



TANZANIA ENACTS A NEW INVESTMENT ACT 2022

Highlights:

- Reduces the investment capital for locals
- Repeals the Investment Act of 1997
- Introduces an integrated electronic system
- Indicates duration and cancellation of certificates of incentives
- Removes an automatic immigration quota incentive
- Right to International arbitration retained
- Increases fine for non-compliance with the Act

The Changes

On 2 December 2022, the Parliament of Tanzania passed the new Tanzania Investment Act, 2022 (the new Investment Act) in Kiswahili per the Interpretation of Laws Act, Cap. 1 in 2021 which expressly require the language of the laws of the United Republic of Tanzania to be Kiswahili.

1. Removal of the automatic immigration quota of 5 work and residence permits for expatriates workers. While previously an investor registered at the TIC would be allowed up to 5 immigration permits and this was typically used for investors' strategic employees, this incentive is removed which means there is no guarantee for the investor to obtain immigration permits for its strategic employees who will be treated like every other applicant.
2. Local Investors ie Tanzania nationals or companies where a shareholder owns more than 51 percent of shares may benefit from the incentives under the Act where the investment capital is only USD 50,000 which is an different from the previous statutory USD 100,000.
3. The Act has removed the investment guarantees of unconditional transferability of proceeds of royalties, fees and charges in relation to transfer of technology agreements that are part of the investment.
4. The Act now contains additional requirements for investors under the Strategic or Major investment category to qualify for incentives. In addition to the investment capital which



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needs to be USD 20,000,000 for Tanzanian investor and USD 50,000,000 for a foreign investor, there are these additional requirements for the investment namely to:

To generate at least 1,000 local jobs with a sufficient number of senior positions on projects that do not require advanced and modern technology. The previous law required 1,500 local jobs.

To have the ability to increase exports by at least 50% of the products that are produced or reduce imports;

To have the ability to stimulate production by establishing economic incentives in various social and economic sectors;

To increase technical skills by introducing new technologies to Tanzanians; and

The potential and ability to produce products or provide services that are for development in the social and economic sectors and based on priorities of the nation.

5. The Act provides for an additional function of the Tanzania Investment Centre (the "TIC") which is to deal with disputes that are investor related.

6. TIC to establish an integrated electronic system for the facilitation and promotion of investment and the Ministry of Trade and Industries is to make regulations with other ministries responsible for different areas of investment such as agriculture, environment, etc on the manner of effectively obtaining and sharing information hence improving the investor experience and encouraging seamless registration services.

7. All certificates of incentives that were issued before this Act will still be valid and applicable including all incentives related to the certificate and registration.

8. the new Investment Act provides for circumstances that shall result in cancellation of the issued certificates of incentives. Such circumstances include obtaining the certificate by fraud or false information; breaching the conditions of the certificate by the holder; transferring the certificate to another investor or investment without prior consent of the Centre; failure to commence operations within the first two years of issuance of a certificate without satisfactory reasons; and failure to submit annual performance reports of the project for two consecutive years.

Download the New Investment Act here: [TANZANIA INVESTMENT ACT 2022](#)