



Written Laws (Financial Provisions) (Amendment) Act, 2022, Bill No. 13 of 2022 and its impact on the Strategic Investments in Tanzania.

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Introduction

As a result of anticipated amendments made by the Written Laws (Financial Provisions) (Amendment) Act, 2022, Bill No. 13 of 2022 (the Bill), this article seeks to address significant legislative changes. On September 16, 2022, the Bill was published in the Gazette by Order of Government.

The Bill is expected to impose and modify several taxes and duties as well as update some written laws on the collection and management of public revenue. Investors and companies operating in Tanzania will be directly impacted by the projected changes. The primary and intended investor groups mentioned in the Bill are those who have special and strategic investment status. They typically receive higher incentives than regular investors and are usually approved by the National Investment Steering Committee.

The Bill which awaits to be assented by the President seeks to amend five laws, namely;

- The Excise (Management and Tariff) Act, Cap. 147;
- The Income Tax Act, Cap. 332;
- The Mining Act, Cap. 123;
- The Road and Fuel Tolls Act, Cap. 220; and
- The Value Added Tax Act, Cap. 148.

Please see below the changes and how they will affect each law.

The Excise (Management and Tariff) Act, Cap. 147

By adding a new subsection (2B) to Section 128, the Minister in charge of finances will be given the authority to remit excise duties on items used to carry out strategic or special strategic investments that have been approved by the National Investment Steering Committee. The proposed amendment attempts to harmonize provisions of the Act and Tanzania Investment Act so that incentives can be given to investors. Additionally, it is planned to change the Fourth Schedule by raising the excise duty rates for imported fresh



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grape wines which was initially Tshs. 2,466.45 per litre to a new amount of Tshs. 5,600 per litre. From an investment perspective, it appears that the proposed amendment aims to support local grape farmers and develop a viable market for locally produced grapes.

The Income Tax Act, Cap 332

The National Investment Steering Committee's authorized strategic investments are now covered by Section 10 of the Act as one among the activities the Minister may exempt from paying income taxes. The spirit behind this appears to be to harmonize the Act and the Tanzania Investment Act so that incentives can be given to investors.

The Mining Act, Cap 123

A new paragraph (e) is added to Section 87(1) to specify the rate of royalty that phosphate ore miners must pay when their product is utilized exclusively and directly to make fertilizers. The proposed amendment would lower the royalty rate from 3% to 1% in the aforementioned provision.

All types of investors, including strategic and regular ones, are subject to these rates.

The Road and Fuel Tolls Act, Cap. 220

It is suggested to change Section 8 of the Act to give the Minister in charge of finances the authority to exempt strategic or special strategic investments that have received National Investment Steering Committee approval from paying fuel tolls with the consent of the Cabinet. To enable the granting of incentives to investors, the proposed change aims to harmonize the provisions of the Act and the Tanzania Investment Act.

The Value Added Tax Act, Cap 148

The Bill suggests changing Section 6 to include strategic investments that have been approved by the National Investment Steering Committee as eligible for value-added tax (VAT) exemptions by the Minister of Finance. The goal of this is to harmonize provisions of the Act and the Tanzania Investment Act so that incentives can be given to investors. Additionally, it is suggested to establish a new Section 55A to the tax code that would exempt locally produced fertilizer from value-added tax (VAT). By lowering the cost of production for domestic fertiliser companies, the amendment aims to relieve local farmers and fertiliser consumers. Additionally, it is suggested that the Schedule be changed to



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exempt value-added tax (VAT) on locally produced sisal bags and imported wire made of various alloy sheets of steel used to make gas cylinders. The value-added tax (VAT) exemption on sisal bags intends to increase sisal bag production by domestic producers and advance sisal cultivation in Tanzania.

Concluding Remarks

These commendable changes comes at a time when the corret regime is gearing towards having more investment opportunities and the ease of doing business in Tanzania.

There are other measures and laws that have to be amended so at the enable the environment However this is a great step towards that. The future for investment in Tanzania surely does look promising.

The bill can be found here [BILL - The Written Laws \(Financial Provisions\) \(Amendment\) Act, 2022 - ABC Attorneys](#)

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