

**DOING
BUSINESS
IN**

TANZANIA



MEKONSULT

Certified Public Accountants

Acknowledgements

I wish to place on record my gratitude towards staff of HLB Mekonsult and HLB International for their sacrifice in getting this project done.

For the development and production of this booklet, I am indebted to: -

Aluti Nyenza, our advisory leader, for coordinating the whole process of data collection, analysis, editing, publication and distribution of this booklet.

I am also grateful to Bernard Mawala and Alfonse Choi for assisting in the review, publication and distribution of this booklet.

And to everybody who participated in making this project a success, my most sincere thanks.

Elinisaidie K. Msuri
Managing Partner
HLB Mekonsult

PREFACE

This booklet is about Tanzania’s business environment as at 31st August 2018. This is our second edition of Doing Business in Tanzania, covering core issues related to starting and running a business in Tanzania. Every effort has been made to provide current, correct and clearly expressed information.

The booklet has been prepared for use by our clients, staff, HLB International member firms, policy makers and foreign investors. It is designed to give some general information to those contemplating doing business in Tanzania and is not intended to be a comprehensive document.

Laws in the United Republic of Tanzania that regulate businesses and taxes are numerous and complex. Therefore, we would advise you to consult us or any other HLB International member firm in Tanzania before taking any specific action.

HLB Mekonsult and HLB International cannot be held liable for any action or business decision taken on the basis of information in this booklet.

HLB Mekonsult - September 2018.

HLB Mekonsult
Certified Public Accountants
2nd Floor, Acacia Estates
84 Kinondoni
P.O. Box 20651
Dar es Salaam, Tanzania.
Email: info@mekonsult.co.tz
Website: www.mekonsult.co.tz

About HLB Mekonsult

HLB Mekonsult is a member of HLB International offering audit, advisory, tax, accounting, ICT, training and other advisory services. The firm is backed by a multi-disciplinary team bound by a common goal to enhance clients' performance by providing them with practical business solutions that maximize their potentials. HLB Mekonsult is devoted to making a positive difference to its clients by helping them meet the increasingly sophisticated business needs. HLB Mekonsult envisions its clients sharing testimonials on how it has helped them reach their strategic goals.

About HLB International

HLB International is a leading network of independent professional accounting firms and business advisers with member firms well-established locally and mostly ranked among the top 12 nationally. Formed in 1969, HLB International services clients through its member firms in 150 countries, their 25,000 staff including partners in 700 offices worldwide.

A member of the Forum of Firms, HLB International is committed to the highest quality standards. Member firms provide clients with a comprehensive and personal service relating to auditing, taxation, accounting and general and financial management advice.

Up-to-date information and general assistance on international matters can be obtained from any of the member firm partners of HLB International listed in this booklet or from the Executive Office in London.

HLB International
Executive Office
21 Ebury Street
London SW1W 0LD
UK.

Telephone: +44 (0)20 7881 1100

Fax: +44 (0)20 7881 1109

Email: mailbox@hlbi.global

Website: www.hlbi.global

HLB International is a leading network of independent professional accounting firms and business advisers with member firms well established locally and mostly ranked among the top 12 nationally, each of which is a separate and independent legal entity and as such has no liability for the acts and omissions of any other member. HLB International Limited is an English company limited by guarantee which co-ordinates the international activities of the HLB International network but does not provide, supervise or manage professional services to clients. Accordingly, HLB International Limited has no liability for the acts and omissions of any member of the HLB International network, and vice versa.

Contents

COUNTRY PROFILE..... 1

1.1 Geography..... 1

1.2 Tanzania Economy at Glance..... 2

1.3 Goals and Challenges 3

1.4 Climate..... 3

1.5 Culture..... 3

1.6 Government..... 4

1.7 Politics..... 4

1.8 Local Time..... 4

1.9 Judiciary..... 4

1.10 Currency..... 5

INVESTMENT CLIMATE..... 6

2.1 Why Invest in Tanzania?..... 6

2.2 Priority Areas of Investment..... 7

2.3 Export Processing Zones and Special Economic Zones 10

2.4 Tanzania Investment Centre..... 11

THE BUSINESS ENVIRONMENT IN TANZANIA..... 13

3.1 Starting a Business in Tanzania..... 14

3.2 Paying Taxes in Tanzania..... 15

3.2.1 Tax Administration Overview..... 15

3.2.2 Corporate Income Tax 16

3.2.3 Value Added Tax (VAT) and Withholding Tax..... 17

3.2.4 Income Tax for Individuals..... 18

3.2.5 Skills and Development Levy..... 20

3.2.6 Contributions to Social Security Funds 20

3.3 Dealing with Construction Permits 20

3.4 Getting Electricity..... 21

3.5 Registering Property..... 22

3.6 Getting Credit..... 23

3.7 Exchange Control, Conversion and Transfer Policies..... 24

3.8 Labour Policies and Practices..... 24

3.9 Land Ownership in Tanzania.....	25
TRADE IN TANZANIA.....	26
4.1 Tanzania Trade History	26
4.2 Tanzania Trade Performance.....	26
4.3 Foreign Direct Investment	27
REGULATION OF COMPANIES IN TANZANIA.....	28
5.1 Maintenance of Accounting Records.....	28
5.2 Submission of Annual Returns.....	29
5.3 IFRS Application in Tanzania	29

COUNTRY PROFILE

1.1 Geography

The United Republic of Tanzania is located in Eastern Africa, lying between latitude and longitude 5.6944° S, 36.3223° E. It is bordered by Kenya and Uganda to the North, Rwanda, Burundi and the Democratic Republic of Congo (DRC) to the West and Zambia, Malawi and Mozambique to the South. At 947,303 square kilometres [365,756 square miles], Tanzania is the 13th and 31st largest country in Africa and worldwide respectively. The country's eastern border lies in the Indian Ocean which has a coastline of 1,424 kilometers. It also incorporates several offshore islands, including Unguja (Zanzibar), Pemba and Mafia.

The country is the site of Africa's highest and lowest points: Mount Kilimanjaro - at 5,895 metres above sea level and the floor of Lake Tanganyika - at 352 metres below sea level respectively. Three of the 7 natural wonders of Africa are located in Tanzania; Serengeti Migration, the longest and largest overland migration in the world – 30,000 square kilometers; Ngorongoro Crater, the largest unbroken volcanic caldera in the world; and Mount Kilimanjaro - the tallest mountain in Africa and the tallest free-standing mountain in the world. In addition, three of Africa's great lakes are partly within Tanzania.

To the north and west lies Lake Victoria, Africa's largest lake, and Lake Tanganyika, the continent's deepest lake, known for its unique species of fish. To the southwest lies Lake Nyasa. The Kalambo water falls in the southwestern region of Rukwa are the second highest uninterrupted fall in Africa. Tanzania's population of 59.3 million (2018 UN est.) is diverse, composed of several ethnic, linguistic and religious groups. Tanzania is a presidential constitutional republic, and since 1996, its official capital city has been Dodoma, where the President's Office, the National Assembly, and most Government ministries are located. Dar es Salaam, the former capital city, retains some government offices and is the country's largest city, principal port, and leading commercial centre.

The decision to relocate the capital was made by the founding President of Tanzania, Mwalimu Julius Nyerere in 1973 with the aim of bringing government services closer to the people due to Dodoma's central location. The Government's decision to move to Dodoma was given a push by President John Magufuli few months after taking office. The entire Tanzanian government will have moved to the designate capital of Dodoma by 2019. The Prime Minister's Office and 16 of the 19 ministries have already settled in Dodoma. However, diplomatic missions are still based in Dar es Salaam. Embassies that have expressed interest to move to Dodoma include Brazil, China and India. The rest are expected to do the same soon.

Tanzania's natural gas reserves now stand at 57 trillion cubic feet (Tcf). In addition, a group of researchers from Oxford and Durham universities, working with the Norwegian helium exploration company - Helium One, have just discovered helium reserve in Tanzania's East African Rift Valley, estimated at 54 billion cubic feet (Bcf). The main natural resources in Tanzania are land, rivers, lakes, the ocean and forests. Tanzania is endowed with mineral deposits of high economic potential including metallic minerals such as gold, iron, silver, copper, platinum, nickel and tin; gemstones such as diamonds, tanzanite, ruby, garnet, emerald, alexandrite and sapphire;

industrial minerals such as kaolin, phosphate, lime, gypsum, diatomite, bentonite, vermiculite, salt and beach sand; building materials such as stone aggregates and sand; and energy minerals such as coal and uranium.

1.2 Tanzania Economy at Glance

The United Republic of Tanzania is the second largest economy in the East African Community, tenth (10th) largest in Africa, and eightieth (80th) largest in the world. Agriculture is the backbone of the Tanzania economy, employing over 67% of the work force and contributing about 10.5% to real Gross Domestic Product. The contribution of various sectors to Tanzania GDP is as follows: construction – 22.7%; transport and storage – 15.6%; agriculture, forestry and fishing – 10.5%; ICT – 9.8%; mining and quarrying – 8.8%; wholesale and retail trade, repairs – 8.6%; manufacturing – 7.3% and the rest contributes 16.7%. Since 2012/13, Tanzania GDP has been growing at an annual average rate of around 7%. The real GDP growth rate is anticipated to remain stable in the foreseeable future.

Country Profile

Independence	9 th December 1961
Government Phase	5 th , Under President Magufuli
Region	Sub-Saharan Africa
Income Category	Low Income
Capital City	Dodoma
Commercial City	Dar es Salaam
Backbone Sector	Agriculture
Population (2018 United Nations' estimates)	59.3 Million
Country's Share of World's Population	0.77%
Tanzania Population Global Rank	24 th
Population Density (2018 United Nations' estimates)	67 Per Km ²
Urban Population (2018 United Nations' estimates)	19.2 Million (31%)
Average Urbanization Rate (2018 United Nations' estimates)	6% Per Annum
GDP Per Capita (2017 – Ministry of Finance & Planning)	US\$ 1,021
GDP Growth Rate (2018 estimates)	7.2%
Economy Rank in East African Community	2 nd
Economy Rank in Africa (IMF World Economic Outlook 2018)	10 th
GDP Rank Worldwide (2018 World Bank Report)	80 th
Ease of Doing Business Rank 2018	137 th
Country Size Rank in Africa	13 th
Country Size Rank Worldwide	31 st
Median Age	17.4 years
Fiscal Year	1 July to 30 June
Currency	Tanzanian Shilling
Labour Force (2014 estimates)	25.6 Million
Trade Organizations	East African Community (EAC), Southern African Development Community (SADC), African Union (AU) and World Trade Organization (WTO)

1.3 Goals and Challenges

“To build an industrial economy that will stimulate employment and sustainable social welfare” has been a theme for Tanzania National Budget in the past two years. The Government of Tanzania has also been preparing its budget in accordance with the Tanzania Development Vision 2025; National Five Years Development Plan 2016/17 – 2020/21 and the Chama Cha Mapinduzi (CCM) Manifesto 2015 - 2020. The main goals are poverty eradication, transforming Tanzania into an industrial economy and a middle-income country by 2025. The Government’s priority is to foster industrial based economy, utilizing locally available raw materials to enhance employment opportunities, improve availability and accessibility of quality social services.

Nonetheless, challenges that affect the realization of Government objectives remain, including inadequate revenue collection; delayed access to loans and grants; and inadequate participation of private sector in implementing development projects. Tanzania’s main challenges include addressing infrastructure bottlenecks, improving the business environment, increasing agricultural productivity and value addition, improving service delivery to build a healthy and skilled workforce, and managing urbanization. The country also has a youthful labor force growing by approximately 800,000 every year and needs to increase the private sector’s role in employment creation for them because only 10% of them finds employment in the formal sector.

1.4 Climate

Tanzania lies just south of the equator and on the whole enjoys a tropical climate, divided into four main climatic zones notably: the hot humid coastal plain, the semi-arid zone of the central plateau, the high-moist lake regions and the temperate highland areas. In the highlands, temperatures range between 10°C and 20°C during cold and hot seasons respectively. The rest of the country has temperatures usually not falling lower than 20°C. The hottest period spreads between November and February (25°C - 31°C) whereas the coldest period is often between May and August (15°C - 20°C). There are two rainy seasons, generally the heaviest rains (called Masika in Kiswahili, the national language) usually fall from mid-March to May and a shorter period of rain, called Mvuli (also in Kiswahili) from November to mid-January. The dry season, with cooler temperatures, lasts from May to October.

1.5 Culture

Tanzania is described as one of the most diverse country in Africa in that it has more than one hundred twenty (120) tribes (local languages) yet united by a common language, sense of purpose and common sense of nationhood. Swahili is the national language that is widely spoken while English is the official language of education, administration and business. Local people are native African 99% - of which 95% are Bantu, consisting of more than 120 tribes and the remaining 1% consisting of Asians, Europeans, and Arabs. Generally, Tanzania culture is a product of African, Arab, European and Indian influences. Traditional African values are being consciously adapted to modern life, although at a much slower pace among the Maasai.

The Government does not collect data on religious identification, neither does the Interfaith Council (Inter-Religious Council for Peace Tanzania, a non-governmental organization bringing together Christian, Muslim, Bahai, Hindu, and Buddhist leaders to foster peace and strengthen relationships). But most religious leaders estimate that the population is 50% Christian and 50%

Muslim. A 2010 Pew Forum survey estimates that approximately 60% of the population is Christian, 36% Muslim, and 4% members of other religious groups.

On the mainland, large Muslim communities are concentrated in coastal areas, with some large Muslim minorities also located inland in urban areas. Zanzibar is approximately 98% Muslim. Between 80% and 90% of the Muslim population is Sunni. The remainder consists of several Shia subgroups, mostly of Asian descent. Christian groups include Roman Catholics, Protestants (including Pentecostals), Seventh-day Adventists, the Church of Jesus Christ of Latter-day Saints, and Jehovah's Witnesses. Other religious groups include Buddhists, Hindus, Sikhs, and Bahais.

1.6 Government

The United Republic of Tanzania is a union government between the mainland (formerly known as Tanganyika) and Zanzibar islands, formed in 1964. It is governed under the Constitution of 1977 as amended from time to time. The president, and the members of the National Assembly are elected concurrently by direct popular vote for five-year terms. The president, who is both head of state and government, is eligible for a second term.

All legislative power relating to mainland Tanzania and union matters is vested in the National Assembly (Bunge), which is unicameral and has a maximum 357-seats/members. Two hundred thirty-nine (239) members are popularly elected to represent constituencies, 102 are women who are indirectly elected on a proportional basis, 10 appointed by the president, 5 are members of the Zanzibar's legislature (Zanzibar has its own president and House of Representatives, for dealing with matters internal to Zanzibar), and 1 is the Attorney General. Administratively, Tanzania is divided into 31 regions, 26 from Tanzania mainland and 5 from Zanzibar islands.

1.7 Politics

The United Republic of Tanzania is a Democratic Republic. Its Constitution guarantees political pluralism. The multi-party political system was introduced in Tanzania in 1992 and the first ever multi-party election was held in 1995. Currently there are about twenty-two (22) registered political parties. The ruling party, Chama Cha Mapinduzi (CCM) has been in power since the nation attained its independence in 1961. It first governed as the Tanganyika African National Union (TANU), before merging with the Afro-Shirazi Party (ASP) to form CCM in 1977.

1.8 Local Time

Tanzania is 3 hours ahead of GMT/UTC – Eastern Africa Time (EAT) +0300 UTC.

1.9 Judiciary

The Tanzanian legal system has evolved largely on the basis of English common law because of British presence in the country from 1919 until independence in 1961. In Zanzibar, the legal system has evolved from both English common law and Islamic law. Tanzania legal framework comprises rules and regulations enacted by Parliament and those formulated by other statutory and professional bodies; case laws where decisions from the High Court and Court of Appeal bind the lower courts and are used as precedents; customary law, which is effective only when it does not conflict with statutory law; international laws, that is, treaties and conventions that Tanzania has ratified, which are not self-executing unless enforced by statutes. The Constitution is the fundamental law prevailing over all other legislation and includes a Bill of Rights.

Tanzania's legal system is based on English common law, with a four-level judiciary. The lowest level courts on the Tanzanian mainland are the Primary Courts. In Zanzibar, the lowest level courts are the Kadhi's Courts for Islamic family matters and the Primary Courts for all other cases. On the Tanzania mainland, appeal is to either the District Courts or the Resident Magistrates Courts. In Zanzibar, appeal is to the Kadhi's Appeal Courts for Islamic family matters and the Magistrates Courts for all other cases. From there, appeal is to the High Court of Mainland Tanzania or Zanzibar.

No appeal regarding Islamic family matters can be made from the High Court of Zanzibar. Otherwise, the final appeal is to the Court of Appeal of Tanzania. The High Court of mainland Tanzania has three divisions – commercial, labour, and land – with fifteen (15) geographic zones. Mainland and union judges are appointed by the Chief Justice of Tanzania, except for those of the Court of Appeal and the High Court, who are appointed by the president of Tanzania. Tanzania is also a party to the Rome Statute of the International Criminal Court (ICC).

1.10 Currency

The Tanzanian shilling is the currency of Tanzania. The currency code for the Tanzanian Shilling is TZS. The currency is divided into 100 cents. Notes are in denominations of 500; 1,000; 2,000; 5,000; and 10,000 shillings. The coins in circulation are in order of 50; 100; 200 and 500 shillings. Credit cards (Access, Master Card, Visa, American Express, Euro Card, etc.) are accepted by major hotels in the country. Traveller's cheques in US Dollars and Pound Sterling are recommended, although Euros are also accepted. Banking hours in major towns are from Monday to Friday (08h30 – 16h00), Saturday from 08h30 – 12h30 and are closed on Sundays and Public Holidays. However, some bank branches near or within big shopping malls such as Mlimani City open half day on public holidays and Sundays. These may vary in smaller towns. Automatic Teller Machines (ATM) are available in branches of major commercial banks and accept most VISA cards.

INVESTMENT CLIMATE

2.1 Why Invest in Tanzania?

Investment Opportunities

Tanzania enjoys an abundance of natural wealth which offers tremendous investment opportunities. These include an excellent geographical location; arable land; mineral deposits and raw materials supply, a sizeable domestic and sub-regional market; abundant and inexpensive labour; warm friendly people; a suitable market policy orientation and world renowned tourist attractions (the Serengeti, Kilimanjaro Mountain, Ngorongoro, and the islands of Zanzibar).

Peace and Political Stability

Tanzania is one of the most peaceful and politically stable countries in Africa. It has never experienced a civil war or any major internal strife since its independence in December 1961. Peace and political stability provides protection to investors.

Strategic Location

Tanzania is connected directly to the Indian Ocean, giving it trade links to Asia and sits in between the ocean and six (6) landlocked countries (Uganda, Democratic Republic of Congo (DRC), Rwanda, Burundi, Zambia and Malawi) that rely on it for passage of goods. The country has three deep water ports - Dar es Salaam, Tanga and Mtwara that are servicing the neighbouring countries. Furthermore, its membership to the SADC Free Trade Area and EAC Common Market, with developed rail and road networks, makes Tanzania a natural transportation gateway for East and Central Africa.

Attractive Investment Fiscal Regime

Tanzania fosters a very stable and predictable Fiscal Investment Regime, which provides a soft landing to all investors. It is the kind of regime that recognizes the fact that investors need to recover their investment expenses prior to paying corporate taxes.

Investment Incentives

Tanzania offers a well-balanced and competitive package of fiscal incentives in comparison with other African countries. Aiming at providing competitive fiscal regime on foreign trade, Tanzania has signed double taxation treaties with numerous countries, and still is negotiating with other countries.

Investment Guarantee

Investors in Tanzania are guaranteed against nationalization and expropriation. Tanzania is a signatory of several multilateral and bilateral agreements on protection and promotion of investments. Tanzania is a member of Multilateral Investment Guarantee Agency (MIGA) and Africa Trade Insurance Agency (ATIA), to mention just two.

Natural Resources

Tanzania's untapped natural resources offer a wide range of investment opportunities. Arable land, minerals and natural tourist attractions are all awaiting investors. Tanzania is internationally renowned for its abundance of wildlife attractions and unexploited mineral reserves.

Membership of Regional Blocs and Bilateral Trade Agreements

Tanzania is a member of regional trading blocs of SADC and the EAC, as well as a beneficiary country under the Preferential Trade Enhancing Schemes offered by the African Growth and Opportunity Act (AGOA) legislation, of which 6,500 products enjoy duty and quota free access to the USA market. Additionally, Tanzania enjoys benefits set by the European Union's Everything But Arms (EBA) and the ACP-EU Cooperation and various bilateral cooperation agreements.

Public Private Partnerships

Tanzania embraces a strong and cooperative relationship between the government, the private sector and development partners, and that makes it exceptionally conducive to attracting investments.

Export Processing Zones & Special Economic Zones

You can benefit from highly advantageous special investment schemes—Export Processing Zones (EPZs) and Special Economic Zones (SEZs).

2.2 Priority Areas of Investment

The 2018/19 budget of Tanzania outlines five priority areas - aiming at facilitating investment to drive industrialization. The priority areas include agriculture; manufacturing; social services; land acquisition and ownership; finance and tourism.

Agriculture, Agribusiness and Livestock Development

The main investment opportunities in agriculture include sugar cane cultivation, rice, horticulture and livestock. Tanzania boasts among the highest average cane yields in the World, at 120 tons/ha. Labour, land and power are very competitive – generally lower than in alternate locations. Tanzania offers ideal conditions for rice cultivation, with tropical temperatures, rich and fertile soil, plenty of sunshine and rainfall, and a number of large river systems ideal for irrigated rice projects. Under the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), numerous donors (World Bank, USAID, DFID, etc.) are investing in infrastructure and institutional capacity that will benefit investors.

Food consumption in Tanzania speaks to the great potential for the agribusiness sector. According to the United Nations Food & Agriculture Organization (FAO), 70% of caloric intake requirements of low and middle-income households are met by street food. Tanzania's commercial-scale farming cannot keep up with growing demand. The amount of commercial-scale farms producing revenues greater than \$200,000 in South Africa is approximately 500 times that of the amount found in Tanzania in the face of Tanzania being blessed with diverse climate zones, fertile land, and water to support its agriculture. Chicken – at three times the price in the United States, for instance – provides great opportunity. Dairy consumption – at 42 liters per capita – is far below the recommended 200 liters per year.

Natural Resources

The country has vast untapped natural resources (forestry & beekeeping, wildlife, and fisheries) that provide a base for investment in factories, industries and training. Tanzania is one of the largest fishing nations in Africa, with an annual fish production of about 367,864 metric tons and

with the potential to produce over 2,537,444 metric tons of fish from its traditional sources of Lakes Victoria, Tanganyika, Nyasa, Rivers, Dams and the inshore marine waters. The estimate covers only the freshwater and territorial waters. It is ranked in the top 10 countries in terms of total capture fisheries production. The country is now experiencing a shortage of over 400,000 tons of fish, which represents a business and investment opportunity for the private sector.

Tanzania has a total surface area of 945,037 sq. km. The area of freshwater cover is estimated at 54,337 sq. km., which is about 6.1% of the total country's surface area. The country has a Territorial Sea of 64,000 sq. km., an Exclusive Economic Zone (EEZ) covering an area of about 223,000 sq. km. and a stretch of a coastline of about 1,424 km long all in the Indian Ocean and other inland water bodies (major and minor lakes, rivers, dams, ponds and wetlands), covering about 5,000 sq. km. The main investment opportunities existing in the fisheries industry are in the following areas: fishing, fish processing, value addition in fish and other fisheries products; cold chain (maintaining fish at the correct temperature from catching until it reaches the consumer to ensure optimum freshness and quality), boat building, construction of a fish harbour, construction of dry docking facility, ecotourism, manufacturing of fishing gear, accessories, etc.

Forests and woodlands in Tanzania are estimated to cover about 35.5 million hectares, and constitute about 38% of the total area of the country. Of this, 13.5 ha are gazetted as national forests or local government forests and the remaining 25.5 million ha are on village or general land. Tanzania has 600 Government forest reserves, covering about 13% of the total land area. The reserved area includes 1.6 million hectares that are managed as catchment forests and 80,000 hectares of government plantations.

Tourism

Tanzania has many tourist attractions. More than 44% of the country's land area is covered with game reserves and national parks. There are 16 national parks, 29 game reserves, 40 controlled conservation areas and marine parks. Tanzania is also home to the famous 'Roof of Africa' - Mount Kilimanjaro. On 6th January 2012, The New York Times newspaper awarded Tanzania the 7th position among 45 top destinations to visit in the world. The tourist industry currently supports around 30,000 jobs and generates over 25% of Tanzania's foreign exchange.

Tanzania's most well-known tourist attractions are located in north of the country and include Mount Kilimanjaro - Africa's highest mountain. Serengeti National Park is world famous and has spectacular seasonal migrations of animals. The Ngorongoro Reserve is an extinct volcanic caldera with excellent game viewing from the crater rim. The reserve has large herds of wildebeest and zebra, and lions and the endangered black rhinoceros. Tourism is also focused on the coast, especially the islands of Zanzibar, Pemba and Mafia.

The development of Tanzania as a multi centre tourism destination offers considerable potential growth prospect and provides ideal opportunities for investment. New accommodation, entertainment facilities, camping and lodges of international standards are needed. Joint venture opportunities are available in Kilwa, Zanzibar, Mafia, Dar es Salaam, Mwanza, Arusha, Iringa, Kilimanjaro, Selous, Katavi, Saadani, Serengeti, Babati and Bukoba. Locations ranging from historical, cultural and archaeological sites to unspoiled beaches offer investment opportunities

that cannot be matched anywhere in eastern and central Africa. Historical buildings that can be leased to private operators exist in towns such as Bagamoyo, Pangani, Tabora and Kilwa.

Logistics and Warehousing

Tanzania's roads and railways are not near the best in the region, but the Government is making a considerable effort to change that with the support of development finance institutions. The fifth phase Government of Tanzania is currently constructing the Standard Gauge Railway (SGR) line to link the commercial city of Dar es Salaam with the capital of Dodoma. When completed, Tanzania will introduce a fast and modern train with a speed of 160kph while the freight train will have a top speed of 120kph. The railway line is expected to link Tanzania with other regional, landlocked states including Rwanda, Burundi, DR Congo, Zambia and Uganda through quick and timely access from Tanzania's Indian Ocean ports.

The improvement of roads and railways across East Africa opens opportunities for logistics in a country where urbanization stands at about 31%, and many farms operate at a significant distance from the ports in Dar es Salaam. Fuel and electricity prices have undermined logistics and warehousing generally in Africa, but the changing dynamics around these two factors in Tanzania in the near future should boost returns. Prices for both fuel and electricity should slowly starting decreasing with new investments in each sector. As they drop, manufacturing and industrials will grow, leading to an increase in demand for logistics and warehousing.

Manufacturing

The manufacturing sector is at its infancy stage with few exploited areas whereby unprocessed agricultural commodities have dominated major exports. The activities consist of manufacturing simple consumer goods like food, beverages, textiles, tobacco, wood products, rubber products, iron, steel, and fabricated metal products. This sector offers a wide range of opportunities to both potential local and foreign investors. Even though the Government puts emphasis on few manufacturing areas, which are textile, leather, and food processing, there are plenty of manufacturing areas that offer attractive returns on investments. Some areas of investment involve fruit or vegetable processing, cashew nut processing, leather, textile and apparel.

However, investors are advised to acquaint themselves with "Sustainable Industrial Development Policy" that envisages industrialization of Tanzania during the first quarter of 21st century to become a semi industrialized country to the tune of contributing 40% of GDP. Export Processing Zone and Special Economic Zone provide for a wide range of investment operations within the zones or within the stand alone industrial park. Investors in this category are provided with operators' license to start their business immediately without any need of having another license. An investor might choose to invest in but not limited to the following: agriculture and agricultural products; metal products, machinery and transport equipment; electronics and electrical appliances; chemical, paper and plastics; light industries; mining, ceramics and gemstones.

Energy

Tanzania has entered the world energy giants hard and fast. It has about 57 trillion cubic feet of gas reserves. The larger reserves are a major boost for Tanzania's fledging natural gas sector as the East African nation continues with plans to build a gas export plant targeting energy-hungry

Asian markets. With more than 100 Tcf of natural gas already discovered in neighbouring Mozambique, the region is poised to become the next natural gas hub on the continent. The United States Geological Survey estimates that East Africa's coastal region has potential reserves of up to 441 Tcf of natural gas.

Mining

Tanzania has over 800,000 sq. km of varied geological terrains with potential mineral resources: Gold in Archaean greenstone belts – south and east of Lake Victoria, Gold and base metals in Proterozoic rocks in the southern and eastern parts of the country, kimberlite pipes in the central and southern portion of the Archaean craton and in proterozoic south and east of the Craton, gemstones such as tanzanite, ruby, sapphire, spinel, tourmaline, topaz, scapolite, aquamarine, emeralds, amethyst, garnets (tsavorite, rhodolite, hessonite, almandine, pyrope, etc.) in Proterozoic rocks east, west and south of the Archaean Craton, on ore in Proterozoic rocks in the southern part of the country, nickel, copper and cobalt associated with ultramafic rocks in the Western part of the country.

Confirmed mineral resources in Tanzania is as follows: Gold (2,222 million tons), Nickel (209 million tons), Copper (13.65 million tons), Iron ore (103 million tons), Diamond (50.9 million carats), Tanzanite (12.60 million tons), Uranium (23,000 tons – Mkuju only), Coal (911 million tons), Phosphate (577.4 million tons), Gypsum (3 million tons), Soda ash (109 million tons), Limestone (313 million tons). Tanzania's mineral exports are 45% of total merchandise exports. Minerals are the number one forex earner for Tanzania. The Government's plan is to have this sector contribute 10% of GDP by 2025. Besides a few major companies, such as African Barick Gold, AngloGold Ashanti, Williamson Diamonds Limited (WDL), etc., this sector contains several medium scale companies and a cluster of small-scale mining companies.

Key mineral deposits include coal, copper, diamonds, gold, nickel, silver, uranium, and Tanzanite gemstone, which is found nowhere in the world other than Tanzania. Investment opportunities in this industry include: establishment of gold refinery activities; establishment of value added activities; gemstone cutting & polishing; rock and mineral carvings; jewelry manufacturing utilizing gold and gemstones; mineral processing industry, e.g. smelters; new areas in mineral exploration; industrial minerals beneficiation for local consumption & export, e.g. lime production, soda ash, kaolin, gypsum, coal, iron ore, dimension stones etc.; base metals including platinum group metal; service industry; supply equipment & materials e.g. explosives, grinding media, mill liners etc. under JVs with Tanzanian entrepreneurs; and drilling. Other priority areas of investment include: real estate; transportation; services; Information and Communications Technology; financial institutions; telecommunications; economic infrastructure and broadcasting.

2.3 Export Processing Zones and Special Economic Zones

Investors in export processing zones (EPZ) and special economic zones (SEZ) may qualify for tax benefits including exemption from payment of corporate tax for an initial period of 10 years; exemption from withholding tax on rent, dividends, and interest for the first 10 years; and exemption from payment of all taxes and levies imposed by local government authorities on goods and services produced or purchased in the Export Processing Zone or Special Economic Zone for a period of 10 years.

If you aspire to invest in Tanzania's economic zones, there are two investment schemes readily available for you—the Export Processing Zones (EPZ) and Special Economic Zones (SEZ). Both schemes provide a conducive environment for profitable operations. A Special Economic Zone is a geographical area that has more liberal economic laws than the country's typical laws. It is an economic development tool to promote rapid economic growth by using fiscal and business incentives to attract investments and technology. Special economic zones in Tanzania include Export Processing Zones; Free Ports; Free Trade Zones, Industrial Parks; Regional Headquarters; Science and Technology Parks; ICT Parks; Agricultural Free Zones; Tourism Development Zones and Business Incubation.

EPZ and SEZ provide a wide range of investment operations within the zones or within the stand alone industrial park, investors in this category are provided with operators' license and start their business immediately without any need of having another license. An investor might choose to invest in but not limited to the following sectors: agriculture and agricultural products; metal products, machinery and transport equipment; electronics and electrical appliances; chemical, paper and plastics; light industries and mining, ceramics and gemstones industries.

Existing industrial and commercial parks in Tanzania include Millennium Business Park (Ubungo, Dar es Salaam), Hifadhi EPZ (Ubungo, Dar es Salaam), Benjamin William Mkapa SEZ (Mabibo External, Ubungo, Dar es Salaam), Kisongo EPZ (Arusha), Viwanda Bagamoyo SEZ (Bagamoyo, Coastal Region), Kigoma SEZ (Kigoma), KAMAL Industrial Estate EPZ (Zinga, Bagamoyo, Coastal Region), and Global Industrial Park EPZ (Mkuranga, Coastal Region). In addition, there are other sites in 13 regions which have been set aside for EPZ development. Each site is approximately 2000 hectares. Investors are invited to develop satellite towns, factory buildings and warehouses for lease or own operation. Development can be done privately or under Public Private Partnership. Various forms of partnership accepted (BoT, BOOT, and Concession Agreement etc.).

2.4 Tanzania Investment Centre

The Tanzania Investment Center (TIC) is the primary agency of the Government of Tanzania to coordinate, promote and facilitate investment in Tanzania. Established by the Tanzanian Investment Act of 1997, TIC is a one stop facilitative center for all investors, and has the authority to manage Public Private Partnerships (PPPs) under the 2010 PPP legislation that sets a framework for Build-Operate-Transfer arrangements with private companies. Registering with TIC is not mandatory, but offers incentives for joint ventures with Tanzanians and wholly owned foreign projects above USD 300,000.

The Investment Act provides for issuance of a "certificate of incentives" to qualifying investors who have made applications for such certificates to the Tanzania Investment Centre (TIC). Qualifying investments are investments made in priority sectors with an investment capital amount exceeding US\$100,000 in the case of local investors and exceeding US\$300,000 in the case of foreign investors. Qualifying strategic investors are entitled to 0% withholding tax rate on interest payable to a non-resident bank, provided that it is not an associated or related company; exemption on customs duty on capital goods; and VAT exemption on capital goods.

TIC does not have specific criteria for screening or approving projects, and considers factors such as: foreign exchange generation, import substitution, employment creation, linkages to the local economy, technology transfer, and expansion of production of goods and services. Currently, TIC does not require companies to disclose proprietary information or meet standard fair competition practices in order to be approved. Projects with all required documents submitted are seldom rejected. Approved projects receive TIC certificates of incentive and are allowed 100% foreign ownership; VAT and import duty exemptions; and 100% repatriation of profits, dividends, and capital after tax.

Investors in priority areas holding an investment certificate can negotiate additional incentives, which have to be gazetted. The priority sectors include: agriculture and agro-based industries; mining, petroleum and gas; economic infrastructure (road, railways, air and sea transport, port facilities, telecommunication, banking and insurance); and tourism. Fiscal and non-fiscal incentives offered to investors include: -

- Access to various services related to permits, licenses and approvals in the TIC One Stop Facilitation Centre;
- The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance wing, Multilateral Investment Guarantees Agency (MIGA). Likewise, Tanzania is a member of the International Centre for Settlement of Investment Disputes (ICSID), also a body affiliated to the World Bank;
- 0% import duty on project capital goods, computers and computer accessories, raw materials and replacement parts for agriculture, animal husbandry and fishing, human and livestock pharmaceuticals and medicaments, motor vehicle in completely knocked down (CKD) form and inputs for manufacturing pharmaceutical products;
- 10% Import Duty for Semi-processed/semi-finished goods);
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies;
- 100% capital expenditure to Mining & Agricultural sectors;
- The income tax laws allow 50% capital allowances in the first year of use for plant and machinery used in manufacturing processes and fixed in a factory, fish farming; or providing services to tourists and in a hotel;
- Value Added Tax deferment granted on project capital goods such as plant & machinery.

An investment deduction in the form of an initial allowance at 50% of the cost of qualifying equipment is granted in respect of plant and equipment used in manufacturing processes, fish farming and tourism. Special deductions are available to companies involved in mining operations established prior to the introduction of the ITA.

THE BUSINESS ENVIRONMENT IN TANZANIA

This chapter sheds light on how easy or difficult it is for an entrepreneur to start and run a business when complying with relevant regulations. It also compares Tanzania’s economy with the regulatory environment in other economies. For policy makers and investors, knowing where Tanzania economy stands in the aggregate ranking on the ease of doing business is useful. Economies are ranked from 1 to 190 by the ease of doing business ranking. The distance to frontier (DTF) score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each Doing Business (DB) indicator. An economy’s distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. Data on Tanzania Doing Business Ranking were obtained from Doing Business 2018 – World Bank Group Flagship Report.

Tanzania Doing Business Ranking in 2018

Rank	DB 2018 Rank	DB DTF
Ease of Doing Business	137	54.04
Starting a Business	162	73.03
Dealing with Construction Permits	156	56.43
Registering Property	142	50.13
Getting Electricity	82	73.96
Getting Credit	55	65.00
Protecting Minority Investors	129	45.00
Paying Taxes	154	55.49
Trading Across Borders	182	20.21
Enforcing Contracts	58	61.66
Resolving Insolvency	108	39.52

Tanzania has undertaken various doing business reforms and continue to do so in an endeavor to create a suitable investment climate. Among the reforms undertaken include:

- ✓ **Starting a Business** - Tanzania made starting a business easier by creating business registration centers in all the local authorities and by making the company seal optional; Tanzania made starting a business easier by eliminating the requirement for inspections by health, town and land officers as a prerequisite for a business license; and introduction of online name search service conducted on Business Registration and Licensing Agency (BRELA) website.
- ✓ **Dealing with Construction Permits** - Tanzania made dealing with construction permits easier by implementing a one-stop shop and streamlining the building permit process.
- ✓ **Getting Credit** - Tanzania improved its credit information system through new regulations that provide for the licensing of credit reference bureaus and outline the functions of the credit reference data bank; Tanzania improved access to credit information by creating credit bureaus; and the credit bureau in Tanzania expanded credit bureau borrower coverage and began to distribute credit data from retailers.
- ✓ **Trading Across Borders** - Tanzania made trading across borders faster by implementing the Pre-Arrival Declaration (PAD) system and electronic submission of customs

declaration; Tanzania made importing more difficult by introducing a requirement to obtain a certificate of conformity before the imported goods are shipped; Tanzania made trading across borders easier by upgrading infrastructure at the port of Dar es Salaam. Tanzania reduced the time for both exporting and importing by implementing the Tanzania Customs Integrated System (TANCIS), an online system for downloading and processing customs documents.

3.1 Starting a Business in Tanzania

Starting a business in Tanzania measures the paid-in minimum capital requirement, number of procedures, time and cost for a small to medium-sized limited liability company to start up and formally operate in economy’s largest business city – Dar es Salaam. The Business Registrations and Licensing Agency (BRELA) is mandated to register companies, business names, and intellectual property rights (patents of inventions, industrial designs, trade and service marks) plus issuance of industrial licenses. BRELA is an Executive Agency under the Ministry of Industry and Trade responsible for business administration and regulation of the laws. Starting a business in Tanzania requires 11 procedures and takes 28 working days, ranking 162 globally out of 190 economies. Percentage cost on income per capita is 42.9. Some procedures such as business names registration, company name clearance and official search are done electronically and take approximately 0.5 days to complete. Procedures for starting a business in Tanzania are as follows:

S/N	Procedure	Time to Completion	Cost (TZS)
1	Apply for clearance of the proposed company name at BRELA. Online name search service and all company registrations are done through the Online Registration System (ORS).	1 day	No charge
2	Obtain a notarized declaration of compliance	1 day	10,000–50,000
3	Apply for company incorporation and obtain the certificate of incorporation. Company registration fee based on share capital (SC) SC from 20,000 to 1,000,000: 95,000 SC from 1,000,000 to 5,000,000: 175,000 SC from 5,000,000 to 20,000,000: 260,000 SC from 20,000,000 to 60,000,000: 290,000 SC from 50,000,000 and above: 440,000 Filing fee – TZS 66,000; 22,000 per document. Stamp duty fee: <ul style="list-style-type: none"> ○ Original MEMARTs – TZS 6,200 ○ Every additional copy – TZS 5,000 	4 days	337,200
4	Apply for taxpayer identification number (TIN) at the Tanzania Revenue Authority	1 day	No charge
5	Obtain taxpayer identification number	1 day	No charge
6	Apply for a business license at the Ministry of Industry or Trade and Local Government Authorities	6 days	1,000

S/N	Procedure	Time to Completion	Cost (TZS)
7	Apply for the VAT certificate at the Tanzania Revenue Authority (TRA) if the proposed company has over the threshold income of TZS 100 million	4 days	No charge
8	Register for the workmen's compensation insurance at Workers Compensation Fund (WCF) and Tanzania Insurance Regulatory Authority (TIRA)	1 day	No charge
9	Register with the Occupational Safety and Health Authority (OSHA)	10	600,000
10	Receive inspection from the Occupational Safety and Health Authority (OSHA)	1	No charge
11	Obtain Social Security registration numbers from all mandatory social security schemes	7 days	No charge
	Total	37	

Tanzanian regulations allow foreign and domestic private entities to establish and own business enterprises and engage in legal forms of remunerative activity. The Business Registration and Licensing Act establishes licensing regulations for business operations. It provides the right to establish private entities freely, to own property both movable and immovable, and to acquire and dispose of property including interest in business enterprises and intellectual property. The Act stipulates that no business entity can enter into business activities in Tanzania before obtaining a business license through BRELA.

Generally, a foreign company establishes a business in Tanzania by either setting up a limited liability Tanzanian company as a group subsidiary or registering a foreign limited liability company in Tanzania as a branch, that is, having an established place of business in Tanzania. If the company has a charitable purpose, it will generally set up a Tanzanian company limited by guarantee. It may also be required to register as an NGO. The limitation of liability concept applies in a similar way to other common law jurisdictions.

3.2 Paying Taxes in Tanzania

3.2.1 Tax Administration Overview

This section details taxes and mandatory contributions that a medium-size company must pay in a given year as well as measures of the administrative burden of paying taxes and contributions. On average, firms make 60 tax payments a year, spend 207 hours a year filing, preparing and paying taxes and pay total taxes amounting to 44.1% of profit. Globally, Tanzania stands at 154 in the ranking of 190 economies on the ease of paying taxes.

The main agency for the administration of the various taxes in Tanzania is the Tanzania Revenue Authority (TRA). Parliamentary statutes and case law govern tax law. Every year in June the annual budget is read and subsequently a Finance Act is passed introducing new provisions to amend existing law. The tax regime in Tanzania consists of a number of direct and indirect taxes including income tax, Value Added Tax (VAT), import duty, excise duty and stamp duty. There are also some minor taxes levied at the local government level. All central government taxes are

administered by TRA, which has three tax departments, namely Domestic Revenue, Customs and Excise and Large Tax payers.

3.2.2 Corporate Income Tax

The Tanzanian tax system is residence-based, with a standard corporate tax rate of 30% for non-listed resident companies. Newly listed companies on the Dar es Salaam Stock Exchange that have issued at least 30% of their shares to the public are taxed at 25% for three consecutive years from the date of listing. Currently there is reduction of corporate income tax (CIT) rate from 30% to 20% for new investors in the pharmaceutical and leather industries for 5 years from 2018 to 2022 to promote investment in the manufacturing of pharmaceutical and leather products and save foreign exchange which is currently being used for importation of these products. Foreign branches with permanent establishment are required to comply to the Income Tax Act as resident companies with an additional 10% tax on profit repatriation.

A self- assessment approach is used, with a requirement to file a tax return at the end of the year and tax payments to be made on a quarterly basis. Capital gains are aggregated with business income and taxed at the standard corporate income tax rate. Tanzanian tax residents are subject to income tax on their world-wide income, whereas non-residents are subject to tax on income from a source in Tanzania. Non-residents are taxed only on income derived from Tanzania. A company is a Tanzanian tax resident if it is incorporated or formed under the laws of the United Republic of Tanzania or has its management and control exercised in Tanzania at any time during the year of income. Married couples are taxed separately.

In Tanzania, a resident is an individual who has a (1) permanent home in Tanzania and was present in Tanzania during any part of that year of income (2) is present in Tanzania for a period/(s) amounting in aggregate to 183 days or more in that year of income or 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 (3) is an employee or official of the Government of Tanzania posted abroad.

The corporate tax year in Tanzania runs from January 1 to December 31. With approval from TRA, a company may adopt a year of income which is different from the corporate tax year. Corporate taxpayers must submit an annual income tax return by not later than six months after the end of the year of income, but it is possible to apply for an extension of up to 60 days. Corporate taxpayers must pay quarterly instalments of provisional tax, at the end of the third, sixth, ninth and twelfth months of the year of income.

Tax payers whose annual turnover exceed 20 million Tanzanian Shilling are required to prepare audited accounts in respect of their business. Taxpayers in this group are taxed basing on their profits. Subject to any provision to the contrary in the Act, income is to be calculated in accordance with generally accepted accounting principles. Individual's investment and employment income is calculated on a cash basis. Corporations must apply an accrual basis. In calculating taxable profit, deductions are allowed for revenue expenditure incurred wholly and exclusively in the production of income, with some statutory exceptions. For capital expenditure there are specific tax depreciation allowances.

In respect of individuals, the tax year runs from January 1 to December 31, but employees are taxed on a monthly basis in terms of the Pay-As-You-Earn (PAYE) system under which tax is withheld at source by an employer on emoluments payable to an employee. Final personal income tax returns are due on or before June 30 (within six months of the end of the year of income). Employees only earning employment income do not have to submit annual income tax returns. Employees' tax deducted under the PAYE system, as well as withholding tax returns and payments are due by the 7th day of the following month.

3.2.3 Value Added Tax (VAT) and Withholding Tax

VAT at a standard rate of 18% is imposed on imported goods and the local supply of goods and services. The annual registration threshold for VAT purposes is TZS 40 million. VAT returns and payments are due by the last day of the following month. Withholding tax is deducted at source on specified payments both to residents and non-residents. Withholding tax is generally an advance tax in the case of residents and a final tax in the case of non-residents. The withholding tax rates applicable to payments to non-residents may be reduced or eliminated in terms of a double tax agreement entered into between Tanzania and the recipient's country of residence.

Tanzania has entered into double tax treaties with Canada, Denmark, Finland, India, Italy, Norway, S. Africa, Sweden and Zambia. On transactions between associates, there is an obligation to "quantify, apportion and allocate amounts" for income tax purposes on an arm's length basis. The definition of "associate" includes a person who either alone or together with an associate/(s) directly or indirectly controls or may benefit from 50% or more of the rights to income or capital or voting power of the entity. If the Commissioner considers a person has failed to comply with the arm's length requirement, he may make such adjustments as he deems appropriate.

Dividends paid to a non-resident or non-controlling resident are subject to a final 10% withholding tax. Dividends distributed by a resident company to another resident company are subject to a final 5% withholding tax if the resident shareholder controls 25% or more of the distributing company's shares or the company is listed on the Dar es Salaam Stock Exchange. A branch profit remittance tax is levied at 10% on profits deemed to have been repatriated according to a specified formula. However, no withholding tax applies where the shareholder is a Tanzanian resident company, which holds 25% or more of the shares, and controls (directly or indirectly) 25% or more of the voting power. Withholding tax on dividends is the final tax.

Payments of interest other than payments to a resident financial institution are subject to 10% withholding tax. For non-resident individuals receiving interest from a deposit with a financial institution, the withholding tax is a final tax unless the interest is in the nature of business income to the individual. In the case of resident recipients, this is not a final tax. Royalties paid to both residents and non-residents are subject to 15% withholding tax. In the case of a non-resident recipient, this is a final tax.

Payments of rent are subject to withholding tax, but in the case of payments to residents the withholding obligation is limited to rent on land and buildings. This withholding tax is a final tax where the landlord is a resident individual and the rent is not received in the course of conducting

a business. Payments for technical and management services rendered by a non-resident are subject to a final 15% withholding tax. Those services rendered by residents are subject to 5% withholding tax, which is a final tax if the service is rendered to a mining company.

Net rental income earned by non-residents is taxed at a flat rate of 20%. Taxable income is computed by deducting costs incurred from the gross rental income. Rental income from leasing land and buildings earned by non-residents is subject to 15% withholding tax, which can be credited against the taxpayer's income tax liability. Lease agreements are liable to stamp duty, which is levied at 1% of the gross rent. Conveyance of real properties is liable to stamp duty, which is levied at 1% of the gross selling price.

Capital gains realized from the disposal of Tanzanian assets by non-residents are taxed at a flat rate of 20%. To calculate the taxable capital gains, acquisition costs are deducted from the gross selling price. However, if the property was used as the individual's private residence for three years prior to the sale, capital gains up to Tshs 15 million (US\$7,092) may be exempt from taxation. Property tax is levied at flat rates on the property value by the municipal or city councils. Applicable rates vary depending on the size, use and location of the property.

3.2.4 Income Tax for Individuals

Income tax is payable by resident individuals (other than short-term residents) on their worldwide income. Taxable income includes salary and the value of benefits in kind arising from the individual's employment. Subject to certain exceptions, expenses incurred wholly and exclusively in the performance of employment duties are deductible. The taxable value of non-cash benefits is generally the market value. 'Short-term residents' and non-residents are taxable on income from a Tanzanian source. Personal services have a Tanzanian source if (i) performed in Tanzania or (ii) performed outside Tanzania but where the payer is the Government of Tanzania.

Tax is imposed at graduated rates ranging from 0 to 30% (30% is the top marginal tax rate for resident individuals). Non-resident individuals are subject to withholding tax of 15%. The total income of non-resident individual is chargeable at the rate of 20%. Resident and non-resident employee with secondary employment is chargeable at the rate of 30%. A non-resident employee in Tanzania is an employee who work in Tanzania for less than 183 days, doesn't have a permanent home in Tanzania, is not 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 not an employee or an official of the Government of the United Republic posted abroad during the year of income.

Resident Rates – Mainland Tanzania

Monthly Income Range	PAYE Tax Rate in Tshs
0 – 170,000	NIL
170,000 – 360,000	9% of the amount in excess of 170,000
360,000 – 540,000	17,100 plus 20% of the amount in excess of 360,000
540,000 - 720,000	Tshs 53,100 plus 25% of the amount in excess of 540,000
720,000 and above	98,100 plus 30% of the amount in excess of 720,000

Tax Rates and Administration in Tanzania

Tax or Mandatory Contribution	No. of Payments	Hours	Statutory Tax Rate	Tax Base	Total Tax Rate (% of Profit)
Corporate Income Tax	5	62	30%	Taxable profit	20.83
Social Security Contributions	12	-	20%	Gross salary for NSSF and basic salary for PSSF	11.28
Skills and Development Levy (SDL)	12	78	4.5%	Gross salary	5.36
City Service Levy	4		0.3%	Turnover	5.30
Excise Tax on Money Transfer	1		0.15%	Value of transaction in excess of TZS 30,000	0.55
Tax on Interest	0		10%	Interest income	0.26
Motor Vehicle License	N/A		Charged on fuel	Depends on fuel consumption	-
Property Tax	1		0.15%	Property value	0.15
Fuel Tax	1		Tshs 752 per litre (Petrol) and Tshs 628 per litre (Diesel)	Litres	0
Value Added Tax	12	67	18%	Sales including any levy, duty, charge or tax	0
	48	207			44.1

Withholding Tax Rates

Description of Payment	Resident Rate	Non-Resident Rate
(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%	NA
Dividends from other corporations	10%	10%
Interest	10%	10%
Royalties	15%	15%
Other withholding payments from investment returns.	15%	15%
Rental income	10%	15%
Technical services fees (mining)	5%	15%
Transport (non-resident operator/ charterer without permanent establishment).	NA	5%
Insurance premium	0%	5%
Natural resources payment	15%	15%
Service fees	5%	15%

Commission to agents by service providers on money transfer through mobile phones.	10%	10%
Payments for goods supplied to Government and its institutions by any person.	2% of gross payment	

3.2.5 Skills and Development Levy

The Vocational Education and Training Act, 1994 imposes a skills and development levy (SDL) on any employer employing more than four (4) employees. The levy is charged on a monthly basis at 4.5% of the total gross monthly emoluments payable by the employer to all his employees. *Gross Emoluments* is a sum of amount from salaries, wages, payments in lieu of leave, fees, commissions, bonuses, gratuity, any subsistence traveling, entertainment or other allowance received by employee in respect of employment or service rendered.

3.2.6 Contributions to Social Security Funds

The law in Tanzania requires a monthly contribution to social security funds at the rate of 20% of the employees' monthly salary. The contribution is constituted of 5% from the employee and 15% from the employer of employee's monthly salary. The president of Tanzania signed into law the Public Service Social Security Fund Act, 2018, to provide for establishment of the Public Service Social Security Scheme; to provide for contributions to and payments of social security benefits in respect of the service of employees in the public service; to repeal the Public Service Retirement Benefit Act, the LAPF Pensions Fund Act, the GEPF Retirement Benefits Fund Act and the PPF Pensions Fund Act and to provide for other related matters.

Under the current law, all service employees in the public sector will contribute to the Public Service Social Security Fund (PSSSF) while the National Social Security Fund (NSSF) will serve the private sector employees and other voluntary contributors. A member who has changed employment from public service to any employer in the private sector his membership shall be transferred to the National Social Security Fund and all employees in the public sector who are members of the National Social Security Fund shall be transferred to PSSSF. The contribution to PSSSF is constituted by the sum equivalent to 5% of monthly salary deducted by the employer from the member's monthly salary and 15% of the member's monthly salary contributed to the member's account by the employer. "Wages" is defined as remuneration in money paid to an employee under their contract of service or apprenticeship.

3.3 Dealing with Construction Permits

This section tracks the procedures, time and cost to build a warehouse—including obtaining the necessary licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, it measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. According to data collected by Doing Business, dealing with construction permits in Tanzania requires 24 procedures, takes 184 days and costs 6.6% of the warehouse value. Globally, Tanzania stands at 156 in the ranking of 190 economies on the ease of dealing with construction permits. The following procedures are applicable when it comes to securing a construction permit in Tanzania.

S/N	Procedure	Time to Complete	Cost to Complete (TZS)
1	Obtain location plan from City Council - Ministry of Lands	7 days	5,000
2	Obtain certified copy of the land rent receipts from the Internal Revenue Authority	7 days	No charge
3	Submit project brief and obtain Environmental Impact Assessment (EIA) certificate from the National Environment Management Council	30 days	70,000
4	Obtain project clearance from the fire department – Municipal Council – Ministry of Home Affairs	21 days	600,000
5	Request planning consent from the City Council	20 days	No charge
6	Request and obtain building permit – City Council – Ministry of Lands	38 days	1,439,994
7	Receive pre-construction inspection from the City Council officers	1 day	No charge
8	Register project with the Architects Registration Board	7 days	No charge
9	Notify the City Council of commencement of work	1 day	No charge
10	Register project with the Engineers Registration Board	7 days	1,000,000
11	Register project with Contractors' Registration Board	7 days	100,000
12	Request and receive excavation inspection from the City Council officers	1 day	No charge
13	Request and receive foundation inspection from the City Council officers	1 day	No charge
14	Request and receive concrete inspection from the City Council officers	1 day	No charge
15	Request and receive slabs inspection from the City Council officers	1 day	No charge
16	Request and receive roof inspection from the City Council officers	1 day	No charge
17	Apply for occupancy permit from the City Council	1 day	No charge
18	Request and receive inspection from the Fire Department once construction is completed	1 day	No charge
19	Obtain approval of the building from the Fire Department upon completion	14 days	No charge
20	Receive inspection from the Health Department	1 day	No charge
21	Obtain approval of the building from the health department upon completion	14 days	No charge
22	Receive final inspection from the City Council officers	1 day	No charge
23	Obtain water and sewage connection from Dawasco	30 days	3,000,000
24	Obtain occupancy permit	14 days	No charge

3.4 Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. According to data collected by Doing Business, getting electricity connection in Tanzania requires 4 procedures, takes 109 days and costs 843 of income per capita. Globally, Tanzania stands at 82 in the ranking of 190 economies on the ease of getting electricity. The indicators reported here are based on a set of specific procedures—the steps that an entrepreneur must complete to get a warehouse connected to electricity by the local distribution utility, Tanzania Electric Supply Company Limited (Tanesco).

Procedure	Time to Complete	Cost to Complete in TZS
Submit application to Tanesco and await estimate	11 calendar days	No charge
Receive external inspection by Tanesco	7 calendar days	No charge
Purchase transformer and carry out external works	90 calendar days	16,010,196.93
Receive internal inspection, meter installation and final connection by Tanesco	1 calendar day	No charge
Total	109	16,010,196.93

3.5 Registering Property

This section examines the steps, time and cost involved in registering a property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. It sheds light on how easy or difficult it is for an entrepreneur to register a property in Tanzania. According to data collected by Doing Business, registering a property in Tanzania requires eight (8) procedures, takes sixty-seven (67) days and costs 5.2% of the property value. Globally, Tanzania stands at 142 in the ranking of 190 economies on the ease of registering property.

S/N	Procedure	Time to Complete	Cost to Complete in TZS
1	Obtain an official search at the Land Registry	7days (simultaneous with procedure 2 & 3)	40,000
2	Submit application letter to obtain evaluation at Ministry of Lands or Local Government Authority	7 days	Formula (Property Value – 200,000) * (1.25/1,000) + 550 + valuation approval fee of 0.01% of property value
3	Obtain land rent clearance from the Land Ministry showing payment of rents	1 day	No charge
4	A government valuer inspects the property to confirm its value	1 day	No charge
5	Notarization and execution of the sale agreement and preparation of the transfer deed	1 day	About 3% of the property value
6	Obtain approval for the transfer	14 to 21 days	5,000
7	Obtain a capital gains tax certificate from the Tanzania Revenue Authority	14 to 21 days	10% of the amount gained by the buying company
8	The transfer deed is delivered to the Registrar of Titles for its recording under the name of the buyer at the Lands Registry	14 days	1% of property value (Stamp duty) + Registration Fee as follows: registration fee (1% of the property value + 500 for the instrument)
	Total	109	

In response to an unsatisfactory business environment, the Tanzanian government has very much been on the front foot into improving its business climate. Various measures have been taken to ensure Tanzania attracts both local and foreign investors. Some of the notable improvements include the following: -

- a) Launch of the Tanzania Customs Integrated System (TCIS) for speeding up of import and export documentations and accreditation;
- b) Business Registration and Licensing Agency (BRELA) launching an online portal/platform for business registration, name search and registration;
- c) Through Big Results Now (BRN) initiative – devising a task-force for easing constraints on contract enforcement. Involves Tanzania Private Sector Foundation (TPSF) and the Bar association - Tanganyika Law Society (TLS);
- d) Appointment of more Judges in registries to speed up cases determination;
- e) Promotion of use of alternative dispute settlements in terms of Arbitration centers, negotiation and mediation bodies;
- f) Dar es Salaam Stock Exchange Online Trading System launched 2015, via mobile phones and other devices;
- g) Tax payment, returns and tracking online has been made easy by the Tanzania Revenue Authority as well as other functions;
- h) Government crackdown on commercial banks to reduce interest on loans to encourage more entrepreneurial capital access;
- i) Launch of construction of Bagamoyo Port tipped to be the biggest in Sub-Saharan Africa as well as scheduled upgrades to Tanga and Mtwara ports.

3.6 Getting Credit

This section measures two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. Globally, Tanzania stands at 55 in the ranking of 190 economies on the ease of getting credit. Tanzania has maintained strong macroeconomic performance amid a challenging global environment, averaging 6%-7% annual real GDP growth for the past decade. The Bank of Tanzania (BoT) appreciates the value of having credit reference bureaus in the economy and its Act allows for the establishment of multiple credit bureaus. Credit Reference Bureaus increase consumer and small business access to credit, improve bank risk management, lead to asset diversification and new banking products, and are good business propositions if organized and managed appropriately.

The Tanzania banking sector comprises 41 fully fledged commercial banks, 3 development financial institutions, 5 microfinance banks, 2 private credit reference bureaus, 3 financial leasing companies and 6 community banks. Over half of commercial banks in Tanzania are foreign affiliated. Licensed Credit Reference Bureaus include CreditInfo Tanzania Limited (CTL) and Dun & Bradstreet. Development financial institutions in Tanzania include TIB Development Bank Limited, formerly known as Tanzania Investment Bank (TIB), Tanzania Agricultural Development Bank (TADB) Limited and Tanzania Mortgage Refinance Company (TMRC). Microfinance banks in Tanzania include EFC Tanzania Microfinance Bank limited, Uchumi Commercial Bank limited, Finca Microfinance Bank limited, Hakika Microfinance Bank limited, Vision Fund Tanzania Microfinance Bank limited, and Yetu Microfinance Bank plc.

Commercial banks in Tanzania include Access Bank (T) Ltd, Advans Bank (T) Ltd, Akiba Commercial Bank Ltd, Amana Bank Ltd, Azania Bank Ltd, Banc ABC (T) Ltd, Bank of Africa (T) Ltd, Bank of Baroda (T) Ltd, Bank of India (T) Ltd, Barclays Bank (T) Ltd, Citibank (T) Ltd, Commercial Bank of Africa (T) Ltd, CRDB Bank plc., DCB Commercial Bank plc., Diamond Trust Bank (T) Ltd, Eco Bank (T) Ltd, Exim Bank (T) Ltd, Equity Bank (T) Ltd, First National Bank (T) Ltd, First Housing Company (T) Ltd, Guaranty Trust Bank (T) Ltd, Habib African Bank Ltd, I & M Bank (T) Ltd, International Commercial Bank (T) Ltd, KCB Bank (T) Ltd, Mkombozi Commercial Bank plc., National Microfinance Bank plc., NBC Bank Ltd, NIC Bank (T) Ltd, Peoples Bank of Zanzibar Ltd, Stanbic Bank (T) Ltd, Standard Chartered Bank (T) Ltd, United Bank for Africa (T) Ltd, Mwalimu Commercial Bank Ltd, Letshego Bank (T) Ltd, Maendeleo Bank plc, Tanzania Women's Bank, Twiga Bancorp Ltd, TPB Ltd, TIB Corporate Bank Ltd, and UBL Bank (T) Ltd.

3.7 Exchange Control, Conversion and Transfer Policies

Tanzania has exchange control regulations. Generally, subject to the submission of relevant supporting documents and the payment of applicable taxes, the repatriation of foreign currency from the country is not restricted. In respect of capital transactions (e.g. foreign source loans), the relevant transaction documentation is to be submitted for approval and the issuance of a debt record number to the Bank of Tanzania.

Tanzanian regulations permit unconditional transfers through any authorized bank in freely convertible currency of net profits, repayment of foreign loans, royalties, fees charged for foreign technology and remittance of proceeds. The only official limit on transfers of foreign currency is on cash carried by individuals traveling abroad, which cannot exceed USD \$10,000 over a period of forty days. Shortages of foreign exchange occur rarely. Bureaucratic hurdles continue to cause delays in processing and effecting transfers; delays can range from days to weeks. Investors rarely use convertible instruments.

3.8 Labour Policies and Practices

Tanzania developed and is implementing a skills development framework to make sure Tanzanians are gaining the necessary labour skills to create the industrialized economy. The National Second Five Year Development Plan (FYDP II) recognizes the need for graduates to possess more marketable skills and for students to have better learning environments. As the number of university graduates is increasing, this skills programme will position investors with sufficient workforce to fill various positions.

In Tanzania, labor and immigration regulations permit foreign investors to recruit up to five expatriates when these skills are unavailable locally. The Non-Citizens (Employment Regulation) Act, 2015 requires employers to submit "succession plans" for their foreign employees, detailing how knowledge and skills would be transferred to local employees. Under the new law, non-citizens may be granted work permits for a period of two years, which may be renewed up to a total validity period of five years. Mainland Tanzania's minimum wage is set by categories covering 12 employment sectors. The minimum wage ranges from Tzs 100,000 (\$45) per month for agricultural labourers to Tzs 400,000 (\$180) per month for labourers employed in the mineral sector (companies with mining and prospecting licenses).

3.9 Land Ownership in Tanzania

Land ownership remains restrictive in Tanzania. Under the Land Act of 1999, all land in Tanzania belongs to the state. Procedures for obtaining a lease or certificate of occupancy can be complex and lengthy, both for citizens and foreign investors. Less than 10% of land has been surveyed, and registration of title deeds is currently manual and mainly handled at the local level. Foreign investors may occupy land for investment purposes through a government-granted right of occupancy ("derivative rights"), or through sub-leases through a granted right of occupancy. Foreign investors can also partner with Tanzanian leaseholders to gain land access.

Under the Tanzania Investment Act, 1997 and the Land Act of 1999, occupation of land by non-citizen investors is restricted to lands for investment purposes. Land can be leased for up to 99 years, but the law does not allow individual Tanzanians to sell land to foreigners. There are several opportunities for foreigners to lease land, including through TIC, which has designated specific plots of land (land bank) to be made available to foreign investors. Foreign investors may also enter into joint ventures with Tanzanians, in which case the Tanzanian provides a lease over the land. The government plans to expand TIC's land bank and modernize its land titling and registration system, though both changes are long delayed in execution.

Secured interests in property, both movable and real, are recognized and enforced under various laws in Tanzania. There is no single comprehensive law to secure property rights. Though TIC maintains a land bank, restrictions on foreign land ownership can significantly delay investments. Land not already processed for investment in the land bank has to go through a lengthy review and approval process by local-level authorities, as well as the Ministry of Lands, Housing, and Human Settlements Development and the President's Office, in order to be officially re-designated from village land, with customary rights of occupancy, to general land, which can be titled for investment and sale.

TRADE IN TANZANIA

4.1 Tanzania Trade History

In the past 25 years, Tanzania has undergone a significant socio economic transformation, re-orienting its economy from Government-led to private sector-led. Numerous reforms were successfully implemented, intended to empower the private sector and reduce the role of the public sector, which had been dominant in the 1960s and 1970s. Since independence, Tanzania has pursued several policies in an endeavor to maximizing returns from domestic and international trade. The policies have revolved around import control, export control/taxation, tariffs structure, exchange rate, etc. The essences of those policies have been to enhance domestic production, protect domestic industries, promote exports, protect consumers, etc.

Tanzania has passed through three trade regimes since independence: (a) the pre-Arusha era (1967) that was more of a private sector led economy with exports comprising largely of unprocessed or semi processed agricultural commodities and raw materials (b) post Arusha declaration, which was characterized by Government interventions and control of economy, protectionism (mainly import duty) (c) liberalization and structural adjustment, effectively from 1993. It was adopted following the failure of the restrictive policies to achieve the desired objectives. Policy reforms measures introduced were such as liberalization of imports, interest rates and exchange controls, devaluation of shilling and price decontrol.

4.2 Tanzania Trade Performance

An observation of Tanzania's export composition over the past 14 years reveals that non-traditional exports of non-agricultural nature such as minerals, fish products and tourism are increasing while traditional exports (agricultural products) are decreasing. The increase in export share of non-traditional products has gone hand in hand with the decline in export share of traditional products such as coffee, tea, sisal, and tobacco. Tanzania exports 148 products with revealed comparative advantage - its share of global exports is larger than what would be expected from the size of its export economy and from the size of a product's global market.

Tanzania's economic performance continues to rank among the highest in the region - according to the World Bank Economic Update 2018 and African Development Bank Group, listing Tanzania amongst the top 6 African countries for economic growth. Tanzania recorded a GDP growth of 7.1% a year in 2017/18, up from 7% in 2016/17 – the highest in the East African region. The country has sustained strong economic growth in the last decade, averaging between 6 to 7%. But challenges that affect the realization of Government objectives remain, including inadequate revenue collection; delayed access to loans and grants; and inadequate participation of private sector in implementing development projects.

In response to the challenges, the Government of Tanzania has pledged to continue partnering and dialoguing with development partners including working through the established Development Co-operation Framework to ensure loans and grants are honored on time. It also continues to strengthen the revenue collection systems and attract innovative sources of financing outlined in its Financing Strategy. In addition, it continues to improve the business and investment environment to attract private sector participation in implementing development projects.

In 2016 Tanzania exported \$6.4B, making it the 96th largest exporter in the world and imported \$8.79B, making it the 98th largest importer in the world. The top exports of Tanzania are Gold (\$2.24B), Raw Tobacco (\$417M), Precious Metal Ore (\$342M), Coconuts, Brazil Nuts, and Cashews (\$338M) and Dried Legumes (\$250M), using the 1992 revision of the HS (Harmonized System) classification. Its top imports are Refined Petroleum (\$1.34B), Packaged Medicaments (\$289M), Telephones (\$267M), Palm Oil (\$266M) and Cars (\$196M). The top export destinations of Tanzania are India (\$835M), the United Arab Emirates (\$802M), Switzerland (\$644M), South Africa (\$635M) and China (\$357M). The top import origins are China (\$2.14B), India (\$1.48B), the United Arab Emirates (\$575M), South Africa (\$520M) and Japan (\$347M).

The exhaustive list of Tanzania major import commodities includes agricultural machinery, implement and pesticides, industrial raw materials, machinery and transportation equipment, petroleum and petroleum products, construction materials, consumer goods. The principal export commodities include Minerals (gold, gemstones, diamonds, coal, etc.), coffee, cotton, cashew nuts, tea, sisal, tobacco, pyrethrum and cloves. The main imports are machinery and transport equipment, textiles and clothing, petroleum products. Tanzania's major trading partners include: China, Germany, Japan, India, the European Union, United Arabic Emirates, United Kingdom, Kenya, Japan, India and South Africa.

4.3 Foreign Direct Investment

Over the past 20 years, the Tanzanian Government has implemented major economic reforms to liberalise trade, including enhancing the role of the private sector and creating the Tanzania Investment Centre (TIC) to promote, facilitate and reduce restrictions on investments. This new institutional and legal framework has generated a steady growth in GDP and resulted in an increased inflow of foreign direct investment (FDI) in different sectors of the economy, specifically the mining and construction sectors. Tanzania is among the preferred destinations for foreign investment in Africa. In 2016 the inflow reached USD 1.36 billion (2.88% of GDP), down by 15% compared to the previous year but the country is still among the 10 biggest recipients of FDI in Africa - thanks in part to gas discoveries.

The current FDI stock is estimated at USD 19.8 billion (42% of GDP). Investors are attracted to the country's commitment to implementing sound macro-economic policies, its effective privatization programme and rich natural resources. Large natural gas findings off the southern coast of Tanzania have greatly influenced investment trends over the past few years. Many multinational corporations have entered the Tanzanian market with major investment in the energy sector focused on developing the natural gas resources. The mining sector, the oil and gas industry, as well as the primary agricultural products sector (coffee, cashew nuts and tobacco) draw most of the FDI. In 2017 Tanzania approved new regulations in the mining sector that allow the government to tear up and renegotiate mining contracts, partially nationalise mining companies, introduce higher royalties, enforce local beneficiation of minerals and bring in strict local-content requirements, which could put foreign investments at risk.

REGULATION OF COMPANIES IN TANZANIA

Companies in Tanzania are regulated by the Companies Act, 2002. The Act was passed by the parliament and assented to by the president of Tanzania on 27th June 2002 to regulate the workings of companies operating in Tanzania. The Companies Act states the legal limits within which companies may do their business. To register a company in Tanzania is a right of those who wish to associate and form themselves into a company pursuant to the existing company laws. Any two or more persons, associated for any lawful purpose may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of the Companies Act in respect of registration, form an incorporated company, with or without limited liability. The law provides for the following types of companies;

- a) Private companies
- b) Public companies
- c) Foreign companies (branches of companies incorporated out of Tanzania mainland). Foreign companies are companies incorporated outside Tanzania mainland and they come in the country as branches of such foreign companies. Even if all subscribers and or shareholders are nationals of the United Republic of Tanzania, the companies are regarded as foreign.

5.1 Maintenance of Accounting Records

The directors are obliged to ensure that the company maintains accounting records which enable the preparation of financial statements that present a true and fair view of the company's financial position and performance in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). The law also requires certain disclosures and prescribes information that must be provided in the director's report. The audited financial statements are required to be filed with the Registrar of Companies seven months from the completion of the accounting period in the case of a public company and ten months from the completion of the accounting period in the case of a private company. The accounting records must be held either at the registered office or at another place in United Republic of Tanzania.

All entities are required to maintain accurate books of accounts within Tanzania. These records ought to be maintained for a period of 6 years from the date they are drawn. Parent companies with subsidiaries are required to prepare consolidated financial statements. A company's annual accounts have to be approved by the Board of Directors and signed on behalf of the Board by at least one director of the company. All companies are required to submit signed financial statements to the registrar of companies. Partnerships are not required to submit their financial statements to the registrar of companies. Listed companies are required to file their financial statements at the Capital Markets & Securities Authority (CMSA) and Dar es Salaam Stock Exchange (DSE) within six (6) months post their year-ends. All entities are required to submit audited financial statements together with Returns of Income to the revenue authority within six months post their year-ends.

5.2 Submission of Annual Returns

Section 128 of the Companies Act, 2002 requires all companies registered in Tanzania to file their annual returns with the Business Registrations and Licensing Agency (BRELA). Every company is to deliver to the Registrar, successive annual returns each of which is made up to a date not later than the "return date," that is the anniversary of the company's incorporation, or company's last return delivered in accordance with this chapter was made up to a different date, the anniversary of that date. Section 132 of the Companies Act, 2002 provides that the return shall be filed with the following documentation: -

- Certified copy of the audited financial statement and the directors' report laid before the company in a general meeting during the period to which the return relates.
- In the case of a private company, a certificate signed by a director of the company that the company has not, issued any invitation to the public to subscribe for any shares or debentures of the company.
- In the case of a private company exempt from the obligation to appoint an auditor, a certificate signed by a director of the company that the qualifying conditions for exemption have been satisfied.

5.3 IFRS Application in Tanzania

In 2004, Tanzania adopted IFRS Standards as issued by the IASB Board in full via a technical pronouncement issued by the National Board of Accountants and Auditors (NBAA). Future standards, amendments, and interpretations issued by the IASB Board are also covered by that pronouncement. The use of IFRS Standards is incorporated into regulations of various governmental regulatory bodies, including the Bank of Tanzania (BoT), Tanzania Insurance Regulatory Authority (TIRA), Dar es Salaam Stock Exchange (DSE), Capital Markets and Securities Authority (CMSA), and the NBAA technical pronouncement on the adoption of IFRS Standards.

All domestic and foreign companies whose securities are publicly traded are required to prepare their financial statements in accordance with IFRS. Subsidiary companies of listed companies have to prepare their financial statements in accordance with IFRS. All other companies/partnerships in Tanzania, are required to prepare their financial statements in accordance with IFRS, except for companies that meet conditions for SMEs. Such companies have the option of adopting IFRS for SMEs or full IFRS.

HLB Mekonsult

Contact us:

Managing Partner
HLB Mekonsult
2nd Floor, Acacia Estates
84 Kinondoni
P.O. Box 20651
Dar es Salaam, Tanzania.
Telephone No. +255 222 923 422
Fax No. +255 (0) 736 60 30 23
Email: info@mekonsult.co.tz
Website: www.mekonsult.co.tz



MEKONSULT

Certified Public Accountants

2nd Floor, Acacia Estates, 84 Kinondoni Rd, P.O. Box 20651, Dar es Salaam, Tanzania.

Telephone: +255 222 923 422 Fax: +255 736 60 30 23 E-mail: info@mekonsult.co.tz

HLB MEKONSULT is a member of HLB International, a Global Advisory and Accounting Network