
THE UNITED REPUBLIC OF TANZANIA

SPECIAL SUPPLEMENT

No. 3

29th June, 2017

to the Gazette of the United Republic of Tanzania No. 5 Vol. 98 dated 29th June, 2017

Printed by the Government Printer, Dar es Salaam by Order of Government

GOVERNMENT NOTICE No. .230A published on. 29/06/2017

THE TAX ADMINISTRATION ACT
(CAP.438)

REGULATIONS

(Made under section 98)

THE TAX ADMINISTRATION (ELECTRONIC REVENUE COLLECTION SYSTEM)
REGULATIONS, 2017

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THE TAX ADMINISTRATION ACT
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THE TAX ADMINISTRATION (ELECTRONIC REVENUE
COLLECTION SYSTEM)
REGULATIONS, 2017

PART I
PRELIMINARY PROVISIONS

- Citation 1. These Regulations may be cited as the Tax Administration (Electronic Revenue Collection) Regulations, 2017.
- Application 2. These Regulations shall apply to service providers and come into operation on the date of publication.
- Interpretation 3. In these Regulations, unless the context requires otherwise-
- Cap.438 "Act" means the Tax Administration Act;
 "API" means application programming interface;
 "Authority" means the Tanzania Revenue Authority;
- Cap. 342 "bank" has the meaning ascribed to it by the Banking and Financial Institutions Act but does include the Bank of Tanzania;
 "Commissioner General" has the meaning ascribed to it by the Act;
 "Electronic Revenue Collection System" has the meaning ascribed to it by Regulations 4 of these Regulations.
 "service" means a person engaged in the provision of electronic communication
 "tax" has the meaning ascribed to it under the Act;
 "Electronic Revenue collection System" has the meaning

ascribed to it by the Regulation 4 of these Regulations.

“service provider” means a person engaged in the provision of electronic communication services or any other services involving electronic payment, charging or billing.

PART II
ESTABLISHMENT OF THE ELECTRONIC REVENUE
COLLECTION SYSTEM

Electronic
Revenue
Collection
System

4.-(1) The Commissioner General shall establish a revenue collection system to be operated electronically without human intervention and in that respect the system shall retrieve, receive, monitor, transmit, and store information relating to collection of government revenues carried out by the service providers in the United Republic.

(2) A service providers shall be connected to the electronic revenue collection system in the manner prescribed under Regulation 6 of these Regulations.

(3) The Commissioner General shall manage and administer the implementation and operations of the electronic revenue collection system established under this Regulation and for this purpose, he shall ensure-

- (a) there exists an effective transmission connectivity between a service provider and the electronic revenue collection system;
- (b) installation of the needed electronic facilities for the electronic revenue collection system with respect to the collection of tax revenue is effected by the Authority on the one hand and respective service providers on the other;
- (c) required electronic banking arrangements for electronic money transfers envisaged under these Regulations are in place;

(4) The revenue collection system established under sub regulation (1) shall-

- (a) be managed and administered by the Commissioner General;
- (b) be electronically connected to the primary sources of information for revenue collection on

the service provider's network by API/Direct DB or any other means as may be determined by the Commissioner General;

- (c) retrieve and process any historical data for tax determination purpose as may be required by Commissioner General. The volume of historical transaction shall be determined by the Commissioner General.
- (d) determine, assess or identify taxes due and payable to the Authority on every electronic payment transaction effected by the service provider;
- (e) automatically collect and transfer taxes or duties identified under item (c) to the designated account of the Tanzania Revenue Authority, or Zanzibar Revenue Board at the Bank of Tanzania, as the case may be; and
- (f) reconcile and report on the amount of tax collected as required under the Act or any other tax law.

Disclosure of information

5. Subject to section 21 of the Act, the Authority including its officers together with service providers and their personnel or agents or any person involved in the electronic revenue collection system as operator thereof shall not disclose any information received or obtained during the exercise of their powers in the course of performing their duties under these Regulations.

PART III

OBLIGATIONS OF A PAYMENT SERVICE PROVIDERS

Obligations of service provider

6.-(1) A service provider shall be connected to electronic revenue collection system established under Regulation 4 for the purposes of collecting tax revenue.

(2) For the purposes of this Regulation-

- (a) a service provider who commenced its business operations before the commencement of these regulations, shall connect its network to the electronic revenue collection system within thirty (30) days after the date of publication of these Regulations;
- (b) a service provider who will have commenced

business operations after the commencement of these regulations, shall connect its network to the electronic revenue collection system within thirty (30) days after the commencement of its business operations.

(3) For the purposes of smooth implementation and operation of the electronic revenue collection system, the service provider shall-

- (a) create and ensure conducive and reliable environment to allow secure connectivity of its network to the electronic revenue collection system established under these Regulations;
- (b) ensure that information for every transaction is available for retrieval not more than 5 minutes after the transaction;
- (c) grant access to tax officers and experts authorised by the Commissioner General for the purposes of executing their duties under the Act;
- (d) provide the required support and resources to ensure effective connectivity to the electronic revenue collection system and efficient tax revenue collection;
- (e) disclose complete and accurate information relating to all electronic payment transactions transmitted, relevant taxes charged and any other information that is relevant for accurate determination of taxes to the Commissioner General as shall be required by the electronic revenue collection system, guidelines issued under these Regulations or any other law;
- (f) ensure that the information provided under item (d) reflect the actual tax revenue generated by taxpayer's economic activity;
- (g) ensure that the connectivity or flow of information from the service providers' network to the electronic revenue collection system is not interrupted whatsoever;
- (h) ensure that the correct amount of tax is paid to the account of the Authority at the bank or Bank of Tanzania as the case may be;
- (i) where there is any interference, outage, breakdown or any events which may affect the

- functioning of the electronic revenue collection system or service provider's network, immediately report the interference to the Commissioner General.
- (j) provide and maintain a bank account specifically designated for the collection of tax revenue;
 - (k) ensure that the designated bank account maintained for the collection of tax revenue has sufficient funds to satisfy the tax liability established by the electronic revenue collection system;
 - (l) issue a debit mandate to a bank in which the account required under item (i) is maintained to ensure that the bank has full mandate to use the money available in the account for tax collection purposes;
 - (m) notify the Authority in advance on any upgrades or changes of its revenue generating system or network infrastructure with detailed timelines and the magnitude of upgrade or change that may affect the functioning of the electronic revenue collection system;
 - (n) ensure that any upgrades or maintenance of its network does not affect, obstruct, hinder or interrupt the functioning of the electronic revenue collection system;
 - (o) notify the Authority in advance on any changes relating to its bank account;
 - (p) ensure that revenue information for post-paid services is available for retrieval not later than the seventh day of the following month; and
 - (q) comply with any instruction or guideline issued by the Commissioner General from time to time under these Regulations and the Act.

PART IV
OBLIGATIONS OF BANKS

Obligations of
banks

- 7.-(1) A bank shall-
- (a) accept the debit mandate issued by a service provider in favour of the Authority's bank

account or designated account at the Bank of Tanzania, as the case may be;

- (b) upon receipt of a swift message from the Authority's network, automatically debit the service provider's tax collection account at the bank and credit the respective Commissioner General's account maintained at the Bank of Tanzania with the amount indicated in the message instantly at the time of receiving the message.

(2) The procedure referred to in sub regulation (1) shall take place automatically and without human intervention.

(3) The bank shall comply with all guidelines and instructions issued by the Commissioner General under the Act or these Regulations.

PART V

POWERS OF THE COMMISSIONER GENERAL

Obligations of
the
Commissioner
General

8.-(1) The Commissioner General shall be responsible for the management of the electronic revenue collection system established under these Regulations and ensure-

- (a) that service provider comply with the obligations provided for under the Act and these Regulations;
- (b) that the electronic revenue collection system collects all tax due as required at all time;
- (c) smooth coordination of the operations of the electronic revenue collection system;
- (d) effective monitoring of the day to day affairs of the electronic revenue collection system;
- (e) issuance of procedural guidelines and rules for the smooth implementation of the system; and
- (f) measures to penalise or prevent any wrongful act, fraud or malpractices are made.

(2) The Commissioner General shall check the accuracy and reliability of information provided by every service provider to the electronic revenue collection system to ensure correctness of tax amount due and payable to the account of the Commissioner General.

(3) The Commissioner General shall use the information provided for in the electronic revenue collection system to accurately determine amount of tax revenue to be collected together with taxes not collected by the electronic revenue collection system.

(4) The Commissioner General shall notify a service provider of any electronic revenue collection system upgrades or changes that may affect the connectivity to a service provider's networks.

(5) The Commissioner General may, from time to time and where he deems fit, issue operational instructions or guidelines published in the public media to ensure smooth implementation of the system.

PART VI
ADMINISTRATION OF THE SYSTEM

Installation of
devices and
their safety

9.-(1) Where a secured connectivity is established between the electronic revenue collection system and the service provider's network, the service provider shall be required to exercise due care and incur all those cost associated with the safety of such connectivity.

(2) Where the secured connectivity established under this regulation is disconnected, destroyed, damaged, or tempered with in any manner by the service provider, the service provider shall be held liable to-

- (a) pay for the cost of replacement of the disconnected, tampered, destroyed or damaged connectivity; and
- (b) pay the amount of tax lost together with interest to the Authority as a result of such disconnection, destruction, or tempering.

Access, co-
location space
and Inspection

10.-(1) The service provider shall grant physical access or co-location space for the purposes of installation, operation, maintenance, replacement or repair of the electronic revenue collection system at no cost or charge.

(2) The access granted pursuant to sub regulation (1) of this regulation shall also be for the purposes of carrying out inspections to the co-location space by the Authority.

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(3) In the event of any direct damage to the co-location plant, network equipment or facilities arising out of or during the course of installation, operation, maintenance, replacement or repair of the co-located facility or network in the premises of a service provider, the damage shall be reported to the Authority and the network equipment or facility shall be, subject to any agreement, rectified without delay.

Operation or maintenance of co-location equipment

11.-(1) The Authority or its representative shall be responsible for the operation or maintenance of its secure connectivity or as may be mutually agreed with the service provider.

(2) The Authority and service provider shall ensure that their officers or agents observe and comply with all applicable or specified safety rules and conditions for the purposes of maintaining secure connectivity of the electronic revenue collection system.

Compliance with directives of the Authority

12. Every service provider or operator including their agents shall comply with the directives, guidelines or orders of the Authority issued by the Commissioner General under these Regulations on matters affecting the Act, these Regulations or the implementation of the payment system from time to time.

Tax decision

13. Any act or omission or decision by the Commissioner General in the course of administering these regulations shall constitute a "tax decision" within the meaning of Section 50 of the Act.

Establishment of Committees

14.-(1) The Commissioner General shall establish a committee to be known as the Technical Advisory Committee which shall be responsible for advising the Commissioner General in all matters relating to implementation and technical aspects of the electronic revenue collection system.

(2) The Committee shall-

(a) provide advice to the Commissioner General on the efficient operation of the system and matters related to it;

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- (b) carry out performance evaluation of the system;
- (c) resolve any operational issues relating to the system; and
- (d) perform any other duties as may be assigned by the Commissioner General.

(3) The Committee established under this Regulation shall be constituted and guided in the manner as the Commissioner General may prescribe in the guidelines or instructions to be issued under sub regulation (5) of Regulation 8 of these Regulations.

Disputes

15. Where there is any disputes regarding the paid taxes a service provider shall inform the Commissioner General in writing for resolution in accordance with the provision of the Act.

PART VII
OFFENCES

Offence

16. Any person, who contravenes the provisions of these Regulations, commits an offence and shall, upon conviction be liable to a fine of three hundred currency points or twice the tax revenue lost, whichever is greater, or imprisonment for a period not less than twelve months but not exceeding three years or to both.

Dodoma,
29th June, 2017

PHILIP I. MPANGO,
Minister for Finance and Planning