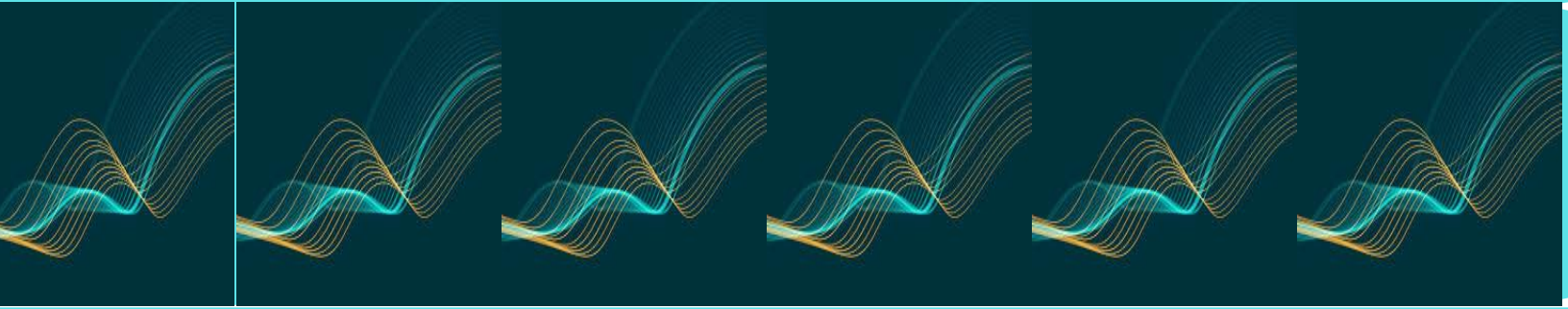


Audit • Tax • Advisory



FINANCE ACT, 2024 HIGHLIGHTS



Excise duty

Deadline of filling return



The 25th day of the month that follows the month that the return relates to is the new deadline for filing excise duty returns.

Excise duty on raw materials

The Finance Act introduces a change to enable licensed manufacturers (including manufacturers of finished wine made from fresh grapes) to offset excise duty paid on imported or locally manufactured undenatured ethyl alcohol against excise duty payable on the finished alcoholic products like spirits, liqueurs and other spirituous beverages under heading 22083, as well as finished wine made from fresh grapes



Quick summary: Excise duty

- Return filing deadline for monthly return: 25th day of the following month
- Excise duty rate for bottled water reduced to TShs. 56 per liters
- Undenatured ethyl alcohol (used as raw material) subject to excise duty shall be creditable against excise duty payable on specified finished alcoholic products.

Value Added Tax



Exemptions

The Finance Act introduces a new VAT exemption on blended or fermented tea from locally grown tea leaves.

New Tax Base

VAT scope to cover online data services provided by a non-resident supplier to an unregistered VAT person.

Quick summary: Value Added Tax

Exemption

- Aircraft operators - various supplies in relation to aircraft where, supplied to local manufacturers or assemblers of aircraft (in addition to local aircraft operators)
- Blended or fermented tea from locally grown tea leaves

Zero rated supplies

- Locally manufactured fertilizer. The Finance Act has extended the zero-rating period to 30th June 2025
- Supply of gold to licensed refinery and to the Bank of Tanzania.

Imports Act

The Finance Act introduces the Industrial Development Levy to specified imports including;

- 10% on beer made from malt, non-alcoholic beer and energy drinks
- 5% on cement clinkers and Portland cement

The Finance Act has also Increased Railway Development Levy (RDL) to 2%



Quick Summary: Industrial Development Levy

The Finance Act imposes Industrial Development Levy on imported beer made from malt, non-alcoholic beer and energy drinks at 10% and at 5% on cement clinkers and cement from Portland



Tax Administration Act

Cargo consolidator

Definition

The Finance Act defines 'cargo consolidator' as a "person licensed by a competent authority to operate cargo consolidation and deconsolidation operations".



Compliance

The Finance Act also specifies the obligations of cargo consolidators to comply with customs regulations and other laws governing the deconsolidation of cargo to its owners upon the importation of goods into the country.

Offences

Where a "cargo consolidator" contravenes these requirements, commits an offence and are liable to a fine equal to 30% of the customs value of imported cargo.

EFD offence

The Finance Act limits the maximum fine for the failure to issue a fiscal receipt to 200 currency points that is equivalent to TShs. 4,000,000

The Finance Act increases the Currency point to TShs. 20,000 from TShs. 15,000

The Finance Act defines Document service to include email and fax.

Tax Revenue Appeals Act



The Act has reduced the timeline for an out-of-court settlement to 60 days, but it is still possible to extend this period by up to 10 days upon approval by Tax Revenue Appeals Board (TRAB) or Tax Revenue Appeals Tribunal (TRAT).

Bank of Tanzania Act

Transactions to be in Tanzanian Shillings



The Finance Act has amended the Bank of Tanzania Act by adding a new subsection (2) of Section 26 which reads as follows: "Save as otherwise prescribed by the Minister in the regulations, a person who transacts using any other currencies other than the legal tender issued by the Bank, commits an offence" to emphasize on the requirement to Transact in Tanzanian Shillings.

The Mining Act

The Finance Act limits the requirement to set aside minerals for processing, smelting, refining and trading locally to gold only.



The Finance Act requires one third by way of deposit of refined gold or gemstone to be paid as royalty on gold or gemstone into the National Gold and Gemstone Reserve.

Quick Summary: The Mining Act

- Exemption of inspection fee on the supply of gold to the Bank of Tanzania

- Requirement to set aside gold for processing, smelting, refining and trading within the country
- Royalty payment with respect to gold or gemstone one third by way of deposit of refined mineral into the National Gold and Gemstone Reserve.

National Parks Act & Ngorongoro Conservation Area Act



The Act revises the allocation/distribution of charges payable to the Board of Trustees (TANAPA), the Ngorongoro Conservation Area Authority (NCAA), and the Tanzania Revenue Authority (TRA) by 3% to the Tanzania Wildlife protection Fund, 6% to the tourism development levy and 91% to the Consolidated fund respectively.

Income Tax Act

New Definitions

Digital Content Defined

The Act defines digital content as any electronic content that may be downloaded, streamed or accessed in any other manner, including e-books, magazines, news, journals, periodical, database, music, movie, software, mobile phone applications, images, text, sound effects, website, webinar, webcast, which is not simultaneously broadcasted over any conventional radio or television network in the United Republic.

Digital Content Creator

The Act defines digital content creator to mean a person who produces digital content in formats that can be shared using a digital medium or platform over the internet

Return of Income for Public Sector Entities

Deadline: not later than nine months after the end of each year of income.

Quick Summary: Income Tax Act

- Charitable Organization scope extended to institutions involved in health services and environmental conservation
- Alternative Minimum Tax (AMT) exemption for tea processing companies from AMT for three years

Deduction rule

- Requirement of fiscal receipt to support expense claim
- Bad debt - new regulation to be issued
- Loss restriction rule, loss offsetting reduced to 60% of the current year profits
- Filing deadline of nine months (instead of six months)

Withholding Tax

The Act introduces 5% Withholding tax on payments to digital content creator.

The Act introduces 3% Withholding tax on payments to owner of digital asset being applicable to both resident and non-resident persons.

New WHT rates

- Transfer of digital assets at 3%
- Digital content creators at 5%
- Rent on lease of construction equipment or machinery at 10%
- Royalty on payments to resident sports entities or Tanzania Football Federation at 5%

Exemption

- exemption of WHT requirement on interest paid by resident financial institutions to non-resident financial institutions and funds where an agreement with Government to provide concessionary loans to resident financial institution





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