



TANZANIA REVENUE AUTHORITY

ISO 9001:2008

SUMMARY OF CHANGES IN TAX LAWS ADMINISTERED BY TRA AS PER FINANCE ACT 2010

Following the budget speech of 2010/11, the government has reviewed tax laws administered by TRA that grant exemptions with a view to controlling and instituting measures to improve supervision. The proposed measures cover the following tax laws:-

1. The Value Added Tax Act, CAP148
2. The Income Tax, CAP 332
3. The Excise (management & Tariff) Act, CAP 147;
4. The Motor Vehicles (Tax on Registration and Transfer)Act, CAP 124
5. Road Traffic Act, CAP 168;
6. The East African Community Customs Management Act, 2004;
7. Tax Laws and Government Notices (GNs) granting exemptions on motor vehicles.

A: Amendments to the Value Added Tax Act Cap 148

VAT Exemptions

- (i) VAT on transportation (intra- transport) of agricultural products i.e. transportation of sugar cane, sisal and tea plantations to the processing industry; This is applicable to organized farming only;
- (ii) VAT on machines and equipments used in the collection, transportation and processing of milk products;
 - (a) Milk cans (HS Code: 7310.29.90)
 - (b) Milk pumps-(HS Code no. 8413.81.00);
 - (c) Milk hoses-(HS Code no. 8413.70.20);
 - (d) Compressors used in refrigerating equipment-(HS Code no. 8414.30.00)
 - (e) Milk Storage tanks- (HS Code no. 7309.00.00);
 - (f) Milk Tankers (HS Code 8716.31.90);
 - (g) Milk pasteurizers-(HS Code no. 8434.20.00);
 - (h) Butter churns- (HS Code 8434.90.00);
 - (i) Storage chillers– HS Code no. 8415.81.00); and
 - (j) Chees presses - (HS Code no. 8434.20.00).
- (iii) VAT on animal feeds or seed cake (locally known as mashudu)
- (iv) VAT on agricultural implements i.e. combine harvesters, pick-up balers, hay making machinery and mowers used in agricultural production and livestock;

- (v) VAT on Airfreight charges for transportation of flowers;
- (vi) VAT on Breeding services through artificial animal insemination;
- (vii) VAT on supply of packaging materials for fruit juices and milk products;

VAT Special Reliefs - Third schedule to the Act

- (a) Supply of equipments to a registered Veterinary Practitioner
- (b) Importation by or supply of green houses to growers;
- (c) Supply of goods and services to the organized farms and farms under registered cooperatives unions for the purpose of building infrastructures such as irrigation canal, construction of road networks, godowns and similar storage facilities;
- (d) Supply of building materials and construction services to EPZ developers;
- (e) Practice of classifying certain goods deemed capital goods have been reinstated; Inter disciplinary committee under TRA will oversee its implementation to avoid abuse of this facility.

Zero Rate:

VAT on locally produced edible oil using local oil seeds by local processors;

B: The Income Tax Act 2004 Cap 332

- (i) Sect. 11 of income tax Act has been amended to introduce Ring fencing within the mining area. The measure restrict companies to utilize losses of one mine against the taxable income of another income of another mine while determining tax liabilities.
- (ii) Reduce individual income tax rate from 15% to 14% for employees

RESIDENT INDIVIDUAL INCOME TAX RATES WITH EFFECT FROM 1/7/2010

SN	MONTHLY TAXABLE INCOME	TAX RATE
1	Where income does not exceed Tshs. 135,000/=	NIL
2	Where total income exceeds Tshs. 135,000/= but does not exceed Tshs. 360,000/=	14% of the amount in excess of Tshs. 135,000/=
3	Where total income exceeds Tshs. 360,000/= but does not exceed Tshs. 540,000/=	Tshs. 31,500/= plus 20% of the amount in excess of Tshs 360,000/=
4	Where total income exceeds Tshs. 540,000/= but does not exceed Tshs. 720,000/=	Tshs. 67,500/= plus 25% of the amount in excess of Tshs 540,000/=
5	Where total income exceeds Tshs. 720,000/=	Tshs. 112,500/=plus 30% of the amount in excess of Tshs 720 ,000/=

- (iii) Extend the application of withholding taxes on goods and services to non-TIN holders supplying goods or services to all entities.

C: The excise Management and Tariff Act Cap 147

CHANGES OF EXCISE DUTY RATES

SN	Types of the item	Previous rate in Tshs.	Current rates in Tshs.
1.0	Residual fuel oils (HFO)	97 per litre	80 per litre
2.0	Soft drinks	58 per litre	63 per litre
3.0	Beer made from un-malted cereals	209 per litre	226 per litre
4.0	Other beers	354 per litre	382 per litre
5.0	Wine produced with more than 255 imported grapes	1,132 per litre	1,223 per litre
6.0	Spirits	1,678 per litre	1,812 per litre
Excise duty rates on cigarettes		Per 1,000 sticks	Per 1,000 sticks
7.0	Cigarettes without filter tip and containing domestic tobacco more than 75%	5,749	6,209
8.0	Cigarettes with filter tip and containing domestic tobacco more than 75%	13,564	14,649
9.0	Other cigarettes not mentioned on 6 & 7	24,644	26,604
10.0	Cut rag or cut filler	12,441	13,436
11.0	Excise duty rate on "Cigars" remain at 30%		

D. The Motor Vehicles (Tax on Registration and Transfer) Act Cap 124

Sn	Type	Previous fees	New fees
1	Motor vehicle registration	120,000/=	150,000/=
2	Motor Cycle registration	35,000/=	45,000/=

E Road Traffic Act Cap 168

SN	Ujazo wa Injini	Previous fees	New fees
1	0 – 500. cc	30,000/=	50,000/=
2	501- 1500.cc	50,000/=	100,000/=
3	1501- 2500.cc	100,000/=	150,000/=
4	Over 2500.cc	150,000/=	200,000/=

F. The East African Community Common External Tariff (CET) and Customs Management Act 2004

Common External tariff

- (i) Review the CET rate applicable on aluminium conductors and cables under HS code 7614.10.00 and HS code 7614.90.00 from 10% to 25%
- (ii) Review the CET rate applicable on other cables of copper wire under HS Code 7413.00.90 from 10% to 25%, the measure intended to harmonize with cables under HS Code 7413.00.10 attracting the CET of 25% and are of competing products;
- (iii) Grant duty remission to the specific inputs which attract duty and are used in production of duty free finished products. The measure is intended to create environment of fair competition because some of inputs attract CET rate of 10% or 25%.
- (iv) Review the CET Rate applicable on driers under HS Code 3211.00.00 from 10% to 0%
- (v) Review the CET rate applicable on Petroleum coke, not calcined under HS Code 10% to 0%
- (vi) Review the CET rate applicable on Stamping foils under HS Code 3212.10.00 from 10% to 0%

(vii) Review the CET rate applicable on pigments dispersed in non aqueous media, in liquid or paste form of a kind used the manufacture of paints under HS Code 3212.90.10 from 10% to 0%

(viii) Review the CET rate applicable on Flat – rolled products of iron alloy steel coated or plated with tin of a thickness of 0.5 mm or more under HS Code 7210.11.00 and 7212.10.00 from 25% to 0% and from 10% to 0% respectively

(ix) Review the CET rate applicable on cooking appliances and plates – for gas fuel under HS Code 7321.11.00 from 25% to 10%

(x) Review the CET rate applicable on wheat under HS Code 1001.90.20 and HS Code 1001.90.90.90 from 35% to 10% for one year because the supply from within the Partner States is inadequate.

(xi) Review the CET rate applicable on Motor vehicles with load capacity of 5 tons but not exceeding 20 tons under HS Code 8704.22.90 from 25% to 10%

(xii) Review the CET rate applicable on Motor vehicles with load capacity exceeding 20 tons under HS Code 8704.23.90 from 25% to 0%

(xiii) Review the CET rate applicable on Sensitive Item of Portland Cement under HS Code 2523.29.00 to 25%

(xiv) Import duty rate on worn clothing under HS Code 6309.00.00 has been reduced from 45% or USD 30 cents per kilogram to 35% or USD 20 per kilogram

(xv) Buses to be imported for DART (Mradi wa mabasi yaendayo kasi Dar es salaam) Project will attract a duty rate of 10% (HS Code 8702.10.99 and 8702.90.99) this will apply for one year.

(xvi) Review the CET rate applicable on tractors under HS Code 870.20.90 from 10% to 0%

Import duty remission or exemptions

(i) Granted duty remission on textile coated with gum used in manufacturing of outer book covers under HS Code 5901.10.00

(ii) Granted duty remission on looped pile fabrics of gum boot manufacturing under HS Code 6001.22.00

(iii) Granted duty remission to motor vehicles Assemblers

(iv) Exempt import duty on Parent Stocks under HS Code 010520.90

(v) Exempt import duty on lamps/bulbs using LED technology

(vi) Extend the exemption regime granted to Armed Forces Canteen (AFCO)

(vii) Exempt import duty on examination gloves

NB: The 5th Schedule has been amended to limit the exemption of import duty granted on importation of motor vehicles by returning residents to only four (4) years before the beneficiary can enjoy another exemption.

G: Amendment of the Cashew nut Industry Act, (CAP 203)

Export levy on raw cashew nuts has increased from 10% to 15% on Free on Board (FOB) or USD 69 per metric tone whichever is higher. 65% of the levy collected will be divided amongst district councils which are cashew nuts producers

**Issued by
Taxpayer Services and Education Department**