



ISO 9001:2008 CERTIFIED

**TAXES AND DUTIES
AT A GLANCE
2012/2013**

September, 2012

12th Edition

A. DIRECT TAXES**RATES**

No.	TAX SOURCE	RESIDENT	NON RESIDENT
1.0	Corporation Tax:		
(a)	Tax rate on total income of the corporation	30%	30%
(b)	Corporations with perpetual unrelieved losses for 3 consecutive years	0.3% of annual turnover	NA
(c)	For newly listed corporation to the Dar es Salaam Stock Exchange, with at least 30% shares issued to the public for three consecutive years from the date of listing.	25%	25%
(d)	Total income of a Domestic Permanent Establishment (Branch profit)	NA	30%

(e)	Repatriated income of a branch	NA	10%
2.0	Withholding tax on:		
(a)	Dividends to a resident Company to another resident company controlling 25% or more shares	5%	NA
(b)	Dividends from the Dar es salaam Stock Exchange listed corporations	5%	5%
(c)	Dividends from other corporations	10%	10%
(d)	Other withholding payments	15%	15%
(e)	Interest	10%	10%
(f)	Royalties	15%	15%
(g)	Technical services fees (mining)	5%	15%

(h)	Transport (Non-resident operator/ charterer without permanent establishment).	NA	5%
(i)	Rental Income	10%	15%
(j)	Insurance Premium	0%	5%
(k)	Natural Resources Payment	15%	15%
(l)	Service Fees	NA	15%
(m)	Payments for goods or services made by a Corporation to person other than holders of TIN	2% of gross payment	15% of gross payment
3.0	Disposal of Investment Asset (Capital Gains)		
(a)	Individual asset	10%	20%
(b)	Company asset	30%	30%

	Exemption on disposal of Investment assets:		
	<ul style="list-style-type: none"> • Private residence gains of shs. 15 million or less • Agricultural land – Market value of less than 10 million • DSE shares held by a person with shareholding less than 25% 		
4.0	Single Instalment tax on:		
(a)	Sale of land and property (lump sum)	10%	20%
(b)	Transport across borders.	NA	5%
	Remarks: <ul style="list-style-type: none"> • Payment of withholding taxes should be within 7 days after month of deduction • The submission of a statement of withholders is within 30 days after each 6- month period. 		

5.0	Resident Individual Income Tax Rates	
	Monthly Income	Tax Rate
	Where total income does not exceed Tshs 170,000/=	NIL
	Where total income exceeds Tshs 170,000/= but does not exceed 360,000/=	14% of the amount in excess of Tshs 170,000/
	Where total income exceeds shs. 360,000/= but does not exceed 540,000/=	Tshs 26,600/= plus 20% of the amount in excess of Tshs 360,000/=
	Where total income exceeds 540,000/= but does not exceed 720,000/=	Tshs 62,600/= plus 25% of the amount in excess of Tshs 540,000/=
	Where total income exceeds Tshs 720,000/=	Tshs 107,600/= plus 30% of the amount in excess of Tshs 720,000/=
	Threshold per annum: Income Tshs 2,040,000/=	

	Remarks	
	1. For non-resident employees of a resident employer the income is subject to withholding tax at the rate of 15%. However the total income of a non-resident individual is charged at the rate of 20%.	
	2. An employee who makes donation as per section 12 of the Education Fund Act of 2001, such donation is exempted from tax. However, such exemption is subject to approval by the Commissioner.	
Rates Applicable for Zanzibar (Resident Individual Income Tax Rates)		
	Monthly Income	Tax Rate
	Where income does not exceed Tshs. 125,000/-	NIL
	Where such income exceeds Tshs 125,000/- but does not exceed Tshs 360,000/-	15% of the amount in excess of Tshs 125,000/-
	Where such income exceeds Tshs. 360,000/- but does not exceed Tshs. 540,000/-	Tshs. 35,250/- plus 20% of the amount in excess of Tshs 360,000/-

	Where such income exceeds Tshs 540,000/- but does not exceed Tshs 720,000/-	Tshs 71,250/- plus 25% of the amount in excess of Tshs 540,000/-
	Where income exceeds Tshs. 720,000/-	Tshs 116,250 + 30% of the amount in excess of Tshs. 720,000/-
Threshold per annum: Income Tshs 1,500,000/=		
6.0	Benefit in kind	
(a)	<p>Housing:</p> <p>Housing benefit is calculated based on the lower of the Market Value Rental of the premises and the higher of the following:</p> <ul style="list-style-type: none"> i. 15% of the employee's total annual income and ii. The expenditure claimed as deduction by the employer in respect of the premises. 	

(b)	Motor vehicle: Benefits are based on engine size and vehicle age of the following annual values.		
	Engine size	Engine size up to 5 years old Tshs	Greater than 5 years old Tshs
	Not exceeding 1000cc	250,000/=	125,000/=
	Above 1000cc not exceeding 2000cc	500,000/=	250,000/=
	Above 2000cc not exceeding 3000cc	1,000,000/=	500,000/=
	Above 3000cc	1,500,000/=	750,000/=
	<p>Remarks :</p> <ul style="list-style-type: none"> • The Motor vehicle benefit is not applicable where the employer does not claim deduction in respect of the ownership, maintenance or operation of the vehicle • The market value will apply in determining other benefits in kind 		

7.0	The Individual Presumptive Tax Assessment		
	Annual Turnover	Compliance with section 80 of Income Tax Act, 2004 (Record keeping)	
		Not complied (Insufficient Records)	Complied (Sufficient Records)
	Where turnover does not exceed Tshs 4,000,000	NIL	NIL
	Where turnover is between Tshs. 4,000,000/= and Tshs 7,500,000/=	Tshs 100,000/=	2% of the turnover in excess of Tshs 4,000,000/=
	Where turnover is between Tshs 7,500,000/= and Tshs 11,500,0000/=	Tshs 212,0000/=	Tshs 70,000/= plus 2.5% of the turnover in excess of Tshs 7,500,000/=

<p>Where turnover is between Tshs 11,500,000/= and Tshs 16,000,000/=</p>	<p>Tshs 364,000/=</p>	<p>Tshs 170,000/= plus 3% of the turnover in excess of Tshs 11,500,000/=</p>
<p>Where turnover is between Tshs 16,000,000/= and Tshs 20,000,000/=</p>	<p>Tshs 575,000</p>	<p>Tshs 305,000/= plus 3.5% of the turnover in excess of Tshs 16,000,000/=</p>
<p>Remarks: Where turnover exceeds Tshs 20,000,000/= p.a the taxpayer is obliged to prepare audited financial statements in respect of his/her business.</p>		

8.0	Submission of returns and payment of tax
	<p>(a) For accounts based on Calendar year</p> <ul style="list-style-type: none"> i. On or before 31st March ii. On or before 30th June iii. On or before 30th September iv. On or before 31st December <ul style="list-style-type: none"> • Payments for other accounting dates are made at the end of every quarter, depending on one's accounting period
	<p>(b) Final returns and payment of tax: Within six months from the end of the accounting period.</p> <p>(c) Late payment of tax: Shall be charged interest at the prevailing statutory rate at the time of imposition plus 5% per annum.</p>
	<p>Penalty for failure to acquire use electronic fiscal device, or issue fiscalized receipt/invoice attracts a fine of Tshs 3,000,000 or imprisonment for a term not exceeding 3 years</p>

9.0	Skills Development Levy (SDL)		
	<p>Tanzania Mainland: Rate applicable is 6% of the monthly gross emolument.</p> <p>Tanzania Zanzibar: Rate applicable is 5% of the monthly gross emolument.</p>		
	<p>Remarks: The gross emoluments include wages, salary, leave pay, sick pay, payment in lieu of leave, fees commission, gratuity, bonuses, any subsistence, travelling or entertainment allowances.</p>		
10.0	Depreciable assets, allowances and the applicable rates		
	Class	Depreciable Assets	Rates
	1*	Computers and data handling equipment together with peripheral devices, automobiles, buses and minibuses with a sitting capacity of less than 30 passengers, goods vehicles with a capacity less than 7 tones, construction and earth moving equipment.	37.5%

	2*	Buses with a seating capacity of 30 or more passengers, heavy general purpose or specialized trucks, trailers, and trailer mounted containers, rail road cars, locomotives, and equipment, vessels, barges, tags and similar, water transportation equipment, air craft, other self propelling vehicles, plant and machinery (including windmills, electric generators, and distribution equipment used in manufacturing or mining operations, specialized public utility, plant and machinery, or other irrigation installation and equipment.	25%
	3*	Office furniture, fixtures and equipment, any asset not included in another class.	12.5%
	4**	Natural resource exploration and production rights and assets in respect of natural resource prospecting, exploration and development expenditure.	20%

5**	Buildings, structures, dams, water reservoirs, fences, and similar works of a permanent nature used in agriculture, livestock farming or fish farming.	20%
6**	Buildings, structures, and similar works of permanent nature other than those mentioned in class 5.	5%
7**	Intangible assets other than those in class 4.	Over useful life of the asset
8**	Part and machinery (Including windmills electric generators and distribution equipment) used in agriculture and Electronic Fiscal Devices (EFDs) purchased by non VAT registered traders.	100%
<p>Note 1 * Pools of depreciable assets calculated basing on Diminishing value balance method.</p> <p>Note 2 ** Pools of depreciable assets calculated basing on straight line Method.</p>		

B. INDIRECT TAXES		
11.0	Value Added Tax (VAT)	
(i)	VAT registration threshold: Taxable turnover exceeding Shs 40 million per annum or taxable turnover exceeding 10 million attained during three consecutive months.	
(ii)	Description of goods/supplies and services	VAT rates
	Supply of taxable goods and services in Mainland Tanzania	18%
	Importation of taxable goods and services into Mainland Tanzania	18%
	Export of goods and certain services from the United Rep. of Tanzania	0%
(iii)	Supply of taxable goods and services to relieved persons: Some persons are relieved at the rate of 100% while others are granted relief to a limit of 45% of the value of supply (As per amendments of the Third Schedule to the VAT Act)	

	(iv)	<p>VAT Returns and Payments:</p> <p>Local Supplies: Last working day of the month following month of business.</p>	
		<p>Imports: At the time custom duty is due and payable in accordance with the customs laws.</p>	
	(v)	<p>VAT refund on genuine claim:</p> <ul style="list-style-type: none"> • Within 30 days after submission of an authorized auditor's certificate of genuineness. <p>Regular Repayment: Business in a constant refund position may apply for authorization to lodge claims on a monthly basis.</p>	
<p>Note: Every VAT registered person must use the Electronic Fiscal Devices (EFDs)</p>			
12.0	Stamp Duty		
	Description		Rates
	<ul style="list-style-type: none"> • Conveyance 		1% of consideration

	<ul style="list-style-type: none"> • Conveyance for agricultural land 	Tshs 500/=
<ul style="list-style-type: none"> • Legal and commercial instruments 	1% of the amount of instrument with a maximum of 10,000/= of stamp duty payable.	
<p>Remarks: Due dates is within 30 days from the date an instrument was signed.</p>		
<p>Exemptions</p> <ol style="list-style-type: none"> 1. Receipts on sales of goods or services for business. 2. Transfer of ownership of assets to the Special Purpose Vehicles (SPV) for purpose of issuing asset-backed securities. 		

13.0.	Import Duty	
	Items	Duty Rates
(i)	Capital goods, raw materials, pharmaceuticals, hand hoes, agricultural tractors and implements.	0%
(ii)	Semi finished goods	10%
(iii)	Final consumer goods or finished goods	25%
(iv)	<p>Some Sensitive items are charged at a higher rate than 25% with the intention of protecting local industries.</p> <ul style="list-style-type: none"> • E.g. Yoghurt milk and Cream containing added sugar or other sweetening matter. • Cane or beet sugar and chemically pure sucrose in solid form. • Jute bags, sacks and bags of a kind used for the packing of goods • Worn clothing and other worn articles (Mitumba). • Vitenge and Khanga 	

14.0.	Excise Duty	
	<p>A. (i) Specific Rates on: Wine, spirits, beer, soft drinks, mineral water, fruit juices, Recorded DVD,VCD,CD and audio tapes, cigarettes, tobacco, and petroleum products and Natural gas</p>	
	<p>(ii) Ad-valorem rates are: 7%, 12% 20%, 30% and 120%. (120% is imposed on shopping plastics bags.)</p>	
	<p>B. Imports of used motor vehicles (Dumping fee): Imported used motor vehicles of ten years of age or more, counted from the date of manufacture, are charged excise duty at the rate of 20%.</p>	
	<p>C. Excise Duty on Motor vehicles on capacity cylinder for non utility vehicles.</p>	
	Description of vehicle	Applicable Rate
	i) Of cylinder capacity not exceeding 1000	0%
	ii) Of cylinder capacity exceeding 1000 but not exceeding 2000 cc	5%
	iii) Of cylinder capacity exceeding 2000	10%

15.0.	Fuel levy Is charged per litre of petrol or diesel	Tshs 200 per litre
16.0.	Airport Service charges	
	(i) International travel	USD 40
	(ii) Local travel	Tshs. 10,000/=
17.0.	Port Charges	
	(i) Resident traveller	Sh.500
	(ii) Non Resident traveller	USD 5
18.0	Motor Vehicle Registration	
	Motor vehicle registration fee	Sh. 150,000/=
	Motor cycle registration fee	Sh. 45,000/=
	Personalized registration number (covering 3 years only)	Shs 5,000,000/=
19.0	Motor Vehicle Annual fees	
	Engine Capacity	Annual fees
	Up to 500 cc	Tshs. 50,000/=
	501 – 1,500 cc	Tshs. 100,000/=
	1,500 – 2,500 cc	Tshs. 150,000/=

	Above 2,500 cc	Tshs. 200,000/=
	Tractors used for agricultural purposes	Exempted
20.0.	Annual Fire Inspection Charges for Motor Vehicles	
	Motor vehicle with 1cc to 500 cc	Tshs 10,000/=
	Motor vehicle with 501cc to 1,500 cc	Tshs 20,000/=
	Motor vehicle with 1, 501cc to 2,500 cc	Tshs 30,000/=
	Motor vehicle with more than 2,500 cc	Tshs 40,000/=
21.0.	Motor Vehicle Transfer fee	
	Motor Vehicle transfer fees	50,000/=
	Motor cycle transfer fees	27,000/=
	Fees for a new registration card on transfer	10,000/=
22.0.	Motor Vehicle Driving License.	
	License fees	Tshs 40,000/= renewable every 3 years
	Driving test fees	Tshs. 3,000/=

	Provisional license fees (learner)	Tshs. 10,000/= renewable every 3 months
23.0.	Export Tax:	
	Raw hides and skins is chargeable at 90% of FOB value or Tshs 900/= per kg whichever is greater	
	Raw cashew nuts are levied at 10% computed on FOB value or USD 160 per Metric Tonne whichever is greater.	
24.0.	Prohibited goods: Narcotic drugs, tear gas substances, seditious, obsceneness materials or literature, used tyres for light commercial vehicles and passenger cars and other goods as provided in the law.	
25.0.	Restricted goods: Live animals, plants, fire arms, ammunitions, ivory powder and waste etc. These require permit from relevant authorities.	
26.0.	Destination Inspection (Processing fee): Imported goods regardless of their value are charged a fee of 0.6% on FOB value.	
27.0.	Imports from East African Community and SADC Member States: Goods manufactured in the EAC and SADC member states are chargeable at the rate of 0% provided that they meet the criteria of rules of origin with exception of goods manufactured under Export Processing Zones and industries with tax concession.	

28.0.	Property Rates: Dar es Salaam Region	
	Specifications	Applicable Rates
	(i) Residential Properties	0.15% of rateable value as per valuation roll
	(ii) Commercial properties	0.2% of rateable value as per valuation roll.
	Provided that the amount chargeable shall not be less than 10,000/=	
	For properties not included in valuation roll, rates are provided in the first schedule to the By-laws of the respective local Authority (Temeke, Ilala and Kinondoni) Municipalities.	
	The property rates for other regions will continue to be collected by the respective local Authorities	