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Act

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2007

# The Finance Act,2007

Tanzania, United Republic

Ministry of Finance and Planning

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THE UNITED REPUBLIC OF TANZANIA

**ACT SUPPLEMENT****No. 19****14<sup>th</sup> September, 2007***to the Gazette of the United Republic of Tanzania No. 37 Vol. 88 dated 14<sup>th</sup> September, 2007*

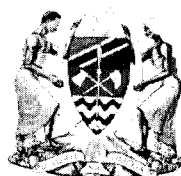
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## THE FINANCE ACT, 2007

## ARRANGEMENT OF PARTS

<i>Section</i>	<i>Title</i>
PART I	PRELIMINARY PROVISIONS.
PART II	AMENDMENT OF THE EXCISE (MANAGEMENT AND TARIFF) ACT, (CAP. 147).
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- PART X AMENDMENT OF THE EXPORT TAX ACT, (CAP. 196).
- PART XI AMENDMENT OF THE ENERGY AND WATER UTILITIES REGULATORY AUTHORITY ACT (CAP. 414).
- PART XII AMENDMENT OF THE PETROLEUM (CONSERVATION) ACT, (CAP. 392).
- PART XIII AMENDMENT OF THE RURAL ENERGY ACT, (CAP. 321).



No. 16 OF 2007

I ASSENT,

JAKAYA MRISHO KIKWETE,  
President

10<sup>th</sup> September, 2007

**An Act to impose and alter certain taxes, duties, fees and to amend certain written laws relating to imposition, collection and management of public revenues.**

ENACTED by Parliament of the United Republic of Tanzania.

## PART I

## PRELIMINARY PROVISIONS

- |   |              |
|---|--------------|
| 1. This Act may be cited as the Finance Act, 2007.  | Short title  |
| 2. The provisions of various Parts of this Act shall each be deemed to have come into operation on the 1 <sup>st</sup> day of July, 2007. | Commencement |

## PART II

## AMENDMENT OF THE EXCISE (MANAGEMENT AND TARIFF) ACT

- |  |                                |
|--|--------------------------------|
| 3. This part shall be read as one with the Excise (Management and Tariff) Act, in this Part referred to as the "principal Act."  | Construction<br>Cap. 147       |
| 4. The principal Act is amended in section 124—  | Amendment of<br>section<br>124 |
| (a) by deleting subsection (1A) and substituting for it the following—   |                                |
| <p>“(1A) Where a scheduled article manufactured in Mainland Tanzania is transferred directly to a recipient in Tanzania Zanzibar, the Commissioner shall upon certifying that the article has been received, remit the relevant tax to the Tanzania Zanzibar Treasury. ”</p> |                                |
| (b) by deleting the word “date” appearing in subsection (5A), and substituting for it the word “year”.   |                                |

Amend-  
ment of  
section  
141

Amend-  
ment of  
the  
Schedule

5. The principal Act is amended in Section 141 in subsection (2)(c) by adding after the semi colon the phrase "and the Value Added Tax Act".

6. The Fourth Schedule to the principal Act is amended by deleting the rates of excise duty imposed on certain items and substituting for them the following new rates:

FOURTH SCHEDULE

Heading No.	H.S. Code No.	Description	Unit	Excise Rate
22.01		<b>Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.</b>		
		- Mineral waters and aerated waters	L.	
	2201.10.90	---Other, including club soda	L.	Tshs. 48.00 per litre
22.02		<b>Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 20.09.</b>		
	2202.10.00	- Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	L.	Tshs. 48.00 per litre
	2202.90.00	-Other	L.	Tshs. 48.00 per litre
22.03		<b>Beer made from malt</b>	L.	
	2203.00.10	--- Stout and porter	L.	Tshs. 294.00 per litre

Heading No.	H.S. Code No.	Description	Unit	Excise Rate
	2203.00.90	---Other	L	Tshs. 294.00 per litre
22.04		<b>Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09.</b>		
		- Sparkling wine		
	2204.10.90	---other	L	Tshs. 940.00 per litre
		- Other wine; grape must with fermentation prevented or arrested by the addition of alcohol:		
		--- In containers holding 2 L or less		
	2204.21.90	--- Other	L	Tshs. 940.00 per litre
	2204.29.90	--- Other	L	Tshs. 940.00 per litre
		- Other grape must		
	2204.30.90	---other	L	Tshs. 940.00 per litre
22.05		<b>Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances.</b>		
		- In containers holding 2 L or less		
	2205.10.90	--- Other	L	Tshs. 940.00 per litre
	2205.90.90	--- Other	L	Tshs. 940.00 per litre

Heading No.	H.S. Code No.	Description	Unit	Excise Rate
22.06		<b>Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.</b>		
	2206.00.30	----Beer made from 100% local unmalted cereals	L	Tshs. 173.00 per litre
22.08		<b>Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages.</b>		
	2208.20.00	- Spirits obtained by distilling grape wine or grape marc	L	Tshs. 1,394.00 per litre
	2208.30.00	- Whiskies	L	Tshs. 1,394.00 per litre
	2208.40.00	- Rum and other spirits obtained by distilling fermented sugar-cane products	L	Tshs. 1,394.00 per litre
	2208.50.00	- Gin and Geneva	L	Tshs. 1,394.00 per litre
	2208.60.00	- Vodka	L	Tshs. 1,394.00 per litre
	2208.70.00	- Liqueurs and cordials	L	Tshs. 1,394.00 per litre
		- Other:		
	2208.90.10	--- Distilled Spirits (e.g., Konyagi, Uganda Waragi)	L	Tshs. 1,394.00 per litre
	2208.90.90	---Other	L	Tshs. 1,394.00 per litre

Heading No.	H.S. Code No.	Description	Unit	Excise Rate
24.02		<b>Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.</b>		
		- Cigarettes containing tobacco:		
	2402.20.10	---without filter tip and containing domestic tobacco exceeding 75%	mil.	Tshs. 4,775.00 per mil
		---with filter tip and containing domestic tobacco exceeding 75%	mil.	Tshs. 11,266.00 per mil
	2402.20.90	---Other	mil.	Tshs. 20,460.00 per mil
24.03		<b>Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences.</b>		
		---Smoking tobacco, whether or not containing tobacco substitutes in any proportion		
	2403.10.10	---cut rag/filler	kg	Tshs. 10,333.00 per kg
27.10		<b>- Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, other than waste oils:</b>		
		--Light oils and preparations:		
	2710.11.10	---Motor Spirit (gasoline) regular	L	Tshs. 339.00 per litre



Heading No.	H.S. Code No.	Description	Unit	Excise Rate
	2710.11.20	--- Motor Spirit (gasoline) premium	L	Tshs. 339.00 per litre
		--- Medium oils and preparations:		
	2710.19.22	----Illuminating Kerosene (IK)	L	Tshs. 52.00 per litre
	2710.19.29	----Other medium oils and preparations	L	Tshs. 9.32 per litre
		--- Gas oil or diesel oil:	L	
	2710.19.31	----Gas oil (automotive, light, amber for high speed engines)	L	Tshs. 314.00 per litre
	2710.19.32	----Diesel oil (industrial heavy, black, for low speed marine and stationery engines)	L	Tshs. 392.00 per litre
		--- Residual oils:		
	2710.19.41	----Residual fuel oils(marine, furnace and similar fuel oils) of a Kinematic viscosity of 125 centistrokes	L	Tshs. 117.00 per litre
	2710.19.42	---- Residual fuel oils (marine, furnace and similar fuel oils) of a Kinematic viscosity of 180 centistrokes	L	Tshs. 117.00 per litre
	2710.19.43	---- Residual fuel oils (marine, furnace and similar fuel oils) of a Kinematic viscosity of 280 centistrokes	L	Tshs. 117.00 per litre
	2710.19.49	---- Other residual fuels	L	Tshs. 117.00 per litre

## PART III

## AMENDMENT OF THE GAMING ACT

7. This Part shall be read as one with the Gaming Act, hereinafter referred to as the "principal Act".
- Construction  
Cap. 41
8. The principal Act is amended in section 20 by—
- Amendment of  
section  
20
- (a) deleting subsection (1) and substituting for it the following:
- “(1) Subject to subsections (2), (3) and (4), every licence issued under this Act shall expire after twelve months from the date of issue”.
- (b) adding immediately after subsection (3), the following new subsection:
- “(4) The licence issued pursuant to this Act which authorizes key or support employee to work or deal in gaming activity or business shall, subject to payment of the annual fee, remain valid for a period of two years”.
9. The principal Act is amended in section 24(1) by deleting the figure “15” which appears in the second line and substituting for it the figure “16”.
- Amendment of  
section  
24
10. The principal Act is amended by repealing section 32 and replacing it with the following—
- Repeal  
and  
replace-  
ment of  
section  
32
- 32.—(1) Subject to subsection (2), the return and remittance of gaming tax imposed on operations of casino shall be remitted to the Board weekly, not later than Wednesday in each week or, if any Wednesday be a public holiday, remittance shall be made in the same week on the working day immediately before the public holiday.
- “Returns  
and  
remit-  
tance

(2) The remittance of statutory dues imposed on other form of gaming activities, shall be made to the Board not later than seven days following the end of each calendar month."

Amend-  
ment of  
section  
41

11. The principal Act is amended in section 41 by adding immediately after subsection (5), the following new subsection:

"(6) The Board shall not licence the conduct or the promotion of a national lottery for products that have already been licensed to another operator".

Amend-  
ment of  
section  
70

12. The principal Act is amended in section 70 by deleting the opening words of subsection (1) and substituting for them the following—

"70. Except for promotional lottery of products legally consumed by a person who is a minor, it shall be unlawful for any person under eighteen years of age to -"

Amend-  
ment of  
section  
85

13. The principal Act is amended in section 85 subsection (2) by adding immediately after paragraph (f) the following—

"(g) imposition of penalties."

#### PART IV

##### AMENDMENT OF THE INCOME TAX ACT

Constru-  
ction  
Cap. 332

14. This Part shall be read as one with the Income Tax Act hereinafter referred to as the "principal Act".

Amend-  
ment of  
section  
98

15. The principal Act is amended in section 98 subsection (1), by deleting the phrase "section 3(1)(a) and (b)" between the words "under" and "and" appearing in paragraph (d) and substituting for it the phrase "section 4(1)(a) and (b)".

Amend-  
ment of  
the First  
Schedule

16. The First Schedule to the principal Act is amended in paragraph—

(a) by deleting the Table appearing under subparagraph (1) and substituting for it the following—

"TOTAL INCOME"	RATE PAYABLE
Where total income does not exceed Tshs. 960,000/=	NIL
Where total income exceeds Tshs. 960,000/= but does not exceed Tshs. 2,160,000/=	15% of the amount in excess of Tshs. 960,000/=
Where total income exceeds Tshs. 2,160,000/= but does not exceed Tshs. 4,320,000/=	Tshs. 180,000/= plus 20% of the amount in excess of Tshs. 2,160,000/=
Where total income exceeds Tshs. 4,320,000/= but does not exceed Tshs. 6,480,000/=	Tshs. 612,000/= plus 25% of the amount in excess of Tshs. 4,320,000/=
Where total income exceeds Tshs. 6,480,000/=	Tshs. 1,152,000/= plus 30% of the amount in excess of Tshs. 6,480,000/=":

(b) by deleting the figure "720,000" appearing in subparagraph (2)(a) and substituting for it the figure "960,000".

#### PART V

##### AMENDMENT OF THE MINING ACT

17. This part shall be read as one with the Mining Act, hereinafter referred to as the "principal Act".

Constru-  
ction  
Cap.123

18. The principal Act is amended in section 86(1) by deleting the "proviso" and substituting for it the following-

Amend-  
ment of  
section  
86

"Provided that salt producers using renewable resources shall be exempted".

#### PART VI

##### AMENDMENT OF THE PUBLIC FINANCE ACT

19. This Part shall be read as one with the Public Finance Act, hereinafter referred to as the "principal Act".

Constru-  
ction  
Cap.348

20. The principal Act is amended in section 12 by adding immediately after subsection (6) the following new provision-

Amend-  
ment of  
section  
12

"(7) The Minister may by an order published in the *Gazette*, amend the Schedule to this Act."

## PART VII

## AMENDMENT OF THE ROAD AND FUEL TOLLS ACT

Construc-  
tion  
Cap. 220

21. This Part shall be read as one with the Road and Fuel Tolls Act, hereinafter referred to as the "principal Act".

Amend-  
ment of  
the  
Second  
Schedule

22. The Second Schedule to the principal Act is amended by deleting the figure "100" appearing in items 1 and 2 and substituting for it the figure "200".

## PART VIII

## AMENDMENT OF THE TAX REVENUE APPEALS ACT

Construc-  
tion  
Cap. 408

23. This Part shall be read as one with the Tax Revenue Appeals Act, hereinafter referred to as the "principal Act".

Amend-  
ment of  
section 3

24. The principal Act is amended in section 3 by—

- (a) deleting the figure "15" appearing in the definition of the term "Commissioner General" and substituting for it figure "16";
- (b) deleting the definition of the term "Register" and substituting for it the following—  
"Register" means the Register kept by the Registrar of the Tribunal or the Secretary of the Board in which all particulars relating to applications or appeals are entered";
- (c) deleting the figures "6(1)" appearing in the definition of the designation "Registrar" and substituting for it the figures "10(1)";
- (d) deleting a semi-colon which appears at the end of the definition of the designation "Secretary" and inserting thereat the phrase "appointed under section 6(1) of the Act".

Amend-  
ment of  
section 6

25. The principal Act is amended in section 6 subsection (2), by inserting the phrase "and judicial" between the words "administrative" and "functions".

Amend-  
ment of  
section 7

26. The principal Act is amended in section 7 by deleting the phrase "subject to section 12" appearing between the words "shall" and "have".

Addition  
of section  
7A

27. The principal Act is amended by adding immediately after section 7 the following new section:

"Appeal  
against  
tax  
assessment

7A. The Board shall not entertain any appeal arising from assessment of tax unless section 12 of this Act is complied with".

28. The principal Act is amended in section 10 subsection (2) by inserting the phrase "and judicial" between the words "administrative" and "functions".

Amend-  
ment of  
section  
10

29. The principal Act is amended in section 13(3) by deleting the word "objection" appearing at the end of paragraph (b) and substituting for it the word "assessment".

Amend-  
ment of  
section  
13

30. Section 14 of the principal Act is repealed and replaced with the following—

Repeal  
and  
replace-  
ment of  
section  
14

14.—(1) Any person aggrieved by—

"Applica-  
tion of  
Appeal  
procedure  
to other  
decisions  
etc., of  
Commis-  
sioner  
General

(a) the calculation by the Commissioner General of the amount due for refund, drawback or repayment of any tax, duty, levy or charge;

(b) a refusal by the Commissioner General to make any refund or repayment; or

(c) the decision by the Commissioner General to register, or refusal to register, any trader for the purpose of the Value Added Tax Act,

Cap. 148

may appeal to the Board.

(2) Notwithstanding subsection (1), a person who objects a notice issued by the Commissioner General with regards to the existence of liability to pay any tax, duty, fees, levy or charge may refer his objection to the Board for determination.

(3) Where there is a dispute over calculation by the Commissioner General of the amount due as refund, drawback or repayment of any tax, duty, fee, levy or charge and, in relation to such dispute, an appeal has been referred to the Board, the Commissioner General shall pay the amount due as refund, drawback or repayment, as the case may be, which is not in dispute pending determination by the Board.

Amend-  
ment of  
section  
15

31. The principal Act is amended in section 15(1) by deleting the figure “(1)” appearing in paragraph (b)(i) and substituting for it the figure “(2)”.

Amend-  
ment of  
section  
16

32. The principal Act is amended in section 16—

(a) by deleting subsection (1) and substituting for it the following—  
“(1) Any person who is aggrieved by the final determination by the Commissioner General of the assessment of tax or a decision referred to under section 14 of this Act, may appeal to the Board”.

(b) in subsection (3)—

(i) by inserting in paragraph (a), the phrase “or any other decision by the Commissioner General in accordance with subsection (1)” between the words “tax” and “is”;

(ii) by inserting in paragraph (b) the phrase “or any other decision by the Commissioner General in accordance with subsection (1)” between the words “tax” and “is”;

(c) by deleting subsection (4) and substituting for it the following—

“(4) A party who is aggrieved by the decision of the Board may appeal against that decision to the Tribunal within thirty days from the date of service of the decision and proceedings of the Board and shall serve to the opposite party the notice of intention to appeal within fifteen days from the date of the decision.”

Amend-  
ment of  
section  
26

33. The principal Act is amended in section 26 by—

(a) inserting the phrase “or the Board” between the words “Tribunal” and “may” which appear in subsection (1);

(b) deleting subsection (2) and substituting for it the following—  
“(2) The Registrar or the Secretary shall, in addition to the functions conferred upon him under the Act, assess bill of costs in relation to any costs which may be payable in respect of which proceedings have been conducted by the Tribunal or the Board.”

(c) inserting in subsection (3) the phrase “or the Secretary” between the words “Registrar” and “regarding”.

## PART IX

## AMENDMENT OF THE VALUE ADDED TAX ACT

34. This part shall be read as one with the Value Added Tax Act hereinafter referred to as the "principal Act".
35. The principal Act is amended in section 11 by—
- (a) designating that provision as subsection (1);
  - (b) adding immediately after subsection (1) as designated the following new subsection—

“(2) The relief granted under this Act shall cease to have effect and the VAT shall become due and payable as if the relief had not been granted if the said goods are transferred, sold or otherwise disposed of in any way to another person not entitled to enjoy similar privileges as conferred under this Act”.
36. The Second Schedule to the principal Act is amended—
- (a) in item 1 Note 2 by deleting “a full-stop” appearing after the word “establishment” and inserting the phrase “except where such items are supplied in Tanzania Peoples Defence Forces designated canteens.”
  - (b) in item 3 by deleting “a full-stop” appearing at the end of subparagraph (6) and substituting for it “a comma” and adding the following—

“diapers, urine bags and hygienic bags.”
  - (c) by deleting item 20;
  - (d) by adding immediately after item 23 the following—

**“24. Fire fighting equipment**  
The supply of fire extinguishers whether or not charged.”
37. The Third Schedule to the principal Act is amended—
- (a) by inserting after item 8 the following item:

“8A The importation by or supply to a registered licensed exploration or prospecting company of goods which, if imported, would be eligible for relief from duty under customs laws, and services for exclusive use in exploration or prospecting of petroleum or gas.”
  - (b) in item 10 by deleting paragraph (3); and
  - (c) by deleting item 16.

Constru-  
ction  
Cap.148

Amend-  
ment of  
section  
11

Amend-  
ment of  
Second  
Schedule

Amend-  
ment of  
Third  
Schedule



## PART X

## AMENDMENT OF THE EXPORT TAX ACT

\* Construc-  
tion  
Cap. 196

38. This Part shall be read as one with the Export Tax Act, hereinafter referred to as the "principal Act".

Amend-  
ment of  
the  
Schedule

39. The principal Act is amended by deleting the Schedule and substituting for it the following:

---

SCHEDULE

---

*Made under section 3*

---

<i>Item</i>	<i>Rate</i>
Raw hides and skin	Forty percentum of the value of the commodity (f.o.b) or Tshs. 400.00 per kilogramme whichever is greater"

## PART XI

## AMENDMENT OF THE ENERGY AND WATER UTILITIES REGULATORY AUTHORITY ACT

Construc-  
tion  
Cap. 414

40. This Part shall be read as one with the Energy and Water Utilities Regulatory Authority Act hereinafter referred to as the "principal Act".

Amend-  
ment of  
section 7

41. The principal Act is amended in section 7 by deleting paragraph (d) which appears in subsection (1).

Amend-  
ment of  
section 40

42. The principal Act is amended in section 40 (3) by deleting the phrase "five hundred thousand" and substituting for it the phrase "three million".

Amend-  
ment of  
section  
42

43. The principal Act is amended in section 42 subsection (1), by deleting the words "not exceeding" and substituting for them the words "of not less than".

## PART XII

## AMENDMENT OF THE PETROLEUM (CONSERVATION) ACT

44. This part shall be read as one with the Petroleum (Conservation) Act hereinafter referred to as the "principal Act".

Construction  
Cap. 392

45. The principal Act is amended in section 3 by inserting in their appropriate alphabetical order the following new definitions-

Amendment of  
section 3

"economic regulation" means an intervention to modify, as and when deemed appropriate, the economic behaviour of a regulated supplier aimed at narrowing choices in certain areas including prices, rate of return and methods of procurement";

"regulated supplier" means any person engaging in activities in or in connection with petroleum products".

46. The principal Act is amended in section 4A by inserting the word "economic" between the phrase "exercise technical" and the phrase "and safety" which appears in subsection (1).

Amendment of  
section  
4A

47. The principal Act is amended in section 6 by deleting the words "not exceeding five thousand shillings for everyday on which the contravention occurs or continues" and substituting for them the words "of not less than one million shillings".

Amendment of  
section 6

48. The principal Act is amended by repealing section 7 and replacing with the following provisions:

Repeal and  
replacement  
of section 7

"Penalty  
for  
contraven-  
ing permit  
or licence

Cap. 414

7. A person to whom a permit or licence has been granted under this Act or under EWURA Act who contravenes any condition of such permit or licence or any of the provisions of this Act shall be liable on conviction to:

- (a) in the case of first offence, a fine of five million shillings;
- (b) in the case of the second offence, a fine of five million shillings plus the suspension of the licence for twelve months; and
- (c) in the case or the third offence, revocation of a licence."

## PART XIII

## AMENDMENT OF THE RURAL ENERGY ACT

- Construction  
Cap. 321
- 49.** This Part shall be read as one with the Rural Energy Act hereinafter referred to as the "Principal Act".
- Amendment of  
section 8
- 50.** The principal Act is amended in section 8 by deleting the words "not exceeding four thousand shillings for everyday on which the offence occurs or continues" and substituting for them the words "of not less than two million shillings".
- Amendment of  
section 9
- 51.** The principal Act is amended in section 9 by deleting the words "not exceeding one thousand shillings for everyday upon which the offence occurs or continues" and substituting for them the words "of not less than one million shillings".
- Addition  
of section  
10 A
- 52.** The principal Act is amended by adding immediately after section 10 the following new section—
- "Offence  
for  
contra-  
vening  
the  
Authority's  
direction
- 10A.** A person commits an offence who contravenes an order issued, direction or condition given by the Authority in relation to performance of its regulatory functions and upon the conviction shall be liable to a fine of not less than three million shillings or to imprisonment for a term not exceeding five years or to both."
- Amendment of  
section  
11
- 53.** The principal Act is amended in section 11 by deleting the words "not exceeding twenty thousand shillings" and substituting for them the words "of not less than five million shillings".
- Amendment of  
section 12
- 54.** The principal Act is amended in section 12 by deleting the words "not exceeding twenty thousand shillings" and substituting for them the words "of not less than five million shillings".
- Construction  
Cap. 321
- 55.** This part shall be read as one with the Rural Energy Act, hereinafter referred to as the "principal Act".

56. The principal Act is amended in section 19 by—

Amend-  
ment of  
section 19

- (a) inserting after the phrase “five percent” in paragraphs (c) and (d) of subsection (3), the phrase “of all the value of electricity generated”; and
- (b) adding immediately after subsection (4) the following new subsection; “(5) The Minister may, after consultation with the Minister for Finance and by Order published in the *Gazette*, prescribe a levy of up to five per cent of the value of all electricity generated on the commercial generation to the national grid or on the generation in specified isolated systems or private consumption systems.”

Passed in the National Assembly on 13<sup>th</sup> August, 2007.

DAMIAN S. L. FOKA,  
*Clerk of the National Assembly*