

doing business in Tanzania

POPULATION
57.8M



CURRENCY
TANZANIAN
SHILLING
(TZS/TSH)
GMT+3



OFFICIAL LANGUAGE
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country profile	
government structure	<ul style="list-style-type: none"> • Executive: The president is head of state and serves a five-year term. The prime minister has authority over the day-to-day functions of the government, is the leader of government business in the National Assembly, and is head of Cabinet. • Legislative: Tanzania has a unicameral parliament for the United Republic and in Zanzibar, there is the House of Representatives. • Judicial: The highest courts include The Court of Appeal of the United Republic of Tanzania, the High Court of the United Republic for Mainland Tanzania, the High Court of Zanzibar. The subordinate courts are the Resident Magistrates Courts, Kadhi courts (for Islamic family matters), and district and primary courts. • Next presidential and parliamentary elections: October 2020.
economic data	<ul style="list-style-type: none"> • Nominal GDP (USD billions): 47.43 • GDP per capita (USD): 1 118.25 • Inflation rate (% change): 5.00 • Government revenue (% of GDP): 16.33 • Government gross debt (% of GDP): 38.27 <p><i>*Source: IMF</i></p> <ul style="list-style-type: none"> • Tanzania's economy is reliant on tourism, manufacturing and gold mining, with the main economic resources being diamonds, tea, sisal, cloves and pyrethrum. • Owing to Tanzania's development-driven import demand, the country's main imports are machinery and transport equipment, petroleum products and industrial raw materials. • Tanzania's main export partners are India, South Africa, Kenya, Switzerland, Belgium, Democratic Republic of the Congo, China. The main export commodities include gold, coffee, cashew nuts, manufactures, cotton. • Tanzania's main import partners are India, China, the United Arab Emirates, Saudi Arabia, South Africa, Japan, and Switzerland. The main import commodities include consumer goods, machinery and transportation equipment, industrial raw materials, and crude oil.
risk ratings	<ul style="list-style-type: none"> • World Economic Forum Global competitive index (2017-2018): 113/137 • World Bank ease of doing business (2018): 137/190 • Corruption perception index (2017): 103/180

international treaties and memberships	
international and regional organisations and customs unions	<ul style="list-style-type: none"> • African Caribbean and Pacific Group of States • African Continental Free Trade Area • African Development Bank • African Union • Common Market for Eastern and Southern Africa ("COMESA") • Commonwealth • East African Community ("EAC") • European Union • International Monetary Fund • Southern African Development Community ("SADC") • United Nations • World Bank • World Trade Organization • Tanzania receives preferential treatment under the agreements listed here: http://ptadb.wto.org/Country.aspx?code=834
bilateral investment treaties	<ul style="list-style-type: none"> • Tanzania has bilateral investment treaties with Canada, China, Denmark, Finland, Germany, Italy, Mauritius, the Netherlands, Sweden, Switzerland and the United Kingdom. • Treaties have been signed with Egypt, Jordan, the Republic of Korea, Kuwait, Oman, South Africa, Turkey, and Zimbabwe, but these have not yet entered into force.
investment-related agreements / institutions	<ul style="list-style-type: none"> • Multilateral Investment Guarantee Agency; and • African Growth and Opportunity Act.
dispute resolution	<ul style="list-style-type: none"> • International Centre of Settlement of Investment Disputes • Convention on the Recognition and Enforcement of Foreign Arbitral Award (New York Convention)
intellectual property ("IP") treaties	<ul style="list-style-type: none"> • A comprehensive list of IP-related treaties signed by Tanzania is available at: http://www.wipo.int/wipolex/en/profile.jsp?code=tz • See the trade marks section below for further detail.



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legal regime	
applicable legal regime	<ul style="list-style-type: none"> Tanzania's legal system is based on English common and case law, Islamic law and customary law. Mainland Tanzania and Zanzibar each has its own judicial and commercial system, but, both systems are subordinate to the Appeals Court of the United Republic of Tanzania.
dispute resolution	<ul style="list-style-type: none"> A dispute between a foreign investor and the Tanzania Investment Centre ("TIC") or the government, which is not settled through negotiations, may be submitted to arbitration in accordance with any of the following methods, agreed on by the parties: <ul style="list-style-type: none"> in accordance with arbitration laws of Tanzania for investors; in accordance with the rules of arbitration of the International Centre for the Settlement of Investment Disputes; within the framework of any bilateral or multilateral agreement on investment protection agreed to by the Government of Tanzania and the government of the country from which the investor originates. The commercial court, a division of the High Court of Tanzania, is exclusively intended for the speedy adjudication of commercial disputes. In the case of disputes concerning natural resource wealth (mining and petroleum) in particular, the government is prohibited, pursuant to the Natural Wealth and Resources (Permanent Sovereignty) Act, from submitting itself to foreign courts or arbitral bodies.
land acquisition, planning and use	<ul style="list-style-type: none"> All land is owned by the state and is governed by the Land Act, which, besides providing a basic framework for the ownership of land other than village land and the management of land, offers guidance for the settlement of disputes and related matters. Land may be owned by foreigners only as a "derivative right" for purposes of investment approved by the TIC or a Special Economic Zone. A derivative right is granted in the form of: <ul style="list-style-type: none"> a long term lease created on a right of occupancy granted by the Government; or in respect of large scale investments, a lease directly from the government, with long-term leases ranging from 33, 66 and 99 years.
competition	
<i>merger control</i>	<ul style="list-style-type: none"> The Fair Competition Act (the "Competition Act") regulates merger control in Tanzania. The Competition Act defines a merger as an acquisition of shares, a business or other assets, whether inside or outside Tanzania, resulting in the change of control of a business, part of a business or an asset of a business in Tanzania. In calculating merger thresholds, Tanzania uses financial thresholds based on a combined market value of assets or turnover of the merging

	<p>firms. Mandatory notification applies to mergers where the turnover or asset value is above a threshold amount of TZS3.5-billion.</p> <ul style="list-style-type: none"> Merger filing fees are payable on a sliding scale ranging between TZS25-million and TZS100-million. The Fair Competition Commission (the "FCC") considers public interest issues in its determination of the merger notification. Tanzania's Competition Act has a pre-implementation regime in terms of which the implementation of a notifiable merger prior to the approval by the FCC is prohibited. Any person who implements a merger in contravention of the Competition Act commits an offence. The FCC may impose a penalty of not less than 5% and not more than 10% of the annual turnover (during the preceding year) in Tanzania of the undertaking or undertakings in question. Tanzania is a member of a regional competition body, the EAC. The EAC is not, however, operational insofar as merger control.
<i>prohibited practices</i>	<ul style="list-style-type: none"> The Competition Act prohibits horizontal and vertical agreements between undertakings if the object, effect or likely effect of the agreement is to appreciably prevent, restrict or distort competition. It must be presumed that an agreement does not have the object, effect or the likely effect of appreciably preventing, restricting or distorting competition if none of the parties to the agreement has a dominant position in a market affected by the agreement and either of the following applies: <ul style="list-style-type: none"> the combined market shares of the parties to the agreement of each market affected by the agreement is 35% or less; or none of the parties to the agreement are competitors. Cartel conduct (such as price fixing and collusive tendering) is prohibited by the Competition Act. The Competition Act prohibits abuses of dominance. Any person who commits an offence under the Competition Act is liable to a fine of not more than 10% but not less than 5% of the offender's annual turnover. Where a person charged with an offence under the FCC is a corporate entity, every person who, at the time of the commission of the offence, was a director, manager or officer of the corporate entity, may be charged jointly in the same proceedings with such corporate entity and where the corporate entity is convicted of the offence, every such director, manager or officer shall be deemed to be guilty of that offence unless he / she proves that the offence was committed without his / her knowledge or that he / she exercised all due diligence to prevent the commission of the offence.



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employment requirements	
<i>immigration</i>	<ul style="list-style-type: none"> Expatriates working in Tanzania must hold a valid work permit issued by the Commissioner for Labour and a residence permit issued by the Director of Immigration Services Every business enterprise granted a certificate of investment under the Investment Act is entitled to an initial automatic immigrant quota of up to five persons. Any application for additional permits is to be submitted to the TIC, which shall, in consultation with the immigration department, authorise any additional person that it shall deem necessary, taking into consideration the availability of qualified Tanzanians, the complexity of the technology employed by the business enterprise and agreements reached with the investors. Employers of non-citizens must articulate a succession plan showing when the position will be assumed by a citizen.
<i>local employment vs secondment</i>	<ul style="list-style-type: none"> In terms of Tanzania's employment legislation, an employee may be seconded to Tanzania as it is not a legal requirement for either a local or foreign employee to be employed by a local entity. However, in terms of Tanzania's immigration legislation, employment by a local entity is a prerequisite for applying for a work permit.
<i>fixed-term contracts and temporary employment services</i>	<ul style="list-style-type: none"> Fixed-term contracts may be entered into with staff for specific tasks and specific duration. Such contracts will terminate on their expiry unless renewed by agreement between the employer and employee. The law treats fixed-term contracts during their pendency in the same way as long-term contracts, and termination prior to expiry other than as prescribed under the law may be termed as unfair in terms of the employment and labour laws. Employing staff through labour brokers / employment agencies is allowed in Tanzania, subject to such company holding a valid licence from the Labour Commissioner. However, currently no licences are being issued.
<i>payment in local currency</i>	<ul style="list-style-type: none"> It is not a legal requirement for remuneration to be paid in local currency. However, accounting must be done in Tanzanian Shilling as the legal tender.
<i>restraint of trade agreements</i>	<ul style="list-style-type: none"> Any agreement that prohibits one from exercising a lawful profession, trade or business, including restraint of trade agreements is generally not valid and enforceable, unless the restraint is in the interest of the parties involved and the public.

foreign investment regime	
investment regime	<ul style="list-style-type: none"> The Tanzania Investment Act governs investment in Tanzania. The Tanzania Investment Centre (TIC) acts as one-stop shop to coordinate, encourage, promote and facilitate investment in Tanzania.
registration / licensing requirements	<ul style="list-style-type: none"> Registration with the TIC is not compulsory, but a foreign investor who intends to invest in Tanzania is entitled to apply to the TIC for a certificate of approved enterprise if, <i>inter alia</i>, the amount to be invested by the foreign investor is at least USD500 000 or the equivalent in any currency. Investors in the mineral and petroleum sectors cannot register with the TIC, but the provisions of the Investment Act relating to investment protection, guaranteed repatriation of profits and sale proceeds of a business, do apply to such businesses.
non-industry specific registrations / licences	<ul style="list-style-type: none"> The following general non-industry specific registration / licences may also be required:
<i>business / commercial licence</i>	<ul style="list-style-type: none"> Businesses carrying on any form of trade, commerce, craftsmanship or specified profession for profit or gain in Tanzania must hold a valid general business licence from the local municipality.
<i>Tanzania Revenue Authority ("TRA")</i>	<ul style="list-style-type: none"> All taxpayers must register with the TRA and obtain a taxpayer identification number ("TIN") within 30 days of the date of its establishment, incorporation or registration in Tanzania. If an enterprise's turnover exceeds the VAT registration threshold (see 'tax' below), it should also specifically apply for VAT registration. At least one director must hold a personal TIN.
<i>National Social Security Fund ("NSSF")</i>	<ul style="list-style-type: none"> Every employer in the private sector must register with the NSSF. In addition, each individual employee must be registered with the fund.
<i>Workers Compensation Fund ("WCF")</i>	<ul style="list-style-type: none"> Every employer is obliged to register with the WCF.
industry-specific licences	<ul style="list-style-type: none"> Industry-specific licences may also be required.
incentives	<ul style="list-style-type: none"> Incentives include: <ul style="list-style-type: none"> exemption from withholding tax on interest payable to a non-resident bank granted to a strategic investor issued with a certificate of incentives by the TIC; and a 10 year tax holiday and other incentives granted to qualifying Export Processing Zones (EPZ) investors.



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exchange control regulation	<ul style="list-style-type: none"> Tanzania applies liberal exchange control rules in terms of the Foreign Exchange Act. Residents may retain foreign currency accounts with commercial banks. Subject to the payment of applicable taxes and the submission of supporting documents to a commercial bank, the repatriation of foreign currency from the country is not restricted. Commercial banks are required to notify the Bank of Tanzania of such transactions for record purposes. Mineral and petroleum exporters must deposit all export proceeds with a local commercial bank following amendments to the Mining Act and Petroleum Act introduced in 2017.
types of entities available for foreign investment	<ul style="list-style-type: none"> registered branch of a foreign company; company limited by guarantee (private or public); company limited by shares (private or public); cooperative society; partnership / limited liability partnership; trust – generally for charitable purposes; and unlimited company (private or public).
private limited liability company	
minimum number of shareholders	<ul style="list-style-type: none"> A minimum of two shareholders is required and the maximum allowed is 50. There is generally no requirement for local shareholding, but it may be required in specified industries, such as banking, insurance, telecommunications, radio and TV and those dealing in gemstones and precious stones. The new mining and petroleum local content regulations introduced strict local content requirements, applicable to lien holders and suppliers in the sector.
minimum share capital	<ul style="list-style-type: none"> There are generally no minimum share capital requirements in Tanzania, save for the prescribed capital adequacy requirements for banks and insurance companies. However, the prescribed fees at the time of company registration refers to a minimum share capital TZS22 000, which is the lowest threshold for calculating registration fees.
directors	<ul style="list-style-type: none"> A private company must have at least two directors. There is no requirement to have any resident directors, except in the case of insurance companies, where one third of the members of the board of directors must be Tanzanian citizens and “unaffiliated directors” and in mining and petroleum companies where local participation in terms of equity and directorship is mandatory. In the case of banks, while there is no obligatory local directorship, all directors and senior management must have prior approval of the Bank of Tanzania.
company secretary	<ul style="list-style-type: none"> Every company must appoint a company secretary (firm or individual).

	<ul style="list-style-type: none"> The company secretary does not need to be a Tanzanian resident but, in practice, this is recommended, as the secretary needs to be present in the country to sign documents or take required actions.
auditor	<ul style="list-style-type: none"> A private company must appoint an auditor.
registered address	<ul style="list-style-type: none"> Every company must have a registered office in Tanzania to which all communications and notices may be addressed. A company may have its registered address at the offices of the company’s accountants, lawyers or a third party.
shelf companies	<ul style="list-style-type: none"> There are no shelf companies available for purchase in Tanzania.
registration process	<ul style="list-style-type: none"> Companies are registered with the Business Registrations and Licensing Agency (BRELA) and it takes approximately three to five working days to complete registration once all the required documents have been submitted.
tax	
tax system	<ul style="list-style-type: none"> Tanzania has a residence-based tax system in terms of which Tanzanian residents are subject to tax on their worldwide income, whereas non-residents are subject to tax only on their Tanzanian-sourced income.
corporate residence	<ul style="list-style-type: none"> A company is resident in Tanzania if it is incorporated or formed under the laws of Tanzania or if the management and control of its affairs are exercised in Tanzania.
corporate tax rate	<ul style="list-style-type: none"> Resident companies and permanent establishments of foreign companies are subject to corporate tax rate at the rate of 30%. A reduced corporate tax rate of 25% applies for three consecutive years to companies newly listed on the Dar es Salaam Stock Exchange if at least 30% of the company’s shares are issued to the public. Companies with newly established plant for assembling motor vehicles, tractors, fishing boats or out boats engine which have a performance agreement with the government are taxed at 10% for a period of five years, whereas newly established manufacturing companies in the pharmaceutical and leather industries are taxed at 20% for the first five years of operation. An alternative minimum tax applies at a rate of 0.5% to the turnover of companies with unrelieved tax losses for the current and preceding two income years.
capital gains tax (“CGT”)	<ul style="list-style-type: none"> Gains arising on the disposal of assets by companies are included in ordinary taxable income and subject to corporate income tax rate at the standard rate of 30%.



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withholding tax ("WHT") rates	WHT rate (%)		
	payment to	residents	non-residents
branch profits		N/A	10%
dividends		5% (listed companies) 5% (at least 25% shareholder) 10% (other dividends)	0% (export processing zones) 5% (listed companies) 10% (other)
interest		10%	10% (bank deposits) 0% (if paid by strategic investors holding a TIC to a non-resident bank)
royalties		15%	15%
management, consulting and technical service fees		5%	15%
double tax agreements ("DTAs")	<ul style="list-style-type: none"> DTAs are in force with Canada, Denmark, Finland, India, Italy, Norway, South Africa, Sweden, and Zambia. 		
losses	<ul style="list-style-type: none"> Losses may be carried forward indefinitely. However, tax losses in the agricultural, mining and petroleum sectors are ring-fenced. 		
transfer pricing	<ul style="list-style-type: none"> In terms of Tanzania's transfer pricing rule, transactions between "associates" must be entered into on arm's basis. A company is an associate of another person where it, whether alone or with an associate(s), controls or may benefit from 50% or more of the rights to income or capital or voting power of another entity. 		
thin capitalisation	<ul style="list-style-type: none"> In terms of Tanzania's thin capitalisation rules the maximum accepted debt : equity ratio is 7:3 for an "exempt-controlled resident entity". An exempt-controlled resident entity includes a resident entity of which 25% or more of the underlying ownership of the entity is held by a non-resident. 		

employee taxes	<ul style="list-style-type: none"> The income tax rates applicable to resident individuals in Mainland Tanzania are: <table border="1"> <thead> <tr> <th>annual chargeable income (TZS)</th> <th>tax rate</th> </tr> </thead> <tbody> <tr> <td>up to 2 040 000</td> <td>0%</td> </tr> <tr> <td>2 040 001-4 320 000</td> <td>9%</td> </tr> <tr> <td>4 320 001-6 480 000</td> <td>20%</td> </tr> <tr> <td>6 480 001-8 640 000</td> <td>25%</td> </tr> <tr> <td>above 8 640 000</td> <td>30%</td> </tr> </tbody> </table> Non-resident employees are subject to a flat rate tax of 15%. 	annual chargeable income (TZS)	tax rate	up to 2 040 000	0%	2 040 001-4 320 000	9%	4 320 001-6 480 000	20%	6 480 001-8 640 000	25%	above 8 640 000	30%
annual chargeable income (TZS)	tax rate												
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above 8 640 000	30%												
social security contributions	<ul style="list-style-type: none"> Both employees and employers must make monthly social security contributions to a social security fund. Both the employer and employee contribution rate is 10% of the employee's gross monthly salary. Expatriates may apply for exemption from contributing if an employee is contributing to a similar state scheme (any scheme run by the government of that country and which provides similar benefits). 												
payroll taxes	<ul style="list-style-type: none"> A skills and development levy imposed under the Vocational Education and Training Act is payable by any company employing four or more employees at the rate of 4.5% of gross emoluments. 												
stamp duty	<ul style="list-style-type: none"> Stamp duty is levied under the Stamp Duty Act on a number of instruments. Stamp duty at the rate of 1% is payable on the transfer of shares, debentures, bonds and other securities as well as immovable property. 												
VAT													
<i>taxable supplies</i>	<ul style="list-style-type: none"> VAT is payable on the supply of goods or services in mainland Tanzania and on the importation of goods or services. 												
<i>VAT rate</i>	<ul style="list-style-type: none"> 18% 												
<i>registration threshold</i>	<ul style="list-style-type: none"> Any person whose annual taxable is expected to exceed TZS100-million must register for VAT purposes. 												
<i>reverse VAT on imported services</i>	<ul style="list-style-type: none"> Resident companies making exempt supplies of at least 10% of total supplies, are required to account for output VAT in respect of imported services rendered by non-residents in terms of the reserve-charge mechanism. To the extent that the services are used for making taxable supplies, such VAT may be claimed as an input credit. 												



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trade marks	
international conventions, treaties and arrangements	<ul style="list-style-type: none"> • African Regional Intellectual Property Organization • Nice Union • Paris Convention • The Harare Protocol • Trade-Related Aspects of Intellectual Property Rights • World Intellectual Property Organization
classification	<ul style="list-style-type: none"> • The international classification of goods and services applies. A separate application is required for each class of goods and / or services.
categories of trade marks	<ul style="list-style-type: none"> • Provision is made for: <ul style="list-style-type: none"> • service marks; • series marks; • colour or combination of colours marks; • associated marks; • certification marks; • three-dimensional marks, upon providing proof of registration from other countries; and • collective marks.
filing requirements	<ul style="list-style-type: none"> • Name, address and occupation of the applicant; • payment of official fee; • signed Power of Attorney; • 10 prints of the mark, except for word marks in ordinary type; • priority document (if applicable), with verified English translation; • a verified English translation if the proposed trade mark is in a language other than English; and • specification of the goods and services for which registration is to be registered in accordance with the NICE classification current edition.
procedure	<ul style="list-style-type: none"> • Applications are examined as to formalities, inherent registrability and conflict with prior existing registrations / applications. • Accepted applications are advertised.
oppositions	<ul style="list-style-type: none"> • Opposition may be lodged within 60 days following the date of advertisement of the trade mark application. • Extension of the opposition period is possible at the discretion of the Registrar.
duration and renewal	<ul style="list-style-type: none"> • Registration may be cancelled on application by an aggrieved person on the ground that one month prior to the filing of the application a continuous period of three years or longer had elapsed during which the registered proprietor did not use the mark. • Permitted use by a third party cannot be relied on by the proprietor unless the user is recorded as a licensee / registered user.

For more information or assistance please contact:

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