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# A GUIDE TO DOING BUSINESS IN TANZANIA



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# Tanzania - An overview



*the United Republic of Tanzania is a multiparty constitutional democracy located in Eastern Africa. It borders Kenya and Uganda to the north; Rwanda, Burundi, and the Democratic Republic of the Congo to the west; Zambia, Malawi, and Mozambique to the south; and the Indian Ocean to the east.*

*Tanzania is widely regarded as an attractive place to invest. Favorable government policy combined with Tanzania's natural assets has produced one of the most outstanding economy performers within the East African Region (the second largest economy in East Africa to be specific.)*

The country has a developed banking and financial sector, a developed agricultural sector; growing manufacturing and renewable energy sectors, and considerable tourism potential, all contributing to its vibrant growing market economy.

Tanzania is a member of among others, the East African Community, South African Development Community, the World Trade Organization and the African Development Group.

The country's legal system is influenced by English common law and is subject to the Constitution of the United Republic of Tanzania, 1977, as the supreme law. In Zanzibar, the legal system has evolved from both English common law and Islamic law. The legal framework in Tanzania comprises:

- Rules and regulations enacted by Parliament as well as those formulated by other statutory and professional bodies.
- Case laws where decisions from the High Court and Court of Appeal bind the lower courts and are used as precedents.
- Customary law, which is effective only when it does not conflict with statutory law.
- International laws, that is, treaties and conventions that Tanzania has ratified, which are not self-executing unless enforced by statutes.



# Part 1

## Why invest in Tanzania

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## Part 1

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# WHY INVEST IN TANZANIA

As always, the decision to invest in a country usually depends largely on an investor's investment objectives. This part will however focus on economic advantages that may come with investing in Tanzania.



### Access to a growing market

With 55.57 (2016) million people, Tanzania offers a great potential market for ambitious investors. Although purchasing power is limited, the economy has been growing steadily at around 5–6% for a number of years.

Even more market prospects for investors are offered by the East African Community (EAC), which includes Kenya and Uganda, Burundi, South Sudan, Rwanda and Congo as well as Tanzania. These member countries all together produce 150 million potential consumers.

Another important thing to note is the EAC customs union that enables Tanzania to export to its partner states duty-free. Beyond the EAC, there are at least three other markets to which investors in Tanzania have access. One is the Southern African Development Community (SADC) with its 215 million consumers; another is the European Union, to which Tanzanian exports have access under the EU's Everything But Arms (EBA) initiative; and the third is the United States, to which Tanzania has access under the provisions of the African Growth and Opportunity Act (AGOA).

## Abundant natural resources

Tanzania is endowed with an abundance of natural resources yet to be exploited. It possesses a great tourism potential unlike any other country within the EAC Region. With its beautiful beaches, wildlife reserves and its physical wonders like Mountain Kilimanjaro commonly nicknamed the 'roof of Africa'.

Apart from tourism potential, Tanzania also possesses vast arable land that could be used for agriculture, and a variety of minerals including: gold, diamond, iron, coal, nickel, tanzanite, uranium and natural gas.

It is important to highlight the fact that Tanzania is currently Africa's third largest producer of gold. Barrick Gold and Anglo Gold are among the large investors already in place.

## Political Stability

Tanzania has enjoyed peace ever since independence in 1964. The country has not encountered any sort of ethnic, religious or civil wars maintaining its status as the peace haven of Africa. Investors interested in investing in Tanzania would not need to worry about the risk of war.

## Developing Infrastructure

Tanzania has put infrastructure at the forefront of its development strategy with many projects already under way such as the SGR Railway among others.

Currently, there exist two railway networks that connect 14 out of 21 cities and the neighboring country of Zambia. There are

also international and domestic airports linking Tanzania to the world. The three major ports of Dar es Salaam, Tanga and Mtwara function as hubs for traffic emanating from, and destined to land locked neighboring countries of Uganda, Burundi, Rwanda, Zambia, Malawi, and Democratic Republic of Congo.

## Available Labor

Access to skilled labor is a key priority for investors. The Government has made a long-term commitment to develop a pool of well-trained and educated professionals. The Government has increased its education budget significantly compared to the previous budget to provide for the free education agenda. This will ensure easy access to education opportunities to even children from the poorest families. In the long-run Tanzania will have a population of well-educated individuals that will be able to cater to the needs of different investors.

## Investment Incentives

Tanzania Investment Center offers numerous investment incentives to investors so as to encourage investment in the country.

These include both fiscal and non-fiscal incentives that can be found under Tanzania Investment Center's website. These include the following:

- Access to various services related to permits, licenses and approvals in the TIC One Stop Facilitation Centre.
- 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.

- 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.
- Ten percent (10%) - Import Duty for Semi-processed/semi-finished goods).
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies.
- 100% capital expenditure to Mining & Agricultural sectors.
- The Income Tax Laws allows 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 to tourists and in a hotel
- VAT Deferral granted on project capital Goods such as Plant & Machinery. However the persons has to carry on an economic activity, keeps 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 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.
- The right to transfer outside the country 100% of foreign exchange earned, profits and capital.
- Automatic permit of employing 5 foreign nationals on the project holding Certificates of Incentives. 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.
- The right to transfer outside the country 100% of foreign exchange earned, profits and capital.
- Automatic permit of employing 5 foreign nationals on the project holding Certificates of Incentives.

The principal forms of investment vehicles



# **Part II**

## **Investment Vehicles And Company Law**

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## PART TWO

# INVESTMENT VEHICLES AND COMPANY LAW

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Investors wishing to invest in Tanzania may establish their businesses in a variety of ways. Everything related to Companies in Tanzania including matters such as registration, organization and management of Companies is governed by the Companies Act No.12 of 2002.



are as follows:

### Sole Proprietorship

This is the type of business entity that is owned and run by one person. It is most suitable for a sole investor.

### Advantages of Sole Proprietorship

The procedure for setting is easy and costs less.

It is very easy to make decisions than other entities.

Sole proprietorship businesses are charged with personal income Tax and not corporate tax.

### Disadvantages of Sole Proprietorship

It tends to be difficult to raise capital.

The business is not a separate legal entity from its owner.

The business owner is liable for the business's liabilities.

The business dissolves on the business owner's death.

There is usually less scope for expansion with these kinds of businesses in terms of capital and man power

### Partnership

A partnership is a form of business

operation between two or more individuals who share management and profits.

### Advantages of partnerships

The costs to set up a partnership are less than those of a company.

### Disadvantages of a partnership

The form of arrangement carries potential risk of failing in the occurrence of any disagreements between partners.

This form of business is not a separate legal entity from its owner.

The business partners may be liable to the business's liabilities.

In the occurrence a partner leaves the business the business is dissolved unless initially agreed.

NB: A partnership deed is advisable to set out the terms of the partnership clearly so as to avoid any disagreements. This includes great details such as what happens when a partner passes away, what happens if a partner wants to leave and etc. The partnership deed needs to be as detailed as possible.

### Company Limited by guarantee

This is an appropriate investment vehicle for charitable organizations.

### Advantages of Company limited by guarantee

It is relatively quick and easy to set up this forms of business entities.

It gives the opportunity for investors to have limited liability status without companies having to contribute company's capital above the committed amount.

### Disadvantages of Company limited by guarantee

The major disadvantage is that members of the company are not entitled to the income of the company and any income has to be directed towards the stated intended objectives.

### Cooperative Society

A voluntary joining together to achieve a common need by forming a democratically controlled institution. The members need to be more than 10 and they have to agree to make equal capital contributions and need to accept the potential risk that they may face.

### Advantages of a Cooperative society

- The limited liability status of the society.
- Exemption from duty, tax or VAT for registered co-operative societies or a specified class of registered co-operative societies that are listed in the Government Gazette. These are mainly ones under the agricultural sector.

### Disadvantages of a Cooperative society

- The requirement of a minimum of ten (10) members for setting up a primary (grass-root level) co-operative society.
- Restrictions on the transfer of shares in the co-operative society.

### Non-governmental organizations

These are appropriate for non-profit-sharing organizations.

## Advantages of non-profit organizations in Tanzania

Attaining charitable status for tax purposes.

## Disadvantages of non-profit organizations in Tanzania

A lengthy registration process.

## Limited Liability Company

This is the most common investment vehicle that is used in Tanzania. It is locally known as the private limited liability company. There is also an option for investors interested to launch a public limited liability company. However a public limited liability company requires about 82,000 USD for share capital.

To set up a private limited liability company the investors need appoint at least two directors any two shareholders that can be from any nationality. A company is also required to have a company secretary. There is no minimum shareholder capital required. There is no requirement that the two directors or the company secretary reside in Tanzania, however, for purposes of the execution of documents, it is advisable that the company secretary reside in Tanzania.

In practice, one of the directors can also act as the company secretary.

However, the limitation to this is that the director/company secretary cannot act in both capacities during any of the general meetings for the company.

A public limited liability company on the other hand must appoint 2 directors, 7 shareholders and 1 Tanzanian national as a 40% shareholder.

There are also exists two legal structures available to investors with foreign

companies wishing to establish a business in Tanzania. The foreign company may either:

### ● Register as a branch company

The company will function as a branch of the parent company and therefore operate within the scope of operations of its parent company. It will be an extension of the parent company in Tanzania. Before the government grants a license to the company to operate in Tanzania the company has to first attain a certificate of compliance from BRELA. This branch of the foreign company has the capacity to do the following things:

- Invoice local customers in Tanzania
- Sign local sale contracts in Tanzania
- Receive income from local customers in Tanzania
- A subsidiary company is required to pay a 10% remittance tax on net profits

### ● Incorporating a subsidiary in Tanzania

Foreign companies that want to establish a long-term presence in Tanzania often use this type of legal structure. Expected benefits include:

- No flow-back of liability from the locally incorporated company to its parent company also apply to Tanzanian incorporated subsidiaries.
- A subsidiary provides a legal structure for dividing a business into discrete entities with separate management.



# LAND



The laws governing land in Tanzania do not permit land ownership by foreign nationals, but this should not discourage you as a foreigner for we shall look into various methods and rights you have to occupy land in Tanzania.

## **The Land Act, 1999**

Under the Land Act, 1999 it has been stated that, non-citizens will not be granted land unless it is intended for investment or development use as stated under the Tanzania Investment Act, 1997.

The law further stipulates that if a corporation having foreigners as the majority shareholders of the company it will be considered as a foreign corporation, hence it cannot be granted the right of occupancy unless such a corporate body is registered and granted a certificate of incentives under the Tanzania Investment Act, 1997.

## **Options of foreigners**

Foreigners have a wide range of options,

when choosing land, depending on their requirements, and are not limited to only acquiring land listed under the Tanzania Investment Centre (TIC).

However, when choosing land so listed, should the foreigner/investor fail to meet the conditions of investment agreed upon on granting of the derivative right, TIC can re-acquire land and the foreigner is entitled to compensation on the developments made on such land.

## **General concept of land ownership in Tanzania**

Land in Tanzania is vested in the office of the President on behalf of all citizens. Land in Tanzania is divided into three categories, which are general land, village land and reserved land.

The Land Act, 1999 provides for general land and reserved land. Under this Act, a person, who wants to occupy land can apply and be issued the granted right of occupancy, subject to fulfilling required conditions. The terms of a right of occupancy are between 33 years and 99 years.

A foreigner can acquire land in Tanzania through the following:

### **Derivative rights**

Land for investment purposes is granted to the TIC, which in turn grants derivative rights to investors for a specified amount of time, which shall not exceed 99 years.

The investors will follow up with the TIC presenting a proposal for the size of the land required, the purpose for using it among other prerequisites required before obtaining derivative rights – which will be advised and assisted accordingly by specialized personnel, who is familiar with legal procedures. There have been many instances of foreigners applying for land and not utilizing it as intended.

Although this seems to be one of the best ways for investors to enjoy the use of land in Tanzania, it comes with certain challenges to the investors. For example, most of the banks in Tanzania are not comfortable with taking derivative right titles as a security mainly because their enforcement is associated with some challenges, the main one being the TIC right to re-acquire the property.

### **Land registered under the TIC**

However, there is also the fact that such land is already registered under the TIC as land designated for investment purposes and, therefore, when a bank decides to sell it in order to recover they have limited

buyers.

Another challenge associated with derivative rights is the timing of issuance of the title, especially, when an investor purchases a property from a Tanzania individual or registers an entity.

Relevant approvals at the municipal council, the ministry of Lands, Housing and Human Settlements Development and the TIC to the point of issuance of the title takes approximately a year or more, which is after the investor has made all necessary payments associated with land acquisition. Whilst for land already registered under the TIC, it can take just two to three months.

### **Lease**

Most foreign companies opt to enter into lease agreements with land owners, who have been granted a right of occupancy.

Persons granted a right of occupancy may enter into lease agreements either with citizens or non-citizens provided that the maximum term for which any lease may be executed shall be 10 days less than the period for which the right of occupancy has been granted. This is the quickest way for such a company to enjoy land rights in Tanzania. It is worth noting that the granted right of occupancies have a term of up to 99 years with an option of renewal.

### **Joint venture**

Foreigners can enter into joint venture agreements and incorporate companies in which citizens are major shareholders with 51 per cent and are able to acquire a granted right of occupancy, which enables them to use the acquired land for the purposes of the company business.

Use of village land by foreigners Persons, who wish to occupy and use village land for various purposes can apply for the right to use land to the village council, which may grant a non-citizen the right to use and occupy land for a limited period of time and under stipulated conditions as indicated by the village council and the Village Land Act, 1999.

It would be wise to seek assistance from a person or company specialized in land acquisition procedures both on legal and administrative aspects, when looking into acquiring land in Tanzania.

It is also highly advisable to do due diligence before buying land in Tanzania.

Situations such as a fake title deed, a fake owner, no spousal consent and inherited land sold by some of the beneficiaries without proper estate administrators being appointed are some of the common problems.

## INDUSTRIAL RELATIONS



Industrial relations in Tanzania are governed by the Employment and Labour Relations Act, No. 6 of 2004 (“the Employment Act”) and the Labour Institutions Act, No. 7 of 2004 (“Labour Institutions Act”).

Whereas the Employment Act provides for labour standards, rights and duties, the Labour Institutions Act constitutes the governmental organs charged with the task of administering the labour laws.

Subsequently, in 2007 several pieces of subsidiary legislation were promulgated to facilitate the enforcement of labour rights and standards stipulated in the Employment Act. One of the most significant of these is the Employment and Labour Relations (Code of Good Practice) Rules, G.N. No. 42 of 2007.

### Working Hours

The Employment Act regulates the hours of work of an employee. The ordinary days of work are set at six days in a week. Further, the ordinary hours of work are set at 45 hours in a week, and 9 hours in a workday, inclusive of a 1-hour meal break per workday. An employee can be required to work for overtime hours only where the parties have concluded an agreement to that effect. In any event, the law provides a ceiling of 12 working hours per day inclusive of ordinary and overtime working hours.

### Wages

The Employment Act further enacts detailed guidelines for the calculation of wages of an employee who is entitled to hourly, daily, weekly and monthly wage rates. The payment of remuneration to an employee must be in the form of money; not in kind. As a general rule, an employer is not entitled to make any deductions from an employee’s remuneration.

The exception thereto is where written law, collective agreement, wage determination, court order or arbitration



award permit the deduction. Where the deduction is not based on any of the above grounds, the employee must agree in writing to such deductions from his remuneration. Indeed, the legal restriction on deductions from remuneration has been contentious, especially where the employer unilaterally deducts from the remuneration a sum of money to recover loans and advance payments made to an employee. The labour tribunals and the courts of law have been consistent that in the absence of a written agreement between the parties or court order sanctioning the deduction, such deduction is unlawful.

## Leaves

An employee is entitled to annual leave of not less than 28 consecutive days during one leave cycle.

One leave cycle is constituted by a period of 12 months' consecutive employment. The 28 days' leave is inclusive of any public holiday, which may fall within the period of the leave. During the annual leave, the employee is entitled to payment of his full remuneration in spite of his absence from work. In Tanzania, an employee is entitled to sick leave for at least 126 days during one leave cycle. The employee is entitled to full wages during the first 63 days of the sick leave. For the second 63 days, the ailing employee is entitled to half wages. An employer is not obliged to pay an employee wages during sick leave if the employee does not produce a medical certificate issued by a medical practitioner. It is further noted that no wages are payable to an ailing employee if the employee is entitled to paid sick leave under any other law, fund or collective agreement. It is further noted

that a female employee is entitled to paid maternity leave of not less than 84 days during one leave cycle. The maternity leave period would be 100 days if the employee gave birth to more than one child. Most curiously, the employee is entitled to an additional 84 days' paid maternity leave within the same leave cycle if the child dies within a year of birth. The law further puts a ceiling of 4 maternity leave

terms, which an employee is entitled to take. Where the employee is breastfeeding, the employer is obliged to allow her time off, not exceeding two hours, to feed the child during working hours. The labour reforms have factored in the concerns of working male parents as well. During each leave cycle, a male employee is entitled to 3 days of paid paternity leave. The only conditions stipulated are that the employee must be the father of the newly born child and that the leave must be taken within the first seven days of the birth of the child.

The Employment Act further provides for what we may refer to as "compassionate leave". An Employee is entitled to 4 days' paid leave in the event of death or sickness of the employee's child.

Upon the death of the employee's spouse, parent, grandparent, grandchild or sibling, the employee is nevertheless entitled to 4 days' paid leave.

## Strikes and lockouts

Under the Employment Act, every employee has the right to strike in respect of a dispute of interest.

Equally, every employer is entitled to lockout in respect of a dispute of

interest. A dispute of interest refers to a labour dispute which does not arise from the application, interpretation or implementation of an agreement with an employee, collective agreement, the Employment Act or any other written law administered by the Minister responsible for labour. It follows that for labour rights, which are already provided for in a written agreement or labour laws, the right to strike, or lockout is unavailable.

The law provides an elaborate procedure to be followed before an employee engages in a lawful strike. As already noted above, the dispute must be a dispute of interest. The first step is that the dispute must first be referred to the Labour Commission for Mediation and Arbitration (“CMA”) for mediation.

The CMA is a quasi-judicial organ, which undertakes mediation and arbitration of disputes in labour dispute proceedings. During mediation proceedings, decisions are arrived at by mutual consent of both parties. If the CMA mediation fails and the strike has been called by a trade union, the second step is that the trade union must conduct a ballot. For the strike to be sustainable, a majority of the trade union members who voted must support the strike. Finally, the employees are required to issue to the employer a 48-hour notice of their intention to strike before commencing lawful strike.

It is significant to underscore that the Employment Act further stipulates the procedure for lawful lockouts. Firstly, an employer who intends to engage in lockouts is required to refer the dispute to the CMA for mediation.

If the dispute remains unresolved at the conclusion of mediation proceedings, the next step is for the employer or employer’s

association to issue to the employees or trade union a 48 hours notice of intention to lockout before commencing lockouts.

We are of the view that the staggered procedure, not to mention the intervening mediation proceedings, for lawful lockouts and strike action, gives the parties an opportunity to resolve their differences amicably. The stepped procedure further allows the employer to take remedial measures with a view to mitigating his losses when the intended strike commences

### **Dispute resolution**

All labour disputes must first be referred to the CMA for mediation. The mediator is required to

resolve the dispute through mediation inside 30 days unless the parties agree to a longer period. If mediation fails, either party may further refer the labour complaint to a CMA arbitrator; or in the case of a dispute of interest, to the High Court, Labour Division (hereinafter “the Labour Court”). Both the arbitrator and the Labour Court are required to take evidence, hear both parties’ legal submissions before rendering a decision on the merits of the case.

The Labour Court has been consistent in enforcing the rule that all labour disputes must

first be referred to the CMA for arbitration. Where the award of the CMA arbitrator aggrieves a party, he is entitled to apply to the Labour Court for revision of the award. Such an application is sustainable only where the revision application reveals issues relating to jurisdiction, material irregularity, error material to the merits of the case. Further appeal against the decision of the Labour Court lies in the Court of Appeal of Tanzania.

# CONTRACT

## SOURCES OF CONTRACT LAW



Tanzanian contract law is predominantly from the following provisions:

- Law of Contract Act (LCA) Cap.353- Sale of Goods Ordinance Cap.214

Generally, provisions of industry-specific laws (such as the mining laws) will take precedence over the general provisions established by the Law of Contract ordinance, to the extent that they do not contradict certain core principles.

The law of contract and the sales of goods ordinance provide the basis for commercial contract law, including provisions on:

- Freedom of contract:

Parties to a contract are generally free to agree on the contents of their contract, insofar as they do not contradict prohibitive provisions of law.

- Free Consent.

Free consent is one of the most essential elements of a contract. Tanzanian contract law requires that all parties form contracts with consent that is free from

any pressure or compulsion. According to section 14 of the Law of Contract Act free consent needs to be free from any:

- Coercion

- Undue influence

- Fraud

- Misrepresentation or mistake.

- Formation of a contract:

The law provides rules of offer and acceptance.

- Competency or capacity of contract.

Similarly to other common law legal systems, lawful consideration and competency to contract is required for the formation of a contract.

- Contract terms:

The rules recognize implied and explicit terms of contract.

## DISPUTE SETTLEMENT

The Commercial Court of Tanzania was established in 1999 as a division of the High Court to deal with commercial disputes. There is also a Lands Division of the High Court dealing with land matters.

The Commission for Mediation and Arbitration has been established under the Labour Institutions Act to handle labour disputes.

Tanzania is also member of several international organizations that help protect investment. Any dispute arising between the Government and investors may be settled amicably through negotiations or may be submitted for arbitration under the international agreements listed below:

- The Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958, which entered into force on 7 June 1959 (also known as the New York Convention);
- The Convention on the Settlement of Investment Disputes between States and Nationals of Other States of 1965, which entered into force on 14 October 1966;
- The Convention establishing the Multilateral Investment Guarantee Agency of 1985, which entered into force on 12 April 1988; and
- The Paris Convention for the Protection of Industrial Property of 1883, revised at various time, amended in 1979 and signed by Tanzania in 1994





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# A GUIDE TO DOING BUSINESS IN TANZANIA

## AREAS OF INVESTMENT

- Manufacturing Industry
- Agriculture sector.
- Tourism.
- Industries.
- Oil and Gas exportation and production.
- Mining.
- Energy.



## MANUFACTURING INDUSTRY



income tax, contributing about 20% foreign exchange to the government, third after agriculture, and tourism. The activities consist of manufacturing simple consumer goods like food, beverages, textiles, tobacco, wood products, rubber products, iron, steel, and fabricated metal products. This sector offers a wide range of opportunities to both potential local and foreign investors. Even though the Government puts emphasis on few manufacturing areas, which are textile, leather, and food processing, there are plenty of manufacturing area that offer attractive returns on investments. Investors are advised to acquaint themselves with "Sustainable Industrial Development Policy" that envisages industrialization of Tanzania . The potential for investment in this sector is great. Major players of this industry include Tanga (Holcim), Mbeya (Lafarge), and Portland (Heidelberg) cement companies, Tanzania Breweries Ltd (SABMiller), Tanzania Cigarette Company (TCC) and Kilombero Sugar Company (Illovo) etc.

Currently, the span of Tanzania's manufacturing industry is relatively narrow. It comprises processing and packaging, textiles and garments, steel and steel products, petroleum and chemicals, and non-metallic products. After many years of poor performance most of these sectors have started to grow, predominantly as a result of foreign investment in existing but underachieving domestic companies. New joint ventures include cement companies, Tanzania Breweries, Tanzania Cigarette Company, and Kilombero Sugar Company. It is expected that more private investment will come forth as more manufacturing parastatals are privatized.

Laws govern manufacturing industries in Tanzania:

- Anti dumping Act of 2004.
- Business Registration Act of 2007.
- Dairy Act of 2004.
- Employment and Labor Relations Act of 2004.
- Export Processing Zone 2006.
- Income Tax Act of 2004.
- Finance Act of 2006
- National Community Development Policy.
- Sustainable Industries Development Policy.

The laws govern agriculture business in Tanzania include

- Land Act [CAP 113 R.E 2002].
- Environmental Management Act No.20 of 2004.
- Banking and Financial Institutions



# AGRICULTURE



Agriculture business projects in Tanzania include horticulture, crop farming. The agriculture sector is managed by the Ministry of Agriculture.

The detailed process for the acquisition of land for investment is an important factor to bear in mind, given the restrictions under Tanzanian law on the purchase of land by foreigner investors. The increase in development finance in the agriculture sector has resulted in changes in the law, such as requirements for development organizations to obtain licenses from the Bank of Tanzania.

- (Development Finance) Regulations 2012.
- Warehousing Receipts Act 2005 [CAP 339] and its Regulations of 2016.
- Tea Act CAP 275 and Regulations.
- Fertilizers Act No. 9 of 2009 and Regulations.
- Cotton Industry Act No. 2 of 2001.
- Coffee Industry Act No.23 of 2001.
- Sugar Industry Act No.26 of 2001.
- Seeds Act No.18 of 2003.
- The Agricultural Development Funds Act, 1984.
- The Agricultural Inputs Trust Fund Act, 1994.
- The Cashew nut Industry Act 2009.
- The Tobacco Industry Act 2001.
- The Tobacco Product (Regulation) Act 2003.

Agriculture Sector, with annual growth rate of 6%, accounts for nearly half of national GDP contribution, 70% of rural household income, and absorbs 80% of the entire workforce. Lately, the government

introduced a special agricultural revolution initiative, namely “Kilimo Kwanza”, with the aim of commercializing agriculture and improving cultivation methods of peasant farmers to supplement agribusiness and assure the country of self-sufficiency in food supplies. Agricultural development is the leading economic sector in Tanzania and remains critical for achieving sustained growth, poverty reduction, and rural development. Among the agricultural products in Tanzania include coffee, beans, maize, cassava, rice potatoes, cashew nut, sisal, horticulture and others. Several reforms have been undertaken in this sector, such as review of land laws to allow for long term leases for foreign companies and redefining the role of government and private sector that allow for the latter to participate in production processing and marketing while the former retain regulatory and public support functions. Tanzania has enormous water resources potential. Water irrigation can be obtained in flood basins of rivers and lakes as well as from underground sources. Potential irrigable farmland in Tanzania is approximately 29 million hectares, out of which only 280,000 hectares are under irrigation farming. This provides for high agricultural investment opportunities. In addition to the following specific investment opportunities available, this sector offers varying business avenues, such as importing modern and efficient farming equipment for instance tractors and power tillers; providing training of modern farming, for example, how to use appropriate irrigation technology and others.

Therefore, investments involving support of local smallholders seem more promising than large-scale land acquisitions. Companies can work with smallholders in different ways. Some of them are well tested, such as contract farming, where local farmers cultivate land with support from the company, which then purchases produce at guaranteed prices. There is also growing experimentation with a wider range of models, such as joint ventures or land leases with local communities. Where properly implemented, these models can offer better opportunities to local farmers; though it must be remembered that these partnerships bring together players (agribusiness, local farmers) with very different negotiating power, and that sustained support to farmers groups is key to making these models work.

# TOURISM



Tanzania has many tourist attractions; land area is covered with game reserves and national parks. There are 16 national parks, 29 game reserves, 40 controlled conservation areas and marine parks. Tanzania is also home to the famous 'Roof of Africa' Mount Kilimanjaro. The sites in Tanzania comprise two cultural and four natural sites:

- Serengeti National Park.
  - Selous game reserves.
  - Kilimanjaro National Park.
  - Stone Town of Zanzibar.
- There is also a wide variety of destinations for cultural tourism such as Maasai Boma and Bushmen settlements. All these present high value investment opportunities. Provision of Accommodation and Tourist Services
- The development of Tanzania as a multi centre tourism destination offers considerable potential growth prospect and provides ideal opportunities for investment. New accommodation, entertainment facilities, camping, lodges
- Ngorongoro Conservation Area.
  - Ruins of Kilwa Kisiwani & Ruins of Songo Mnara.



and guesthouses of international standards are needed in Tanzania. Joint venture opportunities are available in Kilwa Zanzibar, Dar es Salaam, Mwanza, Arusha, Iringa, Kilimanjaro, Selous, Katavi, Saadani, Serengeti, Babati and Bukoba. Locations ranging from historical, cultural and archaeological sites to unspoiled beaches offer investment opportunities that cannot be matched anywhere in eastern and central Africa. Historical buildings that can be leased to private operators exist in towns such as Bagamoyo, Pangani, Tabora and Kilwa.

Equally the country has made strictest national law framework and policies in regulating such tourism and wildlife extraction. Include the following laws and regulations:-

- The Tourism Act No. 11 of 2008.
- Wildlife Conservation Act No. 2009.
- The Tourism (Tourism Development Levy) Regulations, 2009, (published under GN. No. 227 dated 29<sup>th</sup> June 2009).
- The Tourism (Fees and Charges) Regulations, 2009, (published under GN No.228 dated 29<sup>th</sup> June 2009).
- The Tourism Operator (Registration and Licensing) Regulation, 2009 (published under GN No.229 dated 29<sup>th</sup> June 2009).
- The Tourism (Tour Guides) Regulations, 2009 (published under GN No. 230 dated 29<sup>th</sup> June 2009) and
- The Tourism (Accommodation) Regulations, 2009 (published under GN No.231 dated 29 June 2009).
- Wildlife Conservation (Capture of Animals) Regulations, 2010.
- The Wildlife Conservation (Dealings In Trophies) Regulations, 2010.
- Tourist Hunting Regulations, 2015.
- Wildlife Fencing and Breeding Sites, Orphanages and Sanctuaries Regulations, 2004.
- Forest (Amendment) Regulations, 2012.

Currently Tanzania have a slogan of building industries in different areas in Tanzania in order to make sure that there is productions and supply of goods made and prepared by different industries in Tanzania. There are various opportunities for an investor who wishes to invest in Tanzania, an investor may wish to invest on either construction industry or manufacturing industry as Tanzania is in high need of development of industrial sector.

# CONSTRUCTION INDUSTRY



With Tanzanians' intent to improve roads, the demand for constructing roads is very high. Good trunk roads are needed not only to connect regions but also the demand is increasing in also connecting district market and facilitate economic activities .While the government reserves a substantial amount of its budget for road each year there is also a room for those construction companies that source funds in special arrangements from their native countries. Civil construction is also booming for both commercial and residential buildings to accommodate for the high demand of office premises as well as residential houses .Some specific construction area include;

- Construct tarmac and non-tarmac roads to connect districts ,regions and other nations
  - Building housing estates
  - Construct residential apartments
  - Build office buildings
  - Construct conference and banquet facilities
  - Building shopping malls
  - Build hotels construct mixed use real estate properties
  - Offer construction support services such as financing and provision of construction
- Like any developing economy, the

informal sector which is comprised of mainly small to medium companies with a turnover of a maximum of Tshs. 250,000,000/= makes up a significant number of potential local partners that a foreign investor may have in Tanzania. Most legislation that regulates the professions in the construction industry contains a number of protectionist provisions in favor of the local professionals and companies in Tanzania (i.e. majority authorized/ voting shareholders should be citizens in accordance to the Tanzania Citizenship Act in Tanzania [CAP 357 RE 2002]. Therefore, foreign investors can partner with local companies and professionals in Tanzania and get through the legislative hurdles more easily.

The construction professionals in Mainland Tanzania are the Contractors, Engineers, Architects all of which must register in their respective professional bodies namely the Contractors Registration Board (CRB), the Engineer Registration Board (ERB) and the Architects and Quantity Surveyors Registration Board (AQSRB), The National Construction Council (the NCC), Ministry Of Industries, Trade and Investment in order to work in Tanzania. The Contractors Registration Act 1997 and Contractors Registration Amendment Act No. 15 of 2008 provide that there are five (5) types of contractors recognized in Tanzania which are the building contractors, civil works contractors, mechanical contractors, electrical contractors and specialist contractors.

The CRB, in its policies, laws and regulations, differentiates between two categories of contractors the local contractor and the foreign contractor. The foreign contractor at a premium fee can either choose a permanent

registration or undertake as many contracting projects as possible as per its registration class or it can pursue the route of a temporary contractor,

registered only to undertake one specific project.

Hence a foreign contractor must register a limited company under the Companies Act. In order to meet some of the requirements for registration as a foreign contractor, a company must demonstrate that;

- It has the minimum technical qualifications and skills as prescribed by the CRB for the type of registration contemplated.
- It has the necessary experience and track record as prescribed by the CRB.
- It has the necessary financials of the Company to be able to carry out a project.
- Its professional and general conduct is such that it makes it a fit and proper person to be registered by the CRB.
- It has the necessary plants and equipment for the work it intends to carry out.

A foreign company can apply for a temporary registration at the CRB by registering its company as a branch and obtaining a certificate of compliance allowing the foreign entity to trade in Tanzania. Likewise, a foreign company can enter into a Joint Venture Agreement with a local contractor for the purpose of carrying out a specific project. However, in both these cases once the project is finished the Company must wind up and leaves the country or opts for permanent

registration if they wish to pursue more projects.

Foreign engineering companies or individual engineers can register as “temporary” however unlike the contractors this does not mean that there is a limitation in time or projects. The registration can be renewed for as long as the company or individual wishes to stay in the country and complies with the Engineers Registration Act 1997 as amended. The foreign company must have its principal engineer registered at the ERB as a professional and consulting engineer and the principal engineer must have practiced in a specialized engineering field as a registered engineer.

Foreign architects are allowed to practice in Tanzania provided that they are registered at the AQSRB and that they are registered architects in their home countries, the foreign firm must enter into a joint venture with local architect firm for the specific project that is to be carried out.

#### Laws That Govern Construction Industries in Tanzania

- The Contractors Registration Act 1997.
- Contractors Registration (Amendment) Act No. 15 of 2008.
- Engineers Registration Act 1997.
- The Engineers Registration (Amendment) Act No. 24 of 2007.
- Tanzania Citizenship Act [CAP 357 R.E 2002].
- Companies Act No.12 of 2002.
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## OIL AND GAS EXPLORATION AND PRODUCTION



*There have been several gas discoveries on the coastal shore of the Indian Ocean at Songosongo, Mnazi bay and Mkuranga in Coast Region. These discoveries are catalysts of natural gas developments in Tanzania. Currently there are various Oil Companies undertaking exploration activities for oil and gas in the country. These companies include: BG Group, Statoil, Petrobas and Ophir Energy. There are national policies on general investments (National Investment Promotion Policy 1996) and there are also specific policies for oil and gas and energy sectors, namely Natural Gas Policy of Tanzania of 2013, and the National Energy*

*Policy 2015.*

The National Investment Promotion Policy of 1996 has been revised by the National Investment Policy 2015, which is still in draft form. It incorporates recent government initiatives and seeks to address challenges that have emerged from implementation of the 1996 national policy. The principal objective of these policies extend to ensuring promotion, attraction and facilitation of foreign investments in Tanzania through the Tanzania Investment Centre (established in 1997), a one-stop government agency, through which foreign investment is channeled. The government acknowledges the significance of foreign



investment in natural gas, which contributes capital and technology and maximizes the various benefits realized by the country from natural gas exploitation. The government asserts its commitment in providing lucrative fiscal incentives for foreign investors in the said sectors.

The government also undertakes, in the policies, to assist investors with corporate and business formalization processes, including:

- Expediting investment approval processes and acquisition of all necessary licenses, permits and authorizations.
- Allocating suitable land.
- Ensuring the smooth operation of businesses.
- Guaranteeing a supportive and favorable legal framework that promises effective facilitation, protection and guaranteed foreign investments rights.

There are specialized and effective institutions in the legal system such as commercial court, land court, labour and industrial courts, tax appeals and competition tribunals. The legal framework also incorporates internationally acceptable alternative investment dispute resolution mechanisms such as mediation and arbitration. Tanzania is a signatory to International Centre for the Settlement of Investment Disputes (ICSID) Charter and other protocols and agreements which safeguard rights of international investors and ensure the protection of their investments. The Petroleum Upstream Regulatory Authority (PURA) and Energy and Water Utilities Regulatory Authority (EWURA) are the

authorities that regulate the extraction of oil and gas. The two authorities fall under the Ministry of Energy, the parent ministry, which is responsible for oil and gas, among other matters?The Petroleum Act 2015 is the principal legislation governing oil and gas exploration and production. It governs the import, export, transformation, storage and wholesale and retail distribution of petroleum and petroleum products in a liberalized market.

Apart from the Petroleum Act there are other pieces of legislation that are relevant or apply to oil and gas exploration and production, which are the:

- The Oil & Gas Revenue Management Act No.22 of 2015.
- Energy and Water Resources Act [CAP 414 R.E 2002].
- Environmental Management Act [CAP 191 R. E 2002].
- The Environmental Impact Assessment and Audit Regulations 2005.
- Mining Act, 2010.
- Occupational Health and Safety Act No 5 of 2003.
- East Africa Community Customs Management Act of 2004.
- Tanzania Investment Act [CAP 38 R: E 2002].
- Employment and Labour Relations Act No. 8 of 2006.
- Standards Act No. 2 of 2009.
- Stamp Duty Act [CAP 189 R. E 2006].
- Merchant Shipping Act No. 21 of 2003 and its Regulations.

Following an application relating to a specific area, the Government of Tanzania, through the Minister for Energy and Minerals grants a license to the Tanzania Petroleum Development Corporation (TPDC). The TPDC holds the license and enters into a Production Sharing Agreement (PSA) with private developers to undertake exploration, development and production activities.

#### Lease/ license/concession term:

An exploration license is valid for an initial period of four years (initial exploration period). On application, the initial exploration period can be extended for a further period of four years and there can be a second extension for a further period of three years.

A development license is valid for a period of 25 years. The minister responsible for energy can decide to extend the development license for a further period, which he deems reasonable, to allow for the maximum amount of petroleum to be extracted from the development provided the:

- Recovery of the petroleum is consistent with good oil field practices.
- Period is not extended for more than 20 years.

The minister must make a decision to extend the license at least 12 months before the initial development license expires.

#### Fees:

The annual charge for a development license is calculated at a rate of US\$500 per square kilometer. The charge is payable to the Tanzania Petroleum Development Corporation (TPDC).

#### Liability:

Any gain on the disposal of an interest in a petroleum license is chargeable income for tax purposes.

#### Restrictions:

Only a Tanzanian citizen or a company registered in Tanzania can hold an interest in a petroleum license.

The Petroleum Act also provides that a development license must impose a duty on the registered holder to supply petroleum to meet the local needs of Tanzania.

The minister responsible for energy may invite applications for the grant of an exploration license in specific blocks and set a deadline for the applications. The minister invites the applications by publishing a notice in the Government Gazette.

#### Transfer of rights:

A contractor who wishes to assign or transfer any rights under a production sharing agreement (PSA) must obtain prior written consent from the Minister of Energy and Minerals.

There are restrictions on the disposal of an interest:

- A contractor must demonstrate that the third party to whom they wish to assign the rights is financially and technically qualified.
- The transfer or assignment must not adversely affect the performance of obligations under the PSA.

#### How trade in Oil and Gas is conducted:

Currently, Tanzania does not generally trade in oil or gas. All oil marketing companies importing petroleum

products in Tanzania use a Bulk Procurement System (BPS), where importation of petroleum products is done competitively and transparently using an open tender system. This system allows only one supplier to import gas and oil and supply to other traders in the country on retail. The sole supplier for the particular period is chosen through a competitive tender bidding process where any member of the petroleum importation co-ordinator (PIC) is permitted to bid for the tender. The trader needs to:

- Obtain certificate from EWURA.
- Process TIN for tax compliance purposes.
- Register with the PIC so as to be part of the BPS.

However, if trading did take place, the Model Production Sharing Agreement (PSA) provides that produce from any contract area must be sold or otherwise disposed of at competitive international market prices. The price for natural gas would be determined by the parties to the PSA.

The price for oil is determined by EWURA via an automatic formula which includes the government taxes and tariffs, the worldwide oil prices and other expenses. Such assessment is done monthly by EWURA with regard to market value, supply and demand and fair competition laws.

Exporters would be obliged to observe the Merchant Shipping Act 2003 and the Merchant Shipping (Ship and Port Facility Security) Regulations 2004 with regard to oil tankers. However, only a small amount of oil is exported.

The Energy and Water Utilities Regulatory Authority (EWURA) legislation [CAP 414 R.E 2002] regulates the price of oil and gas.

One objective of the National Energy Policy 2013 is to institute an appropriate pricing structure to sustain the supply and demand sides of the oil market.

The Gas Policy envisages the creation of an appropriate pricing mechanism based on a set of key principles reflecting reasonable costs incurred reliability and quality of service and ensuring a fair return on invested capital. The Energy and Water Utilities Regulatory Authority (EWURA) has powers to issue compliance orders under the EWURA Act [CAP 414 R.E 2002]. EWURA has powers to impose fines and penalties for non-compliance. EWURA can take further action as appropriate in the case of non-compliance including forwarding matters for investigation to other regulators such as the Fair Competition Commission. If a party is aggrieved by EWURA's decision or penalty or action it can appeal to the Fair Competition Commission. Appeals against the regulator's decision can be made to the Fair Competition Commission within 21 days on the following grounds (Section 36 (3), Energy and Water Utilities Regulatory Authority Act [CAP 414].

- The award was not reasonably open to the authority based on the evidence.
- There was an error in law.
- The procedures or other statutory requirements that apply to the authority were not complied with and the non-compliance materially affected the award.
- The authority did not have power to make the award.

## MINING



Minerals are the number one forex earner for Tanzania. The Government's plan is to have this sector contribute 10% of GDP by 2025. Besides a few major companies, such as African Barick Gold, AngloGold Ashanti, Williamson Diamonds Limited (WDL), etc., this sector contains several medium scale companies and a cluster of small-scale mining companies. Key mineral deposits include coal, copper, diamonds, gold, nickel, silver, uranium, and Tanzanite gemstone, which is found nowhere in the world other than Tanzania. Investment opportunities in this industry include:

If a party is dissatisfied with the decision of the Fair Competition Commission it can further appeal to the Fair Competition Tribunal.

- Establishment of gold refinery activities.
- Establishment of value added activities.
- Gemstone cutting & polishing (lapidary).
- Rock and mineral carvings.
- Jewelry manufacturing utilizing gold and gemstones.
- Mineral processing industry – e.g. smelters (amount of Cu –Concentrates).
- New areas in mineral exploration.
- Industrial minerals beneficiation for local consumption & export – e.g. lime production, soda ash, kaolin, gypsum, coal, iron

ore, dimension stones etc.;

- Base metals including platinum group metal (PGMs);
- Service industry;
- Supply equipment & materials e.g. explosives, grinding media, mill liners etc. under JVs with Tanzanian entrepreneurs;
- Drilling.

The following are the laws and regulations which govern mining sector in Tanzania

- The Mining Act of 2010
- Environmental Management Act No.20 of 2004
- The Mining (safety ,Occupational Health and environment Protection )Regulations 2010
- The Mining (Mineral Trading ) Regulations 2010
- The Mining (Mineral Rights) Regulations 2010
- The Mining (Mineral Beneficiation) Regulation 2010
- The Mining(Environmental Protection for small scale Mining) Regulations 2010
- The Mining (Radioactive Minerals ) Regulations 2010
- The Mining Act (Mineral Rights) Regulations, 2018 [G.N. No. 1 of 2018]
- The Mining (Minerals And Mineral Concentrates Trading Regulations, 2018 [G.N. No. 2 of 2018]
- The Mining (Local Contents) Regulations, 2018 [G.N. No. 3 Of 2018]
- The Mining (Radioactive Minerals) Regulations, 2018 [G.N. No. 4 Of 2018]
- The Mining (Mineral Beneficiation) Regulations, 2018 [G.N. No. 5 Of 2018]
- The Mining (Geological Survey) Regulations, 2018 [G.N. No. 6 Of 2018]
- The Mining (Audit And Impaction of Records), Regulations 2018 [G.N. No. 7 Of 2018]
- The Executive Agency (Tanzania Mineral Audit Agency), (Disestablishment) Order, 2018 [G.N. No. 8 of 2018]
- The Executive Agency (Geological Survey Agency) (Disestablishment) Order, 2018 [G.N. No. 9 of 2018]
- The Mining Act (Mineral Rights) Regulations, 2018 [G.N. No. 1 of 2018]
- The Mining (Minerals And Mineral Concentrates Trading Regulations, 2018 [G.N. No. 2 of 2018]
- The Mining (Local Contents) Regulations, 2018 [G.N. No. 3 of 2018]
- The Mining (Audit And Impaction of Records) Regulations 2018 [G.N. No. 7 of 2018]
- The Executive Agency (Tanzania Mineral Audit Agency),(Disestablishment) Order, 2018 [G.N. No. 8 of 2018]
- The Executive Agency (Geological Survey Agency) (Disestablishment) Order, 2018 [G.N. No. 9 of 2018]
- The Mining (Radioactive Minerals) Regulations, 2018 [G.N. No. 4 of 2018]



- The Mining (Mineral Beneficiation) Regulations, 2018 [G.N. No. 5 of 2018]

The Mining Act 2010 establishes state ownership of minerals and provides rights and conditions whereby the rights to explore, develop and produce such minerals are granted. Licensing procedures are streamlined to ensure transparency and fairness by conferring ownership of mineral rights on a first served principle. There are seven types of licenses issued under the which are Prospecting license, Retention license, special mining license, mining license, primary mining license, mineral processing, smelting and refining license.

The Mining (Local Content) Regulations, 2018 under Regulation 8(6) provides that a non-indigenous Tanzanian company which intends to provide goods or services to a contractor, a subcontractor, licensee, the Corporation or other allied entity within Tanzania shall incorporate a joint venture company with an indigenous Tanzanian company; and afford that indigenous Tanzanian company an equity participation of at least 20%. Also, Regulation 15(5): Where a non-indigenous Tanzanian company is required to provide goods and services to a contractor, subcontractor, licensee, or other allied entity, that non-indigenous Tanzanian company shall incorporate a company in Tanzania and operate it from Tanzania; and provide the goods and services in association with an indigenous Tanzanian company, where practicable. "Indigenous Tanzanian company" means a company incorporated under the Companies Act that:

- has at least 51% of its equity

owned by a citizen or citizens of Tanzania; and

- has Tanzanian citizens holding at least 80% of executive and senior management positions and 100% of non-managerial and other positions.

Also, Regulation 13(2): A contractor, subcontractor, licensee, the Corporation or other allied entity shall achieve the minimum local content levels specified in the First Schedule.

Generally in Tanzania the Ministry of Industry, Trade and Investment Tanzania under the Investment Centre the following are the Procedure for Obtaining TIC Certificate of Incentives

(a) The Tanzania Investment Centre grants Certificates of Incentives under authority conferred upon it by Part III, Section 17 (1-8) of Tanzania Investment Act, 1997. Enterprises engaging or intending to engage in Mining and Petroleum Sectors shall follow the approval process contained in their respective laws (Mining Act 1998 & Petroleum Act 1980). However, the Centre upon request shall assist all investors to obtain such permits and authorization required by other laws to set up and operate investment in Tanzania.

(b) Minimum Investment to qualify for and obtain TIC Certificate of Incentives minimum fixed investment cost for New, Rehabilitation and Expansion Projects should be at least US\$ 100,000 for projects, which are wholly owned by Tanzanian Citizen (s), and US\$ 500,000 for projects, which are wholly owned by foreign investors, or if a joint venture.

The Incentives Package Available to Holders of TIC Certificates of Incentives

are:

- Access to various services related to permits, licenses and approvals in the TIC One Stop Facilitation Centre. The following services are currently available; Immigration services, Labour Services, Tanzania Revenue Authority (TRA), Ministry of Lands and Human Settlements services, Tanzania Bureau of Standards (TBS), Business Registration and Licensing Authority (BRELA), National Environment Management Council (NEMC), Occupational, Safety and Health Authority (OSHA), Tanzania Food and Drugs Authority (TFDA), Tanzania Electric Supply Company Limited (TANESCO).
- 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.
- 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
- Ten percent (10%) - Import Duty for Semi-processed/semi finished goods).
- Twenty five percent (25%) - Import Duty for final consumer goods
- VAT on taxable goods and services are eighteen percent (18%).
- Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies.
- The Income Tax Laws allows 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 to tourists and in a hotel.
- EAC Customs Management Act provides; Hotel Equipment (Import Duty – 0%)
- 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
- Supplies and imports exempted from Value Added Tax are agricultural implements, Agri-

cultural inputs (Pesticides, Fertilizers, Insecticides), Livestock, basic agricultural products and foods for human consumptions (Rice, Sorghum, Millets and Other Cereal crops, Maize flour, Wheat Flour), Fisheries Implements, Bee-keeping implements, Dairy equipment, medicine or pharmaceuticals products, health care, education materials, fertilized eggs for incubation, preparations for a kind used in Animal feeding articles designed for people with special needs, Immovable property A sale of vacant Land, A lease, license, hire or other form of supply, to the extent that it is a supply of the right to occupy and reside in residential premises, A sale of immovable property, to the extent that the property relates to residential premises, not including: the first sale of newly constructed residential premises; or a subsequent sale if the premises have been occupied as a residence for less than two years. Educational Services, intermediary services, petroleum products, solar panels, modules, solar charger controllers, solar inverter, solar lights, vacuum tube solar collectors and solar battery. Plant & Machinery by the local manufactures of vegetable oils, Textiles, Pharmaceuticals and skin & hides.

- Straight line depreciation allowance on capital goods.
- Losses are carried forward. However Companies with perpetual unrelieved losses for 3 consecutive years are charged 0.3% of annual turnover (Excluding Corporation Conducting Agricultural Business, Provision of Health or Education).
- Corporate Tax - 30% and newly listed company to DSE with at least 30% of its shares issued to the public for three consecutive years from date of listing – 25%.
- A corporation with newly established Plant for assembling Motor vehicles, tractors, fishing boats or out boat engine shall be taxed at reduced corporate rate of 10% for five consecutive years from the year of commencement of production.
- Withholding Tax on dividends (10%) and on loan interest, (10%) on Rental Income.
- The right to transfer outside the country 100% of foreign exchange earned profits and capital.
- The ease of obtaining other permits such as Residence/ Work Permits, industrial license, trading license etc.
- Automatic permit of employing 5 foreign nationals on the project holding Certificates of Incentives.

## **TIC WILL REQUIRE THE FOLLOWING BASIC DOCUMENTS IN ORDER TO PROCESS AN APPLICATION:**

- 1 copy of the project's Business Plan/ Feasibility Study (The intended project should aim at foreign exchange generation and savings, import substitution, creation of employment opportunities, linkage benefits, transfer of technology, expansion of production of goods and services etc).
- The feasibility study should contain the following information: clear statement of the project objective, information regarding the investor (profile), details of investment costs (foreign and local expected capital expenditure), how the proposed investment will be financed, specific sources(s) of finance for the project, terms and conditions of the loan if applicable, sources of technology if applicable, project financial and economic analysis, financial projections at least for the next five years, market study, project capacity, production process if applicable, environmental impact assessment, expected employment generation, proposed implementation schedule, brief profile of investors, etc.
- Dully filled TIC application forms which are issued by the Centre at a fee of US\$ 100
- In case of expansion/rehabilitation, a copy of audited account for the past three years.
- A copy of the company's Memorandum and Articles of Association.
- A certified copy of the Certificate of company Incorporation.
- Evidence of sufficient finance capital available to implement the project.
- Evidence of land ownership for the location of the project (depending on the project, certified lease agreement of minimum of 3 years or certified copy of title deed).
- Company Board Resolution to register the project with TIC.
- An overall covering letter to which all the above are attached.

