



TANZANIA REVENUE AUTHORITY

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THE TAX ADMINISTRATION ACT, CAP. 438

**PRACTICE NOTE
(Made Under Section 9)**

DETERMINATION OF BED NIGHT LEVY

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1.0 TAX LAW

The Commissioner General is empowered under Section 9 of the Tax Administration Act, Cap. 438 to ensure consistency in the administration of tax laws and to provide guidance to persons affected by such laws. Accordingly, this practice is issued in respect of the Bed Night Levy which is charged under Section 59(1) of the Tourism Act, Cap.65 read together with Regulation 3(c) and 4(1) of the Tourism (Tourism Development Levy) Regulations, 2013 as amended from time to time.

2.0 THE PURPOSE OF THIS PRACTICE NOTE

The purpose of this Practice Note is to clarify on the applicability of the law in administration of bed night levy so as to bring consistency among all persons affected by the law. Among other things, the practice note seeks to provide guidance on determination of the base amount for charging bed night levy.

3.0 INTERPRETATION OF THE LAW

Definitions and expressions used in this Practice Note that are used in the Act have, unless the context requires otherwise, the same meaning in this Note as they have in the Act.

4.0 HOW THE TAX LAW APPLIES

4.1 Bed Night Levy

It is an obligation of every owner of a registered tourism accommodation facility to collect a levy and remit it to TRA by the last working day of the month after the end of the prescribed accounting period to which it relates. The prescribed accounting period shall be the calendar month of effective registration and each calendar month after the month of registration. However, the period may be prescribed otherwise by the Director by notice in writing.

The owners of accommodation facilities must keep a register of all tourist who stayed or are staying in their accommodation facilities indicating among others, the number of days stayed. The register must be complete by including all tourists and shall be made available for inspection at any time.

4.1.1 Designated Tourism Facilities

The list of accommodation facilities designated as tourism facilities shall be issued from time to time. Owners of the facilities are required to comply with all the requirements of the law in respect of bed night levy including, but not limited to, charging the levy, filing returns and remittance/payment of the levy by the prescribed dates and keeping a register of tourist.

4.1.2 Bed Night Levy Base and Rate

A bed night levy of one percent (1%) of room tariff is collectible from every tourist staying in the facility. The room tariff is an amount of money payable by a tourist to the owner of a tourism accommodation facility for a night or day stay in that facility. It should be noted that 1% is charged on room tariff exclusive of VAT.

Therefore, the base for charging bed night levy is room tariff only. A room tariff is the rate charged to tourists for using the room and hotel facilities and services during their stay. In determining the room tariff, some services are intrinsically linked to the stay in the room and therefore factored in together with bedding charges. These charges cannot be distinctly established and be distinguished from room usage charges. They are not by themselves separate supplies made to tourists but rather they are factors that determine the room tariff. For example, a room tariff always arrived at after considering services like breakfast; that is made available to all guests on non-discriminatory basis.

However, if there are other charges for extending distinct extra services to tourist that are included together in the same invoice with room tariff, the clear-cut distinction between room tariff and the rest of the charges must be made. Example, hotel owners may invoice a complete tourist for a package that involves hotel stay together with transport and park fees. In this case, room tariff must be clearly distinguished from other charges.

Illustration 1:

BX Modern Hotel which is Tourism Accommodation facility is charging for her accommodation as follows:

Single Room (exclusive of VAT) = TZS 40,000/=

Bed-night levy is charged as $1\% * 40,000 = \text{TZS } 400/=$

Illustration 2:

ABC Hotel which is Tourism Accommodation facility is charging for her accommodation as follows:

Single Room (inclusive of VAT) = TZS 118,000/=

*VAT included = $18/118 * 118,000/=$ = TZS 18,000/=

Single Room (exclusive of VAT) = TZS 118,000 – 18,000
= TZS 100,000

Bed-night levy is charged as $1% * (TZS 100,000) = TZS 1,000/=$

Illustration 3:

XYZ which is Tourism Accommodation facility is charging for tourist package as follows:
A complete tourist package of TZS 800,000/= where TZS 300,000/= includes accommodation (Bed & Breakfast) and TZS 500,000/= local transport, park fees and tour guide charges.

Single Room (Bed & Breakfast exclusive of VAT = TZS 300,000/=

Bed-night is charged as $1% * (TZS 300,000) = TZS 3,000/=$

Signed.....*Edath*.....

Commissioner General

November, 2022.