The use of Electronic Tax Stamps (ETS) for excisable goods was introduced to replace the physical paper stamps that were heavily linked to incidents of tax evasion and counterfeiting. This is one of the Government’s moves geared towards improving tax administration in the country. ETS provides advantages to the Government, Manufacturers/Importers and Consumers through the following:

a) Safeguard Government Revenue by deterring counterfeiting  
b) To protect consumers as it enables authentication of tax stamps using mobile phones  
c) To create a tax compliance mechanism covering all traders in the segment to enhance fair competition  
d) Enable tracking and tracing of goods right from the production lines and customs entry points to the final points of sale  
e) enabling accounting for the production of excisable goods manufactured or imported;

**Goods for which ETS apply**

ETS use is applicable for selected excisable goods and the list of such goods may be changed from time to time to improve administration. ETS apply for the following goods manufactured or imported into the United Republic of Tanzania:

a) Wine and spirits  
b) Mineral and aerated water  
c) Cigarettes  
d) Film and music products  
e) Juices  
f) Beverages  
g) Beer  
h) Liqueurs and cordials  
i) Perfumed products  
j) Petroleum jelly
k) Lubricants  
l) Disc and Tapes  
m) Smart Cards  

**Note:**  
For administrative reasons, the effective date use of ETS by manufacturers and importers is rolled over on phases. The effective date for first phase was 15th January, 2019 where it included Cigarettes, Wines, Spirits, Beer and other alcoholic beverages. The effective date for second phase of ETS use was 15th August, 2019 and it includes sweetened or flavored water and other non-alcoholic beverages.

**Registration and licensing of manufacturers and importers**  
All manufacturers and importers of goods for which ETS apply are required to be registered by the Commissioner before they manufacture or import such goods. They are required to make application for registration where upon verification, the Commissioner shall issue them with Registration Certificates. Similarly, manufacturers and importers shall be licensed by respective licensing authorities as per the requirements of the applicable laws.

**Application, payment for and quantity forecast of electronic tax stamps**  
Manufacturers or importers of goods for which electronic tax stamps apply are required to make applications for stamps in at least 90 prior to the manufacture or importation of goods. Payments for electronic tax stamps applied shall be made by the applicant upon approval by the Commissioner. In the case of imported goods, the Commissioner may require evidence of importation before issuance of electronic tax stamps.

Further, a manufacturer or importer is required to provide to the Commissioner at least 90 days' notice, before the beginning of every financial year, a forecast of quantities of electronic tax stamps which the manufacturer or importer intends to use in the subsequent year.

**Place and time of affixing electronic tax stamps**  
Electronic tax stamps for locally manufactured goods, shall be affixed on goods while in the production facility immediately after packaging. In the case of imported goods, stamps shall be affixed in a place approved by the Commissioner within 14 days upon clearance from customs for home use; and in any other case, the stamps will be affixed at a place appointed by the Commissioner. However, the Commissioner may allow electronic tax stamps for
imported excisable goods to be affixed in the production facility in the exporting country subject to such conditions as he may specify.

**Accounting of electronic tax stamps**

Every manufacturer or importer is required to account for the use of electronic tax stamps on monthly basis. All damaged stamps are required to be properly preserved so that the authorized officer can verify the same for accounting purposes. In any case where a manufacturer or importer cannot account for the electronic tax stamps issued to him, the Commissioner shall compute excise duty and other taxes on the unaccounted electronic tax stamps based on the highest excise rate of excise duty, value and volume of excisable goods manufactured or imported by that manufacturer or importer. In computing excise duty on account of unaccounted electronic tax stamps, the Commissioner shall allow wastage and damages not exceeding 1% of the issued stamps.

**Return of unused Electronic Tax Stamps**

In some cases, the manufacturer or importer shall return unused electronic tax stamps to the Commissioner. Electronic tax stamps shall be returned in the following circumstances:

a) Where a manufacturer stops manufacturing;
b) Where an importer fails to import;
c) Where there are defects in the electronic tax stamp sheets or reels; and
d) Where the electronic tax stamps are declared out of use by the Commissioner.

When electronic tax stamps are returned for the reason of Commissioner’s declaration of being out of use, a manufacturer or importer shall be refunded, within 60 days, the money paid as fees on the returned stamps.

**Transfer of Electronic Tax Stamps**

Electronic tax stamps in stock may be transferred to another manufacturing unit owned by the same manufacturer or importer but only with prior approval of the Commissioner. A manufacturer or importer who transfers electronic tax stamps without prior approval of the Commissioner commits an offence.

**Verification and Authentication of Electronic Tax Stamps**

A manufacturer, importer, distributor, retailer or any other person involved in the supply chain of excisable goods for which ETS apply, is required to verify and authenticate the electronic
tax stamps and excisable goods before admitting them in their premises or in any way handle such goods.

**Prohibition and offences in relation to Electronic Tax Stamps**

Offences associated with electronic tax stamps attract imprisonment, fines in monetary terms or both. The following are the offences punishable by imprisonment, fines or both:

- a) Importation of any excisable goods for which electronic tax stamps apply without being registered with the Commissioner
- b) Failure to maintain electronic tax stamp register or records as the Commissioner may prescribe;
- c) Failure to affix an electronic tax stamp on the package of excisable goods in a secure manner as the Commissioner may prescribe;
- d) Printing over or defacing an electronic tax stamp affixed on a package;
- e) Knowingly submission of a return that is incorrect;
- f) Failure to furnish any information as the Commissioner may require;
- g) Possession of goods for which electronic tax stamps apply without electronic tax stamps being affixed on them
- h) Attempt to acquire or acquisition of an electronic tax stamp without authority from the Commissioner;
- i) Counterfeiting, or printing, making or in any way creating an electronic tax stamp without the authority of the Commissioner;
- j) Possession of an electronic tax stamp printed, made or in any way acquired without the authority of the Commissioner; and
- k) Possession of, conveyance, distribution, selling, offering for sale or by way of trade expose excisable goods without affixing electronic tax stamps

Upon conviction for the mentioned offences, a person shall be liable to imprisonment for a term not exceeding 3 years or, to a fine not less than Tshs. 5 million and not exceeding Tshs. 50 million, or to both.