



## INCENTIVES UNDER THE TANZANIA INVESTMENT CENTER (TIC)

**The Tanzania Investment Center (TIC)** is a One-Stop Facilitation Centre for procedures related to permits, licenses, and approvals of investments in Tanzania. The center assists strategic investors in setting up their investments in Tanzania by providing assistance in regards to permits, licenses, and approvals for their investments. Also, the center is responsible for the issuance of a Certificate of Incentives upon application by an investor who meets the capital requirement of USD 500,000 for foreign investors and USD 100,00 for local investors. The incentives granted by TIC range from fiscal to non-fiscal incentives.

### **Governing Law**

Tanzania Investment Act, 1997.

The following Documents shall be submitted when applying for a certificate of incentives from TIC;

- Certified copy of the Certificate of Company Incorporation
- Copy of the company's Memorandum and Articles of Association.
- Duly filled TIC application forms which are issued by the Centre
- Project business plan
- Evidence of sufficient finance capital available to implement the project
- Evidence of project location
- Company Board Resolution to register the project with TIC.
- An overall cover letter to which all the above are attached.

Incentives granted to investor (both foreign and local) who hold a certificate of incentive under the Tanzania Investment Center include;

### **Non-Fiscal Incentives**

- Derivative right on Land

In Tanzania, a foreigner cannot own land save for investment purposes under the Tanzania Investment Center which creates a leasehold of up to 99 years on a piece of land for a foreign investor to undertake their investment. However, if a foreigner who holds a certificate of incentives seeks to acquire land that is not already under TIC, they cannot select the landed piece and be advised on how to acquire it under leasehold of TIC.



- Automatic permit to employ up to 5 foreign nationals on projects holding certificates of incentives

In Tanzania, employment is restricted to only if the job or position requires special skill to execute and nationals are limited in regards to the skill. However, for holders of certificate of incentive, they are eligible to employ up to 5 foreign nationals regardless of their qualifications.

- The recognition of private property and protection against any non-commercial

risks. Tanzania is an active member of the World Bank Foreign Investment Insurance wing, MIGA (Multilateral Investment Guarantees Agency). Likewise, Tanzania is a member of The International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank

### **Fiscal Incentives**

- Zero percent (0%) import duty on Project Capital Goods, Computers and Computer Accessories, Raw Materials and Replacement Parts for Agriculture, Animal Husbandry and Fishing, Human and Livestock Pharmaceuticals and Medicaments, Motor Vehicle in Completely Knocked down (CKD) form and inputs for Manufacturing Pharmaceutical Products, Hotel equipment
- Ten percent (10%) import duty on semi-processed/semi-finished goods
- One hundred percent (100%) capital expenditure deduction (mining and agricultural sectors)
- Fifty percent (50%) capital allowances in the first year of use for plant and machinery used in manufacturing processes and fixed in a factory, fish farming; or providing services for tourists and in a hotel
- Right to repatriate 100% of foreign exchange earned, profits and capital.
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies.
- One hundred percent (100%) capital expenditure to Mining & Agricultural sectors.
- VAT Deferment granted on project capital Goods such as Plant & Machinery. However, the person has to carry on an economic activity, keep proper VAT records and file returns, has no Tax outstanding and VAT payable in respect of each unit of the Capital goods is twenty million Shillings or above.
- EAC Customs Management Act provides zero percent (0%) import duty on hotel imports.
- Import Duty drawback on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods,



which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import duties.

- Zero-rated VAT on exports.