

THE UNITED REPUBLIC OF TANZANIA



CHAPTER 148

THE VALUE ADDED TAX ACT

[PRINCIPAL LEGISLATION]

REVISED EDITION 2019

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Dodoma,
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CHAPTER 148

THE VALUE ADDED TAX ACT

[PRINCIPAL LEGISLATION]

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(iv) a variation of, or alteration to, all or part of the supply and which has the effect that the supply becomes or ceases to be a taxable supply; and

(b) in relation to a taxable supply of a voucher, means the giving of the voucher in full or part payment for a supply that is exempt; or zero rated;

“agent” means a person who acts on behalf of another person in business;

“ancillary transport services” means stevedoring services, lashing and securing services, cargo inspection services, preparation of customs documentation, container handling services and the storage of transported goods or goods to be transported;

“association of persons” means a partnership, trust or body of persons formed, organised, established or recognised as such in Mainland Tanzania, and does not include a company;

“Commissioner General” means the Commissioner General of the Tanzania Revenue Authority appointed as such under the Tanzania Revenue Authority Act;

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“commercial accommodation” means accommodation in a building including part of a building or a group of buildings operated as a hotel, motel inn, boarding house, guest house, hostel, lodge, cottage, serviced apartment or similar establishment, or on sites developed for use as camping sites, where lodging is regularly or normally provided for a periodic charge, or other accommodation offered for short term occupation by person other than as the individual’s main residence;

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“company” has the same meaning ascribed to it under the Companies Act;

“connected persons” means-

(a) two persons, if the relationship between them is such that one person can reasonably be expected to act in accordance with the intention of the other, or both persons can

- reasonably be expected to act in accordance with the intentions of a third person;
- (b) in the case of an individual, the individual and-
 - (i) the husband or wife of the individual;
 - (ii) the husband or wife of a relative of the individual;
 - (iii) a relative of the individual's husband or wife;
 - (iv) the husband or wife of a relative of the individual's husband or wife; and
 - (v) a relative of the individual;
 - (c) a partnership and a partner in the partnership, if the partners, either alone or together with other persons who are related to the partner, controls ten percent or more of the rights to income or capital of the partnership;
 - (d) a company and a shareholder in the company, if the shareholder, directly or indirectly, either alone or together with persons who are connected with the shareholder, controls ten percent or more of the voting power in the company or the rights to distributions of income or capital by the company;
 - (e) a company and another company, if a person, directly or indirectly, either alone or together with persons who are connected with the person who controls ten percent or more of the shareholding rights, or the rights to distributions of income or capital in both of them;
 - (f) a person acting in the capacity of trustee of a trust and an individual who is or may be a beneficiary of that trust or, in the case of an individual whose relative is or may be a beneficiary of the trust; and
 - (g) a person who is in control of another person if the former is legally or operationally in a position to exercise restraint or direction over the latter;

“document” means a statement in writing, including an

account, assessment, book, certificate, claim, note, notice, order, record, return or ruling kept either in paper form or electronic form;

“economic activity” means-

- (a) an activity carried on continuously or regularly by a person, which involves or is intended to involve the supply of goods, services, or immovable property, including-
 - (i) an activity carried on in the form of a business, profession, vocation, trade, manufacture, or undertaking of any kind, whether or not the activity is undertaken for profit; or
 - (ii) a supply of property by way of lease, hire, license, or similar arrangement;
- (b) a one-off adventure or concern in the nature of a trade; and
- (c) anything done during or in respect of the commencement or termination of an economic activity as defined under (a) or (b) of this definition provided that "economic activity" does not include-

- (i) the activities of providing services by employee to employer; or
- (ii) activities performed as a director of a company, except where the director accepts such office in carrying on an economic activity, in which case those services shall be regarded as being supplied in the course or furtherance of that economic activity;

“entertainment” means the provision of food, beverages, amusement, recreation or hospitality of any kind;

“exempt” in relation to a supply or import, means a supply or import that is specified as exempt under this Act or a supply of a right or option to receive a supply that will be exempt;

“export” in relation to a supply of goods, means the removal of goods from a place in Mainland Tanzania to a

place outside the United Republic, and in the absence of proof to the contrary, the following are sufficient evidence that the goods have been so exported-

- (a) evidence of the consignment or delivery of the goods to an address outside the United Republic; or
- (b) evidence of the delivery of the goods to the owner, charterer, or operator of a ship, aircraft or other means of transport engaged in international transport for the purpose of carrying the goods outside the United Republic;

“fair market value of supply” means-

- (a) the consideration the supply would fetch in an open market transaction freely made between persons who are not connected; or
- (b) where it is not possible to determine an amount under paragraph (a), the fair market value which a similar supply would fetch in an open market transaction freely made between persons who are not connected, adjusted to take account of the differences between such supply and the actual supply;

“finance lease” means a lease that is treated as a finance lease under the Financial Leasing Act, but does not include a hire purchase agreement;

“financial services” means services of-

- (a) granting, negotiating, and dealing with loans, credit, credit guarantees, and security for money, including management of loans, credit, or credit guarantees by the grantor;
- (b) transactions concerning money deposit, current accounts, payments, transfers, debts, cheque or negotiable instruments, other than debt collection or debt factoring;
- (c) transactions relating to financial derivatives, forward contracts, options to acquire financial instruments and similar arrangements;
- (d) transactions relating to shares, stocks, bonds, and other securities, but does not include custody services;

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- (e) transactions involving granting or transferring ownership of an interest in a scheme whereby provision is made for the payment or granting of benefits by a benefit fund, provident fund, pension fund, retirement annuity fund, preservation fund, or similar fund;
- (f) transactions involving the provision of, or transfer of ownership of a health or life insurance contract or the provision of reinsurance in respect of such contract;
- (g) making payment or collection of an amount of interest, principal, dividend, or other amount in respect of any share, debt security, equity security, participatory security, credit contract, contract of life insurance, or futures contract; and
- (h) foreign exchange transactions, including the supply of foreign drafts and international money orders,

but does not include supply of the services of arranging for or facilitating any of the services specified under paragraphs (a) to (h);

“fixed place” in relation to the carrying on of an economic activity, means a place at or through which the activity is carried on, being-

- (a) a place of management;
- (b) a branch, office, factory, or workshop;
- (c) a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources; or
- (d) a building site or construction or installation project;

“goods” means all kinds of tangible moveable property, excluding shares, stocks, securities, or money;

“government entity” means-

- (a) the Government of the United Republic or a Ministry, Department, or Agency of that Government;
- (b) a statutory body, authority, or enterprise owned or operated by the Government of the United Republic; or
- (c) a local government authority;

“import” means bringing or causing goods to be brought from outside the United Republic into

Mainland Tanzania;

“imported services” means services supplied to a taxable person if the supply of the services is not made in the United Republic as determined under this Act;

“immovable property” includes-

- (a) an interest in or right over land;
- (b) a personal right to call for or be granted an interest in or right over land;
- (c) a right to occupy land or any other contractual right exercisable over or in relation to land;
- (d) the provision of accommodation; or
- (e) a right or option to acquire anything mentioned in paragraphs (a) to (d);

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“income tax” has the meaning ascribed to it under the Income Tax Act;

“input tax” in relation to a taxable person, means-

- (a) value added tax imposed on a taxable supply made to the person, including value added tax payable by the person on a taxable supply of imported services;
- (b) value added tax imposed on a taxable import of goods by the person; and
- (c) input tax charged under the law governing administration of value added tax applicable in Tanzania Zanzibar;

“input tax credit” in relation to a taxable person, means a credit allowed for input tax incurred by the person;

“international assistance agreement” means an agreement between the Government of the United Republic and a foreign government or a public international organisation for the provision of financial, technical, humanitarian, or administrative assistance to the United Republic;

“international transport services” means the services, other than ancillary transport services of transporting passengers or goods by road, rail, water, or air-

- (a) from a place outside the United Republic to another place outside the United Republic;

(b) from a place outside the United Republic to a place in Mainland Tanzania; or

(c) from a place in Mainland Tanzania to a place outside the United Republic;

“Minister” means the Minister responsible for finance;

“money” means-

(a) any coin or paper currency that is legal tender in the United Republic or another country;

(b) a negotiable instrument used or circulated, or intended for use or circulation, as currency of the United Republic or another country;

(c) a medium of exchange, promissory note, bank draft, postal order, money order, or similar instrument; or

(d) any payment for supply by way of credit card or debit card or crediting or debiting an account, and shall not include a collector’s piece or, a coin medal, paper money, collected as antique;

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“net amount” in relation to a tax period, means the amount calculated under section 67;

“non-profit organisation” means a charitable or religious organisation established and functions solely for-

(a) the relief of poverty or distress of the public;

(b) the provision of general public health, education or water; and

(c) the supply of religious services;

“output tax” in relation to a taxable person, means value added tax payable by the person in respect of-

(a) a taxable supply made; and

(b) a taxable supply of imported services acquired;

“partnership” means two or more persons carrying on an economic activity;

“person” means-

(a) an individual;

(b) a company;

(c) an association of persons;

(d) a Government entity, whether or not that entity is ordinarily treated as a separate person;

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s.8

(e) a foreign government or a political subdivision of a foreign Government;

(f) a non government organisation; or

(g) a public international organisation;

“prepaid telecommunications product” means a phone card, prepaid card, recharge card, or any other form of prepayment for telecommunication services;

“progressive or periodic supply” means-

(a) a supply made progressively or periodically under an agreement, arrangement or law that provides for progressive or periodic payments;

(b) a supply by way of lease, hire, license or other right to use property, including a supply under a finance lease; or

(c) a supply made directly in the construction, major reconstruction, or extension of a building or engineering work;

“registered person” means a person registered for value added tax under this Act;

“registration threshold” means the amount prescribed under section 28(4);

“relative of an individual” means a brother, sister, ancestor or lineal descendant of the individual;

“residential premises” means an area occupied or designed to be occupied and capable of being occupied as a residence, and includes-

(a) any garage, storage space, or other space associated with the premises, so long as that space is of a type commonly considered to be part of such residential premises; and

(b) any land that is reasonably attributable to the premises,

but does not include any premises or part of premises that is used to provide commercial accommodation;

“resident” means an individual whose permanent home is in Mainland Tanzania;

“resident company” means a company incorporated in Tanzania or issued with the certificate of compliance under the Companies Act or its centre of management and control is in Mainland Tanzania;

“resident trusts” means the trust whose majority of members of trustees are residents of Mainland Tanzania or the place of management and control of the trust is in Mainland Tanzania;

“resident association of persons” means an association of persons other than a trust-

- (a) formed in Mainland Tanzania; or
- (b) its place of management and control is in Mainland Tanzania.

“resident Government entity” means a Government entity with residence in Mainland Tanzania;

“sale” means a transfer of the right to dispose of goods or immovable property as owner, including exchange or barter, and shall not include an offer or exposure of goods or immovable property for sale;

“services” means anything that is not goods, immovable property or money including but not limited to-

- (a) a provision of information or advice;
- (b) a grant, assignment, termination, or surrender of a right;
- (c) the making available of a facility, opportunity, or advantage;
- (d) an entry into an agreement to refrain from or tolerate an activity, a situation, or the doing of an act; and
- (e) an issue, transfer, or surrender of a license, permit, certificate, concession, authorisation, or similar right;

“service directly related to land” means service-

- (a) physically rendered on land;
- (b) of experts and estate agents relating to specific land; or
- (c) relating to construction work undertaken or to be undertaken on specific land;

“supply” means any kind of supply whatsoever;

“tax decision” has the same meaning as ascribed in the Tax Administration Act and shall include a decision referred to under section 90;

“tax fraction” means the amount out of tax calculated in accordance with the following formula-

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R

$\frac{R}{100 + R}$

where “R” is the rate of value added tax specified in section 5;

“tax invoice” means a document issued in accordance with section 86 and regulations made under this Act;

“tax period” means a calendar month, beginning at the start of the first day of the month and ending at the last day of the month;

“taxable import” means an import of goods, other than an exempt import;

“taxable person” means a registered person or a person who is required to be registered for value added tax under this Act;

“taxable supply” means-

(a) a supply, other than an exempt supply, that is made in Mainland Tanzania by a taxable person in the course or furtherance of an economic activity carried out by that person; or

(b) a supply of imported services to a taxable person who is the purchaser and acquires the services in the course of an economic activity if had the supply been made in Mainland Tanzania by a taxable person in the course of furtherance of an economic activity-

(i) it would have been taxable at a rate other than zero; and

(ii) the purchaser would not have been entitled to a credit for ninety percent or more of the value added tax that would have been imposed on the supply;

“telecommunication service” means a service of any description provided by a company by means of any transmission, emission or reception of signs, signals, writing, images and sounds or intelligible information of any nature, by wire, optical, visual or other electromagnetic means or systems, including-

- (a) voice, voice mail, data services, audio text services, video text services, radio paging and other emerging telecommunication services;
- (b) fixed telephone services including provision of access to and use of the public switched or non-switched telephone network for the transmission and switching of voice, data and video, inbound and outbound telephone service to and from national and international destinations;
- (c) cellular mobile telephone services including provision of access to and use of switched or non-switched networks for the transmission of voice, data, video and value added services, inbound and outbound roaming services to and from national and international destinations;
- (d) carrier services including provision of wired, optical fibre or wireless facilities and any other technology to originate, terminate or transit calls, charging for interconnection, settlement or termination of domestic or international calls, charging for jointly used facilities including pole attachments, charging for the exclusive use of circuits, a leased circuit or a dedicated link including a speech circuit, data circuit or a telegraph circuit;
- (e) provision of call management services for a fee including call waiting, call forwarding, caller identification, multi calling, call display, call return, call screen, call blocking, automatic call-back, call answer, voice mail, voice menus and video conferencing;
- (f) private network services including provision of wired, optical fibre, wireless or any other technologies of electronic communication link between specified points for the exclusive use of the client;
- (g) data transmission services including provision of access to wired or wireless facilities and services specifically designed for efficient transmission of data; and

(h) communication through facsimile, pager, telegraph, telex and other telecommunication service;

“telecommunication service provider” means a person licensed by the Tanzania Communications Regulatory Authority or an equivalent foreign body to provide telecommunication services;

“time of supply” means-

(a) in relation to a supply of goods, the time at which the goods are delivered or made available;

(b) in relation to a supply of services the time at which the services are rendered, provided, or performed; or

(c) in relation to a supply of immovable property, the earlier time at which the property is-

(i) created, transferred, assigned, granted, or otherwise supplied to the customer; or

(ii) delivered or made available;

“trust” means a person acting in the capacity of trustee or trustees of a particular trust estate;

“trust estate” means property held by a person or persons acting as trustee for a settlement, trust or estate;

“value added tax” means the tax imposed on taxable supplies or taxable imports, and includes an interest, fine or penalty payable in accordance with the provisions of this Act;

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s.8

“value added tax return” means a return that a taxable person is required to file with the Commissioner General, in which required information concerning that person, or other person’s liability to pay tax under this Act, is provided;

“voucher” means a stamp, token, coupon, or similar article, including an article issued electronically, which can be redeemed by the holder for supplies of goods, services, or immovable property, and includes a prepaid telecommunications product, and does not include a postage stamp;

“Zanzibar input tax” in relation to a taxable person, means-

(a) value added tax imposed under the value added tax law applicable in Tanzania

- Zanzibar on a taxable supply made to that taxable person; and
 - (b) value added tax imposed under the value added tax law applicable in Tanzania Zanzibar on a taxable import of goods by the person; and
- “zero-rated” in relation to a supply or import, means-
- (a) a supply or import that is specified as zero-rated under this Act; or
 - (b) a supply of a right or option to receive a supply that shall be zero-rated pursuant to the provisions of this Act.
- (2) For purposes of this Act, goods shall be classified by reference to the tariff numbers set out in Annex 1 to the Protocol on the Establishment of the East African Community Customs Union and in interpreting that annex, the general rules of interpretation set out therein, shall apply.

PART II
IMPOSITION OF VALUE ADDED TAX

(a) Imposition and Exemptions

Imposition of value added tax

3. Value added tax shall be imposed and payable on taxable supplies and taxable imports.

Person liable to pay value added tax

4. The following persons shall be liable to pay value added tax-

- (a) in the case of a taxable import, the importer;
- (b) in the case of a taxable supply that is made in Mainland Tanzania, the supplier; and
- (c) in the case of a taxable supply of imported services, the purchaser.

Value added tax rate and amount payable
Act No. 2 of 2016
s.91

5.-(1) The amount of value added tax payable shall be calculated by multiplying the value of the supply or import by the value added tax rate, which shall be eighteen percent.

(2) Where the supply or import is zero-rated, the value added tax rate shall be zero percent.

(3) Where a supply is both exempt and zero-rated, the supply shall be zero rated.

(4) Where the supply is both exempt and taxable at standard rate, the supply shall be taxable at standard rate as specified under this section.

Exemptions and rates to be specified by law Act Nos. 9 of 2015 s.34 9 of 2017 s. 34 4 of 2018 s.67 13 of 2019 s. 101

6.-(1) Except as otherwise provided for in the provisions of this Act or the Schedule-

(a) a supply, class of supplies, import, or class of import shall not be exempt or zero-rated; and

(b) a person or class of persons shall not be exempted from paying value added tax imposed under this Act.

(2) Notwithstanding the provisions of subsection (1), the Minister may, by order published in the Gazette, grant value added tax exemption on:

(a) importation of raw materials to be used solely in the manufacture of long-lasting mosquito nets by local manufacturer having a performance agreement with the Government of the United Republic;

(b) importation by a government entity or supply to a government entity of goods or services to be used solely for implementation of a project funded by-

(i) the Government;

(ii) concessional loan, nonconcessional loan or grant through an agreement between the Government of the United Republic of Tanzania and another government, donor or lender of natural calamity or disaster.” of concessional loan or non-concessional loan; or

(iii) a grant agreement duly approved by the Minister in accordance with the provisions of the Government Loans, Grants and Guarantees Act entered between local government authority and a donor:

Provided that, such agreement provide for value added tax exemption on such goods or service; or

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(c) importation or supply of goods or services for the relief of natural calamity or disaster.”

(3) The exemption granted under this section shall cease to have effect and the value added tax shall become due and payable as if the exemption have not been granted if the said goods or services are transferred, sold or otherwise disposed of in any way to another person not entitled to enjoy similar privileges as conferred under this Act.

(4) The order issued by the Minister under subsection (2) shall specify goods or services that are eligible for exemption, commencement and expiry date of the exemption.

(5) The Minister may, for the purposes of this section and upon such terms and conditions as may be required-

(a) appoint a technical committee which shall advise the Minister on the granting and monitoring of exemptions; and

(b) prescribe procedures for purposes of monitoring utilisation of exemptions granted under this section.

(6) The Committee appointed under subsection (5) shall comprise of representatives from the following institutions-

(a) the Ministry responsible for finance and planning;

(b) the Attorney General’s Office;

(c) the Ministry responsible for local government; and

(d) the Tanzania Revenue Authority.

(7) The Committee may co-opt any person with special knowledge or skills to provide expertise on a particular matter as may be required by the Committee.

(8) In this section, “project funded by Government” means a project financed by the Government in respect of-

(a) transport, water, gas or power infrastructure;

(b) buildings for provision of health or education services to the public; or

(c) a centre for persons with disabilities.

7. Where, an agreement approved by the Minister is entered into between the Government of the United Republic and an international agency listed under

the Diplomatic and Consular Immunities and Privileges Act, and such agreement entitles a person to an exemption from tax on the person's purchases or imports, the exemption shall be effected under this Act by-

- (a) exempting the import of goods imported by the person; or
- (b) refunding the value added tax payable on taxable supplies made to the person upon application by the person.

(b) Value Added Tax on Imports

Payment and collection of value added tax on imports
Act No. 1 of 2005

8.-(1) The value added tax payable on a taxable import shall be paid-

- (a) where goods are entered for home consumption in Mainland Tanzania, in accordance with the provisions of this Act and procedures applicable under the East African Customs Management Act; or
- (b) in any other case, where goods are imported for use in Mainland Tanzania, on the day the goods are brought into Mainland Tanzania and in the manner prescribed by the regulations.

(2) The liability to pay value added tax on a taxable import shall arise by the operation of this Act and shall not depend on the making of an assessment by the Commissioner General of the amount of value added tax due.

(3) The Commissioner General shall collect value added tax due under this Act on a taxable import at the time of import.

(4) Unless a contrary intention appears-

- (a) the provisions of the East African Customs Management Act shall, for the purposes of this Act, apply as if the value added tax payable on taxable imports were customs duty payable under the East African Customs Management Act; and
- (b) the terms used in this Act in respect of an import of goods shall have the same meaning as in the East African Customs Management Act.

Act No. 1 of 2005

Value of import Acts Nos. 1 of 2005 2 of 2016 s.92 Cap.4 s.8

- 9.** The value of an import of goods shall be the sum of-
- (a) the value of goods for the purposes of customs duty under the East African Customs Management Act, whether or not duty is payable on the import;
 - (b) the amount of any customs duty payable on the import; and
 - (c) the amount of any tax, levy, fee, or fiscal charge other than customs duty and value added tax payable on the import of the goods.

Value of returning goods

- 10.** Where-
- (a) goods are imported after having been exported for the purpose of undergoing repair, maintenance, cleaning, renovation, modification, treatment, or other physical process; and
 - (b) the form or character of the goods has not been changed since they were exported,
- the value of the import shall be such amount of the increase in their value as is attributable to the repair, maintenance, cleaning, renovation, modification, treatment, or other physical process.

Deferral of value added tax on imported capital goods Acts Nos. 2 of 2016 s.93 4 of 2018 s.22

- 11.-(1)** A registered person may, in the form and manner prescribed, apply to the Commissioner General for approval to defer payment of value added tax on imported capital goods.
- (2) The Commissioner General shall approve an application under this section if satisfied that-
- (a) the person is carrying on an economic activity;
 - (b) the person's turnover is, or is expected to be made up of at least ninety percent of taxable supplies;
 - (c) the person keeps proper records and files value added tax returns and complies with obligations under this Act and any other tax law; and

(d) there are no reasons to refuse the application in accordance with subsection (3).

(3) The Commissioner General shall refuse an application under this section if the applicant or a person connected to the applicant-

(a) has an outstanding liability or an outstanding return under any tax law; or

(b) has been convicted in a court of law in the United Republic or elsewhere for an offence of evading payment of tax, custom duty or an offence relating to violation of trade laws or regulations.

(4) The deferment granted under this Act shall cease to have effect and the value added tax shall become due and payable as if the deferment had not been granted if the applicant fails to account for deferral import value added tax, the said goods are transferred, sold or otherwise disposed off in any way to another person not entitled to enjoy similar privileges as conferred under this Act.

(5) The Commissioner General shall, within fourteen days of receiving the application, notify the applicant of the decision to approve or reject the application.

(6) Where the Commissioner General approves the application, such application shall take effect on the date mentioned in the decision.

(7) Where an application is rejected, the Commissioner General shall state the reasons for such rejection, and afford the applicant the right to object and appeal against the decision.

(8) The Commissioner General may revoke the approval made under this section if-

(a) the person no longer meets the requirements for approval; or

(b) the person becomes liable to fines or penalties, or is prosecuted or convicted, under this Act or any other tax law.

(9) A person who is approved under this section shall treat tax payable on taxable imports by the person as if it were output tax payable by the person in the tax period in which the goods were entered for home consumption.

(10) For purposes of this section, “capital goods”

means goods for use in the person’s economic activity which have a useful economic life of at least one year and are not-

- (a) consumables or raw materials; and
- (b) imported for the principal purpose of resale in the ordinary course of carrying on the person’s economic activity, whether or not in the form or state in which the goods were imported.

(c) Value Added Tax on Supplies

Subject matters and sub-categories of supply

12.-(1) Anything capable of being supplied by any person other than money shall be the subject matter of a supply.

(2) For purposes of this Act, every supply that is, or capable of being made shall be recognised as-

- (a) a supply of goods;
- (b) a supply of immovable property; or
- (c) a supply of services.

(3) For purposes of this Act, a supply of goods includes-

- (a) a sale, exchange or other transfer of the right to dispose of goods as owner, including under a hire purchase agreement; and
- (b) a lease, hire or other right of use granted in relation to goods including a supply of goods under a finance lease.

Consideration of supply

13.-(1) For purposes of this Act, “consideration” as used in relation to a supply, means the sum of the following amounts-

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- (a) the amount in money paid or payable by any person, whether directly or indirectly, in respect of, in response to, or for the inducement of the supply; and
- (b) the fair market value of anything paid or payable in kind, whether directly or indirectly, by any person in respect of, in response to, or for the inducement of the supply.

(2) Without limiting the scope of subsection (1), the consideration for a supply includes-

- (a) any duty, levy, fee, charge, or tax including value added tax imposed under this Act that-
 - (i) is payable by the supplier on, or by reason of, the supply; and
 - (ii) is included in or added to the amount charged to the customer;
- (b) any amount charged to the customer that is calculated or expressed by reference to costs incurred by the supplier;
- (c) any service charge that is automatically added to the price of the supply; and
- (d) any amount expressed to be a deposit paid when goods are sold in a returnable container and which may be refunded on the return of the container.

(3) The consideration for a supply shall not include a price discount or rebate allowed and accounted for at the time of the supply.

(4) An exact reimbursement of costs incurred by agent for the payer shall not form part of the consideration for the supply made by the agent to the person paying the reimbursement.

Single and multiple supplies

14. Where a supply consists of more than one element, the following criteria shall be taken into account when determining how this Act applies to the supply-

- (a) every supply shall normally be regarded as distinct and independent;
 - (b) a supply that constitutes a single supply from an economic, commercial, or technical point of view, shall not be artificially split;
 - (c) the essential features of the transaction shall be ascertained in order to determine whether the customer is being supplied with several distinct principal supplies or with a single supply;
 - (d) there is a single supply, if one or more elements constitute the principal supply, in which case the other elements are ancillary or incidental supplies, which are treated as part of the principal supply;
- or

(e) a supply shall be regarded as ancillary or incidental to a principal supply if it does not constitute for customers an aim in itself but is merely a means of better enjoying the principal thing supplied.

When value added tax becomes payable

15. The value added tax imposed on a taxable supply shall become payable at the earlier of-

- (a) the time when the invoice for the supply is issued by the supplier;
- (b) the time when the consideration for the supply is received, in whole or in part; or
- (c) the time of supply.

Exception for progressive, lay-by sale, and vending machine

15-16.-(1) Notwithstanding the requirement of section

- (a) where a progressive or periodic supply is treated as a series of separate supplies in accordance with the provision of section 19, any value added tax imposed on each supply shall become payable-
 - (i) if the supplier issues a separate invoice for the supply, at the time when the invoice is issued;
 - (ii) at the time when any part of the consideration for the supply is paid;
 - (iii) at the time when the payment of the consideration for the supply is due; or
 - (iv) if the supplier and customer are connected persons-
 - (aa) for a periodic supply, on the first day of the period to which the supply relates; or
 - (bb) for a progressive supply, at the time of supply;
- (b) where a taxable supply of goods is made under a lay-by agreement, the value added tax imposed on the supply becomes payable at each time when any part of the consideration is paid for the supply; and

- (i) the amount of value added tax that becomes payable at such time is the tax fraction of the amount paid; and
- (ii) where a taxable supply is made through a vending machine, meter, or other automatic device not including a pay telephone that is operated by a coin, note, or token, the value added tax becomes payable when the coin, note, or token is taken from the machine, meter, or other device by or on behalf of the supplier.

(2) For purposes of subsection (1), “lay-by agreement” means an agreement for the sale and purchase by which-

- (a) the price is payable by at least one additional payment after the payment of a deposit;
- (b) delivery of the goods takes place at a time after payment of the deposit; and
- (c) ownership of the goods is transferred by delivery.

(3) The Minister may make regulations prescribing for the value added tax to become payable under this section for-

- (a) a taxable supply that is subject to a statutory cooling off period under any other laws;
- (b) a taxable supply that occurs before the total consideration for the supply is certain;
- (c) a taxable supply made under an agreement that provides for retention of some or all of the consideration until certain conditions are met; or
- (d) a taxable supply for which the correct value added tax treatment is not known until a later time.

Value of
taxable supply

17.-(1) The value of a taxable supply which is made in Mainland Tanzania shall be the consideration for the supply reduced by an amount equal to the tax fraction of that consideration.

(2) The value of a taxable supply of imported services shall be the consideration for the supply.

(3) The value of a supply that is not a taxable supply shall be the consideration for the supply.

(4) The value of a supply made without payment of consideration shall be a fair market value.

Exception for supplies to connected person

18. Where a taxable person makes a taxable supply to a connected person, and the supply is made for no consideration, or for a consideration that is lower than the fair market value of the supply, the value of the supply shall be the fair market value of the supply reduced by the tax fraction of that fair market value.

Progressive or periodic supply
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s.8

19.(1) Each part of a progressive or periodic supply shall be treated as a separate supply.

(2) Where the progressive or periodic parts of a progressive or periodic supply are not readily identifiable, the supply shall be treated as a series of separate supplies each corresponding to the proportion of the supply to which each separate part of the consideration relates.

(3) For purposes of determining the time of supply for each part of a lease or other supply of a right to use property, the supply shall be treated as being made continuously over the period of the lease or right of use.

Sale of economic activity

20.(1) An economic activity shall be sold as a going concern where-

- (a) everything necessary for the continued operation of the economic activity is supplied to the person to whom the economic activity is sold; and
- (b) the purchaser makes the acquisition in the course of or for the purposes of, an economic activity it carries on after the sale.

(2) Without prejudice to the provision of subsection (1), part of an economic activity shall be an economic activity if it is capable of being operated separately.

(3) Where a taxable person makes supplies in Mainland Tanzania as a part of a transaction for the sale of an economic activity as a going concern by that taxable person to another taxable person-

- (a) the supplies shall be treated as a single supply that is made in Mainland Tanzania; and
- (b) the single supply shall be treated as if it were not a supply.
- (4) For purposes of working out the supplier's entitlement to input tax credits in relation to a transaction to which subsection (3) applies-
 - (a) any input tax incurred in acquiring goods or services for the purposes of the transaction shall-
 - (i) where the supplier otherwise only makes taxable supplies be treated as relating to those supplies; and
 - (ii) in any other case, be calculated in accordance with partial input tax credit formula; and
 - (b) the value of the single supply of the going concern shall not be included in any calculations made under section 70.

Tax treatment on rights, vouchers and options

21.-(1) Where-

- (a) a supply of a right, option, or voucher is a taxable supply; and
 - (b) a subsequent supply is made on the exercise of the right, option, or in return for a voucher given in full or part payment for the subsequent supply, the consideration for the subsequent supply is limited to any additional consideration given for the subsequent supply or in connection with the exercise of the right or option.
- (2) Where-
- (a) a supply of a right, option, or voucher was not a taxable supply;
 - (b) a subsequent supply is made on the exercise of the right or option, or in return for a voucher given in full or part payment for the subsequent supply; and
 - (c) the subsequent supply is a taxable supply, the consideration for the subsequent supply shall include any consideration given for the supply of the right, option, or voucher.

(3) For purposes of this Act, supply of voucher shall be treated as a supply of services.

Reimbursements of rights, voucher and option

22. Where-

- (a) a taxable supply is made on the exercise of a right or option, or in return for a voucher that is given in full or part payment for the subsequent supply; and
- (b) the taxable person making that supply receives or will receive a payment from another person in respect of the exercise of the right or option or the acceptance of the voucher, or because of the making of the supply,

the taxable person shall be treated as having made a taxable supply to the payer and the amount received shall be treated as consideration for that supply.

Input tax credits of right, voucher and options

23.-(1) The Minister may prescribe any kind of documentary evidence which, in lieu of a tax invoice, the taxable person shall hold in support of the input tax credit to which the person may be entitled in relation to the acquisition of a voucher or of a subsequent supply in return of the voucher.

(2) In the absence of such regulations any document from which the underlying tax burden can reasonably be calculated may be used in support of the input tax credit.

Pre-payments for telecommunication services

24.-(1) This section shall-

- (a) apply to a supply, by a telecommunications service provider, of a prepaid telecommunications product;
- (b) apply to a supply by a person who acts as a distributor, agent, or telecommunications intermediary in relation to the supply of a prepaid telecommunications product; and
- (c) not apply to a supply by one telecommunications service provider to another.

(2) Where a telecommunications service provider supplies a prepaid telecommunications product to a telecommunications intermediary at a discount from the

intended retail price, the consideration for the supply shall be calculated as if the intermediary had paid the intended retail price.

(3) Where a telecommunications intermediary purchases and on-sells a prepaid telecommunications product-

- (a) the acquisition by the intermediary shall be treated as if it were not an acquisition; and
- (b) the supply by the intermediary shall be treated as if it were not a supply.

(4) Where a telecommunications service provider supplies a prepaid telecommunications product through a telecommunications intermediary acting as agent for the telecommunications provider, the consideration for the supply is not reduced by the commission paid to the intermediary.

In kind
employee
benefits

25. Where a taxable person is an employer and makes a taxable supply to an employee as part of the employee's salary or because of the employment relationship, the supply shall be treated as having been made for consideration equal to the fair market value of the supply.

Cancelled
transactions

26.-(1) Where a supply, or an agreement for a supply, is cancelled and part of the consideration previously paid is retained by the supplier, any adjustments allowed or required under section 71 because of the cancellation, shall be reduced to take account of the amount retained.

(2) Where a supply or an agreement for a supply is cancelled and the supplier recovers an amount from the customer as a consequence of the cancellation, the amount recovered shall be treated as consideration received for a supply made in the tax period when the amount is recovered.

(3) The provisions of subsections (1) and (2) shall apply whether or not the cancellation has the effect that no supply is made, and any references to supplier and customer in those subsections shall be treated as referring to the persons who would have been the supplier and customer had the transaction not been cancelled.

Sale of property of debtor

27.-(1) Where a creditor supplies the property of a debtor to a third person in full or partial satisfaction of a debt owed by the debtor to the creditor-

- (a) the supply to the third person shall be treated as having been made by the debtor and its value added tax status shall be determined accordingly; and
- (b) the creditor shall be liable to pay the value added tax, on the supply and that value added tax shall be payable in priority to-
 - (i) the satisfaction of the debt; and
 - (ii) the return to the debtor or any other person of any part of the proceeds that is surplus to the debt.

(2) A creditor who is not a registered person but is required to pay value added tax by operation of subsection (1), shall pay value added tax at such time and manner as may be prescribed in the regulations.

(3) This section shall apply to a representative acting for a creditor under section 92.

**PART III
REGISTRATION**

Registration requirement

28.-(1) A person shall, in respect of any month, be registered for value added tax from the first day of that month, if there is reasonable ground to expect that the person's turnover in the twelve months period commencing at the beginning of the previous month will be equal to or greater than the registration threshold.

(2) A person is required, in respect of any month, to be registered for value added tax from the first day of that month if-

- (a) the person's turnover is equal to or greater than the registration threshold in the period of twelve months ending at the end of the previous month; or
- (b) the person's turnover is equal to or greater than one half of the registration threshold in the period

of six months ending at the end of the previous month.

(3) The provisions of subsection (2) shall not apply to a person where the Commissioner General is satisfied, on the basis of objective evidence submitted to the Commissioner General, that the requirements of subsection (1) are not met.

(4) The amount of registration threshold shall be as prescribed in the regulations.

(5) For purposes of this Part, a person's turnover shall be the sum of-

(a) total value of supplies made, or to be made, by the person in the course of an economic activity carried out during that period; and

(b) total value of supplies of imported services made, or to be made, to the person during the period that would be taxable supplies if the person was a taxable person during that period.

(6) The following amounts shall be excluded when calculating the person's turnover for the purpose of this Part-

(a) the value of a supply that would not be a taxable supply if the person were a taxable person;

(b) the value of a sale of a capital asset of the person;

(c) the value of a supply made solely as a consequence of selling an economic activity or part of that economic activity as a going concern; and

(d) the value of supplies made solely as a consequence of permanently ceasing to carry on an economic activity.

Other persons required to be registered

29.-(1) Notwithstanding the provisions of section 28, a person shall be required to be registered for value added tax if-

(a) the person carries on an economic activity involving the supply of professional services in Mainland Tanzania, whether those professional services are provided by the person, a member or employee of that person; and

- (b) supplies of such services in Mainland Tanzania are ordinarily made by a person who-
 - (i) is permitted, approved, licensed, or registered to provide such professional services under any other written laws; or
 - (ii) belongs to a professional association that has uniform national registration requirements relating to the supply of professional services of that kind.

(2) A Government entity or institution which carries on economic activity shall be required to be registered for value added tax.

(3) Notwithstanding the provisions of section 28, the Commissioner General may register a taxable person as intending trader upon fulfilling the following conditions-

- (a) provide sufficient evidence to satisfy the Commissioner of his intention to commence an economic activity, including contracts, tenders, building plans, business plans, bank financing;
- (b) the person makes or will make supplies that will be taxable supplies if the person is registered; and
- (c) specify the period within which the intended economic activity commences production of taxable supplies.

Time of application for registration

30.-(1) A person who is required to be registered for value added tax shall within thirty days from the date of such requirement, make application for registration to the Commissioner General.

(2) An application for registration of an intending trader may be made at any time.

(3) An application for registration under this section may be made by a representative.

Mode of application

31. The Minister may prescribe in the regulations the manner of making applications for registration.

Processing of application

32.-(1) Where the Commissioner General is satisfied that an applicant qualifies for registration for value added tax, the Commissioner General shall register such person.

(2) The Commissioner General shall, by notice in writing, notify the applicant for registration of the decision within fourteen days of the application.

(3) The notice referred to under subsection (2) shall state if the Commissioner General-

- (a) registers the person, the day on which the registration takes effect; or
- (b) rejects the application, the reasons for the decision and the details of the person’s rights to object and appeal against the decision, including the time, place, and manner of filing a notice of objection.

(4) The Commissioner General shall issue a registration certificate to the registered person.

Compulsory registration

33. Where the Commissioner General is satisfied that-

- (a) a person is required to be registered for value added tax and that person has not applied for registration, subject to section 30, the Commissioner General shall register the person and, not later than fourteen days after the day on which the registration is done, notify the person on the registration; or
- (b) there is good reason including protection of Government revenue,

may register the person for value added tax regardless of the person’s turnover.

Effect of failure to process application

34. Where the Commissioner General fails to process the application by a person who has applied for registration within the time required, the provisions of this Act shall not apply to such person until the person is duly registered.

Taxpayer Identification Number and Value Added Tax Registration Number

35. A registered person shall use a Taxpayer Identification Number and a Value Added Tax Registration Number on all documents required to be issued under this Act.

Registration to cover branches or divisions

36. The registration by a person under this Act shall be a single registration, which shall cover all economic activities undertaken by that person's branches or divisions.

Notification of changes

37. A registered person shall notify the Commissioner General in writing within fourteen days of the occurrence of the following changes-

- (a) the name of the registered person, business name, or trading name of the person;
- (b) the address or other contact details of that person;
- (c) one or more places through which the person carries on an economic activity in Mainland Tanzania;
- (d) the nature of one or more of the economic activities carried on by the person;
- (e) the person's status as a registered person; and
- (f) any other changes as prescribed in the regulations.

Transparency in pricing

38.-(1) A price advertised or quoted by a registered person in respect of a taxable supply shall be value added tax inclusive, and the advertisement or quote shall state that the price includes both value added tax and the amount of value added tax payable on the supply, except that the prices of goods or services offered for retail supply need not separately state the value added tax included in the price if-

- (a) a notice stating that prices include value added tax is prominently displayed-
 - (i) at or near the entrance to the premises, or on the website, where the goods or services are offered for supply; and
 - (ii) at the place or webpage where payments are effected; and
- (b) the receipt or invoice given to the customer separately states the total amount of value added tax charged for supplies to which it refers and, if applicable, identify which items are subject to value added tax.

(2) The Minister may make regulations prescribing any other method of displaying prices for taxable supplies in

relation to a registered person or a class of registered persons, except that the method involving value added tax exclusive pricing may be prescribed only for supplies to registered persons.

(3) The price charged by a taxable person for a taxable supply shall be considered to include any value added tax that is payable on the supply, whether or not the person is registered or he separately states that value added tax is charged or took liability to pay value added tax into account when setting the price.

Application for cancellation of registration

39.-(1) A registered person who permanently ceases to make taxable supplies shall apply for the cancellation of its registration in the manner prescribed in the regulations.

(2) The application referred to under subsection (1) shall be made within fourteen days after the date on which the person permanently ceased to make taxable supplies.

(3) A registered person who fails to maintain the registration threshold may apply for the cancellation of his registration in the manner prescribed in the regulations.

Decision on application for cancelation of registration

40. Where the Commissioner General is satisfied that a person applying for cancelation of registration is not required to be registered for value added tax and such person has been registered for-

- (a) at least twelve months, the Commissioner General shall, by notice in writing, cancel the person's registration; or
- (b) less than twelve months, the Commissioner General may, by notice in writing, cancel the person's registration, if satisfied that, it is appropriate to do so.

Power to cancel registration

41.-(1) The Commissioner General may, by notice, cancel the registration of a person who is no longer required to be registered for value added tax, if the Commissioner General is satisfied that -

- (a) the person obtained registration by providing false or misleading information;

- (b) the person is not carrying on an economic activity;
- (c) the person has ceased to produce taxable supplies; or
- (d) the person's taxable turnover falls below registration threshold.

(2) The cancellation of a person's registration shall take effect from the date set out in the notice of cancellation.

Persons whose registration is cancelled

42. A person whose registration is cancelled shall-

- (a) immediately cease to be a registered person;
- (b) immediately cease to use or issue any documents including tax invoices and adjustment notes that identify him as a registered person and surrender value added tax registration certificate; and
- (c) within thirty days after the date of cancellation of his registration, file a final value added tax return and pay all taxes due under this Act.

List of registered persons

43.-(1) The Commissioner General shall maintain and publish an up to date register of registered persons, which shall include-

- (a) the name and address of the registered person;
- (b) the business or trading name or names, under which the registered person carries on its economic activities;
- (c) the Taxpayer Identification Number and Value Added Tax Registration Number of the registered person; and
- (d) the date on which the registration took effect.

(2) The Commissioner General shall maintain a complete historical record of the register identifying the person registered for value added tax and shall, on the request, make the record available to members of the public or by including the historical information on the published register.

**PART IV
PLACE OF TAXATION**

(a) Supplies of Goods and Services Made in Mainland Tanzania

Supplies of goods

44.-(1) A supply of goods shall be treated as a supply made in Mainland Tanzania, if the goods are delivered or made available in Mainland Tanzania.

(2) For purposes of subsection (1), goods supplied after they are imported into Mainland Tanzania but before they are entered for home consumption in Mainland Tanzania shall be treated as having been delivered or made available outside Mainland Tanzania.

Inbound and outbound goods

45.-(1) Goods installed or assembled in Mainland Tanzania by, or under a contract with the supplier shall be treated as a supply made in Mainland Tanzania.

(2) A supply of goods shall be treated as a supply made in Mainland Tanzania if the goods are dispatched or transported from Mainland Tanzania to a place outside the United Republic.

Supplies relating to immovable property

46.-(1) A supply of immovable property situated in Mainland Tanzania or a supply of services directly related to land situated in Mainland Tanzania shall be treated as a supply made in Mainland Tanzania.

(2) A supply of service directly related to immovable property shall be treated as a supply made in Mainland Tanzania if-

(a) the land to which the property relates is not situated in Mainland Tanzania; and

(b) the supplier is-

(i) a resident of Mainland Tanzania; or

(ii) a non-resident who carries on an economic activity at or through a fixed place in Mainland Tanzania.

Supply of services directly related to land

47. A supply of services directly related to land situated outside Mainland Tanzania shall be treated as a supply made in Mainland Tanzania if the supplier is a non-

resident who is operating through a fixed place in Mainland Tanzania.

Supply of essential services

48. Where water, gas, oil, electricity, or thermal energy is supplied through a pipeline, cable, or other continuous distribution network and delivered to a place in Mainland Tanzania or from a place in Mainland Tanzania to a place outside the United Republic such supply shall be treated as a supply made in Mainland Tanzania.

Services supplied to registered person

49.-(1) A supply of services by a non-resident who is a registered person to a customer who is a registered person shall be treated as a supply made in Mainland Tanzania.

(2) Subsection (1) shall not apply if the customer is a non-resident who carries on an economic activity at or through a fixed place outside Mainland Tanzania and the supply is made-

- (a) for the purpose of that economic activity; or
- (b) to that fixed place.

Telecommunication services
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s.8

50.-(1) A supply of telecommunication services shall be treated as a supply made in Mainland Tanzania, if a person in Mainland Tanzania, other than a telecommunications service provider, initiates the supply from a telecommunications service provider, whether or not the person initiates the supply on his own behalf.

(2) For purposes of subsection (1), a person who initiates a supply of telecommunication services is the person who-

- (a) controls the commencement of the supply;
- (b) pays for the supply; or
- (c) contracts for the supply.

(3) Where it is impractical for the supplier to determine the location of a person referred to in subsection (2) due to the type of service or the class of customer, the person who initiates the supply of telecommunication service shall be the person to whom the invoice for the supply is sent.

(4) This section shall not apply if the person who initiates the call in Mainland Tanzania is a non-resident who

is global roaming while in Mainland Tanzania and who pays for the supply under a contract made with a non-resident telecommunications service provider, through a place outside the United Republic at which the non-resident is established.

Services supplied to unregistered person in Mainland Tanzania

51.-(1) A supply of any of the following services shall be treated as a supply made in Mainland Tanzania when supplied to a customer who is not a registered person-

- (a) services performed in Mainland Tanzania, if the services are received by a person in Mainland Tanzania who effectively uses or enjoys the services in Mainland Tanzania;
- (b) services received for radio or television broadcasting at an address in Mainland Tanzania; and
- (c) electronic services delivered to a person who is in Mainland Tanzania at the time when the service is delivered.

(2) For purposes of this section “electronic services” means any of the following services provided or delivered through a telecommunications network-

- (a) websites, web-hosting, or remote maintenance of programmes and equipment;
- (b) software and the updating thereof;
- (c) images, text, and information;
- (d) access to databases;
- (e) self-education packages;
- (f) music, films, and games, including gaming activities; and
- (g) political, cultural, artistic, sporting, scientific, and other broadcasts and events including broadcast television.

Other services supplied to unregistered person within Mainland Tanzania

52.-(1) Any other supply of services shall be treated as a supply made in Mainland Tanzania, if-

- (a) the customer is a resident of Mainland Tanzania and is not a registered person; and
- (b) the supplier is-
 - (i) a resident of Mainland Tanzania; or

- (ii) a non-resident who carries on an economic activity at or through a fixed place in Mainland Tanzania; and
- (c) the supply is made in the course of that economic activity or through that fixed place.
- (2) A supply of services shall be treated as a supply made in Mainland Tanzania, if it is not treated as a supply made in-
 - (a) Mainland Tanzania in accordance with section 51; and
 - (b) the supplier is-
 - (i) a resident of Mainland Tanzania; or
 - (ii) a non-resident and carries on an economic activity at or through a fixed place in Mainland Tanzania.

Progressive or periodic supplies

53. Where a progressive or periodic supply is a series of separate supplies, the place where each supply takes place shall be determined separately.

(b) Supplies for Use Outside the United Republic

Zero-rating of immovable property

54. A supply of immovable property shall be zero-rated if the land to which the property relates is outside the United Republic.

Zero-rating of supply of goods

55.-(1) A supply of goods shall be zero-rated if the goods are exported within the meaning of the term “export” as provided for under section 2.

(2) A supply of goods shall be zero-rated if the goods are supplied to a tourist or visitor by a licensed duty-free vendor who holds documentary evidence, collected at the time of the supply, and establishing that the goods shall be removed from the United Republic without being effectively used or enjoyed in the United Republic.

(3) Subsection (1) shall not apply where the goods are re-imported in Mainland Tanzania.

Zero-rating of supply of goods to Tanzania Zanzibar Act No. 2 of 2016 s.94

55A. A supply of locally manufactured goods by a local manufacturer shall be zero-rated if the goods are supplied to a taxable person registered under the value added tax law administered in Zanzibar and such goods are removed from Mainland Tanzania without being effectively used or enjoyed in Mainland Tanzania.

Leased goods used outside United Republic

56.-(1) Where goods are supplied in Mainland Tanzania by way of lease, hire, licence, or similar supply, the supply shall be zero-rated if and to the extent that the goods are used outside the United Republic.

(2) The following conditions shall apply for the purposes of subsection (1)-

- (a) the use of leased goods in international territory shall be treated as a use wholly within the United Republic if immediately before that use the goods are used in the United Republic; and
- (b) the supply shall not be zero-rated if the goods are a means of transport and the total period of the lease, hire, licence, or similar supply is equal to or less than thirty days.

Goods used to repair temporary imports

57. A supply of goods made in the course of repairing, maintaining, cleaning, renovating, modifying, treating, or otherwise physically affecting temporary import goods shall be zero-rated where-

- (a) the goods being supplied are attached to or become part of those temporary import goods, or become unusable or worthless as a direct result of being used to repair, maintain, clean, renovate, modify, treat, or otherwise physically affect the temporary import goods; and
- (b) the temporary import goods-

Act No. 1 of 2005 E.A.C.M

- (i) are imported under a special regime for temporary imports under the East African Customs Management Act, or brought temporarily into Mainland Tanzania for the purpose of the performance of the services;

- (ii) are removed from the United Republic after the services have been performed; and
- (iii) are not used in Mainland Tanzania for any purpose other than to enable the services to be performed or to enable the temporary import goods to be brought into Mainland Tanzania, or outside the United Republic.

Supply of goods and services to non-resident warrantor

58. A supply of goods or services shall be zero-rated, if it relates to the repair or replacement of goods under warranty, and-

- (a) the supply is provided under an agreement with, and for consideration given by, the warrantor, who is a non-resident and is not a registered person; and
- (b) it is reasonable to presume that the goods under warranty were under this Act previously subject to value added tax when imported, unless no value added tax was payable.

Goods for use in international transport services
Act No. 4 of 2017
s.67
Cap.4
s.8

59.-(1) A supply of goods for use in repairing, maintaining, cleaning, renovating, modifying, treating, or otherwise physically affecting an aircraft or ship engaged in international transport services shall be zero-rated.

(2) A supply of aircraft's stores or ship's stores, for an aircraft or ship shall be zero-rated, if the stores are used for consumption or sale on the aircraft or ship during a flight or voyage that constitutes international transport services.

(3) The following supplies of services shall be zero-rated-

- (a) a supply of international transport services;
- (b) a supply of insuring the international transport services of goods;
- (c) a supply of the services of repairing, maintaining, cleaning, renovating, modifying, treating, or otherwise physically affecting an aircraft or ship engaged in international transport services;
- (d) a supply, to a non-resident who is not a registered person, of services that-

- (i) consist of the handling, pilotage, salvage, or towage of a ship or aircraft engaged in international transport services; or
 - (ii) are provided directly in connection with the operation or management of a ship or aircraft engaged in international transport services; and
- (e) a supply of ancillary transport services of goods in transit through Mainland Tanzania in circumstances where the services is-
- (i) an integral part of the supply of an international transport services; and
 - (ii) in respect of goods stored at the port, airport, or a declared customs area for not more than thirty days while awaiting onward transport.

(4) For purposes of this section-

“aircraft’s stores” means stores for the use of the passengers or crew of an aircraft, or for the service of an aircraft;

“ship’s stores” means stores for the use of the passengers, crew of a ship, or for the service of a ship; and

“stores” in relation to aircraft’s stores and ship’s stores, includes goods for use in the aircraft or ship, fuel, and spare parts, and other articles or equipment, whether or not for immediate fitting.

Services
supplied for
use outside
United
Republic

60.-(1) A supply of services directly related to land outside the United Republic shall be zero-rated.

(2) A supply of services physically performed on goods situated outside the United Republic at the time the services are performed shall be zero-rated.

(3) A supply of services, of which the services are physically received at no time and place other than the time and place at which the services are physically performed, shall be zero-rated if the services are performed outside the United Republic of Tanzania.

Services connected with temporary imports Acts Nos. 1 of 2005 2 of 2016 s.95

61. A supply of services shall be zero-rated, if the services consists of repairing, maintaining, cleaning, renovating, modifying, treating, or otherwise physically affecting goods that-

- (a) are imported under a special regime for temporary imports under the East African Customs Management Act, or are brought temporarily into Mainland Tanzania for the purpose of the performance of the services; and
- (b) are removed from the United Republic after the services have been performed and are not used in Mainland Tanzania for any purpose other than to enable the services to be performed or to enable the goods to be brought into Mainland Tanzania or outside the United Republic.

Zero-rating of supply of services Act No. 2 of 2016 s.96

61A.-(1) A Supply of services shall be zero-rated if-

- (a) the customer is outside the United Republic at the time of supply and effectively uses or enjoys the services outside the United Republic; and
- (b) the services are neither directly related to land situated in the United Republic nor physically performed on goods situated in the United Republic at the time of supply.

(2) A supply of services is not zero-rated in accordance with the provision of subsection (1), if-

- (a) the supply is of a right or option to receive a subsequent supply of something else in the United Republic; or
- (b) the services are supplied under an agreement with a non-resident but are rendered to a person in the United Republic who is not a registered person.

Zero rating supply of electricity services Act. No. 8 of 2019 s. 48

61B. A supply of electricity services by a supplier of electricity service in Mainland Tanzania to another supplier of electricity service in Tanzania Zanzibar shall be zero rated.

Intellectual property rights for use outside United Republic

62. A supply of services consisting of filing, prosecuting, granting, maintaining, transferring, assigning, licensing, or enforcing intellectual property rights for use outside the United Republic shall be zero-rated.

Inter-carrier telecommunication services

63. A supply of telecommunication services by a telecommunications service provider to a non-resident telecommunications service provider shall be zero-rated, including but not limited to a supply involving the termination of calls in Mainland Tanzania or the transmission of signals in or through Mainland Tanzania.

(c) Special Rules

Value added tax representatives of non-residents

64.-(1) A non-resident who carries on economic activity in Mainland Tanzania without having a fixed place in Mainland Tanzania, and makes a taxable supply for which the non-resident is liable to pay value added tax shall-

- (a) appoint a value added tax representative in Mainland Tanzania in accordance with the requirements set out in the regulations; and
- (b) if required by the Commissioner General, lodge a security.

(2) The value added tax representative shall be a resident and responsible for doing all things required to be done under this Act, which shall include-

- (a) applying for registration or cancellation of registration and fulfilling other obligations in relation to registration; and
- (b) paying any value added tax or any fine, penalty, or interest imposed on the non-resident under this Act.

(3) The registration of a value added tax representative shall be in the name of the principal.

(4) A person who is the value added tax representative of more than one non-resident shall register separately for value added tax in respect of each non-resident.

Services from
foreign
branch
Act No.
2 of 2016
s.97

65.-(1) Where a taxable person carries on economic activities at a fixed place in Mainland Tanzania and at one or more fixed places outside Mainland Tanzania-

- (a) the person shall be treated as two separate persons corresponding respectively to the economic activities carried on inside and outside Mainland Tanzania;
- (b) the person outside Mainland Tanzania shall be deemed to have made a supply of imported services to the person inside Mainland Tanzania consisting of any benefit in the nature of services that is received by the person in Mainland Tanzania through or as a result of the activities carried on by the person outside Mainland Tanzania; and
- (c) the time of supply shall be determined on the assumption that a supply has been made.

(2) Where, within twelve months from the time of making a supply referred to in subsection (1), the person outside Mainland Tanzania makes an allocation of costs to the person inside Mainland Tanzania in respect of the supply, the allocation of costs shall be treated as consideration for the supply.

(3) Where a supply referred to in subsection (1) is a taxable supply, the value of the supply-

- (a) where the provision of subsection (2) applies, shall be equal to the amount of the costs allocated, reduced by that part, if any, of the amount allocated that represents-
 - (i) salary or wages paid to an employee of the person outside Mainland Tanzania; and
 - (ii) interest incurred by the person outside Mainland Tanzania; and
- (b) in any other case, shall be assumed to have been made by a non-resident outside Mainland Tanzania to a connected person in Mainland Tanzania.

PART V
RETURNS, PAYMENTS AND REFUNDS
(a) Returns and Payment

Value
added tax
returns
Acts Nos.
2 of 2016
s.98
4 of 2017
s.68

66.-(1) A taxable person shall lodge a value added tax return in the form and manner prescribed by the Minister on the 20th day of a month after the end of the tax period to which it relates, whether or not that person has a net amount of value added tax payable for that period.

(2) A non -taxable person who is required to pay an amount of value added tax under this Act shall file a return in respect of that value added tax at the time prescribed by the Commissioner General.

(3) A taxable person who has filed a value added tax return may, on application in the prescribed manner and not later than three years after the end of the tax period to which the returns relates, request the Commissioner General to amend the returns to correct any genuine omission or incorrect declaration made in the returns.

(4) Where a person makes an application under subsection (3), the Commissioner General may-

- (a) make a decision on the application on the basis of the information provided in the application without undertaking an audit or investigation of the applicant's tax affairs; or
- (b) amend the original return or accept filing of an amended return.

(5) The decision by the Commissioner General under subsection (4) shall be made not later than ninety days of receiving the application, and the decision shall be in writing stating-

- (a) the details, if any, of the amendment made;
- (b) the reasons for the decision and the details of the applicant's rights to object and appeal against the decision; and
- (c) the time, place, and manner of filing a notice of objection.

(6) A taxable person who makes an application to amend a value added tax return before the receipt of a notice of audit or investigation, if any, shall pay the unpaid tax and the applicable

interest for late payment.

(7) For purposes of subsection (1), where the 20th day falls on a Saturday, Sunday or a public holiday, the value added tax return shall be lodged on the first working day following a Saturday, Sunday or public holiday.

(b) Net Amount of Value Added Tax Payable

Calculation
and
payment of
net amount

67.-(1) The net amount of value added tax payable by a taxable person in relation to a tax period shall be calculated by-

- (a) adding all output tax that becomes payable by the person in that tax period;
- (b) subtracting all input tax credits allowed in that tax period; and
- (c) adjusting the resulting amount by-

- (i) adding all increasing adjustments required to be made in that tax period; and
- (ii) subtracting all decreasing adjustments allowed in that tax period.

(2) Where the amount of output tax payable in a tax period is nil, it shall not prevent the subtraction of input tax credits or the addition and subtraction of adjustments.

(3) Where the net amount for a tax period is a positive amount-

- (a) it shall be accounted for and paid by the taxable person at the time when the value added tax return is due to be filed; and
- (b) the liability to pay the net amount shall arise by operation of this section and shall not depend on the making of an assessment of the amount due by the Commissioner General.

(4) Where the net amount for a tax period is a negative amount, it shall be carried forward into one or more subsequent tax periods in accordance with section 81, unless an immediate refund is allowable under section 82.

(c) Input Tax Credits

Credit for
input tax
Acts Nos.
7 of 2017
s.47
8 of 2019
s.49

68.-(1) A taxable person shall be allowed a credit for an amount of input tax incurred by the person if-

- (a) the goods, services, or immovable property on which the input tax was incurred were acquired or imported into Mainland Tanzania by the person in the course of the person's economic activity and for the purpose of making taxable supplies;
- (b) in the case of a supply, the person paid, or is liable to pay, the consideration for the supply; and
- (c) in the case of an import, the person paid, or is liable to pay, the value added tax imposed on the import under this Act or input tax paid under the value added tax law applicable in Tanzania Zanzibar, where the respective goods are transferred to Mainland Tanzania.

(2) The value added tax payable by the purchaser of a taxable supply of imported services shall be output tax and input tax of that person, and the purchaser shall not be allowed an input tax credit for that supply unless he has accounted for the output tax in the same value added tax return in which the input tax credit is claimed.

(3) A taxable person shall not be allowed an input tax credit for-

- (a) an acquisition of goods, services, or immovable property, to the extent that it is used to provide entertainment, unless the person's economic activity involves providing entertainment in the ordinary course of the person's economic activity;
- (b) an acquisition of a membership or right of entry for any person in a club, association, or society of a sporting, social, or recreational nature;
- (c) an acquisition or import of a passenger vehicle, or of spare parts or repair and maintenance services for a passenger vehicle, unless the person's economic activity involves dealing in, hiring out, or providing transport services in passenger vehicles and the vehicle was acquired for that purpose; and

- (d) an exportation of raw minerals, raw forestry products, raw aquatic products and raw fauna products:

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s. 8

Provided that in the case of raw minerals, input tax credit shall not be allowed with effect from the 20th day of July, 2017.

(4) The restrictions in subsection (3)(a) and (b) shall not apply to acquisitions or imports used to provide in-kind benefits to employees and the supply of which is taxable under section 25.

(5) In applying this section for an adjustment event referred to in paragraph (b) of the definition of the term “adjustment event”-

(a) references to “the supply” shall be read as if they refer to-

- (i) in the case of the value added tax previously accounted for by the supplier, the value added tax paid when the voucher was issued or sold; and
- (ii) in the case of the value added tax payable on the supply, the value added tax that would have been payable on the supply for which the voucher is given, if the supply of the voucher had not been a taxable supply; and

(b) the limitation in section 72(1)(b)(ii) shall not apply.

(6) If an adjustment event occurs in relation to a supply of imported services, the purchaser of the services shall be treated as if he is also the supplier of the services.

Timing of
input tax
credits

69.-(1) Where a taxable person is allowed an input tax credit, the tax period in which the credit may be included in the calculations pursuant to section 70 shall be the latter of:

- (a) the tax period in which the value added tax became payable under this Act on the supply or import to which the input tax relates; or
- (b) if the person did not claim the input tax credit in that period, any one of the six succeeding tax periods.

(2) The input tax shall not be deducted or credited after a period of six months from the date of tax invoice, fiscal receipt or other evidence referred under subsection (3).

(3) A taxable person shall not include an input tax credit in the calculations made in section 70, unless at the time of filing the value added tax return for the relevant tax period such person holds-

- (a) in the case of an import into the United Republic by the person, a proof for payment of tax, a Single Administrative Document or similar document, bearing the name, Taxpayer Identification Number and value added tax registration number of the importer which are duly cleared by customs for home consumption in Mainland Tanzania; and
- (b) in the case of a supply made to a person in Mainland Tanzania, a valid tax invoice or fiscal receipt issued by the supplier under this Act.

Partial input tax credit

70.-(1) This section shall apply to input tax incurred on goods, services, or immovable property acquired or imported into Mainland Tanzania by a taxable person in the course of the person's economic activity but only partly for the purpose of making taxable supplies.

(2) The amount of the credit allowed for input tax to which this section relates shall be calculated according to the following formula-

$$I \times \frac{T}{A}$$

Where-

- I: is the total amount of input tax to which this subsection relates and for which a credit is sought in the tax period;
- T: is the value of all the taxable supplies made by the taxable person during the tax period; and
- A: is the value of all the supplies made by the taxable person during the tax period.

(3) The amount of the input tax credit allowed under this section shall be provisional, and an annual adjustment of the input tax credit shall be calculated at the end of each accounting year as follows-

- (a) add up all the input tax credits allowed under subsection (2) for each of the twelve tax periods occurring during that accounting year;
- (b) apply the formula in subsection (2) as if references to “the tax period” in the definitions of “T”, “A”, and “T” were references to the relevant accounting year;
- (c) work out the amount of the adjustment by subtracting the amount worked out under paragraph (b) from the amount worked out under paragraph (a);
- (d) if the adjustment so calculated is a positive amount, the taxable person shall make an increasing adjustment equal to that amount in the person’s value added tax return for the sixth tax period in the following accounting year, or such earlier tax period as the regulations prescribe; and
- (e) if the adjustment so calculated is a negative amount, the taxable person shall be allowed a decreasing adjustment for that amount in the value added tax return for the sixth tax period in the following accounting year, or such earlier tax period as the regulations prescribe.

- (4) For purposes of this section-
 - (a) supplies made through an economic activity carried on at a fixed place outside Mainland Tanzania shall not be included in A or T in the formula, unless those supplies are made in Mainland Tanzania;
 - (b) if T/A is greater than 0.90, the taxable person shall be allowed a credit for all of the input tax to which this section relates; and
 - (c) if T/A is less than 0.10, the taxable person shall not be allowed a credit for any of the input tax to which this section relates.

(d) Other Adjustments

Post supply adjustments for adjustment events

71.-(1) Where an adjustment event has the effect that the value added tax previously accounted for by the supplier is less than the value added tax properly payable on the supply-

- (a) the supplier shall-
 - (i) make an increasing adjustment equal to the amount of the difference; and
 - (ii) issue a valid adjustment note to the customer within seven days of becoming aware of the adjustment event; and
- (b) where the customer is a taxable person, he shall be allowed a decreasing adjustment calculated in accordance with subsection (1)(a).

(2) Where an adjustment event has the effect that the value added tax previously accounted for by the supplier exceeds the value added tax properly payable on the supply-

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s.8

- (a) the supplier shall-
 - (i) subject to the limitations set out in section 72, be allowed a decreasing adjustment equal to the amount of the difference; and
 - (ii) issue a valid adjustment note to the customer within seven days of becoming aware of the event; and
- (b) where the customer is a taxable person, he shall make an increasing adjustment calculated in accordance with subsection (3).

(3) The amount of a decreasing adjustment allowed under subsection (1), or an increasing adjustment the customer shall make under subsection (2), is equal to-

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s. 8

- (a) if the customer is entitled to a full input tax credit for the original acquisition, the amount of the difference;
- (b) if the customer is entitled to a credit for only part of the input tax on the original acquisition, an appropriate proportion of the amount of the difference; or
- (c) if the customer is not entitled to an input tax credit for the original acquisition, nil.

Limitations
on
adjustments

72.-(1) A decreasing adjustment shall not be allowed under section 71-

- (a) for a customer, unless he holds a valid adjustment note issued by the supplier at the time when the customer submits value added tax returns for the tax period in which the adjustment is claimed; and

- (b) for a supplier, unless-
 - (i) he has issued an adjustment note to the customer and retained a copy for his own records; and
 - (ii) if the customer is not a registered person, he has repaid the excess value added tax to the customer, whether in cash or as a credit against any amount owing to the supplier by the customer.

(2) For purposes of subsection (1)(b)(ii)-

(a) if a supplier refunds part or all of the price paid due to an adjustment event covered by paragraph (a)(i), (a)(ii) or (a)(iii) of the definition of the term “adjustment event”, the amount refunded shall, unless there is evidence to the contrary, be presumed to include an amount of value added tax equal to the tax fraction of the amount refunded; and

(b) if a supplier refunds an amount because of an adjustment event covered by paragraph (a)(iv) of the definition of the term “adjustment event”, the amount refunded would be presumed to be the amount of value added tax that is no longer payable, unless there is evidence to the contrary.

Period of making adjustments

73.-(1) An increasing adjustment which a taxable person is required to make under section 71 shall be made in the tax period in which the taxable person becomes aware of the adjustment event.

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(2) A decreasing adjustment which a taxable person is allowed under section 71 shall be-

- (a) in the case of a supplier, in the tax period in which the supplier issues the adjustment note; or
- (b) in the case of a customer, in the tax period in which the customer first becomes aware of the adjustment event or in any one only of the subsequent six tax periods.

Post supply adjustments for bad debts

74.-(1) This section shall apply where all or part of the consideration for a taxable supply has not been paid to the supplier.

Act No.
4 of 2017
s.69

(2) Where all or part of consideration payable to the supplier for a taxable supply has been overdue for more than eighteen months and the supplier has, in his books of account, written off the amount unpaid as a bad debt, the supplier shall be allowed a decreasing adjustment equal to the amount that remains unpaid after the tax period in which-

- (a) the amount first becomes overdue by more than eighteen months; or
- (b) the debt is written off as bad in the suppliers books of account.

(3) Where all or part of the consideration payable to a supplier for a taxable supply has been overdue for more than eighteen months and the customer claimed an input tax credit for the supply, the customer shall make an increasing adjustment equal to the amount that remains unpaid in the tax period in which the payment first becomes overdue by more than eighteen months.

(4) Where a supplier makes a decreasing adjustment for a bad debt, or a customer makes an increasing adjustment for an overdue debt, and the customer pays to the supplier part or all of the previously unpaid amount, further adjustments shall be made in order to ensure that-

- (a) in the case of the supplier, the output tax paid is equal to the tax fraction of the consideration actually received; and
- (b) in the case of the customer, the input tax credit is the appropriate proportion of the tax fraction of the consideration actually paid.

(5) Adjustment notes shall not be required in respect of bad or overdue debts in order for a supplier to be allowed a decreasing adjustment or the customer to be required to make an increasing adjustment under this section.

Application
for private
use

75.-(1) A person is deemed to have applied property for private use where that person uses or consumes the property for a purpose other than for the person's economic activity.

(2) A taxable person shall make an increasing adjustment if the person-

- (a) is or has been allowed an input tax credit in respect of all or part of the input tax incurred on an acquisition or import of property; and
- (b) applies the same property wholly to a private use, or having used the property wholly or partly in its taxable activity, applies it to such use from a particular time onwards.

(3) The amount of the increasing adjustment shall be equal to the lesser of the following amounts-

- (a) the amount of the input tax credit the person was allowed for the acquisition or import of the goods; or
- (b) if the property has been used in the person's taxable activity before it is applied to private use, the tax fraction of the fair market value of the property at the time it is first applied wholly to a private use, reduced to reflect the extent to which no input tax credit was allowed.

(4) A taxable person shall make an increasing adjustment in respect of property he modifies, improves, or produces, if-

- (a) the person applies that property wholly to a private use; and
- (b) a supply of that property by the person would have been a taxable supply.

(5) The amount of the increasing adjustment required to be made under subsection (4), shall be the tax fraction of the fair market value of the property at the time it is first applied wholly to a private use.

(6) An increasing adjustment under this section shall be made in the tax period in which the property is first applied to a private use.

Adjustment on making insurance payment

- 76.**-(1) An insurer shall have a decreasing adjustment if-
- (a) he makes a payment to another person under a contract of insurance; and
 - (b) he meets all the following conditions-
 - (i) the supply of the contract of insurance is a taxable supply;

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s.8

- (ii) the payment is not made in respect of a supply to the insurer or an import by the insurer;
- (iii) the payment is not made in respect of a supply to another person, unless that supply is a taxable supply on which value added tax is imposed at a rate other than zero; and
- (iv) the person to whom the payment is made is a resident or a non-resident who is a registered person.

(2) The amount of the adjustment shall be equal to the tax fraction of the payment made and the adjustment made shall be reflected in the value added tax return for the tax period in which the payment is made.

Adjustment
on
receiving
insurance
payments

77.-(1) A taxable person shall make an increasing adjustment if-

- (a) the person receives a payment under a contract of insurance, whether or not that person is a party to the contract;
- (b) the payment relates to a loss incurred-
 - (i) in the course of the person's economic activity; or
 - (ii) in relation to an asset used wholly or partly in the person's economic activity; and

(c) the supply of the contract of insurance was a taxable supply.

(2) The adjustment referred to under subsection (1), shall be made in the tax period in which the payment is received and the amount of the adjustment shall be equal to the tax fraction of the amount received, or reduced to the extent that-

- (a) the economic activity in which the loss was incurred involves the making of exempt supplies; or
- (b) the asset to which the loss relates was used in making exempt supplies or for a private use; and
- (c) if both paragraph (a) and paragraph (b) apply, whichever is most appropriate in the context of the payment received.

- (3) An insurer shall make an increasing adjustment if-
 - (a) he recovers an amount, other than the aggravated or exemplary damages, as a result of the exercise of rights acquired by subrogation under a contract of insurance; and
 - (b) a decreasing adjustment is allowed to the insurer under this section for the payment to which the recovered amount relates.

(4) The amount of the adjustment made under subsection (3) shall be equal to the tax fraction of the amount recovered and the adjustment made shall be reflected in the value added tax return for the tax period in which the amount is received.

Adjustment to correct minor errors

78. The Minister may make regulations prescribing conditions under which a person shall be allowed to correct minor errors in a value added tax return for a particular tax period by making an increasing adjustment or decreasing adjustment in the value added tax return for a subsequent tax period.

Adjustment on becoming registered

79.-(1) A registered person is, at the end of the last day before the registration takes effect, allowed a decreasing adjustment in relation to goods in that person's possession if-

- (a) in the six months before the person became a registered person, the goods-
 - (i) were imported by the person and the person paid value added tax on the import; or
 - (ii) were supplied to the person and the person holds a tax invoice for the supply;
- (b) that person acquired the goods in the course of his economic activity, and for the purpose of re-sale; and
- (c) that person would have been entitled to an input tax credit for the import or acquisition had the person been registered at the time of the acquisition or import.

(2) The maximum amount of the decreasing adjustment allowed shall be equal to the lesser of-

- (a) the amount of value added tax paid by the person on the import, or payable by the supplier who made the supply to the person; and

(b) the tax fraction of the fair market value of the goods at the time the person becomes a registered person.

(3) A person who is allowed a decreasing adjustment under this section shall make the adjustment in any one only of the first three tax periods after the person becomes a registered person.

(4) A person who makes an adjustment under this section shall, in writing, give notice of the adjustment to the Commissioner General and provide such supporting evidence as may be prescribed in the regulations.

Adjustment on cancellation of registration

80.-(1) A person whose registration is cancelled shall make an increasing adjustment in his final value added tax return in respect of property on hand at the time the registration is cancelled, if the person was allowed an input tax credit in respect of the acquisition or import of that property, or for something that has been subsumed into that property.

(2) The amount of the adjustment shall be equal to the lesser of-

- (a) the tax fraction of the fair market value of the property on the day immediately preceding the cancellation; or
- (b) that amount, reduced to reflect the extent to which the person was not allowed an input tax credit in respect of the acquisition or import of that property or, if applicable, on the inputs to the property.

(e) Refunds

Carry forward of negative net amount

81.-(1) A taxable person shall be allowed a decreasing adjustment for negative net amounts carried forward from earlier tax periods, which shall be calculated as follows-

- (a) in any tax period, section 67 shall first be applied without taking into account any decreasing adjustments allowed under this section;
- (b) if the result is a positive amount-
 - (i) the person shall be allowed a decreasing adjustment for such part of one or more negative net amounts carried forward from an

- earlier tax period as would reduce the net amount for the current period to a positive amount or to nil; and
- (ii) negative net amounts from earlier tax periods shall be taken into account in chronological order, with the oldest being taken into account first and the most recent being taken into account last; and
- (c) any part of a negative net amount for which a decreasing adjustment cannot be made shall be carried forward and applied in accordance with paragraph (b) until-
- (i) it has been reduced to nil; or
 - (ii) it has been carried forward for six consecutive tax periods without being reduced to less than minimum amount prescribed in the regulations.
- (2) A taxable person who has carried forward all or part of a negative net amount for six or more tax periods-
- (a) may apply for a refund of the unadjusted amount if-
 - (i) the amount is equal to or greater than minimum amount same as in subsection (1)(c)(ii); or
 - (ii) the sum of all the unadjusted amounts the person has carried forward for more than six tax periods exceeds that amount; and
 - (b) in any other case, the person shall continue to carry forward the unadjusted amount under subsection (1) until the amount has been reduced to nil or an entitlement to a refund arises because of paragraph (a)(ii) of this subsection, whichever occurs first.
- (3) Notwithstanding subsection (2), a taxable person may choose to continue carrying an unadjusted amount forward and applying it in accordance with subsection (1) until such time as the person applies for a refund of the amount in accordance with subsection (2).
- (4) For purposes of this section, the term “minimum amount” means the amount which would not be taken into consideration for the purpose of claiming the input tax.

Refund without carry forward

82.-(1) Notwithstanding section 81, a taxable person shall be entitled to a refund of a negative net amount if-

- (a) fifty percent or more of the person’s turnover is or will be from supplies that are zero-rated;
- (b) fifty percent or more of the person’s input tax is incurred on acquisitions or imports that relate to making supplies that are or will be zero-rated; or
- (c) in any other case, the Commissioner General is satisfied that the nature of the person’s business regularly results in negative net amounts.

(2) A taxable person who is entitled, under this section, to a refund of a negative net amount may-

- (a) apply for a refund of the amount; or
- (b) choose to carry the amount forward under section 81 until such time as the person applies for a refund of the amount in paragraph (a) of this subsection.

Refund for overpayment

83.-(1) A taxable person who has paid more than the net amount shown on the person’s value added tax return for a tax period, may apply for a refund of the amount overpaid.

(2) A taxable person may apply for a refund where the person has overpaid the net amount payable for a tax period if the overpayment arose in the calculation of the net amount payable for tax period, including-

- (a) an amount of output tax, or an increasing adjustment, which exceeded the amount that should have been included in those calculations; or
- (b) an amount of input tax, or a decreasing adjustment, which is less than the amount that should have been included in those calculations.

Application for refunds Cap. 4 s.8

84.-(1) This section applies to refunds under sections 81, 82 and 83.

(2) Where a person is entitled to apply for a refund to which this section applies, the application for the refund shall-

- (a) be made in a manner prescribed in the regulations and shall be accompanied by supporting information as the regulation may require; and

- (b) not be made in case the application is made under section 81 or 82, more than three years after the end of the tax period to which the negative net amount relates; or
 - (c) not be made in case the application is made under section 83, more than three years after the overpayment was made.
- (3) Where a person applies for a refund to which this section relates, the Commissioner General-
- (a) may, subject to the proof of credibility of the taxpayer, make a decision on the application on the basis of the information provided without undertaking an audit or investigation of the applicant's tax affairs; and
 - (b) shall, within ninety days of its receipt, make a decision on the application and inform the applicant of the decision by notice in writing stating-
 - (i) the amount of the refund allowed; and
 - (ii) the period during which the refund shall be made.
- (4) Where the Commissioner General is not satisfied that the refund should be allowed, or is satisfied that the amount refundable is less than the amount requested he shall give-
- (a) the reasons for the decision;
 - (b) the applicant's rights to objection and appeal against the decision; and
 - (c) the time, place, and manner of filing a notice of objection.
- (5) The Commissioner General shall refund if he is satisfied that-
- (a) the person is entitled to a refund of the amount requested; or
 - (b) a lower amount represents the person's actual entitlement to a refund.
- (6) The Commissioner General shall not refund the person if he is satisfied that such person is not entitled to a refund.
- (7) Where the Commissioner General allows a refund to which this section relates-

- (a) the refund shall not be paid unless the applicant has filed all value added tax returns which the applicant is required to file; and
- (b) the Commissioner General may apply the refund first in reduction of any outstanding liability of the person for taxes payable under this Act or under another tax law, including any interest, penalties, or fines payable under this Act or under that tax law.

(8) Where the amount remaining after applying subsection (7)(b) does not exceed the minimum amount prescribed in the regulations, the Commissioner General may refund the amount or require the taxable person to take the refund as a decreasing adjustment in a tax period prescribed by the Commissioner General.

(9) Where the Commissioner General allows a refund under this section, the taxable person may, with the agreement of the Commissioner General, take the refund as a decreasing adjustment in a tax period agreed with the Commissioner General.

Refund to
diplomats,
international
bodies
Act No.
4 of 2018
s.68

85.-(1) The Commissioner General may refund part or all of the input tax incurred on an acquisition or import by-

- (a) a public international organisation, a foreign government, or other person prescribed by regulations, to the extent that the person is entitled to exemption from value added tax under an international assistance agreement;
- (b) a person to the extent that such person is entitled to exemption for value added tax under the Vienna Convention on Diplomatic Relations or under any other international treaty or convention having force of law in United Republic, or under recognised principles of international law; or
- (c) a diplomatic or consular mission of a foreign country established in Mainland Tanzania, relating to transactions concluded for the official purposes of such mission.

(2) A claim for a refund under subsection (1) shall be made in the form and manner prescribed in the regulations, and shall be accompanied by supporting documentation as the regulations may require.

(3) The Commissioner General shall within one tax period after the date on which an application for a refund is made under this section-

- (a) make a decision in relation to the application and give the applicant notice of the decision, stating the amount refundable and any difference between that amount and the amount for which a refund is requested; and
- (b) pay the amount refundable to the applicant.

**PART VI
DOCUMENTS AND RECORDS**

Tax invoice
Act No.
8 of 2019
s.50

86.-(1) A registered person who makes a taxable supply shall, no later than the day on which value added tax becomes payable on the supply under section 15, issue a serially numbered true and correct tax invoice generated by electronic fiscal device for the supply, which shall-

- (a) be issued in the form and manner prescribed by the Minister; and
- (b) include the following information-
 - (i) the date on which it is issued;
 - (ii) the name, Taxpayer Identification Number and Value Added Tax Registration Number of the supplier;
 - (iii) the description, quantity, and other relevant specifications of the things supplied;
 - (iv) the total consideration payable for the supply and the amount of value added tax included in that consideration;
 - (v) if the value of the supply exceeds the minimum amount prescribed in the regulations, the name, address, Taxpayer Identification Number and value added tax registration number of the customer; and

(vi) any other additional information as may be prescribed in the regulations.

(2) A tax invoice which does not comply with the requirement under subsection (1)(b)(v) shall be valid but shall not be used to support an input tax credit claim or any refund claim.

(3) The Minister may make regulations prescribing special tax invoice requirements for all or particular kinds of supplier or supply, including regulations requiring invoices to be created using certified machines.

(4) One original tax invoice shall be issued for each taxable supply, and a person who has issued the original tax invoice may, if the customer is a registered person, provide a copy marked as such to a customer who claims to have lost it.

Adjustment
notes

87.-(1) An adjustment note which is required to be issued by a supplier under section 71 shall-

(a) be issued in the form and manner prescribed in the regulations; and

(b) include the following information-

(i) the date on which it is issued;

(ii) the name, Taxpayer's Identification Number and Value Added Tax Registration Number of the supplier;

(iii) the nature of the adjustment event and the supply to which it relates;

(iv) the effect on the amount of value added tax payable on the supply;

(v) if the effect on the value added tax payable on the supply exceeds the minimum amount prescribed in the regulations, the name, Taxpayer's Identification Number and Value Added Tax Registration Number of the customer; and

(vi) any other additional information as prescribed in the regulations.

(2) An adjustment note shall not be invalid merely for not complying with the requirement of subsection (1)(b)(v), but cannot be used to support a claim for a decreasing adjustment.

(3) The Minister may make regulations prescribing special adjustment note requirements for all or particular kinds of supplier or supply, including but not limited to regulations requiring adjustment notes be created using certified machines.

(4) An amended tax invoice may be an adjustment note if it complies with the requirements prescribed by the regulations.

(5) One original adjustment note shall be issued for each adjustment event in relation to a supply, and the person who issued the original may, if the customer is a registered person, provide a copy marked as such to a customer who claims to have lost it.

Documentat
ion issued
by or to
agents

88.-(1) Where a taxable supply is made by an agent or to an agent on behalf of a principal and both the agent and principal are registered persons, any documentation required to be issued by the principal, including tax documentation, may be issued by the agent or to an agent in the name, address, Taxpayers Identification Number and value added tax registration number of the principal.

(2) Where a taxable supply is made to an agent acting on behalf of a principal and both the agent and the principal are registered, any documentation required to be issued to the principal, including a tax invoice generated by electronic fiscal device or adjustment note, may be issued to the agent and shall be in the name, address, Taxpayer Identification Number and value added tax registration number of the principal.

Records
and
accounts

89.-(1) A taxable person shall keep record of all accounts, documents, returns, and other records that are required to be issued or given under this Act, or such other tax law, including-

- (a) tax invoices and adjustment notes issued and received by the person;
- (b) customs documentation relating to imports and exports of goods by the person;
- (c) records relating to supplies of imported services to the person, whether or not those supplies were taxable supplies;

- (d) a value added tax account that records, for each tax period, all the output tax payable by the person in that period, or the input tax credit the person is allowed in that period, and all the increasing and decreasing adjustments that the person is required or entitled to make in that period; and
- (e) records showing the deposit of amounts paid to the Commissioner General under this Act.

(2) The records referred to under subsection (1) shall be maintained-

- (a) for at least five years from the end of the tax period to which they relate; or
- (b) until a later date on which the final decision is made in any audit, recovery proceedings, dispute, prosecution, or other proceedings under this Act relating to that tax period.

**PART VII
ADMINISTRATION**

Tax
decisions

90. The following decisions shall be tax decisions made or deemed to have been made under this Act-

- (a) a decision to register a person for value added tax;
- (b) a decision to cancel a person's registration for value added tax;
- (c) a decision not to pay a refund or not to allow a decreasing adjustment;
- (d) the issue of an assessment, including a decision to make an assessment of an administrative penalty, and decision as to the amount of the penalty;
- (e) a decision in response to a request for permission to file a value added tax return late;
- (f) a decision in response to a request for an extension of time to pay an amount payable under this Act, to require payment sooner than requested, or to require the applicant to comply with other payment arrangements;

- (g) a decision to declare a person to be a representative of a taxable person for the purposes of this Act;
- (h) a decision not to remit all or part of an amount of interest payable in respect of another amount payable under this Act; and
- (i) a decision not to remit all or part of a penalty imposed under or in respect of this Act.

Continuity of partnerships or unincorporated associations

91. Where-

- (a) a partnership or other association of persons is dissolved or otherwise ceases to exist as a result of the retirement or withdrawal of one or more of its partners or members, or of the admission of a new partner or member;
- (b) a new partnership or association comes into existence consisting of the remaining members, or of the existing members and one or more new members; and
- (c) the new partnership or association continues to carry on the economic activity that was carried on by the dissolved partnership or association,

the dissolved partnership or association and the new partnership or association shall, for the purposes of this Act, be deemed to be one and the same, unless the Commissioner General otherwise directs.

Death or insolvency of taxable person, mortgagee in possession

92.-(1) Where, after the death of a taxable person or the sequestration of a taxable person's estate-

- (a) an economic activity previously carried on by the taxable person is carried on by or on behalf of the executor or trustee of the person's estate; or
- (b) anything is done in connection with the termination of the economic activity,

the estate of the taxable person, as represented by the executor or trustee, shall, for the purposes of this Act, be deemed to be the taxable person in respect of the economic activity.

(2) Where a mortgagee takes possession of land or other property previously mortgaged by a mortgagor who is a taxable person and, while in possession of the land or property, the

mortgagee carries on the economic activity previously carried on by the mortgagor in relation to the land or other property, the mortgagee shall, to the extent of and for the duration that it carries on that economic activity, be deemed to be the mortgagor.

Interaction with income tax

93.-(1) This section has effect for the purposes of income tax.

(2) For purposes of income tax, any value added tax payable for a supply shall be treated as if it were not part of the consideration received by the supplier for the supply.

(3) Where the amount of value added tax payable on the supply is later adjusted, the amount taken into account for income tax shall be correspondingly adjusted.

(4) Input tax incurred by a person shall be included in calculating the amount of an expense or outgoing, whether of an income or capital nature, to the extent that the person was not allowed an input tax credit for that input tax.

(5) Where the amount of input tax for which a credit was allowed is later adjusted, the amount taken into account for income tax shall be correspondingly adjusted.

PART VIII GENERAL PROVISIONS

Power to make regulations Act No. 2 of 2016 s.99

94.-(1) The Minister may make regulations prescribing for any matter necessary or convenient in order to carry out or give effect to the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations-

- (a) requiring persons or classes of persons to provide information required, whether on an isolated or periodic basis;
- (b) providing for application of special schemes for payment and recovery of value added tax from particular persons or classes of persons;
- (c) prescribing for adjustments to be made when a taxable person applies for property for private use and for taxable activity, and the extent to which the property changes significantly;

- (d) prescribing methods for suppliers of financial services to calculate the proportion of input tax that is reasonably attributable to the making of taxable supplies;
 - (e) prescribing methods for taxable persons to calculate the extent to which an amount of input tax may be credited;
 - (f) prescribing for the manner value added tax account shall be maintained; and
 - (g) prescribing for the manner value added tax for goods manufactured in Tanzania Zanzibar and brought in Mainland Tanzania by a registered value added tax person shall be accounted.
- (3) Without prejudice to the provisions of subsection (1), the regulations shall not have the effect of-
- (a) making a supply or import exempt or zero-rated; or
 - (b) making a person or class of persons exempt from the payment of a tax imposed under this Act.

Repeal and savings Act No. 24 of 1997

95.-(1) Repeals the Value Added Tax Act.

(2) Notwithstanding subsection (1)-

- (a) regulations, rules, orders or notices made under the repealed Value Added Tax Act and in force shall continue to be in force until they are revoked, amended or cancelled by regulations, rules, orders or notices made under this Act;
- (b) where the Government of the United Republic has concluded a binding agreement relating to exploration and prospecting of minerals, gas or oil with a person before the commencement of this Act, the provisions of the repealed Act relating to value added tax relief shall continue to apply to the extent provided for in the agreement; and
- (c) the value added tax relief granted to an investor licensed under the Export Processing Zone Act or the Special Economic Zone Act shall continue to apply to the extent provided for under the repealed Act.

Transitional provisions Act No. 24 of 1997

96.-(1) Notwithstanding section 95, blank forms and other documents used in relation to the repealed Value Added Tax Act, may continue to be used under this Act, and all references in those forms and documents to provisions of and expressions appropriate to the repealed Value Added Tax Act, are taken to refer to the corresponding provisions and expressions of this Act.

(2) Every registered person who, in any one of the twelve months prior to the commencement day, filed a return under the repealed Value Added Tax Act shall be treated as a registered person for the purposes of this Act.

(3) The Commissioner General shall, within three months from the date of commencement of this Act, serve notice on every person who becomes a registered person pursuant to subsection (2) confirming the registration of that person and informing him his option to cancel his registration if he is not required to be registered for value added tax.

(4) A person who is required to be registered for value added tax and is not automatically registered under subsection (2) shall apply for registration within thirty days from the commencement date of this Act and, prior to becoming registered, shall comply with this Act as if that person was a registered person.

(5) Input tax incurred under the repealed Value Added Tax Act for-

(a) a person who was entitled to input tax for all or part of the value added tax charged on an import or acquisition by that person; and

(b) the input tax credit would have been allowed in a tax period ending after the date of commencement of this Act,

shall be allowed under this Act as decreasing adjustment against the person.

(6) The decreasing adjustment referred to under subsection (5) may be claimed once in any of the first six tax periods ending after the date of commencement of this Act.

(7) The person shall notify the Commissioner General, in the form and manner prescribed, of the amount that is to be

claimed, the tax period in which it is to be claimed, and such other information as the regulations may prescribe and the Commissioner General may disallow all or part of the amount if the Commissioner General is not satisfied that the person incurred the value added tax and is entitled to the decreasing adjustment.

(8) The value added tax imposed under this Act on a taxable supply shall become payable on the date of commencement of this Act, if-

- (a) the supply is, or will be, made after the commencement of this Act;
- (b) before that day an invoice for the supply was issued or a payment for the supply was made, or both; and
- (c) value added tax was not paid on the supply under the repealed Act.

(9) Subsection (8) shall apply separately to each part of a progressive or periodic supply that is treated as a separate supply.

Acts Nos.
2 of 2016
s.100
4 of 2017
ss.70 & 71
9 of 2017
s.36
4 of 2018
s.69
6 of 2019
s.30
8 of 2019
s.51

SCHEDULE

(Made under section 6(1))

PART I

'SUPPLIES AND IMPORTS EXEMPT FROM VALUE ADDED TAX

1. Agricultural implements.

No.	Implements	HSC
1.	Tractors for agricultural use	8701.90.00
2.	Agricultural, horticultural or forestry machinery for soil preparation or cultivation except lawn mower or sports ground rollers and parts	84.32
3.	Harvesting or threshing machinery except machines under HS Code 8433.11.00, 8433.19.00, 8433.90.00	84.33

4.	Liquid sprayers for agriculture	8424.81.00
5.	Powder sprayers for agriculture	8424.81.00
6.	Spades	8201.10.00
7.	Shovels	8201.10.00
8.	Mattocks	8201.30.00
9.	Picks	8201.30.00
10.	Hoes	8201.30.00
11.	Forks	8201.90.00
12.	Rakes	8201.30.00
13.	Axes	8201.40.00
14.	Tractor trailers	8716.10.10
15.	New Pneumatic Tyres of a kind used in agricultural and forest vehicles	4011.61.00
16.	Rotavator	8432.29.00
17.	Poultry incubator	8436.21.00
18.	Irrigation equipment	8424.81.00
19.	Irrigation parts (sprinkler system, chemical injection system, water disinfection system, rain guns, high pressure fogging equipments, Irrigation computer, filter for irrigation system)	8424.90.00
20.	Green house system	9406.00.10
21.	Semen for bovine animal	0511.10.00
22.	Semen for non-bovine animal	0511.99.10
23.	Dam liner	3920

2. Agricultural inputs

No.	Item	HS code
1.	Fertilizers	Chapter 31
2.	Pesticides	3808.99.10 or 3808.99.90
3.	Insecticides	3808.91.11 to 3808.91.99
4.	Fungicides	3808.92.10 or 3808.99.90
5.	Rodenticides	3808.92.10 or 3808.99.90

6.	Herbicides	3808.93.10 to 3808.92.90
7.	Anti sprouting products	3808.93.10 or 3808.93.90
8.	Plant growth regulators	3808.93.10 or 3808.93.90

3. Livestock, basic agricultural products and food for human consumptions

No	Food item	HSC
1.	Live cattle	0102.21.00
2.	Live swine	0103.10.00
3.	Live sheep	0104.10.10
4.	Live goats	0104.20.10
5.	Live poultry	0105.11.10
6.	Unprocessed edible animal products	Chapter 2
7.	Unprocessed edible eggs	0407.29.00
8.	Unpasteurised or pasteurised cow milk except with additives and long life milk	04.01
9.	Unpasteurised or pasteurised goat milk except with additives and long life milk	04.01
10.	Unprocessed fish	03.02
11.	Unprocessed edible vegetables	Chapter 7
12.	Unprocessed fruits	08.10
13.	Unprocessed nuts	08.02
14.	Unprocessed bulbs	0601.10.00
15.	Unprocessed tubers	0601.20.00
16.	Unprocessed cereals	Chapter 10
17.	Wheat or meslin flour	11.01
18.	Maize flour	11.02
19.	Tobacco, not stemmed or stripped	2401.10.00
20.	Unprocessed cashew nuts	0801.31.00
21.	Unprocessed coffee	0901.11.00
22.	Unprocessed tea	0902.10.00 0902.20.00
23.	Sunflower seeds	12.06
24.	Oil seeds	12.07
25.	Unprocessed pyrethrum	1211.90.20
26.	Unprocessed cotton	1207.21.00
27.	Unprocessed sisal	5303.10.00

28.	Unprocessed sugar cane	1212.93.00
29.	Seeds and plants thereof	12.09
30.	Preparations of a kind used in animal feeding`	23.09
31.	Fertilised eggs for incubation	0407.11.00 0407.19.00 0407.21.00
32.	Oil-cake of soya beans	2304.00.00
33.	Oil-cake and other solid residues of cotton seeds cotton seeds	2306.10.00
34.	Oil-cake and other solid residues of sunflower seeds	2306.30.00
35.	Maize Bran	2302.10.00
36.	Wheat Bran	2302.30.00
37.	Lysine	2922.41.00
38.	Methlonine	29390.40.00
39.	Mycotoxin binders	3824.10.00
40.	Pollard	2309.90.10
41.	Rice Bran	2306.90.90
42.	Cotton cake	2304.00.00

4. Fisheries Implements

No	Implements	HSC
1.	Floats for fishing nets	7020.00.10
2.	Fishing nets	5608.11.00
3.	Fishing vessels, factory ships and other vessels for processing or preserving fishery products	8902.00.00
4.	Nylon fishing twine	
5.	Outboard engine	8407.21.00

5. Bee-keeping implements

No.	Implements	HSC
1.	Bee hive	Any Description
2.	Protective bee keeping jacket veil	6113.40.00

3.	Mask	6307.90
4.	Honey strainer	
5.	Bee hive smoker	8424.89

6. Dairy equipment

No.	Implements	HSC
1.	Hay making machine	8433.30.00
2.	Cans and ends for beverages	7310.29.20
3.	Milking machines	8434.10.00
4.	Homogenizer, Butter churn, milk pasteurizer	8434.20.00
5.	Cream separator	8421.11.00
6.	Milk plate heat exchanger	8419.50.00
7.	Milk hose	3917.31.00,4009.12.00,4009.32.00
8.	Milk pump	8413.60.00,8413.70.00,8413.81.00
9.	Heat insulated cooling tanks	8419.89.00,7309.00.00,7310.00.00
10.	Milk storage tanks	

7. Medicine or pharmaceutical products

1.	Essential Human and veterinary medicine, drugs, medical equipment and packaging material which have been approved by the Minister responsible for health: Provided that, the packaging material is specifically designed for packing pharmaceutical products and printed for use by a local manufacturer whose name appears on the packaging material.
2.	Food supplements or Vitamins supplied to the Government.

8. Articles designed for people with special needs

No.	Articles	HSC
1.	Orthopaedic appliances, including crutches, surgical belts and trusses, splints and other fracture appliances, artificial parts of the body, hearing aids and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability excluding other items under HSC 9021.90.00	90.21
2.	White cane for blinds or visually impaired	
3.	Spectacle for correcting vision	9004.90.10
4.	Contact lenses	9001.30.00
5.	Spectacle lenses of glass	9001.40.00
6.	Spectacle lenses of other materials	9001.50.00
7.	Sunscreen and sun tan preparation used by albino	33.04
8.	Braille	8469.00.007
9.	Mechanically propelled tricycle for carriage of disabled persons	8713.1.00
10.	Motor vehicle specifically designed for use by persons with disability	87.03

9. Education materials

No.	Article	HSC
1.	Dictionary and encyclopedia	4901.91.00
2.	Printed books	4901
3.	Newspapers	4902.90.00
4.	Children pictures, drawing or colouring	4903.00.00
5.	Maps and hydrographic charts	4905.99.00
6.	Examination question papers	4911.99.20
7.	Instructional charts and diagrams	4911.90.10
8.	Examination answer sheet	4011.00.90

10. Health care

1.	A supply of medical, dental, nursing, convalescent, rehabilitation, midwifery, paramedical, optical, or other similar services where the services are provided: <ul style="list-style-type: none"> (a) by or in an institution approved for the provision of those services by the Government; and (b) by, or under the supervision and control of, a person who is registered as being qualified to perform that service under Tanzania laws, or whose qualifications to perform the services are recognised in Tanzania.
2.	A supply of services in a nursing home or residential care facility for children, or for aged, indigent, infirm, or disabled persons who need permanent care, if the facility is approved for the provision of those services by an appropriate Government institution.

11. Immovable property

1.	A sale of vacant land.
2.	A lease, license, hire or other form of supply, to the extent that it is a supply of the right to occupy and reside in residential premises.
3.	A sale of immovable property, to the extent that the property relates to residential premises, not including: <ul style="list-style-type: none"> (a) the first sale of newly constructed residential premises; or (b) a subsequent sale if the premises have been occupied as a residence for less than two (2) years.

12. Educational services

	A supply of services consisting of tuition or instruction for students provided by an institution approved by the Minister responsible for education, being: <ul style="list-style-type: none"> (a) a pre-primary, primary, or secondary school; (b) a technical college, community college, or university; (c) an educational institution established for the promotion of adult education, vocational training, improved literacy, or technical education; (d) an institution established for the education or training of physically or mentally handicapped persons; or (e) an institution established for the training of sportspersons.
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13. Intermediary services

1.	Supply of financial services supplied free of charge
2.	Insurance premiums for aircraft
3.	Life insurance or health insurance
4.	Insurance for workers compensation

14. Government entity or institution

1.	A non commercial activity carried on by a Government entity or institution, except to the extent that the activity involves making supplies of goods, services or immovable property that are also supplied or able to be supplied in Mainland Tanzania by at least the person who is a non government entity.
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15. Petroleum products

No	Petroleum product	HSC
1.	Aviation spirit	2710.12.30
2.	Spirit type jet fuel	2710.12.40
3.	Kerosene type jet fuel (Jet A-1)	2710.19. 21
4.	Petrol (MSR and MSP)	2710.12.10 and 10.12.20
5.	Diesel (GO)	2710.19.31
6.	Kerosene (IK)	2710.19.22
7.	Bitumen	2713.20.00 and 2715.00.00
8.	Liquefied petroleum and Natural gases	2711
9.	Compressed Petroleum and Natural gases	2711
10.	Compressed or liquefied gas cylinders for petroleum and Natural gases for cooking	7311.00.00

16. Supply of water, except bottled or canned water or similarly presented water.**17. The transportation of person by any means of conveyance other than taxi cabs, rental cars or boat charters.****18. Supplies of arms and ammunitions, parts and accessories thereof, to the armed forces.****19. Funeral services, for the purpose of this item funeral services includes coffin, shroud, transportation, mortuary and disposal services of human remains.****20. Gaming supply.****21. Supply of solar panels, modules, solar charger controllers, solar inverter, solar lights, vacuum tube solar collectors and solar battery.**

- 22. Supply of air charter services.
- 23. Soya beans.....12.01
- 24. Ground nuts.....12.02
- 25. Supply of precious metals, gemstones and other precious stones by a small scale miner at buying stations or at Mineral and Gem Houses designated by the Mining Commission under the Mining Act.
- 26. A supply of precious aircraft lubricants of H. S. Codes 2710.19.51, 2710.19.52, 3403.19.00 and 3403.99.00 to a local operator of air transportation

PART II
IMPORTS EXEMPT FROM VALUE ADDED TAX

Item No.	Description
1.	An import of goods given, otherwise than for the purposes of sale, as an unconditional gift to the State.
2.	An import of baggage or personal effects exempt from customs duty under the Fifth Schedule of the East African Customs Management Act, 2004.
3.	An import of goods including containers, if the goods have been exported and then returned to Mainland Tanzania by any person without being subjected to any process of manufacture or adaptation and without a permanent change of ownership, but not if at the time when the goods were exported, they were the subject of a supply that was zero-rated under this Act or under the repealed Value Added Tax Act.
4.	An import of goods shipped or conveyed to United Republic for transshipment or conveyance to any other country.
5.	An import of goods made available free of charge by a foreign government or an international institution with a view to assisting the economic development United Republic.
6.	An import of food, clothing and shoes donated to non-profit organisation for free distribution to orphanage or schools for children with special needs in Mainland Tanzania.
7.	Import of goods by non-profit organisation for the provision of emergency and disaster relief, and where such goods are capital goods, the goods shall be handled to the National Disaster Committee upon overtion, completion or diminishing of the disaster.
8.	An import of goods by the religious organisation for the provision of health, education, water, religious services in circumstances that, if services are supplied-
	(a) without fee, charge or any other consideration in a form

	of fees; or (b) on payment of any consideration, the fees or charges does not exceed fifty percent of the fair market value.
9.	An import of goods that is exempt under an agreement entered into between the Government of the United Republic and an international agency listed under the Diplomatic and Consular Immunities and Privileges Act.
10.	An import of goods by a registered and licensed explorer or prospector for the exclusive use in oil, gas or mineral exploration or prospection activities to the extent that those goods are eligible for relief from customs duties under the East African Customs Management Act, 2004.
11.	An import of aircraft, aircraft engine or parts by a local operator of air transportation.
12.	An import of railway locomotive, wagons, tramways and their parts and accessories by a registered railways company, corporation or authority.
13.	An import of fire fighting vehicles by the Government.
14.	An import of laboratory equipment and reagents by education institution registered by the Ministry responsible for education to be used solely for educational purpose.
15.	An import of CNG plants equipments, natural gas pipes, transportation and distribution pipes, CNG storage cascades, CNG special transportation vehicles, natural gas metering equipments, CNG refueling of filling, gas receiving units, flare gas system, condensate tanks and leading facility, system piping and pipe rack, condensate stabilizer by a natural gas distributor.
16.	Firefighting equipment.
17.	An import of machinery of HS Codes 8479.20.00, 8438.60.00, 8421.29.00, 8419.89.00 by a local manufacturer of vegetable oils for exclusive use in manufacturing vegetable oil in Mainland Tanzania.
18.	An import of machinery of HS Code 8444.00.00, 8445.11.00, 8445.12.00, 8445.13.00, 8445.19.00, 8445.20.00, 8445.30.00, 8445.40.00, 8445.90.00, 8446.10.00, 8446.21.00, 8446.29.00, 8446.30.00, 84.47, 8448.11.00, 8448.19.00, 8449.00.00, 8451.40.00 or 8451.50.00 by a local manufacturer of textiles for exclusive use in manufacturing of textiles in Mainland Tanzania.
19.	An import of machinery of Chapter 84 by a local manufacturer of pharmaceutical for exclusive use in manufacturing pharmaceutical products in Mainland Tanzania.
20.	An import of machinery of HS Code 8453.10.00 by a local manufacturer of hides and skins for exclusive use in

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	manufacturing leather in Mainland Tanzania.
21.	Import of ambulance of HS Code 8703.90.10 by a registered health facility other than a pharmacy, health laboratory or diagnostic centre.
22.	Revenue Stamps of HS Code 4907.00.90
23.	Electronic cash register Code 8470.50.00
