

THE EASE OF
**DOING
BUSINESS
IN TANZANIA
& ZANZIBAR**

THE DIGITAL & BLUE ECONOMY







CONTENTS

INTRODUCTION

Firm Profile

PART A: TANZANIA MAINLAND

Understanding the Digital Economy:
What is it and how can it ease
business in Tanzania

Establishing business in Tanzania mainland

Legal compliance for Digital Economy
oriented companies

PART B: ZANZIBAR

Zanzibar and the blue economy

Investment opportunities in zanzibar

Establishing business in zanzibar

Top protection awarded by the laws in Tanzania

CONCLUDING REMARKS

INTRODUCTION





People are spending more money online now, which has caused businesses to place more of a focus on digital platforms and revenue sources. People are now increasingly familiar with digital goods and services because of the rise of the digital economy, which has prompted businesses to look for new competitive advantages in the digital sphere. However, the definition of digital business has expanded beyond only online retail; according to studies, “digital firms develop competitive edges based on specific combinations of digital and physical resources.” They take action in a way that gives them a competitive advantage that others cannot.

We are proud to present THE EASE OF DOING BUSINESS IN TANZANIA AND ZANZIBAR 2023: “THE DIGITAL ECONOMY”. The aim is to promote a better understanding of the establishment, and the role of the digital economy in Tanzania, particularly how digital technologies impact Tanzanian economies and transform both business practices and societies. This project further aims to provide information and updates on requirements, procedures, compliance, and top protection awarded by the law of Tanzania to businessmen and highlight business opportunities present in Tanzania as far as the digital economy is concerned.

The project contains information from Tanzania Mainland and Zanzibar separately for ease of understanding. The digital economy is one collective term for all economic transactions that occur on the internet. It is also known as the Web Economy or the Internet Economy. With the advent of technology and the process of globalization, digital and traditional economies are merging into one. This publication by ABC Attorneys allows you to understand and consider opportunities that may be present in the Digital economy.

We would like to express our gratitude to all the contributors and editors, who have dedicated their time and effort toward the successful completion of this newsletter.

We hope you enjoy reading this publication and we look forward to receiving your feedback.

Enjoy!

From

Sunday Ndamugoba

Managing Partner

ABC Attorneys

Email: sunday@abcattorneys.co.tz

Web: www.abcattorneys.co.tz

Office : +255688609931

Mobile: +255755623562

FIRM PROFILE



ABC Attorneys is a corporate and Commercial Law firm based in Dar es Salaam Tanzania with offices in Dodoma, Arusha, and Zanzibar. We are praised as one of the leading Intellectual Property and Technology law firms in Tanzania and Zanzibar. We are a member of TAGLAW, a global alliance of high-quality law firms with 150 member firms based in over 90 countries with 9500+ lawyers in 300 offices, and AMANI IP a network of Premier African Intellectual Property law firms.

ABC Attorneys is committed to driving innovation and delivering value to our clients. We work closely with you to provide the most sound and reliable solutions to your problem. Our firm leverages its skilled workforce and technology to provide premium legal services in Corporate, Commercial, Energy, Mining, Intellectual Property, and TMT laws in Tanzania.

AWARDS AND RECOGNITION

ABC Attorneys Recognized in the 2022 Edition of the WTR 1000

ABC Attorneys is pleased to announce that the firm's Trademark practices in Dar es Salaam along with one attorney have all been ranked as a recommended Law firm in Tanzania for the 2022 edition of the WTR 1000.

The 2022 edition of the WTR 1000 features more than 80 country and US state-specific chapters analysing local trademark legal services markets and profiling the firms and individuals singled out as leaders in their respective fields. Individual practitioners, law firms, and trademark attorney practices qualify for inclusion in the WTR 1000 solely on receiving sufficient positive feedback from market sources. The extensive research process was conducted over four months by a team of full-time analysts and involved over 1,500 face-to-face and telephone interviews with trademark specialists across the globe.

According to the review, "Since opening its doors in 2012, commercial outfit ABC Attorneys has made the intellectual property a central plank of its offering. Making full use of proprietary web-based file management and communication program with broad application, it provides a timely and efficient service to clients concerning trademark filings, portfolio management, and litigation. As a member of the TAGLaw alliance, it supplies high-quality global support with the minimum of fuss; it is also engaged with AMANI IP, a network of IP and TMT firms dedicated to helping rights holders overcome IP and other challenges in Central and East Africa."

Our Managing Counsel Mr Sunday Ndamugoba was also recognized as a recommended Attorney in Tanzania by this globally recognized trademark lawyers ranking authority. He heads the IP department and is one of Tanzania's leading trademark and patent prosecution specialists; armed with contentious experience, too, he can smoothly solve any IP puzzle presented to him.



PART A: TANZANIA MAINLAND

COUNTRY PROFILE

Destination Tanzania, formerly known as Tanganyika. In 1964, Tanganyika united with the Island of Zanzibar to form the United Republic of Tanzania, the largest of the East African countries and one of Africa's fastest-growing economies with nearly 7% annual GDP growth.

Tanzania is located east of Africa's Great Lakes north of Mozambique and south of Kenya, it has a coastline at the Indian Ocean in the east. The nation is bordered by six other African countries: Burundi, the Democratic Republic of the Congo, Malawi, Rwanda, Uganda, and Zambia, it also shares maritime borders with Comoros and Seychelles. It has shorelines at three of the Great Lakes: Lake Victoria, Lake Tanganyika, and Lake Nyassa (Lake Malawi).

The country occupies an area of 945,087 km², compared to it is about three times the size of Italy or slightly larger than twice the size of California.

Tanzania has a population of 61.7 million people, the capital is Dodoma, the largest city, chief port, and major economic and transportation hub and the de facto capital is Dar es Salaam. Spoken languages are Swahili and English (both official), and Arabic (widely spoken in Zanzibar).

Why invest in Tanzania? At a Glance

Tanzania is among the 10 fastest-growing African countries. For the past 10 years, the country's economy grew by an average of 7%. In July 2020, Tanzania was officially upgraded to a middle-income economy by the World Bank. This success can be attributed to political and economic stability, sound and predictable policies as well as peace and stability.

Tanzania offers many opportunities in all sectors; however, the Government is prioritizing important sectors such as Agriculture, Mining, Tourism, Industry, Agricultural Processing, Pharmaceuticals, Real Estate Livestock, and Fisheries.

The government of the 6th phase under Hon. President Samia Suluhu Hassan is strong-minded and dedicated to opening the country to the world economy by improving the investment environment, developing large infrastructure to accelerate the flow of Foreign Direct Investments (FDIs) and Domestic Direct Investments (DDI) to society and economic well-being of Tanzanians.

The government has been making major legal and regulatory reforms in a bid to make Tanzania one of the best investment destinations on the continent. These reforms, which include across the boards, include the tax system, automating the system and direct investment processes, harmonizing institutions, and land laws as well as opening barriers that hinder business growth.

By 2022, all villages in Tanzania will have electricity service. This will ensure investors start their business in any corner of the country. The construction of the Nyerere Hydro Electric Dam (Hydro Electric Dam) worth US\$ 3 billion with the capacity to generate more than 2,000 megawatts will also guarantee investors access to cheap and reliable electricity.

The construction of a new modern Standard Gauge Railway (SGR) that uses electricity from the Port of Dar es Salaam connecting Uganda, Rwanda, Burundi, and DRC is a major change that is expected to further improve efficiency and reduce cargo transportation costs by 40%.

As a member of the African Free Trade Area (AfCFTA), it is a belief that with better transport systems, reliable and affordable electricity, and friendly regulation, Tanzania offers the best opportunities for investors to do well.

Apart from being strategically located, Tanzania offers unbeatable markets for investors in the East African Community with six countries, Southern African Development Community (SADC) as well as preferential trade agreements such as AGOA with the USA and trade partners with major trading countries and regions such as China, Japan, India, and the EU.

Tanzania is committed to upholding democratic values, good governance, human rights, and freedom of speech as key ingredients of our tradition rooted in the belief that if we want to reach far, we must work together with others while upholding the ethos of the international community.

Moving forward, the Government of the 6th phase has put more effort and inspiration into restoring and revitalizing/developing country-to-country, regional and international relations, this also involves investment guarantee instruments and conflict resolution. We believe that to go far we must go together.

UNDERSTANDING THE DIGITAL ECONOMY: WHAT IS IT AND HOW CAN IT EASE BUSINESS IN TANZANIA?

The digital economy refers to a broad range of economic activities that use digitized information and knowledge as key factors of production. The internet, cloud computing, big data, fintech, and other new digital technologies are used to collect, store, analyse, and share information digitally and transform social interactions. The digitization of the economy creates benefits and efficiencies as digital technologies drive innovation and fuel job opportunities and economic growth. The digital economy also permeates all aspects of society, influencing the way people interact and bringing about broad sociological changes.

Financial technologies have also given rise to new ways of delivering financial services in Tanzania, particularly in facilitating payment and lending; it promotes financial inclusion in Tanzania. Further, digitized, networked, and intelligent information and communications technologies (ICTs) enable modern economic activities to be more flexible, agile, and smart.

While Tanzania continues to benefit from this digital transformation, understanding the digital economy remains a challenge because of its complexity. Digital transformation is about not only big data and digital platforms but also how those advanced technologies can be utilized to maximize opportunities for innovation, new business models and processes, and smart products and services. Further, the digital economy is allowing regional businesses to move away from the local and into the global, in keeping with the long-term trends toward market liberalization and reduced trade barriers.

Many times, people in developing African countries do not have access to a basic online account, be it due to a lack of digital devices, nationally accepted forms of identification, or socio-economic barriers. To create more inclusion in the digital economy, there needs to be a deep understanding of the differences in access and adoption within the populations. New issues related to trust, privacy, and transparency also need to be addressed as Tanzania's digital transformation intensifies.

The digital economy has the potential to radically change the social environment and economic activities of Asia. It is already experiencing high growth, rapid innovation, and broad application to other economic sectors. However, despite the vast opportunities presented by the digital economy, Tanzania has not yet fully realized the potential of harnessing digital technology for sustainable development, due to (among others) poor ICT infrastructure, inadequate skills development, and socioeconomic barriers that prevent much of Tanzania's population from engaging in the digital economy.

The Information, Communication, and Information Technology Ministry has prioritized the Digital Tanzania Project in its budget for 2022–2023 and plans to invest extensively in it.

Minister for the portfolio Nape Nnauye stated that the ministry is currently putting up a framework that will guide the country toward the desired destination while presenting the budget projections for the 2022–2023 fiscal year.

The initiative that will allow the nation's economy to go digital has already been funded with 150 million US dollars, and the ministry is currently working on the framework that will show what the digital economy will look like. Reviewing the nation's policies, laws, rules, and regulations is part of the framework.

The internet economy, which, by one definition, is just defined as the economic value derived via the internet, is less sophisticated and complex than the digital economy. Tanzania should proceed in this manner.

The transition from the third to the fourth industrial revolution is reflected in the digital economy. The shift from analogue electronic and mechanical devices to digital technology, often known as the third industrial revolution or the digital revolution, occurred in the late 20th century. The fourth industrial revolution expands on the digital revolution as modern technology keeps bridging the real world and the virtual one.

The digital economy is more sophisticated than merely using technologies to carry out already-existing work on computers, although some organizations and individuals do so. It goes beyond merely using a computer to complete tasks that were previously completed manually or with analogue equipment.

The digital economy, on the other hand, emphasizes the chance and requirement for organizations and people to employ technologies to carry out such activities better, faster, and frequently differently than previously.

Additionally, the phrase refers to the capacity to use technologies to carry out operations and take part in activities that weren't previously feasible. The associated concept of "digital transformation" includes such chances for current companies to do things more, differently, and in new ways.

The ministry is responsible for overseeing the nation's digital transformation, which will lead to the adoption of the digital economy and is handled through information and communication technology (ICT).

All facets of the nation's economy function together under the digital economy idea. The Digital Tanzania Project (DTP), also known as the broadband project, would strengthen the government's ability to provide digital public services while expanding access to high-quality broadband internet services for the government, businesses, and individuals. To encourage ICT infrastructure investment, market competitiveness, digital participation, job creation, and innovation, the project will involve enhancing the laws, policies, regulations, institutional capacity, and human capacity required.

The project will foster an environment for the development of ICT-related employment possibilities, the support of SMMEs and SMEs as growth engines, the promotion of professionalism among government experts, and the enhancement of service delivery within the government.

TOP BUSINESS IDEAS

By utilizing data and financial technologies, the Digital Economy in Tanzania has expanded from only providing airtime purchases, money transfers, and cash deposits and withdrawals to a wide range of services, including remittances, digital savings, digital lending, and micro insurance. Business-to-consumer (B2C) solutions account for 91% of the attention of fintech players in Tanzania across six market segments. These industries are;

- Lending/Financing
- Payment/remittance
- Savings
- Insurance
- Investment
- Personal Finance
- Agriculture
- Transportation
- Hotels and Apartments
-

ESTABLISHING BUSINESS IN TANZANIA MAINLAND

Investors wishing to invest in Tanzania may choose to establish their businesses in a variety of ways. These may include a company, partnership, sole proprietorship, and others alike. Everything related to Companies in Tanzania including matters such as registration, organization, and management of Companies are governed by the Companies Act, No.12 of 2002 while the partnership is governed by the Law of Contract Act, Cap 345. A sole proprietorship is most suitable for a sole investor and it is governed by the Business names registration Act Cap 213.

COMPANY INCORPORATION AND OPERATION

Unlike other business entities, a company is the most preferred choice and a go-to business entity because of its several advantages including having the ability to raise funds by selling stock, easy to transfer ownership by selling shares to another party, and many other advantages.

A company as a legal entity has a corporate personality that a legal person is entirely distinct from its members who formed it. After being incorporated, a company becomes an independent legal entity vested with a personality separate from that of its shareholders. Such personality gives a company an artificial life, perpetual succession, the right to own and dispose of property, and limited liability. A company can either be public or private. for a private company, it can either be limited by shares or limited by guarantee.

LOCAL COMPANIES

There are no general restrictions on establishing a digital economy business in Tanzania. The establishment of business in Tanzania is governed by different laws and several entities and the procedures are as follows;

NAME SEARCH AND RESERVATION.

A person preferring to open a company in Tanzania must have a business name search and registration of his or her choice that will introduce his or her business. Section 30 of the Companies Act provides that reservation is valid for 30 to 60 days.

If the proposed name of the company is approved, the following documents duly stamped together with the necessary fees are to be filed with the registrar;

A memorandum of association (MoA); represents the character of a company. It is a legal document prepared during the formation and registration of a company and must be duly signed by subscribers. It defines its relationship with shareholders and it specifies the objectives for which the company has been formed. The company can undertake only those activities mentioned in the memorandum of association. Section 5(1) of the Companies Act requires at least one witness should attest the signatures of subscribers to the memorandum



- Articles of Association; this usually regulates the internal management, the rights and duties of shareholders vis-à-vis the company and each other. Articles of Association deal with matters such as the transfer of shares, meetings, voting, and other rights of shareholders, dividends, and Directors' powers of management. Most companies in Tanzania adopt Table A, a modal Article in Regulations made under the Companies Act.

A statement in a prescribed form; this contains the names and addresses of the persons being the first directors and the secretary of the company.

- A statutory declaration: In pursuant to Section 16(2) of the Companies Act, the advocate of the High Court or the person named in the Articles as a Director of the company or secretary may declare that the requirements of the Companies Act have been complied with, and thus the registrar may accept such declaration as sufficient evidence of compliance.

NB: Currently, the BRELA Online registration System requires no need of filling form No. 14(a) of the Companies forms Act, instead one has to fill Form No 14(b) only and other particulars are to be filled in the consolidated registration form.

If all requirements with respect to registration and matters incidental to it have been satisfied, the registrar issues a Certificate of Incorporation which is the company's birth certificate.

FOREIGN COMPANIES

According to section 433(1) of the Companies Act, a foreign company means a company incorporated outside of Tanzania mainland and has a place of business outside of Tanzania mainland. Section 433(2) of the Companies Act provides also that a foreign company doing business through an agent shall not be deemed to have a place of business in Tanzania.

Foreign companies intending to establish a place of business in Tanzania mainland are to deliver to the Registrar for registration of the following documents:

- A certified copy of the character, Memorandum & Articles of Association. And if such are not written in English language, then a certified translation should be submitted.

A list of Directors and Secretary of the company containing; names, address, nationality and occupation if any; provided that, where all partners in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars mentioned.

- A statement of all subsisting charges created by the company, being charges of the kinds set out in section 99 of the Companies Act and not being charges comprising sole property situated outside Tanzania.
- The names and addresses of one or more persons resident(s) in Tanzania authorized;
 - (a) To accept on behalf of the company service of process and any notices required to be served on the company and
 - (b) To represent the company as its permanent representative for the place of business, including a statement as to the extent of the authority of the permanent representative, including whether he is authorized to act alone or jointly.
- The full address of the registered or principal office of the company and the full address of the place of business in Tanzania.
- A statutory declaration made by a Director or Secretary of the company stating the date on which the company's place of business in Tanzania was established, the business that is to be carried on, and if different from the registered name of the company, the name under which that business is to be carried on.
- A copy of the most recent accounts and related reports of the company including, where such are not in English a translation of the same must be adhered to.

NB. On the registration of the documents specified above, the Registrar shall certify under his hand that the company has complied with the provisions of that section, and such certificate shall be conclusive evidence that the company is registered as a foreign company. This certificate is commonly known as a "Certificate of Compliance".



LEGAL COMPLIANCE FOR DIGITAL ECONOMY-ORIENTED COMPANIES

As far as the digital economy is concerned, an investor must pass through different bodies in Tanzania to ensure the legality of the business. Some of the bodies are;

TANZANIA INVESTMENT CENTRE ((TIC))

The Tanzania Investment Centre (TIC) grants incentives to local and foreign companies that invest in sectors like; Agriculture, fisheries and livestock development, Tourism, Manufacturing, Services, Information and communication technology, Real estate, Commercial building, Transportation, Broadcasting and telecommunications, Natural resources, financial institutions, Energy, Human resources development and Infrastructure.

To qualify for a Certificate of Incentives under TIC, proof of a minimum fixed investment capital of at least USD 50,000 is required for new, rehabilitation or expansion projects that are wholly owned by Tanzanian citizens. Where the projects are wholly owned by foreign investors or are undertaken as a joint venture with Tanzanian citizens, proof of minimum investment capital of at least USD 500,000 is required

For strategic or major investments, the minimum investment capital requirements are both:

- USD20 million (for projects that are wholly owned by Tanzanian citizens).
- USD50 million (for projects that are either wholly owned by foreign investors or are a joint venture between Tanzanian citizens and foreign investors).
- The government may identify projects and grant special 'strategic investment status' to projects:
- That has a minimum investment capital of not less than the equivalent in Tanzanian shillings of USD300 million.
- That the investment capital transaction is undertaken through a registered local institution.
- A fee is payable for the TIC certificate if the investment qualifies for registration with the TIC. Applicants are required to submit a hard copy of any documents submitted as part of their application at the time of collection of the TIC certificate.
- 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.

- 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.

BANK OF TANZANIA ((B.O.T))

The National Payment System Act, 2015 provides the legal framework for payment systems to operate in Tanzania. The Act is an all-encompassing law for licensing, compliance, enforcement, and matters of liability for breach of the law. It allows companies, other than banks and financial institutions, to operate payment systems in Tanzania by obtaining a licence from the Bank of Tanzania (the BoT).

Banks and financial institutions that operate payment systems under their banking business are required to simply obtain approval from the BoT to issue and operate electronic or written instruments for ordering transmission or payment of money (i.e. payment instruments).

Similarly, to be able to issue money that is stored electronically in an instrument or device, the Act requires non-banks or financial institutions licensed as payment system providers to obtain an electronic money issuer licence.

Additional requirements are imposed on non-bank or financial institutions that offer payment system services. The Act requires non-bank/financial institutions applying for the licence to issue electronic money to set up a separate legal entity (in form of a trust) for the issuance of electronic money; and to be able to issue electronic money, a trust account to be maintained by the trust entity must be opened for management of customers' money.

The BoT regulates national payment systems in Tanzania. It is vested with the power to grant or refuse the prescribed licences, and approvals, and has the mandate to regulate, supervise, investigate and oversee operations of payment systems in Tanzania. It is important to note that in its supervisory role, the BoT works closely with other regulators and Government agencies to implement the provisions of the Act and its regulations.

LICENCES AND LICENSING REQUIREMENTS

The following are the licences issued for payment systems:

- Payment system licence;
- Payment instrument licence; and
- Electronic money issuer licence.

Before the National Payment System Act, 2015 came into operation, banks and financial institutions and other private companies obtained approval from BoT to operate payment systems and issue payment instruments and electronic money under circulars and guidelines produced by the BoT.

REQUIREMENTS FOR APPLYING FOR A LICENCE

Payment system licence

A trust entity separate from the common business has to be established before applying for a licence. Thereafter, the entity has to obtain network services or application services licence from Tanzania Communications Regulatory Authority (TCRA). An applicant will fill in the application form (Form A), and then attach the accompanying documents prescribed. An applicant is required to pay an application fee for his application to be processed.

PAYMENT INSTRUMENT LICENCE

An applicant has to fill in the application form (Form F) which is attached with the supporting documents prescribed. Banks and financial institutions that simply require BoT's approval to issue payment instruments are required to fill in Form E only and provide the supporting documents prescribed.

ELECTRONIC MONEY ISSUER LICENCE

An applicant has to fill in the application form (Form C) and then attach the accompanying documents prescribed.

TANZANIA REVENUE AUTHORITY (TRA)

An investor in Tanzania under the digital economy whether resident or non-resident is required to visit TRA offices (regional, district, or tax centres) and fill out a TIN application form to apply for Taxpayer Identification Number. The application can be made online by visiting the TRA Website www.tra.go.tz. However, if the individual is requesting Business TIN, the Online TIN applicant must visit physically the nearby TRA office (having a lease agreement/title deed, and introduction letter from the Local Authority) to collect TIN Certificate and provisional tax assessment and Tax Clearance).

After obtaining the TIN certificate, the applicant will be required to apply for a business license from the Trade office in the District, Municipal, City, and the Ministry of Trade and Industry depending on the type of business.

The taxation system in Tanzania has two types of taxes. Each type is classified according to the legal and effective incidence to the final payer. These are direct and indirect taxes. Direct taxes are taxes levied directly on people's income from employment, business, or ownership of property and investment. The impact and incidence of the tax fall on the same person in the sense that an incidence cannot be shifted to another person. These include;

(a) Corporation taxes paid from corporate profits. Companies or entities are to prepare final accounts, which must be approved by authorized Auditors, and Accountants recognized by both NBAA and TRA. These accounts are submitted to TRA on the prescribed accounting date. All companies whether resident or non-resident are required by the Income Tax laws to file an estimate of income within three months after the start of their accounting year. The firm is supposed to pay tax based on four instalments. Six months after the accounting period, the company must file a final tax return to TRA. The current corporation tax rate is 30%.

(b) Individual Income Tax which includes sole traders and salaried people who are taxed at a progressive individual income tax rate, which varies from the lowest marginal rate of 8% to the top marginal rate of 30%. However, for a non-resident individual, the applicable rate is 20%, which is charged on the total income.

Indirect taxes are taxes based on consumption. Examples of such taxes are Import Duty, Excise Duty, Value Added Tax (VAT), etc. By definition, the legal incidence of the tax falls on the trader who acts as a collection agent of the government while the effective incidence falls on the final consumer of goods or services who eventually pays the tax.

TANZANIA COMMUNICATION REGULATORY AUTHORITY (TCRA)

Per Section 11 of the Electronic and Postal Communications Act and Section 6 of the Tanzania Communications Regulatory Authority Act, the TCRA grants Licenses to business owners to construct, install, maintain, operate, manage and make available Network Facilities to other licensed electronic communication providers in the United Republic of Tanzania.

The Licensee is authorized to operate in the United Republic of Tanzania and provide Network Facilities. The Licensee shall be required to submit annually to the Authority of updated roll-out plans on the provision of Network Facilities and, such updated roll-out shall be subject to inspection and approval by the Authority.

Duration and Renewal of the Licence

The License is granted to the Licensee on the Effective Date for 25 years. In case of the expiry of the license, one year before the expiry of the License period, the Licensee has to apply to the TCRA for renewal of this License. The Authority renews the License in accordance with the Electronic and Postal Communications Act No. 3 of 2010 and the Tanzania Communications Regulatory Authority Act No. 12 of 2003 on substantially the same terms and conditions as those applicable to the Licensee during the preceding License period provided that the Licensee has not been in material breach of the License conditions. This License terminates upon the expiry of the License period if it is not renewed.

IMMIGRATION OFFICES

The Immigration Act, 1995 and Immigration Regulations, 2007 govern immigration matters in Tanzania. Foreigners intending to come to Tanzania to perform short-term business activities are required to apply to Tanzanian immigration offices for either a business visa or business pass depending on the country they are coming from, the details of which are as follows:

Business visas are issued to foreigners coming from countries that require a visa to get in. The visa will be for 90 days non-renewable at USD250.

Business passes are issued to foreigners coming from countries that do not require a visa to get in. The pass will be for 90 days non-renewable at USD200.

Both business visas and business passes are issued to foreign individuals temporarily conducting business, trade, professions, or assignments.

Business visas and business passes are issued through the immigration e-portal and entry clearance at all entry points and at the Tanzania diplomatic missions abroad.

The nature of the business activity should not be or look like "employment" or "residence".

Foreigners intending to reside in Tanzania for investment, business, employment, or any other acceptable purpose are now issued with both work and residence permits.

With the entry into force of the Non-Citizens (Employment Regulations) Act 2015 on 1 October 2015, work permits must first be issued by the Labor Commissioner before an application for a residence permit is made to the Director of Immigration Services.

Work permits are valid for 24 months from the date of issue and can be renewed provided the permit's total period of validity from the first grant and any subsequent renewals do not exceed five years. The validity of a work permit for an investor whose contribution to the economy is of great value can exceed ten years.

Foreigners who are in Tanzania temporarily for business, depending on the type of business, can use either a multiple entry visa or a short-term permit (STP).

A multiple entry visa is issued to foreign individuals who intend to frequently visit the country to temporarily conduct business, but such that the nature of their assignment should not be employment. A multiple-entry visa is valid for a period between three, six, or twelve months.

STP is issued to foreign individuals who are assigned short-term assignments for not more than six months. The permit is non-renewable and is not issued to managers or directors in a company.

Doing business in Tanzania & Zanzibar

ABC Attorneys[®]



PART B: ZANZIBAR



The Indian Ocean archipelago of Zanzibar is part of the United Republic of Tanzania with a semi-autonomous Government with the President, Cabinet, Legislature, and Judicial system. The Government is responsible for Non-Union matters. The area consists of the island of Zanzibar or Unjuga, Pemba as well as smaller neighbouring islands. A former centre of the spice and slave trades, present-day Zanzibar is infused with African, Arab, European, and Indian influences.

A small tropical island of Zanzibar, twenty miles off the east coast of Africa, present-day is infused with African, Arabic, Persian, European, Chinese, and Indian influences. Its original settlers were Bantu-speaking Africans. In the 10th century, Persians arrived. But it was the Arab incomers, particularly Omanis, whose influence would be paramount. The island has played an important part in local history out of all proportion to its size. The reason is its easy access to traders and adventurers exploring down the east coast of Africa from Arabia.

According to the 2022 Population and Housing Census, the population of Zanzibar is 1.88 million. Its Swahili culture is a hybrid of African, Arabian, Indian, and Persian practices. The official languages are Kiswahili and English. Arabic is spoken in selected quarters.

Why Invest in Zanzibar? At A Glance

- Zanzibar offers an excellent opportunity for long-term investment viability. Here are the top 11 reasons why you should invest in Zanzibar;
- Peace and Tranquillity; Zanzibar provides a tranquil and secure environment, bolstered by peaceful coexistence among our people and within our borders, which has enhanced our overall security mechanisms.
- Economic and Political Stability; our government devotes undivided attention to the development of a healthy economy for our country, and thus strives to ensure political stability.
- Strategic Location; Zanzibar is an ancient trading post that has benefited from its closeness to mainland Africa and its markets outside of Europe, Asia, North America, and beyond.
- Market Potential; Zanzibar has access to a market of over 300 million people, and its membership with the East African Community (EAC), Southern African Development Community (SADC) Africa Continental Free Trade Area (AfCFTA), and Small Islands Development Economies (SIDEs) open more doors for opportunity.
- Abundant Resources; as an archipelago of islands, Zanzibar has a plethora of resources on the land, sea, and more than 50 islets that can be used for investment services.
- Exotic Leisure and Business Destination; Zanzibar is renowned for its captivating exotic yet business-friendly atmosphere.
- Investment guarantees and Incentives; in both free economic zones and outside the free economic zone, Zanzibar offers lucrative incentives and guarantees.
- 100% Ownership; Zanzibar allows 100% foreign ownership.
- Predictable fiscal Regime; Zanzibar's fiscal policy is stable and predictable, and it emphasizes the necessity of businesses recovering investment expenses before paying corporate tax.
- Enabling Environment; Zanzibar has straightforward policies and a legal and institutional framework that is beneficial to investors.
- One-stop Center; Zanzibar investment facilitation operates as a one-stop-shop, ensuring the highest level of efficacy in service delivery while keeping time and costs in mind.
- Lucrative Incentive Package; Zanzibar Investment Promotion and Protection Authority Act offers a lucrative package of incentives. It also provides amazing benefits and opportunities to strategic investors. For details view Incentives
- Dynamic Workforce; Zanzibar offers a young and dynamic workforce. It also allows investors to employ expatriates in key positions. The Zanzibar Investment Promotion Authority (ZIPA) is available to facilitate the engagement of the local labour force as well as process necessary documents for expatriate personnel.

- Investment Guarantee; Investments are well protected by law and international conventions. There will be no compulsory acquisition as stipulated in Article 17 of the Zanzibar Constitution. Zanzibar being a constituting part of the United Republic of Tanzania is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank. Also, Tanzania is a signatory to the Convention of Recognition and Enforcement Arbitration Award, a member of the International Centre for Settlement of Investment Disputes (ICSID), and a member of the African Trade Insurance Agency (ATIA).

ZANZIBAR AND THE BLUE ECONOMY

Zanzibar recognizes the role of the Blue Economy in promoting socio-economic development through better stewardship of the sea and related resources. This involves the utilization of maritime and marine resources to support inclusive and sustainable economic growth as well as create employment opportunities. It has the potential to completely transform Zanzibar's economy. The entire coastline (about 880 km in length) of both islands (Unguja and Pemba) has enormous rare marine resources and biodiversity with unlimited potential for the development of a fishing industry.

The 8th Government of Zanzibar has officially announced that it needs to focus on the Blue economy sector aimed at promoting economic growth, social inclusion and improvement of the Livelihoods of Zanzibaris while at the same time ensuring the preservation of environmental sustainability of the oceans and coastal areas. The sector has diverse components that include established traditional ocean industries such as fisheries tourism maritime transport and also new emerging activities such as offshore renewable energy, aquaculture seabed extractive activities and many more. Investment opportunities in the Blue economy include:

- Fisheries: Fisheries play an important role in the economy of Zanzibar as they provide a source of income to about 20% of the population. At present fishery in Zanzibar is largely a marine capture fishery carried out by artisanal fishers within the 12-mile territorial waters around the islands. All fishing activities take place within 5 miles of the shore, as the fishing craft used is small. Records show many of the inhabitants of Zanzibar have been engaged in fishing activities for many generations. The fish stocks around Zanzibar include small pelagics (sardines and anchovies), coral reef fish (grouper, snapper, parrot fish, emperors), lobsters, prawns, crabs, octopus, squid, and large pelagics (tuna, billfish, swordfish, sharks, kingfish, marlins). Seaweed, sea cucumber and seashells are also found. There are differences in the relative abundance of the various species between the two main islands. Reef fish are more abundant at Pemba, while small pelagics are more abundant around Unguja. Large pelagics, lobsters and shrimps appear to be more abundant in Pemba. Demand for fish is increasing as tourist hotels and restaurants seek high species. There is also a growing demand for anchovies because of their health benefits. The fishing within territorial water (12 nautical miles) is reserved for locals. Investment opportunities in Fisheries include deep sea fishing, fisheries infrastructure and related activities, trade of seafood and non-edible seafood products and Aquaculture.
- Deep Sea Fishing: Zanzibar and Tanzania mainland share the management of deep sea fishing (fisheries located beyond 12 nautical miles). The management of the Tanzania Exclusive Economic Zone (EEZ) fishing is under the mandate of the Deep Sea Fishing Authority (DSFA) with its office located at Fumba, Zanzibar. Fisheries statistics from licensed vessels show that there are significant catches in the EEZ. As for deep-sea fishing, two good seasons have been reported annually: one from February to May and the other from July to September. The most common fishing methods so far applied are long lining and purse seining. The common species available for Deep sea fishing are emperors, tuna, swordfish, marlin, kingship, sailfish and others.
- Fisheries infrastructure and related activities: Investments in capture fisheries and aquaculture have to be supported by investments in infrastructure. Most of these infrastructures are not available in Zanzibar. The Government has opened doors for investment in fisheries infrastructure and related activities such as:
 - Boat-building yards: All fishing boats currently are built from local wood by artisanal boat builders using very simple tools. Better-designed and larger boats will be required in the future to fish in deeper waters and to take longer trips around the region.

- ✓ Plants to make fishing nets: One of the major constraints to increasing catch is the acute shortage of fishing gear. A local plant is highly desirable. Its production could also be marketed to Tanzania Mainland and other neighbouring countries.

- Engine repair and maintenance workshops: With the increase in fishing activities and bigger motorized boats, such workshops would become a vital necessity.

- ✓ Fish-processing and packaging plants: Increased landings of demersal fish species as well as other marine fish products would make such plants highly desirable, especially for the expanding tourist trade and for export.

- ✓ Ice-making plants

- ✓ Cold-storage services to store excess catch for better marketing opportunities

- ✓ Dry dock facilities

- ✓ Development of Fishing and cruise ship ports through concession arrangements

- ✓ Establishment of a Marine laboratory through concession arrangements.

- Aqua/Mari culture: The long coastline of the Zanzibar islands offers good potential for the development of brackish-water fish farming. A large number of bays, lagoons, mangrove forests, freshwater reservoirs formed by dams (especially on Pemba Island), and other small water bodies are good farming environments. Most of these are underutilized due to the lack of proper management, the use of inappropriate technologies and inadequate extension efforts. Several freshwaters, brackish water and marine species of fauna and flora are suitable for aquaculture. However, the development of aquaculture needs to be guided by promoting and incorporating the management principles that ensure its sustainability; Investment potential exists for fish, molluscs, cockles, mussels, crabs and sea cucumber, seaweed and oyster farming.



- Seaweed farming and Value Addition: The commercial production of seaweed in Zanzibar began in 1989 and now is a well-established industry, based on two exotic species *Eucaumatocottonii* (*Kappaphcusalvarezii*) and *Eucaumaspinosum* (*Eusheumadenticulatum*) that were introduced from the Philippines. The industry has become a widespread economic activity in the coastal villages of Unguja and Pemba. It employs a large number of coastal people, directly from farming activities. There are about 25,000 farmers mainly women 63% are in Pemba and 37% are in Unguja Island. The *cottonii* sp. is commercially more important compared to *spinosum* sp. Globally, millions of tons of wet seaweed are harvested and extracted to produce a large quantity of hydrocolloids and carrageenan. Seaweed is a versatile product which is widely used as food and also as an ingredient in the food and cosmetic/chemical industries. It is also used as a fertilizer and an animal feed additive. Zanzibar is the third largest exporter of seaweed in the world after the Philippines and Indonesia but mainly *spinosum* sp. Local companies are the major buyers of dried seaweed from small-scale farmers and export it to Europe (Denmark), the USA, Vietnam, South Korea and China in raw form. The *Cottonii* sp. has a low production rate in Zanzibar, only a small portion (as flavour) of powder form dried seaweed is used in making some cookies, skin jelly, jam, juice, salads and soaps. As for the seaweed, there is great potential for investment in the following:

- ☑ Farming seaweed in deeper water through the introduction of higher productivity methods for growing seaweeds, especially in areas such as deeper waters that is not now accessible to seaweed farmers.
- ☑ Production of animal feed and fertilizer from raw seaweed.
- ☑ Development of integrated agriculture-aquaculture (IAA) systems based on seaweed primary productivity.
- ☑ Industrial processing and value addition.
- ☑ Production of primary and or secondary seaweed products (for example hydrocolloids and carrageenan).
- ☑ Development of multi-stream, zero-effluent (MUZE) process technology that starts with live crops from the sea.
- ☑ Seaweed products in agricultural nutrients for **both**

plant and animal applications are an immediate opportunity.

There is an immediate opportunity to use seaweed concentrates as plant biostimulants.

Farming other commercial seaweed species.

- Marine biotechnology and bioprospecting: Opportunity to use marine living resources for pharmaceutical products and chemical applications for Research and Development (R&D) as well as health care, cosmetic enzyme nutraceutical and other industries.
- Extraction and use of marine non-living resources
- Extraction of energy sources such as Oil and Gas.
- Extraction of minerals such as seabed mining.
- Fresh water generation – Desalination.
- Generation of (off-shore) renewable energy: The use of renewable non –exhaustible natural forces such as wind, wave, and tidal energy for power generation is highly encouraged.

Transport and trade services:

- Shipping and shipbuilding
- Maritime transport including port operations
- Ports and related services

Tourism and recreation services: Tourism is one of the fastest-growing industries in Zanzibar and has attracted more than 62 per cent of investment projects approved by the Authority. The sector boasts a wide variety of tourism options ranging from the historical and cultural sites of Old Stone Town to beach and leisure activities. It is a very promising sector with high returns. With more emphasis on eco-tourism, opportunities in coastal tourism include beach hotels/resorts specifically chain hotels, water sports activities, cruise ships, Marinas, marine conservation and other coastal tourism-related services.

- Other opportunities

Carbon sequestration (blue carbon)

- ✓ Coastal protection (habitat protection and restoration)
- ✓ Waste disposal for land-based industry (assimilation of nutrients and solid waste)
- ✓ Existence of biodiversity (protection of species and habitats)

INVESTMENT OPPORTUNITIES IN ZANZIBAR

Zones Development

- ✓ Construction of Industrial sheds and other types of storage facilities such as chillers and warehouses.
- ✓ Infrastructure development
- ✓ Roads network within the zone
- ✓ Sewage and drainage system
- ✓ Power generation and distribution network
- ✓ Cleaned water
- ✓ ICT facilities

Investing within the zones

Manufacturing, processing, assembling and packaging of various commodities such as:-

- Food Agro-processing Industries for Milling, Processing, Packaging and Canning
- Meat and fish: meat cuts and meat products; fish fillet and fish products; poultry and poultry products;
- Horticulture Food products: vegetables and fruits;
- Natural sweetness: sugar, honey and their derivative products;
- Dairy Products: milk and milk products;
- Beverages: soft drinks, organic juices;
- Natural Food Additives: spices, seaweed and culinary herbs.

- Textile, Apparel and Beauty Products Industries
- Cosmetics and fragrances;
- Building and Construction material industries
- Household electrification material for wiring and lighting;
- Sanitary ware, ironmongery and plumbing accessories;
- Construction aggregates;
- Wall Protection Paints, Wallpapers and Roofing Materials;
- Wood Building Columns, Panels and Decorative Products;
- Construction stones, Decorative and Paving Stones;
- Building Construction Glass and Decoration Glass/Glassware;
- Gypsum Building Columns and Panels and Decorative products.
- Pharmaceutical and Medical Equipment Supply Industries
- Malaria and Tropical disease drugs;
- Antibiotics drugs;
- Medical Consumable supplies: e.g bandages, gauze, plasters, and surgical gloves;
- Medical Surgical Equipment and Machinery
- Medical Diagnostic Equipment and Machinery
- High-Value Intellectual Capital Industries
- Biotechnology industries
- industrial material and Product Innovation

Consumer Durable Goods Production- Component
Manufacturer and/or Assembling

- Domestic Appliances e.g cookers, catering equipment, refrigerators and air conditions;
- Office and household furniture;
- Office equipment: e.g computers, printers and e-commerce equipment;
- Household utensils: e.g cookware, crockery and chinaware;
- Consumer electronics goods (e.g laptop computers, television receiver sets, audio-visual entertainment equipment, cellphone handsets and e-notepads;
- Office and school stationeries
- Private automotive vehicles and Motorized riders;
- Capital Good Production- Component Assembly
- Fishing Boats and Commercial Fishing Vessels
- Fixed and Mobile telecommunication equipment
- Hospitality industry
- Upmarket hotels
- Sports tourism
- Conference tourism.
- Health tourism
- Heritage tourism
- Special cuisine restaurants
- Sports activities, amusement and recreation activities
- Property development
- Establishment of ICT parks and smart villages
- Establishment of exhibition and convention centres
- Commercial buildings
- Business/Industrial Parks
- Shopping Malls
- Office Buildings
- Mixed-use development
- Transit Trade and storage facilities
- Warehousing and storage
- Labelling, packaging and repackaging
- Sorting, grading, cleaning and mixing
- Simple assembly
- Minor processing
- Export-oriented airport and seaport-based activities.



ESTABLISHING BUSINESS IN ZANZIBAR

Enabling easier, faster, and more affordable business entry is essential for private sector development. In places where entry procedures are straightforward and inexpensive, more businesses operate in the formal sector. But if entrepreneurs find such procedures overly burdensome or expensive, some may resort to corruption to expedite the process—and others will choose to run their businesses in the informal sector.

The data on starting a business investigates procedures that a typical domestic small or medium-sized company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required registrations, verifications, and notifications with authorities.

In Zanzibar, it roughly takes 10 procedures and 28 days, to comply with all registration requirements to set up a limited liability company and start to operate. While incorporation with the Registrar General's Office in Zanzibar is relatively simple and takes less than one week (6 days), the post-incorporation procedures—such as preparing a company seal, applying for all required tax numbers from the Tanzania Revenue Authority (TRA) and the Zanzibar Revenue Authority (ZRA), obtaining a business license, registering with the Zanzibar Social Security Fund (ZSSF) and with the National Insurance Corporation, and submitting employees' contracts at the Labour Commission—take up to 18 days to complete.

GENERAL REQUIREMENTS AND SCOPE

Subject to qualifying conditions under the laws of Zanzibar, an entity is required to register in Zanzibar to be able to operate a business. Individuals working in Zanzibar are required to adhere to work and residence permit requirements. Considering these matters, the guide provides a brief discussion about compliance in these areas, incorporating a company in Zanzibar; Registration of a branch in Zanzibar for a Company registered outside of Zanzibar; Registration of a subsidiary in Zanzibar; Work Permits and other immigration requirements in Zanzibar.

Legal framework In preparing this guide, reference is made to the following pieces of legislation;

- Zanzibar Business & Property Registration Agency Act No. 13 of 2012
- The Companies Act No. 15 of 2013
- The Company Regulations 2017
- The Zanzibar Investment Promotion & Protection Authority Act No. 14 of 2018
- Immigration Act No. 54

INCORPORATION OF A COMPANY IN ZANZIBAR

Company registration and Formation in the United Republic of Tanzania is not a Union matter as such companies are registered and monitored under two different laws, The Companies Act No. 15 of 2013, for Zanzibar, and The Companies Act of 2002 for Tanzania Mainland respectively. With the Amendment to the Companies Act No. 15 of 2013 of Zanzibar in December 2022, Tanzanian companies can now operate as branch companies in Zanzibar. Such companies will have to register through the Registrar of Companies (Business & Property Registration Agency "BPRA") and process all necessary licenses before conducting business.

One has to first visit the Online Registration System Zanzibar Requirements to access the Zanzibar Business and Property Registration Agency. And, should have obtained the Zanzibar Identification number for Zanzibar citizens or National Identification number for Tanzania Mainland citizens and a passport number for foreigners.

Other requirements for company incorporation in Tanzania Zanzibar include;

- Memorandum and article of association
- Foreign company
- Certified copy of memorandum and article
- Certified copy of the certificate of Incorporation
- Current Annual return



4. Purchase of ZIPA “small projects” application form
5. Approval through ZIPA of the investment
6. Registration fees are to be paid to the authority
7. Certificate of investment granted to an investor

Once the above is attained, the entity would now be able to process TIN and VAT registrations.

INFORMATION REQUIRED TO REGISTER A SUBSIDIARY IN ZANZIBAR

1. Proposed name of the company (please propose at least three names in order of preference). The Registrar of companies needs to approve the name of the company before the name can be used.
2. The postal and physical address of the registered office of the company in Zanzibar
3. Principal objects of the company
4. Shareholding structure: Total share capital, classes, and par values of shares. There is no restriction on the issuance of shares to non-residents or non-citizens. Generally, there is no restriction on the shareholding structure except as provided by ZIPA on investment capital and type of industry.
5. Information on shareholders; full names, complete physical address, telephone number, email, if one (or both) of the shareholders is a corporate body please provide a copy of the certificate of registration of the shareholder; also if one of the shareholders is an individual then copy of passport should be provided
6. Directors: Minimum number of directors is 2, particulars of directors: full name, previous name (if any), copy of passport, postal and residential address, telephone number, and email address; and
7. Company Secretary: full name, copy of passport, postal and residential address, email address, phone number.

Most of the above information will be captured in the memorandum and articles of association that the new company will have to prepare at the time of registration.

On completion of the registration, BPRa will issue a Certificate of Registration for the subsidiary company; and a Certificate of Compliance for the branch. Please note that the registration is done through an online account at BPRa <https://orsz.bpra.go.tz/ors/start> where all company details as mentioned above will be uploaded. Upon compilation of all necessary information, an invoice will be issued by the system, once payment is done it will activate the automatic submission of the application to the registrar.

TAX IDENTIFICATION NUMBER (TIN) THROUGH TRA

After BPRa registration and Issuance of the ZIPA certificate of investment, the entity can proceed with a TIN application through TRA through submission of below:

1. TIN Application form
2. Certified copy of the certificate of incorporation/certificate of compliance
3. Certified copy of MEMART
4. Introduction letter from local Government Authority with Directors picture
5. Certified copy of office lease agreement
6. If a director is foreign (permits & passport copies) or Power of Attorney if the application is done by a representative

VAT OR STAMP DUTY REGISTRATION – ZANZIBAR REVENUE AUTHORITY (ZRA).

An application for VAT or Stamp duty registration of the subsidiary company should be filed to ZRB. The following will be required for VAT/Stamp duty registration:

1. Certificate of compliance (for the branch) or Certificate of Incorporation (for the subsidiary)
2. Memorandum and Articles of Association of the company (MEMART)
3. Copy of Tax Identification Number (TIN)
4. Copy of Business license/ Certificate of investment

5. Ministry of Finance recommendation/approval (if required)
6. Shareholders ID
7. Shareholders Photos

Once the above is completed, the entity will be ready to legally operate in Zanzibar.

WORK PERMIT AND IMMIGRATION FORMALITIES

One needs a work permit to be able to work in Zanzibar. Work permit applications are governed under the Ministry of Labour which is a non-union matter. Work permit fees can be exempted in Zanzibar for employees working under strategic investment projects in Zanzibar (i.e. investors who are registered as such under the Zanzibar Investment Promotion and Protection Authority Act (ZIPPA). To obtain work permits, there must be a justification for the academic qualifications and the fact that there are no similar qualifications in Zanzibar.

WORK PERMIT PROCESS AND PROCEDURES

The following details will be required for work permit applications:

1. Application letter
2. Certified copies of academic certificates if not in English must be translated by a recognised institution in Zanzibar
3. Updated CV
4. Copy of passport
5. Certified copies of Police clearance from the country of origin if not in English must be translated by a recognised institution in Zanzibar
6. Employment contract which is in line with Zanzibar Employment Law.
7. Job description
8. Medical report certifying fitness of the applicator for the post.
9. Passport size photo

10. Evidence of unavailability of local personnel for the post (depends on the nature of the position)

The procedure includes the submission of all the above documents physically to the ZIPA One-stop Centre office where the labour officer will review them and upon satisfaction initiate the process.

Please note for individuals having a residence permit class A work permit is free of charge. Work permit precedes residence permit. The duration of the work permit is 1 year

RESIDENCE PERMITS

The immigration law of Tanzania (union matter) provides for different classes of Residence permits and for this guideline we will highlight two classes that are mostly of interest to corporates. Class A permits (available for investors/shareholders of companies and class B permits (covering foreign employees).

CLASS A RESIDENCE PERMITS

This is reserved for investors/shareholders of companies. Main requirements include

1. Application letter
2. Immigration forms TIF 1, TIF 12 & Data sheet
3. Police clearance from the country of origin
4. Certificate of incorporation/Certificate of Compliance
5. Copies of MEMART
6. Business license/ Investment certificate
7. TIN Certificate
8. Two copies of the passport book
9. Nine passport-size photos
10. Medical check report
11. Evidence of business premise
12. Updated CV

CLASS B RESIDENCE PERMIT

This is reserved for foreign employees. Key requirements include the following:

- Application letter
- Certified copies of academic and professional certificates if not in English must be translated by a recognised institution in Zanzibar
- CV
- Copy of passport
- Police clearance from the country of origin
- Employment contract which is in line with Zanzibar Employment Law.
- Job description
- Medical report certifying fitness of the applicant for the post being applied for.
- Immigration forms TIF 1, TIF 12, and database
- Passport size photo

Upon review, confirmation, and payment of stamp duty to the immigration office at one stop Centre office, one can proceed with the online application process.

A residence permit is valid for 2 years. It is fundamental to know that all immigration applications shall be done before the arrival of the applicant in Zanzibar otherwise an additional requirement of a Special pass and a Temporary work permit will be applicable. For a company registered by ZIPA, all immigration and Labour matters are handled and processed by ZIPA's one-stop Centre office which consists of officers from Labour, Immigration, and ZIPA, the intent here is to assist in fast-tracking applications. Upon collection of all required documents listed above whether it be a residence permit application or work permit application, a tripartite copy of each document is required to be physically submitted to the One-stop Centre office for confirmation and further process. For work permits, the labour officer as part of the one-stop Centre office will check all documents and if all are in line, he will initiate the process for a work permit. The entire process of permit application is done through ZIPA's one stop Centre office. All communication on the status/progress of the application is done by ZIPA.



ZIPA's One Stop Centre

The One-Stop Centre in Zanzibar is an investment facilitation mechanism which brings relevant government agencies to ZIPA to provide efficient and transparent services to investors under a single roof. It provides investors with a single place to pick up all documents and approvals that are statutorily needed to set up their investment projects.

The One-Stop Centre services at ZIPA are aimed at removing obstacles and overcoming bureaucracy faced by investors in the establishment as well as the implementation of investment projects.

The following services are provided at ZIPA offices under One-Stop Center;

- General information and necessary data to facilitate investment decision
- Registration of companies
- Tax Payer Identification Number
- Project approval
- Acquisition of land
- Environmental issues
- Building permits
- Investment incentives
- Work and residence permits
- Opening of foreign and local accounts
- Business permits and licenses

PROTECTION AWARDED BY THE LAWS IN TANZANIA

Investment Guarantees

The TIC Certificate of Incentives gives the developer certain benefits, which can include:

- Protection against any non-commercial risks.
- Reduced import duty on project capital goods, semi and fully-processed inputs, and spare parts other than for motor vehicles.
- VAT deferment on project capital assets including locally procured building materials.
- The right to obtain work permits for five foreign nationals on the project.

ACCESS TO LAND

The 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.

Under the Tanzania Investment Act of 1997 and the Land Act of 1999, the occupation of land by non-citizen investors is restricted to lands for investment purposes. Land may be leased for up to 99 years, but the law does not allow individual Tanzanians to sell land to foreigners. There are several opportunities for foreigners to lease land, including through TIC, which has designated specific plots of land (a land bank) to be made available to foreign investors. Foreign investors may also enter into joint ventures with Tanzanians, in which case the Tanzanian provides the use of the land (but retains ownership, i.e., the leasehold). The United Republic of Tanzania is currently expanding TIC's land bank, through an established land bank compensation fund, and modernising its land titling and registration system.

Under the Land Act, 1999 it has been provided 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 has 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 FOR 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 for the developments made on such 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 the 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, and 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 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 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 has 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 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 the land to the village council, which may grant a non-citizen the right to use and occupy the land for a limited period of time and under stipulated conditions as indicated by the village council and the Village Land Act, 1999.

NB: 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.

DISPUTE RESOLUTION

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.

With the coming into force of the 2020 Arbitration Act, Tanzania certainly has the potential to become a go-to place for international arbitration, at least in Eastern Africa. In addition to its favourable geographical location, now the country also has modern arbitration legislation largely based on the well-established and often-tested English model.

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

Tanzania is also a member of several international organizations that help protect the 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, was revised at various times, amended in 1979 and signed by Tanzania in 1994.

Incentives under Free Economic Zones Scheme under ZIPA

1. Free Economic Zone Developers

- exemption from payment of taxes and duties for machinery, equipment, heavy-duty vehicles, building and construction materials and any other goods of a capital nature to be used for purposes of development of the Free Economic Zone infrastructure;
- exemption from payment of corporate tax for an initial period of ten years and thereafter a corporate tax shall be charged at the rate specified in the Income Tax Act;
- exemption from payment of withholding tax on rent, dividends and interest for the first ten years
- exemption from payment of property tax for the first ten years;
- remission of customs duty, value added tax and any other tax payable in respect of the importation of one administrative vehicle, ambulance, fire fighting equipment and fire fighting vehicles and up to two buses for employees' transportation to and from the Free Economic Zones;

- exemption from payment of stamp duty on any instrument executed in or outside the Free economic Zone relating to the transfer, lease or hypothecation of any movable or immovable property situated within the Free Economic Zone or any document, certificate, instrument, report or record relating to any activity, action, operation, project, undertaking or venture in the Free Economic Zone;

- on-site customs inspection of goods within Free Economic Zones; and

- treatment of goods destined into Free Economic Zones as transit goods;

2. Free Economic Zone Operators whose primary markets are within Custom territory

- remission of customs duty, value-added tax and any other tax charged on raw materials and goods of a capital nature related to the production in the Free Economic Zones;

- exemption from payment of withholding tax on interest on a foreign-sourced loan;

- remission of customs duty, value-added tax and any other tax payable in respect of the importation of one administrative vehicle, one ambulance, fire fighting equipment and fire fighting vehicles and up to two buses for employees' transportation into and from the Free Economic Zones;

- exemption from pre-shipment or destination inspection requirements;

- on-site customs inspection of goods within Free Economic Zones;

- access to competitive, modern and reliable services available within the Free Economic Zones; and

- subject to compliance with applicable conditions and procedures for foreign exchange and payment of tax whenever appropriate, unconditional transfer through any authorized dealer bank in freely convertible currency of net profits or dividends attributable to the investment;

- payments in respect of loan servicing where a foreign loan has been obtained;

- royalties, fees and charges in respect of any technology transfer agreement;

- the remittance of proceeds in the event of sale or liquidation of the licensed business or any interest attributable to the licensed business; and

- Payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the licensed business.

Trademark Protection

A trademark includes a name, word, number, symbol, or combination applied to products or services of a company or individual to identify and distinguish the goods or services of one entity from others. Trademarks provide the source of goods or services. In short, it is a logo or brand name.

Trademarks are governed by the Trade and Service marks Act, 1999 in Mainland Tanzania, and the Zanzibar Industrial Property Act of 2008 in Zanzibar. The Acts grants a registered trademark owner exclusive rights to use it and authorises another entity to use it in return for a payment

The Acts grants the right to a registered proprietor or owner of the trademark to stop others from unlawful usage of the trademark. The Acts provides trademark protection against third parties who use it without authorisation from the trademark owner.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so companies should consider applying for trademark and patent protection in a quick manner. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their counsel and advisors.

The Fair Competition Commission (FCC) is responsive to requests for assistance from private companies and takes action against counterfeiters.

CONCLUDING REMARKS



SUNDAY NDAMUGOBA
T: +255 688 609 931
E: sunday@abcattorneys.co.tz



LUCAS MADUHU
T: +255 688 609 931
E: lucas@abcattorneys.co.tz



MARGRETH SOMME
T: +255 688 609 931
E: margreth@abcattorneys.co.tz



GODFREY MOLLEL
T: +255 688 609 931
E: godfrey.mollel@abcattorneys.co.tz

Address

Jangid Plaza 4th Floor, Chaburuma Street,
Bagamoyo Road.

DARESSALAAM.DODOMA.ARUSHA.ZANZIBAR



The logo for ABC Attorneys, featuring the text "ABC Attorneys" in a bold, red, sans-serif font, with a registered trademark symbol (®) to the upper right of the word "Attorneys". The logo is centered on a dark blue background that features a faint, light blue circular graphic composed of several concentric arcs and segments, resembling a stylized globe or a circular architectural element.

ABC Attorneys[®]

ABC Attorneys is a member of TAGLAW, a global alliance of high quality, law firms with 150 member firms based in over 90 countries with 9500+ lawyers in 300 offices and AMANI IP a network of Premier African Intellectual Property law firms.

Dar es Salaam . Zanzibar . Dodoma . Arusha