



**CORETAX  
AFRICA**

# **FINANCE ACT UPDATE 2024**



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# Income Tax Act

## Charitable institutions

Section 64 (8) of ITA has been amended to include health services and environment conservation entities in the list of criteria for charitable status ruling

## Tea industry exempted from paying Alternative minimum tax

The Act has exempted tea processing companies that consistently incur losses from paying Alternative Minimum Tax (AMT) for three years up to 30 July 2027. This exemption is also extended to corporation conducting agricultural business or engaged in the provision of health or education.

## The use of electronic receipts to authenticate purchases

Section 11 of ITA, has included a requirement for the use of electronic fiscal receipts to authenticate expenses claimed in a particular year of income.

## Charge in control

Section 56 of the ITA has been amended to exclude allotment of shares by a resident entity to another resident entity from the scope of change in the underlying ownership.

## Withholding tax on sale of digital assets

Section 83 C of ITA, imposes withholding tax at the rate of 3% on resident person or nonresident person on sale of digital assets.

## Withholding tax on rental payment

Section 82(2) of ITA has been amended to extend the scope of withholding tax on lease of construction equipment or machinery.

## Withholding tax on royalty

Paragraph 4 (b)(iii) of ITA has been amended to include withholding tax at the rate of 5% for royalty payment made to resident sports entity or Tanzania Football Federation

## Interest payment by resident financial institution

Section 82 of ITA, Subject to pre-determined conditions, to exempt withholding tax on interest payment made by resident financial institution to foreign non-resident financial Institutions and funds having agreements with the URT government for concessionary loans.

## Withholding tax on digital content creation

Section 83 B of ITA, imposes withholding tax at 5% on payment made to digital resident content creator.

## Filing deadlines for final return for public sectors being audited by CAG

Has been extended to nine months after the end of each year of income.

### **Restriction to carry forward unrelieved losses**

Section 19 of ITA has been amended to include Where a person has a chargeable income in year five but has cumulative unrelieved losses, restriction to retain at least 40% of the income before reduction of losses.

### **Capital gain tax on disposal of property**

The Act has explicitly mentioned that the 3% applies to individuals who disposes property and do not have records and not entities.

### **Filing of return by non resident employees**

The Act has removed obligation to file return for non - resident employees who has only employment income sourced in Tanzania and his employer has withheld income tax on the income.

### **Proposed changes that were in the Finance Bill but are not in the Act.**

- The contribution to treasury being an allowable deduction for public entities has been removed by the Act it was proposed in the bill.
- Withholding tax on tour guiding services - The bill proposed withholding tax at the rate of 5% on payment made to tour guiding services however the same is not included in the Act.
- Withholding tax on Agricultural produce- The bill also proposed 2% final withholding tax on payment for purchase of agricultural, livestock, forestry or fishery products only applies to supplies made by a resident intermediary person i.e. a distributor/ agent and not the actual producer the same is not included in the Act.





# Tax Administration Act (TAA 2015)

## Section 3 of the TAA has amended to include the followings definitions.

- **Cargo consolidator** - means a person licensed by a competent authority to operate cargo consolidation and deconsolidation business. This was not in the finance bill.
- **Tax audit** - means examination of taxpayer's tax affairs to check compliance with tax laws, and includes desk audit, issue-oriented audit or comprehensive audit.

## Electronic filing of documents

A document is considered to be served on the Commissioner General or a person when that document is duly sent by email, fax or any other electronic means in accordance with written laws governing electronic transactions.

## A person required to sign income tax return for public entities

A manager and head of finance or certified public accountant appointed or employed in the public service by the parastatal or such entity for that purpose, who shall both declare that the tax return is complete and accurate.

## Objection admission

Objection shall be deemed admitted once the payment of tax deposit is paid.

## Offences of equal to 30% of the customs value of imported cargo

For failure to deconsolidated cargo during importation. This was not initially included in the Finance bill.

## Offence for failure to issue EFD receipts

Shall be liable to a fine of twenty percent of the value of goods sold or service rendered or TZS 2,000,000 provided that the fine shall not be more than TZS 4,000,000 or imprisonment for a term not exceeding three years.

## Currency point

Increase in value of one currency point from TZS 15,000 to TZS 20,000

# Value Added Tax (VAT)

## Major Changes That Were in the Finance Bill but not in Act

- **Removal of VAT Refunds to be paid within 30 days** - The bill and the budget speech had a proposal to include a law that VAT refund should be paid within 30 days from the date of submission of the refund application. However, the same is not included in the Finance Act

## Other Changes Included in the Finance Act

The Act has amended section 2 to include the definition of gaming supply, online data services and serviced apartment.

- **Gaming Supply** - is defined to mean *“a supply of gaming activities as defined under the Gaming Act”*.
- **Online data services** - means any form of monetization of user data including the sale or licensing of, or access to user data or information collected through user engagement with an online platform, whether sold or licensed directly or indirectly, aggregated or disaggregated, anonymised or used in any other form.
- **Service Apartment** - means a furnished apartment or similar establishment, available for short or long-term stay, providing amenities for daily use, housekeeping and a range of other services all included within the rental price.



## Exemptions

The following items are exempted from VAT.

- The supply of aircraft, aircraft engine, aircraft parts and aircraft maintenance to a local aircraft manufacturer, assembler or operator of air transportation.
- The supply and importation of water treatment chemicals, water meter, sewerage services.
- VAT exemption on importation of Video Assistant Referee equipment and accessories
- Single axle tractors (Power Tiller) of HS Code 8701.10.00.
- Agricultural implements with HS Code 8201.10.00 (Spades and Shovels) and HS Code 8201.30.00 (Mattocks and Picks)
- VAT exemption on importation of motor vehicles, equipment, machinery, and other goods for official use of Tanzania People's Defence Force
- VAT exemption on importation or supply of equipment and machinery for processing and storing bee products
- Blended tea or fermented tea from locally grown tea leaves
- Extension: On supply of double refined edible oil from locally grown seed by a local manufacture shall continue to be exempt up to 30 June 2025.



## Intending Traders' Registration

Intending trader to specify the period within which the intended economic activity commences producing taxable supplies. Failure to comply with this requirement necessitates submitting a formal notification to the Commissioner General within 90 days, explaining the reasons for the delay. Failure to notify will be deemed as deregistration from VAT.

## New Zero-rated Goods and Services

- New: On gold supplied to the Central Bank of Tanzania.
- New: On gold supplied to domestic refineries
- Extension: On supply of locally manufactured fertilizer to 30 th June 2025
- Extension: On supply of locally manufactured garments made from locally grown cotton to 30 th June 2025

# Tax Revenue Appeal Act

**Out of court settlement** - The Act gives 60 days for the matters to be settled out of the court and additional 10 days upon application if the parties have not finalised their settlement.

## Excise Duty

### Betting, Gaming and Lottery

The Act has imposed 10% excise duty on a service provider for commercial advertisement on betting, gaming or lotteries through print media, television or radio broadcasting.

### Offset of excise duty paid on Ethyl alcohol

When the Ethyl alcohol is used as raw material in manufacturing other excisable goods such as spirits, liqueurs and other spirituous beverages under heading 2208.

### Amendment of date to file the excise duty return

Has been amended to 25th of the month following the month to which the return relates.

### Remission of excise duty for manufacturers of alcoholic products

On excise duty incurred on raw materials (un-denatured ethyl alcohol under HS code 2207) used for production of industrial energy (where the person produces the undenatured ethyl alcohol) or medical or laboratory use. The remission shall be provided by the Commissioner upon receiving the approval from the Minister by order published in the Gazette and such order has to be submitted to the National Assembly for approval.

### Excise duty rate on bottled water

Has been reduced from TZS 63.80 to TZS 56 per liter.





# The Local Government Authorities (Rating), Act Cap 289

The Act has amended the method of collecting 20% of property tax revenue, which will now be directly remitted to the accounts of the Local Government Authorities (Councils).

## The Mining Act 123

### Minerals set aside for Processing

Mineral right holders or licensed dealers, unless they have a specific agreement with the government stating otherwise, must reserve a portion of gold for processing, smelting, refining, and trading in Tanzania. The Minister will determine the percentage of gold to be set aside through regulations, which will not be less than twenty percent.

### Royalty Rate for Gold Supplied Bank of Tanzania

The Act sets a royalty rate of 4% for gold sold to the Bank of Tanzania.

### 1/3 Deposit Required for Refined Minerals

- The Act requires one-third of the royalty payable to the government for gold or gemstones to be deposited in the National Gold and Gemstone Reserve in refined form.

### Royalty Payment by the Bank

The Act is expanded to state that provisional royalty payments made by the Bank of Tanzania are final, and the Bank is not required to pay any additional amounts.



# The Vocational Education and Training Act

## Exemption on charging SDL (Skills Development Levy) -

The Finance Act has extended the exemption to not charge SDL (Skills Development Levy) to apply to water supply and sanitation authority on payment to casual laborers engaged in implementation of water and sanitation project.

## Other Taxes

The Act expands the scope of registration tax to cover electric motor vehicle as summarised in the table below.

Category	Capacity	Amount (TZS)
Micro hybrid	5<kw	95,000
Mild or semi hybrid	6 – 30 kw	250,000
Full hybrid	31 - 40 kw	250,000
Plug in hybrid	41 - 90kw	250,000



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