



## APPLYING FOR A MINERAL LICENCE IN TANZANIA

### Applying for a Mineral Licence in Tanzania.

The licensing of registered companies to buy and export gold is backed by law. It is worth mentioning that the grant of licence to deal in gold is not discriminatory between nationality, race, tribe or colour. The applicant must meet certain technical and financial conditions without which the licence may not be granted.

Mineral license (Dealing) gives the holder the right and authority to engage in a business of minerals and trade as a broker or a dealer after having met the legal requirements prescribed by the law.

### Type of Mineral licenses issued in Tanzania are as follows: –

#### 1. Broker Mineral license

A holder of a broker license authorized to buy or acquire gold or, as the license may specify gemstones from an authorized miner and sell or dispose of mineral or minerals so acquired to a licensed Mineral dealer.

A broker license restricts the holder to export any mineral or minerals outside the country, what he is being authorized to do is to buy minerals from small miners and sell them to the licensed mineral dealers, the reason being to facilitate the transaction and collection of minerals from small miners to large scale sellers and exporters i.e. minerals dealers

#### 2. Dealer Mineral license

A holder of dealer License has the right to acquire or buy minerals from Licensed miner or licensed Broker, also, sell, dispose or Export Mineral or Mineral Products, outside the country. Therefore, the holder of Dealer License upon application and meeting the legal requirement can be granted the export permit to export the mineral or mineral products outside Tanzania

### Who can apply for a mineral Licence?

A body corporate which is incorporated under the Companies Act having the objectives of conducting mineral business is eligible to be granted mineral license upon application to the relevant authority, but a company must meet the following qualities: –

Atleast 25% of share of the company must be owned by citizen(s) of Tanzania, one of the Directors of the company must be citizen of Tanzania, Control over the company, both direct and indirect should be exercised, from or within Tanzania by persons all of whom are



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citizens of Tanzania, the company should not be in a liquidation status, as well as the company, should not be in a winding/dissolution process.

### PROCEDURES FOR ACQUIRING A MINERAL LICENSE

#### **Application**

Tanzania established the Mining Commission which is responsible for issuing licenses for mining and minerals dealings, which one may apply and secure mining and mineral license.

An application for a dealer and broker license in Tanzania shall be addressed to the commission of Mineral in the prescribed form and be accompanied by the prescribed fee.

The applicant for mineral license in Tanzania shall state the type of mineral or minerals for which the license is sought.

The application for a dealer license in respect of gemstones in Tanzania shall be accompanied by a commitment statement indicating the capacity to undertake lapidary.

A granted dealer license gives the holder the authority to buy, acquire minerals from small miners and brokers and export minerals or mineral products.

A granted broker license authorizes the holder of the license to buy or acquire gold or, as the license may specify gemstones from an authorized miner and to sell or dispose of mineral or minerals so acquired to a licensed dealer but it restricts the holder to export any mineral or minerals

A granted dealer and broker license in Tanzania shall be valid for twelve months from the date of issue and shall expire on the 30th of June of every year.

#### **The Mineral license**

After securing a mineral license from The Mining Commission, a corporate/company needs to apply for a business license from the Ministry of Industry, Trade, and Investment as the law prohibits any entity to commencing business without having a valid business license;

The Ministry of Industry, Trade, and Investment through its Agency BRELA which is the Licensing Authority for Mineral Business licenses in which it receives all applications concerning license process them and issue licenses to dealers and brokers who met the conditions set by the law.



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Application for a business license for a dealer and broker business should be lodged to the Ministry of Industry, Trade, and Investment through its Agency BRELA accompanied with the following documents: -

- a) Certificate of incorporation of the company
- b) Memorandum and Articles of Association of a company
- c) Proof of Tanzanian Citizenship i.e. members and directors of the company
- d) Proof of suitable company premises i.e. the place of business of the company must be in Tanzania
- e) The company must register and obtain a certificate of Taxpayer Identification Number from Tanzania Revenue Authority (TRA)
- f) A company must register for Value Added Tax (VAT) from the Tanzania Revenue Authority.
- g) Register for workmen's compensation fund (WCF) and Insurance before commencing of business
- h) Register and obtain social security numbers from all mandatory social security schemes

The licensing authority will check the above attachments and shall issue a business license after being satisfied that all conditions set by the Authority have been met by the applicant.

### **After Acquisition**

Every licensed Mineral Dealer (unlike broker license holder) shall at all times cause to be displayed in the prominent and conspicuous position at the place of business specified in his license-

- a) His dealer license; and
- b) A sign bearing his name and the words "Licensed Mineral Dealer" in legible roman letters at least eight centimeters in height.
- c) Every licensed dealer/broker shall keep at the place of business specified in his license minerals register in respect of each variety of minerals kept at such place of business or otherwise in his custody safely.



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- d) A licensed dealer/ broker at all times shall keep the mineral in a safe and secure place accessible only to himself and to such other persons as he may authorize to access to the same, and
- e) A licensed dealer/broker will ensure that such minerals when in transit at any time in Tanzania are transported to the destination without delay and by the most direct route.
- f) A licensed dealer shall pay to the Government of the United Republic a royalty on the gross value of minerals produced under his license at the rate depending on the type of minerals in which he is dealing with.

### Who can export minerals from Tanzania?

Minerals or samples of minerals can only be exported by a mineral right holder or a licensed dealer. Export Permit for minerals or samples of minerals is issued by the licensing authority that is the Ministry of Minerals through the Commissioner of minerals stating, among others, name of a license holder, license number, type of minerals, net weight, the value of minerals to be exported, certification for payment of royalty, date issued, the validity of an export permit and name of issuing officer

### Gold Purchase compliance:

Tanzania has launched its first-ever international minerals trading hub in the gold-rich Geita District in the North-western part of the country and will accommodate buyers, miners, government offices, banks, and dealers at a one-stop center.

### Non-resident with a special export permit

A non-resident who wishes to export minerals acquired by him from the authorized miner, licensed dealer, or from Gem Trade Fair, outside of Tanzania shall apply for the export permit after payment of all government fees. The Non-resident upon application shall be granted a special export permit to export minerals from Tanzania.

A non-resident with a Tourist Visa is permitted, to export minerals (not more than twice a year) after paying the required export permit fee of US\$ 200 for minerals with value not exceeding US\$ 1,000.

However, a much higher export permit fee of US\$ 2000 is charged in case the value of minerals to be exported by non-resident exceeds the value of US\$ 1,000.



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### What is required to Export Mineral from Tanzania?

As indicated above, order for any person to export mineral from Tanzania shall be granted an export permit, however, the permit is granted upon application and after payment of all the required government fees.

The government fees include the following;

1. Royalty
2. Export Permit Application fee

### Royalty for Export Mineral:

In Tanzania, the minerals are owned by the United Republic of Tanzania and are vested on President in trust for the People in Tanzania. Hence, Royalty is the amount of payment usually in Percentage, made to the Government by authorized miners, licensed dealers or exporters of minerals in Tanzania.

The government charges royalty for export minerals basing on two factors, which are the type of mineral to be exported and the gross value of the mineral to be exported.

Currently, the Government charges royalty to export mineral at the following rates;

1. Gemstone and Diamond are charged at 6% of the gross value of the consignment to be exported.
2. metallic minerals such as copper, gold, silver, and platinum group minerals, are charged at 6% of the gross value of the consignment to be exported.
3. The gem is charged at 1% of the gross value of the consignment to be exported; and
4. other minerals, including building materials, salt, all minerals within the industrial minerals group, are charged at 3% of the gross value of the consignment to be exported.

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### **Export Permit Application fee:**

The one who is responsible to apply for an export permit is the licensed dealer or the licensed miner, the application is made by filling the special form upon which the applicant will have to pay US\$ 100 as the application fee for the export permit application.