

THE UNITED REPUBLIC OF TANZANIA

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THE FINANCE ACT, 2011

ARRANGEMENT OF PARTS

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(3) The licence shall be valid for a renewable period of twelve months.

(4) A local government authority, may upon consultation with the Minister responsible for trade and with the approval of the Minister responsible for finance, make by-laws for imposition of charges or fees for various types or categories of licences issued in respect of businesses registered under this Act; provided that village council may, with the approval of the District Council within whose jurisdiction the village council is situate, make by-laws for imposition of charges or fees for various types of business licences in respect of businesses operating within the area of jurisdiction of the village council.

(5) It shall be a duty of a local government authority, wherever required, to furnish the Minister with information relating to licences issued within its area of jurisdiction; provided that village council shall, wherever required, furnish the District Council within whose jurisdiction the village council is whose jurisdiction the relating to licences issued within its area of jurisdiction.

(6) The licensing measures stipulated under this section shall commence on the 1st day of January, 2012.”

PART III

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

Construction
Cap. 147

5. This Part shall be read as one with the Excise (Management and Tariff) Act, hereinafter referred to as the “principal Act”.

Addition of
new section
56A

6. The principal Act is amended by adding after section 56 the following new section:

“Interest on
overdue tax
and payment

56A-(1) Where any amount of tax, including penalties imposed under this Act, remains unpaid after the due date prescribed under this Act or its regulation, interest at the rate prescribed in subsection (2) shall be payable to the Commissioner General on the amount for the time being due and unpaid.

(2) The rate of interest chargeable under subsection (1) shall be commercial bank lending rate of the Bank of Tanzania discount rate at the start of the year and a further five per cent per annum.

(3) The interest payable under this section shall, while

remain unpaid, attract interest as if it is part of the unpaid tax.

(4) Interest payable under this section shall be compounded at the end of each prescribed period, accounting period or part of such period of the taxable person during which the tax and any interest due remain unpaid unless the Minister prescribed otherwise.

(5) The Commissioner may remit in whole or in part any interest charged under subsection (2) if the person liable for the interest shows good cause.

(6) Where any tax is due to be repaid to a taxable person by the Commissioner-General under this Act remains unrefunded after the due date, the Commissioner-General shall pay interest to the taxable person at the commercial bank lending rate of the Bank of Tanzania."

Amendment of section 58

7. The principal Act is amended in section 58, by deleting the word "twelve" appearing in the proviso to that section and substituting for it the words "thirty six".

Amendment of the Fourth Schedule

8. The principal Act is amended in the Fourth Schedule by deleting the rates of excise duty specified in the Fifth Column which are currently imposed on items specified in the Third Column and substituting for them the rates specified in the Sixth Column:

FOURTH SCHEDULE

Heading	Its Code	Description	Unit	Old Excise Rate	New Excise Rates
22.01		Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter or flavoured, ice and snow.			
	2201.10.00	- Mineral waters and aerated waters	l	-	Tshs 69.00 per Litre
	2201.90.00	- Other (bottled and packed waters)	l	-	Tshs 69.00 per Litre
22.02		Water, 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 No.20.09			
	2202.10.00	-Waters, including mineral waters and aerated waters, containing added		Tshs 63.00 per litre	Tshs 69.00 per Litre

Heading	Its Code	Description	Unit	Old Excise Rate	New Excise Rates
		sugar or other sweetening matter or flavoured.			
	2202.90.00	---Other	l	Tshs. 63.00 per Litre	Tshs 69.00 per Litre
22.03		Beer made from malt			
	2203.00.10	---Stout and porter	l	Tshs. 382.00 per Litre	Tshs 420.00 per Litre
	2203.00.90	---Other		Tshs. 382.00 per Litre	Tshs 420.00 per Litre
22.04		Wine of fresh grapes, including fortified wines; grape must other than that of heading No.20.09			
		--Sparkling wine			
	2204.10.10	--- With the domestic grapes content exceeding 75%	l	Nil	Tshs 420.00 per litre
	2204.10.90	--Other	l	Tshs. 1,223.00 per Litre	Tshs 1,345.00 per Litre
		--Other wine; grape must with fermentation prevented or arrested by the addition of alcohol.	l	Tshs 1,223 Per Litre	Tshs 1,345.00 per Litre
		--In containers holding 2 l or less			
	2204.21.10	---With the domestic grapes content exceeding 75%	l		Tshs 420.00 per litre
	2204.21.90	---Other	l	Tshs. 1,223.00 per Litre	Tshs 1,345.00 per Litre
	2204.29.90	---Other	l	Tshs. 1,223.00 per Litre	Tshs 1,345.00 per Litre
		--Other grape must			
	2204.30.10	--With the	l	Nil	Tshs 420.00 per

Heading	His Code	Description	Unit	Old Excise Rate	New Excise Rates
		domestic grapes content exceeding 75%			litre
	2204.30.90	--Other		Tshs. 1,223.00 per Litre	Tshs 1345.00 per Litre
22.05		Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances.			
		--In containers holding 21 or less			
	2205.10.10	---With the domestic grapes content exceeding 75%	l	Nil	Tshs 420.00 per litre
	2205.10.90	---Other	l	Tshs. 1,223.00 per Litre	Tshs 1,345.00 per Litre
		--Other			
	2205.90.10	---With the domestic grapes content exceeding 75%	l	Nil	Tshs 420.00 per litre
	2205.90.90	---Other	l	Tshs. 1,223.00 per Litre	Tshs 1,345.00 per Litre
22.06		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			
	2206.00.10	--- Cider	l	-	Tshs 1,345.00 per Litre
	2206.00.20	---Beer made from 100% local	l	Tshs. 226.00 per	Tshs 249.00 per Litre

Heading	HS Code	Description	Unit	Old Excise Rate	New Excise Rates
		unmalted cereals		Litre	
	2206.00.90	--- Others (including energy drinks and non alcoholic beverages)	l	-	Tshs 420.00 per litre
		Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages.			
	2208.20.00	-Spirits obtained by distilling grape wine or grape marc	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
	2208.30.00	-Whiskies	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
	2208.40.00	-Rum and other spirits obtained by distilling fermented sugar-cane products	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
	2208.50.00	-Gin and Geneva	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
	2208.60.00	-Vodka	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
	2208.70.00	-Liqueurs and cordials	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
		-Other			
	2008.90.10	---Distilled Spirits (e.g. Konyagi, Uganda Waragi)	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
	2208.90.90	---Other	l	Tshs. 1812.00 per Litre	Tshs 1,993.00 per Litre
24.02		Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.			

Heading	IIs Code	Description	Unit	Old Excise Rate	New Excise Rates
		- Cigarettes containing tobacco			
	2402.20.10	---Without filter tip and containing domestic tobacco contents exceeding 75%.	mil	Tshs. 6,209.00 per mil	Tshs 6,830.00 per mil
	2402.20.90	---With filter tip and containing domestic tobacco exceeding 75%	mil	Tshs. 14,649.00 per mil	Tshs 16,114.00 per mil
		---Other	mil	Tshs. 26,604.00 per mil	Tshs 29,264.00 per mil
24.03		Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences.			
		--Smoking tobacco, whether or not containing tobacco substitutes in any proportion			
	2403.10.10	---Cut rag/filler	kg	Tshs. 13,436.00 per kg	Tshs 14,780.00 per kg
27.10		Petroleum oils and oils obtained from bituminous minerals, other than crude; 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; waste oils			

Heading	Hs Code	Description	Unit	Old Excise Rate	New Excise Rates
	2710.19.31	Illuminating Kerosene (IK)	l	Tshs. 52	Tshs. 400.30
	2710.19.31	Gas oil (automotive, light, amber for high speed engines)	l	Tshs. 314	Tshs. 215
	2710.19.41	---Residual fuels oils (marine, furnaces and similar fuel oils) of 180 centistokes.	l	Tshs. 80.00 per Litre	Tshs. 40.00 per Litre
	2710.19.42	---Residual fuels oils (marine, furnaces and similar fuel oils) of 180 centistokes.	l	Tshs. 80.00 per Litre	Tshs. 40.00 per Litre
	2710.19.43	---Residual fuels oils (marine, furnaces and similar fuel oils) of 280 centistokes.	l	Tshs. 80.00 per Litre	Tshs. 40.00 per Litre
	2710.19.49	---Other residual fuel oils		Tshs. 80.00 per Litre	Tshs. 40.00 per Litre
39.23		Article for the conveyance or packaging of goods, of plastics: stoppers, lids, caps and closures, of plastics.			
		-Sacks and bags (including cones)			
	3923.21.00	-Of polymers of ethylene	kg	120%	50%
		-Of other plastics	Kg	120%	50%

PART IV

AMENDMENT OF THE FOREIGN VEHICLES TRANSIT CHARGES ACT, (CAP. 84)

Construction
Cap. 84

9. This Part shall be read as one with the Foreign Vehicles Transit Charges Act, hereinafter referred to as the "principal Act".

Amendment of
the Schedule

10. The principal Act is amended in the Schedule by inserting immediately after the words "convertible currency" appearing in item 1, the words "or Tanzanian shillings".

PART V

AMENDMENT OF THE HIGHER EDUCATION STUDENTS' LOANS BOARD ACT, (CAP. 178)

Construction of
Cap. 178

11. This Part shall be read as one with the Higher Education Student's Loans Board Act, hereinafter referred to as the "principal Act."

Amendment of
section 25

12. The principal Act, is amended in section 25, by-

(a) inserting immediately after paragraph (c) the following paragraph:

"(d) skills and development levy as provided for under the Vocational Education and Training Act."

Cap. 82

(b) designating paragraphs (d) and (e) as paragraphs (e) and (f) respectively.

PART VI

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 7

14. The principal Act is amended in section 7(3), by-

(a) deleting the word "and" appearing at the end of paragraph "(h)";

(b) deleting a "full stop" appearing at the end of paragraph "(i)";

(c) adding immediately after paragraph (i) the following new paragraphs:

"(j) allowance payable to an employee who offers intramural private services to patients in a public hospital; and

(k) housing allowance, transport allowance, responsibility allowance, extra duty allowance, overtime allowance, hardship allowance and honoraria payable to an employee of the Government or its institution whose budget is fully or substantially paid out of Government budget subvention."

Amendment
of section 69

15. The principal Act is amended in section 69, by inserting the words "or outside" between the words "in" and "the" appearing in paragraph (h)."

Amendment
of section 90

16. The principal Act is amended in section 90, by-

- (a) adding immediately after subsection (3) a new subsection (4) as follows:
 - "(4) Subsection (3) shall not apply to payment received in respect of carriage of fish by a foreign aircraft."
- (b) renumbering sub-sections (4), (5) and (6) as sub-sections (5), (6) and (7) respectively.

Amendment
of the Second
Schedule

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

- (a) deleting item "(o)" and substituting for it the following:
 - "(o) income derived from investment or business conducted within the Export Processing Zone, and Special Economic Zone during initial period of ten years;"
- (b) adding immediately after item "(u)" the following new items:
 - "(v) payment of withholding tax on dividend arising from investment in the Export Processing Zone and Special Economic Zone during initial period of ten years; and
 - (w) payments of withholding tax on rent payable by an investor licensed under the Export Processing Zone and Special Economic Zone during initial period of ten years, provided that the rent is payable to an investor licensed under the Economic Processing Zones or the Special Economic Zones."

PART VII

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

Construction
Cap. 290

18.-(1) This Part shall be read as one with the Local Government Finance Act hereinafter referred to as the "principal Act".

- Amendment of section 8 **19.** The principal Act is amended in section 8(1), by adding immediately after paragraph (m) the following new paragraph:
 “(n) all moneys derived from fees for licences issued under the Business Activities Registration Act, in respect of business premises situated within the area of the township authority.”
- Amendment of section 9 **20.** The principal Act is amended in section 9(1), by adding immediately after paragraph (i) the following new paragraph:
 “(j) all moneys derived from fees for licences issued under the Business Activities Registration Act, in respect of business premises situated within the area of the village authority.”
 Cap. 208
- Addition new section 67A **21.** The principal Act is amended by adding immediately after section 67 the following new section:
 “Exemption **67A.** There shall be exempted all taxes and levies imposed by local government authorities for products produced in the Export Processing Zone and Special Economic Zone during initial period of ten years.”

PART VIII

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

- Construction Cap. 220 **22.** This Part shall be read as one with the Road and Fuel Tolls Act hereinafter referred to as the “principal Act”.
- Amendment of section 7 **23.** The principal Act is amended in section 7(4) by inserting immediately after the word “currency”, the phrase “Tanzania shillings or equivalent in convertible currency”.

PART IX

AMENDMENT OF THE ROAD TRAFFIC ACT, (CAP. 168)

- Construction Cap. 168 **24.** This Part shall be read as one with the Roads Traffic Act hereinafter referred to as the “principal Act”.
- Amendment of section 95 **25.** Section 95 (9) of the principal Act is amended by-
 (a) deleting the words “forty shillings” and substituting for them the words “three hundred thousand shillings”;

- (b) deleting the proviso appearing at the end of subsection (9) and substituting for it the following:

“Provided that, the Minister may, in an order made under subsection (1) specifying an offence to which this section applies or by any subsequent order, prescribe in relation to any offence so specified a penalty of not less than twenty thousand shillings but not exceeding thirty thousand shillings.”

PART X

AMENDMENT OF THE STAMP DUTY ACT, (CAP. 189)

Construction
Cap. 189

26. This Part shall be read as one with the Stamp Duty Act hereinafter referred to as the “principal Act”.

Amendment
of the
Schedule

27. The principal Act is amended in the Schedule by-

- (a) deleting the “exemptions” appearing after item (c) of paragraph 22 and substituting for them the following:

“Exemptions:

- (a) conveyance of any property under the Administrator General (Powers and Functions) Act to a trustee, heir or beneficiary if falling under Article 60(c);
- Cap. 27
- (b) conveyance of any property under the Export Processing Zones and the Special Economic Zones;
- Cap. 373
- (c) conveyance on the transfer of the assets to the Special Purposes Vehicles (SPV) for the purpose of issuing asset-backed securities. This exemption shall be limited to construction of transport infrastructures and utilities projects.”

- (b) deleting figures “(1) and (2)” appearing in paragraph 23 and substituting for them “(a) and (b)” respectively;
- (c) deleting the “exemptions” appearing under paragraph

34 and substituting for them the following:

“Exemptions:

- (a) claims issued under the Mining Act and regulations made thereunder;
- (b) hypothecation or lease of any movable or immovable property as provided under the Export Processing Zones Act;”

Cap. 373

(d) inserting under item (b) of paragraph 39 the following:

“ Exemptions:

A mortgage bond as provided under the Export Processing Zones Act.”

Cap 373

PART XI

AMENDMENT OF THE VALUE ADDED TAX ACT, (CAP 148)

Construction
Cap.148

28. This Part shall be read as one with the Value Added Tax Act, hereinafter referred to as the “principal Act”.

Amendment of
section 16

29. The principal Act is amended in section 16(5) by deleting the words “one year” and substituting for them the words “six months”.

Amendment of
section 17

30.-(1) The principal Act is amended in section 17, by-

- (a) inserting immediately after sub-section (5) the following:
 - “(6) An auditor shall be deregistered as a tax consultant if he is proved to have conspired with a taxpayer to fraudulently issue a certificate of genuineness.”
- (b) renumbering subsections (6), (7) and (8) as subsections (7), (8) and (9) respectively.

Addition of
section 17A

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

“Foreign
passenger
tax refund

“17A.-(1) A passenger who is not a citizen of Tanzania who purchases goods on retail in Mainland Tanzania may claim to the Authority for tax refund.

(2) A claims for tax refund shall be made by

the passenger-

- (a) when exiting through Julius Kambarage International Airport or the Kilimanjaro International Airport points only; and
- (b) by submitting the original fiscal receipt of goods and declaring the goods purchased.

(3) Any amount of tax refundable in respect of any goods purchased shall not be refunded to the passenger if:

- (a) the claim for the refund is received six months after the date shown on the fiscal receipt;
- (b) the purchase made is determined to be not less than Tanzania Shillings 400,000/=; and
- (c) the goods have been used or the package seal of the goods has been broken.

(4) This section shall come into force on the 1st January, 2012."

Amendment of
the Second
Schedule

32. The principal Act is amended in the Second Schedule, by-
- (a) deleting in paragraph 8(2) the phrase "the National Housing Corporation or";
 - (b) adding in paragraph 9 immediately after subparagraph (8) a new paragraph (9) as follows:
" (9) The payment of contributions by employees and employers to a social security fund or scheme."
 - (c) deleting the words "and hay" and substituting for them the phrase "hay and Nascor Pellet feed appearing in paragraph 13;
 - (d) adding in paragraph 17 the phrase "Nylon fishing twine," at the beginning of item (a)."

Amendment of
the Third
Schedule

33. The principal Act is amended in the Third Schedule by-
- (a) deleting the whole of paragraph 8 and substituting for it the following:

"8.-(1) The importation by or supply to a registered and licensed explorer or

prospector of goods or services to be used exclusively for exploration or prospecting activities.

(2) The importation by or supply to a registered and licensed mining company which has a mining development agreement with the Government executed before 1st July, 2009.”

(b) deleting the whole of paragraph 10 and substituting it for the following:

“10.-(1) The importation or local purchase of goods or services, by or on behalf of a registered religious organizations or institutions, which are intended to be used solely by the organisation or institution for-

- (a) the advancement of religion;
- (b) relieving persons from the effects of natural calamities, hazards or disaster; and
- (c) the development, maintenance or renovation of projects relating to health, education, training, water supply, infrastructure or any other projects relating to advancement of the community.

(2) The importation or local purchase by charitable community based or other non profit driven organisation of household consumables for subsequent supply to orphanage, day care centres and schools.

(3) The organization or institution shall, before obtaining the relief granted under subparagraphs (1) and (2), submit to the Authority a letter confirming the existence of the project or projects in question from the District Commissioner in its area and from the umbrella organization, if any.

(4) The relief under this paragraph shall be granted upon submission of proof that the goods or services relieved are to be used exclusively for the purpose of the project.

(5) The registered religious, charitable community based or other non-profit driven organization or institution shall be required to submit to the Authority their annual plans detailing each of the projects intended for implementation before the commencement of the Government fiscal year.

(6) The registered religious, charitable community based or other non-profit driven organization or institution shall be obliged to account for the utilized relief on goods or services.

(7) For purposes of this Part, household consumables shall include food, clothing and toiletries."

- (c) inserting the words "non utility" between the words "include" and "motor" appearing in paragraph 19; adding immediately after paragraph 19A a new paragraph 19B as follows:

Cap.420 "19B. The importation or supply to an investor licensed under the Special Economic Zones Act, of raw materials and goods of capital nature directly related to manufacturing in the Special Economic Zones including ambulances, fire fighting vehicles, and fire fighting equipment."

- (e) in paragraph 32, by-
- (i) adding immediately after subparagraph (1) the following new subparagraph:

"(2) The Supply of spare parts for combined harvesters, threshers, rice dryers, mills, planters, trailers, power tillers, tractor grain conveyors,

sprayers and harrows to a farmer.”

- (ii) re-numbering subparagraph “(2)” as subparagraph (3).

PART XII

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

Construction of Cap 82 **34.** This Part shall be read as one with the Vocational Education and Training Act hereinafter referred to as the “principal Act.”

Amendment of section 15 **35.** The principal Act is amended in section 15, by deleting the word “Treasury” and substituting for it the phrase “Higher Education Students’ Loans Board”.

Passed in the National Assembly on the 22nd June, 2011.

DR. THOMAS D. KASHILILAH,
Clerk of the National Assembly