqueurs and cordials, whiskies, and other distilled spirits (e.g. Uganda Waragi)	TZS 4,386.06 per litre
Cigarettes without filter tip containing more than 75% domestic tobacco	TZS 14,936.40 per mil
Cigarettes with filter containing more than 75% domestic tobacco	TZS 35,310 per mil
Other cigarettes not mentioned above	TZS 67,076.10 per mil
Cut rag/filler	TZS 33,878.88 per kg
Cut rag/filler locally produced containing domestic tobacco exceeding 75%	TZS 9,600 per kg
Homogenised or Reconstituted tobacco	TZS 33,878.88 per kg
Other tobacco not mentioned above	TZS 33,878.88 per kg
Motor spirit (gasoline) premium	TZS 80 per litre
Motor spirit (gasoline) regular	TZS 379 per litre
Gas oil (diesel)	TZS 255 per litre

Item	Duty Rate FY 2024/25
Jet fuel	TZS 0 per litre
Illuminated kerosene	TZS 465 per litre
Other medium oil and preparation	TZS 9.32 per litre
Industrial diesel oil	TZS 392 per litre
Heavy furnace oil	TZS 0 per litre
Lubrication oil	TZS 735.90 per m ³
Lubrication greases	TZS 0.87 per kg
Music and film products	TZS 55 per unit
Liquefied petroleum gas (LPG)	TZS 0.45 per feet ³
Locally produced undenatured ethyl alcohol strength by volume 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength	TZS 5,000 per litre
Imported undenatured ethyl alcohol strength by volume 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength	TZS 7,000 per litre
Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers.	TZS 20 per kg
Other Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes	30%
Tobacco intended for smoking in a water pipe and which consists of a mixture of tobacco and glycerol	30%
Electronic cigarettes and similar personal electric vaporising devices	30%
Smoking pipes (including pipe bowls) and cigar or cigarette holders, and parts thereof	30%
Other games, operated by coins, banknotes, bank cards, tokens or by any other means of payment, other than automatic bowling alley equipment	30%
Artificial human hair (locally manufactured/imported)	10% / 25%
Yarn of man-made staple fibres other than sewing thread (locally manufactured/imported)	10%
Twine, cordage, ropes and cables (locally manufactured/imported)	10%
Imported tubes, pipes and hoses, and fittings thereof (example, joints, elbows, flanges) of plastics	10%
Satellite and cable television broadcasting	5%
Electronic communication services	17%
Charges or fees by a telecommunication service provider for money transfer service	10%
Charges or fees by a financial institution for services provided by such institution	10%
Disposable plastic bags	50%
Motor vehicle with engine size less than 1,000cc	0%
Motor vehicle with engine size greater than 1,000cc but not exceeding 2,000cc	5%
Motor vehicle with engine size greater than 2,000cc	10%
Old passenger motor vehicles (more than 5 years)	10%
Old motor vehicles (8 years but not more than 10 years)	15%
Old motor vehicles (more than 10 years)	30%
Imported used spare parts (for vehicles, motorcycles, domestic and electrical appliances)	25%
Imported furniture (per unit)	20%
Aircraft (including helicopters, aeroplanes) but excluding commercial aircraft, yachts, and other vessels for pleasure or sport	20%
Charges or fees by the payment system provider licensed under the National Payment Systems Act for money transfer and payment services	10%
Imported used motorcycle (More than three years)	10%

NB:

- Excise duty on age charged to an old motor vehicle is charged separately in addition to normal excise duty.
- Excise duty paid on raw materials (HS Code 2207.10.00) used in manufacturing other excisable goods (HS Codes 22.04 or 22.08) can be offset against the excise duty payable on the finished goods.

Submission of Monthly Returns

Any manufacturer of excisable scheduled articles or provider of excisable services shall submit a monthly return not later than 25th day of the month following the month to which the return relates (FA 2024).

WITHHOLDING TAX RATES

Withholding Tax Rates	Resident	Non-Resident
Insurance premium	N/A	5%
Service fees	5%	15%
Management and technical services fees (mining, oil and gas)	5%	15%
Natural resource payment	15%	15%
Royalty to resident sports entity or Tanzania Football Federation	5%	5%
Royalty for the use of, or right to use, a cinematography film, videotape, sound recording or any other like medium	10%	10%
Royalty–others	15%	15%
Payments for goods sold to a resident corporation whose budget is wholly or substantially financed by the Government of Tanzania	2% of gross payment	N/A
Interest	10%	10%
Rent:		
– land and buildings	10%	10%
– aircraft lease	10%	10%
– construction equipment and machinery	10%	10%
– other assets	0%	10%
Dividend:		
– to company controlling 25% or more	5%	N/A
– from DSE listed company	5%	5%
– otherwise	10%	10%
Directors' fees (not in full-time service)	15%	15%
Commission on money and transfer through mobile phones	10%	N/A
Payment for agricultural, livestock and fishery products (except agricultural marketing, cooperative societies and cooperative unions) to a resident supplier	2%	N/A
Payment for purchase of minerals made to a primary licence holder or artisanal miner	2%	N/A
Payment made to resident person in respect of verified carbon emission reduction	10% final withholding tax	N/A
Payment to resident digital content creators by residents and non-residents	5%	N/A
Payment made to a resident for exchange or transfer of digital assets by residents or non-residents	3%	N/A
Industrial and metallic minerals except for salt or precious metals supplied by holder of a primary mining license of artisanal license	2% final withholding tax	N/A

Payment Date: 7th of the following month after it becomes payable (refer to the definition of the term "payment" in the Income Tax Act) and the deduction is processed through the withholding tax portal on the TRA revenue gateway.

Payment has been defined under the Income Tax Act to include assets or money transfer, transfer or decrease of liability, provision of services, the use or available for use of money or an asset and the creation of an asset in another person.

Exemption

- Relief may apply for Government projects (FA 2019).
- Interest from Treasury Bonds of not less than 3 years issued and listed on the Dar Es Salaam Stock Exchange from 1st July 2021. (FA 2021).
- Interest paid to a holder of corporate or municipal bonds issued and listed at the Dar es Salaam Stock Exchange with effect from 1st July, 2022 (FA 2022).
- Amount derived from National Health Insurance Fund from investment returns on fixed deposit, treasury bonds, treasury bills or dividends (FA 2023).



Double Taxation Agreements (DTAs): Lower rates may apply where tax treaties are in force. Currently with Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, UAE and Zambia.

Mineral Royalties (based on gross values)	Rate
Diamonds, gemstones, metallic minerals such as copper, gold, silver and the platinum group of minerals	6%
Uranium	5%
General rate	3%
Gems	1%

SET-OFF OF TAX

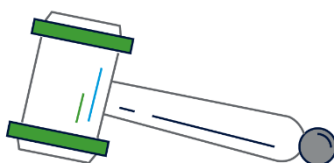
For overpaid tax, the taxpayer is required to apply for a refund in writing within 3 years from the time the tax was overpaid or the date a tax decision or other decision giving rise to a tax overpayment is made. Any tax or duty payable to the Tanzania Revenue Authority may be offset against the refund application at the discretion of the Commissioner.

STAMP DUTY

Transfer of shares, debentures, or any interest secured by a bond, mortgage deed, or insurance policy	1 percent of the value of the shares approved by the Board
Lease agreements	1 percent of the annual reserved rent for lease of all durations
Legal and commercial instruments are charged at specific rates as specified in the Stamp Duty Act	-

Stamp duty on conveyance of agricultural land and acknowledgement of debt is restricted to TZS 500.

Note: – Due date is within 30 days from the date an instrument is executed.



VALUE ADDED TAX

Rates

	Tanzania Mainland	Zanzibar
Supply of goods and services	18%	15%
Supply of banking, postal and telecommunication services	18%	18%
Import of goods and services	18%	15%
Export of goods and qualifying services	0%	0%
A supply of ancillary transport services for goods in transit on international transport	0%	–

Registration threshold – TZS 200 million turnover p.a. for Tanzania Mainland* and TZS 50 million p.a. for Zanzibar.

*Mandatory registration

- An individual/entity who is permitted, licenced or registered to provide professional services must register for VAT regardless of the taxable turnover.
- A government entity or institution which carries out economic activity.
- A non-resident person who supplies electronic services to resident individuals in Tanzania irrespective of the turnover.

Due date – 20th of the following month for the payment and filing return, and in the case of a non-resident electronic service provider, the 7th day of the following month*

*Where the 20th day falls on Saturday, Sunday or a public holiday, the value added tax return shall be lodged on the first working day following the Sunday or public holiday.

Note:

- Every VAT registered person is required to acquire and use the Electronic Fiscal Device (EFD) or Virtual Fiscal Device (VFD). Exemption applies to a non-resident electronic service provider.
- Input VAT on bank charges can only be claimed if the bank statement is issued within 10 days from the end of the month and includes the company's TIN and VRN.

VAT on the importation of goods – payable at the time customs duty payable.

Reverse VAT on imported services – only applies if the registered person makes taxable supplies of less than 90% of total supplies.

Deferment of VAT on Local manufactured or imported capital goods for the period of ten years – only applies if the registered person acquires the goods for the purpose of using them in the production of goods or provision of services.

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 payment – businesses in a constant refund position may apply for authorisation to lodge claims on a monthly basis.

Exemptions – supplies exempt from VAT are stipulated under Part I of the Schedule to the VAT Act.

Automatic Deregistration – If an 'intending trader' fails to meet the specified condition (such as attaining the revenue threshold within the stipulated timeframe), they must notify the Commissioner within 90 days stating the reasons for non-compliance. Failure to notify will result in automatic deregistration of VAT. An *intending trader* means any person who is in a process of setting up a business with the intention of making taxable supplies with a turnover in excess of the VAT registration threshold.

FINES AND PENALTIES

Offence	Penalty/Fine
Underestimating tax payable	Interest is applicable when a taxpayer's estimated instalment tax paid is less than 80% of the actual income tax payable for the year of income. The rate of interest is the current statutory rate, compounded monthly on the difference between the instalment tax paid and tax that ought to be paid
Failure to pay tax	Interest for each month or part of the month for which any of the tax is outstanding calculated at the statutory rate compounded monthly, and applied to the amount outstanding at the start of the period
Failure to maintain proper books of accounts or documents	<ul style="list-style-type: none"> In case of an individual – 1 currency point In case of a corporate body – 10 currency points The penalty charged is for each month or part of the month during which the failure continues
Failure to file tax returns	<p>The penalty is assessed separately for failure to file SETP (Statement of Estimated Tax) and for the final tax return.</p> <ul style="list-style-type: none"> In case of an individual – 5 currency points and in case of a corporate body – 15 currency points Or 2.5% of tax assessable which is calculated by the amount shown on the tax return less the amount of tax paid at the start of the period (instalments paid) <p>Whichever is higher will be applicable for each month of delay</p>
Making false or misleading statements	<ul style="list-style-type: none"> A fine of not less than 10 currency points and not more than 200 currency points and/or imprisonment of not less than 1 month and not more than 2 years A penalty between 50% and 75% of the tax shortfall which can be increased or decreased by 10%
Penalty for aiding and abetting	<ul style="list-style-type: none"> 100% of the tax shortfall Inaccurate statement – resulting into underpayment of tax – a fine of not less than 100 currency points and not more than 200 currency points, imprisonment of not less than 1 year and not more than 2 years, or both Inducing an authorised person to commit an offence – a fine of not less than 200 currency points or imprisonment of not less than 1 year or not more than 5 years, or both In any other case a fine of not less than 50 currency points and not more than 100 currency points or imprisonment of not less than 6 months or not more than 1 year, or both
Failure to comply with tax laws	<ul style="list-style-type: none"> Where failure results or may have resulted in an underpayment of tax in an amount in excess of TZS 1,000,000 (50 currency points) – a fine of not less than TZS 400,000 (20 currency points) and not more than TZS 1,000,000 (50 currency points) or imprisonment for a term of not more than 6 months, and/or both In any other case – a fine of not less than 10 currency points or not more than 20 currency points
Failure to pay tax on time	<ul style="list-style-type: none"> Where failure is to pay tax in excess of TZS 1,000,000 (50 currency points) – a fine of not less than 500,000 (25 currency points) and not more than TZS 2,000,000 (100 currency points) or, imprisonment for not less than 3 months and not more than 1 year, or both In any other case a fine of not less than TZS 200,000 (10 currency points) or not more than TZS 500,000 (25 currency points) or imprisonment of not less than 1 month and not more than 3 months, or both
Failure to use electronic fiscal device, issue receipts or tampering the device or receipts	Penalty of 200 currency points (TZS 4,000,000).
Failure to demand or report a denial of issuance of a fiscal receipt	Fine equivalent to 20% of the tax evaded or 2 currency points, whichever is greater

Offence	Penalty/Fine
General penalty for offences under the Act which do not have specific penalties mentioned	A fine of not less than 200 currency points and not more than 300 currency points or imprisonment not exceeding 3 years or to both
Transfer pricing	Transfer pricing policy to be attached with income tax returns where total transactions with related parties exceed TZS 10 billion. Transfer pricing adjustment not in compliance with arm's length principle – penalty equivalent to 100% of the tax shortfall. In addition, failure to provide transfer pricing documentation within 30 days after request from the Commissioner results in penalty of not less than TZS 70 million
Disclosure of information	Failure to disclose names of contractors and subcontractors in extractive and construction industry results in penalty of higher of 25% of the amount payable under the project or a fine of up to TZS 80 million
Failure to register and maintain proper records by the owner of a storage facility	Liable to a penalty of not less than 300 currency points and payment of the tax shortfall
Acting as a tax consultant without proper licence from TRA	Liable to a fine not less than five million shilling or imprisonment for a term of not less than six months
Non-compliance with the provisions of the Excise (Management and Tariff) Act	Liable to a fine not exceeding 330 currency points or to imprisonment for a term not exceeding three years or to both. And where a person is a subsequent offender, such person shall, on conviction, be liable to a fine of not less than 330 currency points but not exceeding 3500 currency points or to imprisonment for a term of not less than five years but not exceeding twenty years or to both.

Note: 1 Currency Point is equivalent to TZS 20,000 (w.e.f. 1st July 2024)

OTHER

Export tax

30% of the value of the commodity (f.o.b) or 150 USD per tonne, whichever is greater is charged on export of Copper waste or scrap metals of HS Code 72.04 and 74.04

Fuel levy

Charged per litre of petrol or diesel TZS 513.

Petroleum Levy

Chargeable based on per litre of Kerosene, Gas oil and Motor spirit TZS 50.

Tourism Development Levy (Bed night levy)

Chargeable based on a bed night charge – 1% of the room rate.

Railway Development Levy

Charged based on customs value on goods entered for home consumption in Mainland Tanzania 1.5% of CIF. *

**Railway Development Levy (RDL) is not applicable to goods in transit, pharmaceutical goods, fertilizers, Jet A-1 or imported goods that have relief or exemption under the East African Community Customs Management Act 2004 (EACCMA 2004).*

Advertising fees for commercial billboards

Commercial advertisement fees shall be collected by TRA for billboards, posters or hoarding based on the size of the advertisement.

Exemption: Poster that gives direction to areas that provide social services such as schools, dispensary and hospital.

Property Taxes

Property tax is based on the value of premises and the rates vary depending on the value and location of the property. For unvalued properties, TZS 18,000 is payable for a normal building and TZS 90,000 per storey in a building.

Service Levy

0.3% service levy based on turnover generated in the relevant district levied by local government in the respective district*.

**0.2% for banks and other financial institutions.*

Electronic money transfer levy

Levy ranging from TZS 10 to TZS 4,000 depending on the transaction value.

Cess Levy

Capped at 3% of the producer price for agricultural produce and livestock. There is an exemption from cess levy on the transportation of crops of less than one tonne from one local government authority to another.

Industrial Development levy

Importation of below listed goods shall be subject to industrial development levy. Exception has been provided for the goods originating within the East African Community (having certificates of origin)

Items	Levy rate
Wire rod	10%
Beer	5%
Wine	10%
Energy drink	5%
Non-alcoholic beer	5%
Other organic surface-active agents, whether or not put up for retail sale	10%
Cement Clinkers	10%
Portland Cement	10%

Filing Deadlines

Corporate tax returns SETP	End of 1 st quarter (Newly formed entities relieved of the instalment tax payment for the first 6 months (FA 2019))
Final tax return	6 months after accounting year-end
Withholding tax	7 days following the month of deduction
PAYE monthly return	7 days following the month of deduction
SDL monthly return	7 days following the month of deduction (Not required for employers who are not subject to SDL)
WCF monthly return	Last working day of the following month
WCF annual return	31 March
NSSF/PSSSF	Last working day of the following month
City Service levy	Last working day of the quarter
Transfer pricing	Attach with final income tax returns if transactions with related parties exceed TZS 10 billion or submit within 30 days from the date requested by the Commissioner if transactions with related parties are below TZS 10 billion.
Excise duty monthly return (For manufacturers of excisable scheduled articles or provider of excisable services)	On or before 25 th day of the month following the month to which the return relates

NAIROBI

1st Floor, Pacis Centre,
Slip Road, off Waiyaki Way, Westlands
P.O. Box 349, 00606
Nairobi, Kenya

Tel: +254 20 3614000/4451747/8/9
Mobile: +254 706 347950/772 786111
Email: info@ke.rsm-ea.com
Website: www.rsm.global/kenya
Contact: Ashif Kassam (Executive Chairman)

MOMBASA

Acacia Center, Mezzanine 1,
Nyerere Avenue
P.O. Box 87227, 80100
Mombasa, Kenya

Tel: +254 41 2311778/2312640/2224116
Mobile: +254 707 613329
Email: infomsa@ke.rsm-ea.com
Website: www.rsm.global/kenya
Contact: Nihla Mazrui (Partner)

DAR ES SALAAM

1st Floor, Plot No. 1040,
Haile Selassie Road, Masaki
P.O. Box 79586
Dar es Salaam, Tanzania

Tel: +255 22 2137314/15
Email: info@tz.rsm-ea.co.tz
Website: www.rsm.global/tanzania
Contact: Lina Ratansi (Group Chief Executive)

KAMPALA

6th Floor, DTB Centre,
Plot 17/19, Kampala Road
P.O. Box 31704,
Kampala, Uganda

Tel: +256 414 342780
Email: info@ug.rsm-ea.com
Website: www.rsm.global/uganda
Contact: John Walabyeki (Managing Partner)

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