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Act

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2015

# Finance Acts, 2015

Tanzania, United Republic

Ministry of Finance and Planning

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## THE UNITED REPUBLIC OF TANZANIA

## ACT SUPPLEMENT

No. 16

30<sup>th</sup> June, 2015

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## THE FINANCE ACT, 2015

## ARRANGEMENT OF PARTS

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- PART XVI AMENDMENT OF THE BUSINESS LICENSING ACT (CAP.208)
- PART XVII AMENDMENT OF THE EXCISE (MANAGEMENT AND TARIFF) ACT, (CAP.147)

## THE UNITED REPUBLIC OF TANZANIA



NO.16 OF 2015

I ASSENT,

JAKAYA MARISHO KIKWETE

*President*28<sup>th</sup> June, 2015

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

**ENACTED** by Parliament of the United Republic of Tanzania.

PART I  
PRELIMINARY PROVISIONS

- Short title                      1. This Act may be cited as the Finance Act, 2015.
- Commencement              2. This Act shall come into operation on the 1<sup>st</sup> day of July, 2015.

PART II  
AMENDMENT OF THE BANK OF TANZANIA ACT,  
(CAP. 197)

Construction  
Cap 197

3. This Part shall be read as one with the Bank of Tanzania Act, hereinafter referred to as the "principal Act".

Amendment of  
section 36

4. The principal Act is amended in section 36 by deleting subsection (1) and substituting for it the following:  
"(1) For the purpose of section 35, the budget revenue of the Government shall be the actual collected revenues of the previous fiscal year."

PART III  
AMENDMENT OF THE EXPORT TAX ACT,  
(CAP. 196)

Construction  
Cap 196

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

Amendment of  
the Schedule

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

"SCHEDULE"

(Made under section 3)

No.	Item	Rate
1	Raw hides and skin	eighty per centum of the value of the commodity (f.o.b) or 0.52 USD per kilogramme, whichever is greater.
2	Wet Blue leather	Ten per centum of the value of the commodity (f.o.b)."

PART IV  
AMENDMENT OF THE GAMING ACT,  
(CAP. 41)

Construction  
Cap. 41

7. This Part shall be read as one with the Gaming Act, hereinafter referred to as the "principal Act".

Amendment  
of section 20

8. The principal Act is amended in section 20 by deleting the word "five" appearing in subsection (3) and substituting for it the word "eight".

Amendment  
of section 26

9. The principal Act is amended in section 26 by-

- (a) deleting the word "and" appearing at the end of paragraph (j);
- (b) adding immediately after paragraph (j) the following:

- "(k) principal licence for sports betting and slot machines operations;
- (l) internet sports betting licence;
- (m) sports betting terminal licence; and
- (n) certificate of suitability for licence of gaming activities."

Additional of  
section 31A

10. The principal Act is amended by adding after section 31 the following new section 31A-

"Imposition  
of winning  
amount

31A-(1) The gaming tax of eighteen percent on winnings is hereby imposed on the amount or value of the winnings in connection with operation of the gaming activities.

(2) The amount or value of the winnings subjected to gaming tax on winnings shall not be liable to income tax.



(3) The Board shall prescribe the mode of the reporting and collection of the gaming tax on winnings.

(4) The Board shall remit collected amount of the gaming tax on winnings to the Tanzania Revenue Authority."

Amendment  
of section 41

11. The principal Act is amended in section 41 by-

- (a) deleting subsection (4); and
- (b) renumbering subsection (5) as subsection (4).

Addition of  
section 82A

12. The principal Act is amended by adding after section 82 the following new section-

"Power of  
Board to  
declare  
unfit  
machine or  
device

82A.-(1) The Board may, where is satisfied that any gaming machine or device regulated under this Act is unfit for the intended use, seize or forfeit and condemn such gaming machine or device.

(2) The gaming machine or device under subsection (1) shall be declared unfit for the intended use and be destroyed at owner's cost.

(3) For the purpose of this section, "unfit gaming machine or device" shall include-

- (a) gaming machine or device whose importation contravenes any provision of this Act or any other written laws;
- (b) gaming machine or device which does not meet the standards prescribed under this Act; or

- (c) gaming machine or device owned or under possession of a person who is not authorised by the Board."

PART V  
AMENDMENT OF THE INCOME TAX ACT,  
(CAP. 332)

Construction  
Cap. 332

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

Amendment of  
section 10

14. The principal Act is amended by adding immediately after section 10 the following new provision-

"Limitation  
for  
exemption

10A In exercising powers under this Act, the Minister shall not grant tax exemption or remission on income or payment derived from Government project financed by a non concessional loan."

Amendment of  
First Schedule

15. The principal Act is amended in the First Schedule by-

- (a) deleting the table appearing in paragraph 1 and substituting for it the following new table:

TOTAL INCOME	RATE PAYABLE
Where total income does not exceed Shs. 2,040,000/=	NIL
Where total income exceeds Shs. 2,040,000/= but does not exceed Shs. 4,320,000/=	11% of the amount in excess of Shs. 2,040,000/=



Where total income exceeds Shs. 4,320,000/- but does not exceed Shs. 6,480,000/-	Shs. 250,800/- plus 20% of the amount in excess of Shs. 4,320,000/-
Where total income exceeds Shs. 6,480,000/- but does not exceed Shs. 8,640,000/-	Shs. 682,800/- plus 25% of the amount in excess of Shs. 6,480,000/-
Where total income exceeds Shs. 8,640,000/-	Shs. 1,222,800/- plus 30% of the amount in excess of Shs. 8,640,000/-

(b) deleting the table appearing in paragraph 2(3) and substituting for it the following new table:

TURNOVER	TAX PAYABLE WHERE SECTION 80 OF THE INCOME TAX ACT IS NOT COMPLIED WITH	TAX PAYABLE WHERE SECTION 80 OF THE INCOME TAX ACT IS COMPLIED WITH
Where turnover does not exceed shs 4,000,000/-	Nil	Nil
Where turnover exceed shs 4,000,000/- but does not exceed shs 7,500,000/-	150,000/-	3% of the turnover in excess of shs. 4,000,000/-
Where turnover exceed shs. 7,500,000/- but does not exceed shs. 11,500,000/-	318,000/-	155,000/- plus 3.8% of the turnover in excess of shs. 7,500,000/-
Where turnover exceed shs. 11,500,000/- but does not exceed shs. 16,000,000/-	546,000/-	Shs 285,000/- plus 4.5% of the turnover in excess of shs 11,500,000/-

Where turnover exceed shs. 16,000,000/= but does not exceed shs. 20,000,000/=	862,500/=	Shs. 487,000/= plus 3.3% of the turnover in excess of shs. 16,000,000/=.
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Amendment of  
the Second  
Schedule

16. The principal Act is amended in paragraph 1 of the Second Schedule by-

- (a) deleting a "full stop" that appears at the end of item (s) and substituting for it a "semi colon";
- (b) adding after item(s) the following item:  
" (t) interest on bonds issued by the East African Development Bank which are listed in the Dar es Salaam Stock Exchange."

Amendment of  
section 56

17. The principal Act is amended in section 56, by deleting the word "three" appearing between the words "previous" and "years" in the third line of sub-section (1) and substituting for it the word "two".

#### PART VI AMENDMENT OF THE TANZANIA INVESTMENT ACT, (CAP. 38)

Construction  
Cap 370

18. This Part shall be read as one with the Tanzania Investment Act, hereinafter referred to as the "principal Act".

Amendment of  
section 19

19. The principal Act is amended in section 19 by-

- (a) deleting a proviso that appears in subsection (1);
- (b) inserting new sub-section (2) as follows-
  - “(2) Benefits under subsection (1) shall not extend to-
    - (a) non-utility vehicle classified under HS Codes 8702.10.19, 8702.90.19 and tariff heading 8703 provided that the restriction imposed shall not extend to an investor whose certificate of incentive was issued on or before 30<sup>th</sup> June, 2006; or
    - (b) imported trailer classified under HS Code 8716.31.90 and 8716.40.90”;
- (c) inserting the phrase “PVC and HDPE pipes with HS Code 3917.23.00 and HS Code 3917.21.00 respectively, and imported trailers” immediately after the words “roofing sheets” appearing in paragraph (c) of subsection (3);

Amendment of  
section 20

20. The principal Act is amended in section 20 by:
- (a) inserting the phrase “PVC and HDPE pipes with HS Code 3917.23.00 and HS Code 3917.21.00 respectively, and imported trailers classified under HS Code 8716.31.90 and 8716.40.90” immediately after the words “roofing sheets” appearing in subsection (2);
  - (b) deleting paragraph (c) of subsection (4);
  - (c) adding the following provisions after subsection (4):
    - “(5) The Government may identify projects and grant special strategic investment status.

(6) Special strategic investment status may be granted to projects which meets the following criteria:

- (a) a minimum investment capital of not less than the equivalent in Tanzania shillings of three hundred million US dollars (US\$ 300,000,000);
- (b) investment capital transaction is undertaken through a registered local financial and insurance institutions;
- (c) at least one thousand five hundred direct local employment is created with satisfactory number of senior positions in projects that does not require high and sophisticated technology; and
- (d) capability to significantly generate foreign exchange earnings, produce significant import substitution goods or supply of important facilities necessary for development in the social, economic or financial sector.

(7) Upon grant of special strategic investment status to a project, the Minister shall propose to the National Investment Steering Committee additional specific fiscal incentives.

(8) Where the National Investment Steering Committee approves additional specific fiscal incentives the Minister for Finance shall confer such additional fiscal



incentives as approved by the National Investment Steering Committee under an order published in the *Gazette*.

(9) The National Investment Steering Committee may review every project conferred additional specific fiscal incentives in respect of compliance of incentives granted and advise the Government on whether or not to continue issuing the incentives."

#### PART VII AMENDMENT OF THE PETROLEUM ACT, CAP. 392

Construction  
Cap. 392

21. This Part shall be read as one with the Petroleum Act, hereinafter referred to as the "principal Act".

Amendment of  
section 32

22. The principal Act is amended in section 32 by adding immediately after subsection (3) the following:

"(4) Notwithstanding the provisions of subsections (1) and (2), the Minister responsible for finance may, by order published in the *Gazette*, exempt petroleum for use in a Government project funded by a donor under an agreement between the Government and the donor.

(5) The exemption referred to in subsection (4) shall be granted only where the agreement relating to the donor funded project provides for such exemption."

PART VIII  
AMENDMENT OF THE LOCAL GOVERNMENT FINANCE ACT,  
(CAP 290)

Construction  
Cap 290

23. This Part shall be read as one with the Local Government Finance Act, hereinafter referred to as the "principal Act".

Amendment  
of section 6

24. The principal Act is amended-

(a) in section 4 by inserting in its appropriate alphabetical order the following new definition:

"guest house" means an establishment intended for reception of travellers or visitors for profit or gain but does not include-

(a) an establishment intended for accommodation of less than six persons;

(b) an establishment which provides sleeping accommodation in dormitories only;

(c) a Government rest-house; or

(d) tourist facility registered under the Tourism Act";

(b) in section 6(1) by deleting paragraph (q) and substituting for it the following:

"(q) all moneys payable as hotel levy equal to ten per centum of the guest house charges payable by a guest";

Amendment  
of section 7

25. The principal Act is amended in section 7(1) by-

(a) deleting paragraph (u) and substituting for it the



following:

- “(u) all monies payable as hotel levy equal to ten per centum of the guest house payable by a guest;”
- (b) adding immediately after paragraph (z) the following new paragraph:  
“(aa) all monies derived from property rate.”

Amendment  
of section 8

26. The principal Act is amended in section 8(1) by deleting paragraph (l) and substituting for it the following:

- “(l) all monies payable as hotel levy equal to ten per centum of the guest house charges payable by a guest.”

Addition of  
section 17A

27. The principal Act is amended by adding immediately after section 17 a new section 17A as follows:

“electronic  
revenue  
collection,  
payment and  
management  
systems

17A.-(1) For purpose of better revenue control, a local government authority may, among other means of revenue collection, payment and management, use electronic revenue collection, payment and management systems.

(2) The Minister may, upon consultation with Minister responsible for finance, make rules prescribing procedures for electronic means of revenue collection and payment.”

#### PART IX AMENDMENT OF THE URBAN AUTHORITIES (RATING) ACT, (CAP. 289)

Construction  
Cap 289

28. This Part shall be read as one with the Urban

Authorities (Rating) Act, hereinafter referred to as the 'principal Act.

Amendment  
of long title

29. The Principal Act is amended by deleting the long title and substituting for it the following:

"An Act to enable urban, district and township authorities to impose and collect rates".

Amendment  
of section 1

30. The Principal Act is amended in section 1 by deleting the word "Urban" and substituting for it the words "Local Government".

Amendment  
of section 2

31. Section 2 of the principal Act is amended -

(a) in subsection (1) by deleting the word "township" appearing in paragraph (b) and substituting for it the words "district and township"; and

(b) by adding immediately after subsection (2) the following new subsection:

"(3) Notwithstanding the provisions of subsection (2), a District authority may, by resolution, declare any property or area to be rateable."

Amendment  
of section 3

32. Section 3 of principal Act is amended-

(a) in the definition of the term "authority" by deleting the word "township" appearing in paragraph (b) and substituting for it the words "district and township";

(b) by deleting the definition of the term "Council" and substituting for it the following:

"Council" in relation to a district

authorities, means-

(a) the district council or township authority; and

(a) and in relation to an urban authority, means a town, municipal or a city council, as the case may be";

(c) by deleting the definition of the term "Director" and substituting for it the following:

"Director" in relation to a district authority, means-

(a) a District Executive Director or Township Executive Officer for that district council or township authority as the case maybe; and

(b) in relation to a town, municipality, or city means the Town Director for that town, Municipal Director for that municipality or City Director for that city;"

PART X  
AMENDMENT OF THE RAILWAYS ACT,  
(CAP. 170)

Construction  
Cap 170

33. This Part shall be read as one with the Railways Act, hereinafter referred to as the "principal Act"

Addition of  
section 20A

34. The principal Act is amended by adding immediately after section 20 the following:

"Railway  
development  
levy

20A.-(1) There shall be charged a levy known as Railways

Development Levy.

(2) The Levy referred to under subsection (1) shall be charged-

- (a) at the rate of 1.5 percent at customs value on importation of goods; and
- (b) on goods entered for home consumption in Mainland Tanzania in accordance with procedures applicable under the East African Community Customs Management Act.

(3) The provision of subsection (1) shall not apply to exemptions provided under the East African Community Customs Management Act, 2004.

(4) The levy shall be collected by the Commissioner General appointed under Tanzania Revenue Authority Act and be deposited to the Railway Infrastructure Fund to be used solely for railway infrastructure development."

PART XI  
AMENDMENT OF TANZANIA REVENUE AUTHORITY ACT,  
(CAP. 399)

Construction  
Cap 263

35. This Part shall be read as one with the Tanzania Revenue Authority Act hereinafter referred to as the "principal Act".



Amendment  
of First  
Schedule

36. The principal Act is amended by adding in the First Schedule the following item:

20. "The Railways Act, 2012."

#### PART XII

#### AMENDMENT OF THE VOCATIONAL EDUCATION AND TRAINING ACT, (CAP. 82)

Construction  
Cap. 82

37. This Part shall be read as one with the Vocational Education and Training Tax Act, hereinafter referred to as the "principal Act".

Amendment  
of Section 19

38. The principal Act is amended in section 19(1) by-

- (a) deleting the "full stop" appearing at the end of paragraph (i) and substituting for it a "semi colon";
- (b) adding the following new paragraph:

"(h) farms employers whose employees are directly and solely engaged in farming and shall not include employees who are engaged in the management of the farm or processing of farming products."

#### PART XIII

#### AMENDMENT OF THE PUBLIC FINANCE ACT, (CAP. 348)

Construction  
Cap. 348

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

Amendment  
of section 11

40. The principal Act is amended in section 11 by deleting subsection (3) and substituting for it the following:

“(3) An executive agency, public corporation, public authority or public institution which charges or imposes and collects fees for services rendered shall, at the end of every quarter of a financial year, remit fifteen per- centum of the gross revenue to the Consolidated Fund.”

Repeal and  
replacement  
of section 25

41. The principal Act is amended by repealing section 25 and substituting for it the following new provisions:

\*Annual  
accounts

25.-(1) The Accountant-General shall, within a period of seven months or such longer period as the National Assembly may by resolution appoint after the end of each financial year, prepare and transmit to the Minister and to the Controller and Auditor-General, the Financial Statements prepared in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS) and generally accepted accounting practices, and such other statements, and in such form as the National Assembly may from time to time require.

(2) Each accounting officer shall, within a period of three months after the end of each financial year prepared and transmit to the Controller and Auditor-General in respect of the past financial year and in respect, of the votes under his control, the financial Statements prepared in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS) and General accepted accounting practices, and such other statements, and in such



form as the National Assembly may from time to time require.

(3) Any public officer administering a fund established or deemed to have been established under section 12, and any public officer administering any agency, trust or other fund or account not provided for in this section, shall prepare, sign and transmit to the Controller and Auditor-General Financial Statements of that agency, trust or other fund or account in accordance with International Accounting Standards (IAS) and any instructions or form which the Accountant-General may from time to time direct.

(4) All accounts submitted under this section shall:

- (a) be prepared in accordance with International Public Sector Accounting Standards and generally accepted accounting practices and in accordance with any instructions approved by the Permanent Secretary and issued by the Accountant-General;
- (b) state the basis of accounting used in their preparation and identify any significant departures therefrom and the reason for that departure."

PART XIV  
AMENDMENT OF THE ROAD AND FUEL TOLLS ACT,  
(CAP. 220)

Construction  
Cap. 220

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

Addition of a  
new section 4A

43. The principal Act is amended by adding immediately after section 4, the following:

"Division of  
road and fuel  
tolls

4A. Notwithstanding section 4(3), the moneys collected as roads and fuel tolls on petrol and diesel shall be distributed as follows:

- (a) Tanzania shillings 263 per litre imposed on petrol and diesel shall be deposited into the account of the Fund; and
- (b) Tanzania shillings 50 per litre imposed on diesel and Tanzania shillings 50 imposed on petrol shall both be deposited into the National Water Investment Fund established under the Water Supply and Sanitation Act."

Cap.272

Amendment of  
the Second  
Schedule

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

#### " SECOND SCHEDULE

(Made under section 7(5))

#### TOLLS FUEL FILLING POINT

	<i>Fuel</i>	<i>Rate of Toll</i>
1.	Petrol (MSP and MSR) .....	shillings 313/= per litre
2.	Diesel (GO).....	shillings 313/= per litre

PART XV  
AMENDMENT OF THE TREASURY REGISTRAR (POWERS  
AND FUNCTIONS) ACT, (CAP. 370)

Construction  
Cap 370

45. This Part shall be read as one with the Treasury Registrar (Powers and Functions) Act, hereinafter referred to as the "principal Act".

Addition of a  
new section  
10A

46. The Principal Act is amended by adding immediately after section 10 the following:

"Operating  
expenditure  
ceiling

10A.-(1) Notwithstanding any law to the contrary the operating expenditure other than salaries for any public or statutory corporation which is not financed through Government budget shall not exceed sixty percent of its annual gross revenue in any financial year.

(2) A public or statutory corporation shall be required to submit seventy percent of the balance obtained after deducting the operating expenses permissible in subsection (1) to the Consolidated Fund in the manner to be prescribed in regulations."

Amendment  
of section 8

47. The principal Act is amended in section 8(1) (i) by deleting that subparagraph and substituting for it the following:

"(f) require each executive agency, public corporation, public or public institution to remit fifteen percentum of its annual gross

Cap. 148

revenue to the Consolidated Fund in accordance with the Public Finance Act."

PART XVI  
AMENDMENT OF THE BUSINESS LICENSING ACT.  
(CAP.208)

Construction  
Cap.208

48. This Part shall be read as one with the Business Licensing Act, hereinafter referred to as the "principal Act".

Amendment  
of section 13

49. The principal Act is amended in section 13 by inserting the words "and tax clearance certificate" between the words "number" and "issued" that appears in sub-section (3).

PART XVII  
AMENDMENT OF THE EXCISE (MANAGEMENT AND TARIFF)  
ACT, (CAP.147)

Construction  
Cap.147

50. This Part shall be read as one with the Excise (Management and Tariff) Act, hereinafter referred to as the "Principal Act".

Amendment  
of the Fourth  
Schedule

51. the Principal Act is amended in the Fourth Schedule by deleting figure 69.00 that appears in the Sixth Column under HS Code 2201.10.00 and HS Code 2201.90.00 and substituting for it figure 55.00.

Passed by the National Assembly on the 25<sup>th</sup> June, 2015.

Dr. Thomas D. Kashililah  
*Clerk of the National Assembly*