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THE UNITED REPUBLIC OF TANZANIA

**BILL SUPPLEMENT**

No.3

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THE FINANCE ACT, 2017

ARRANGEMENT OF PARTS

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NOTICE

This Bill to be submitted to National Assembly is published for general information to the public with a statement of its objects and reasons.

Dar es Salaam,  
....., 2017

**JOHN W. H. KIJAZI**  
*Secretary to the Cabinet*

**A BILL**

*for*

**An Act to impose and alter certain taxes, duties, levies, fees and to amend certain written laws relating to the collection and management of public revenues.**

**ENACTED** by Parliament of the United Republic of Tanzania.

PART I  
PRELIMINARY PROVISIONS

- |              |   |
|--------------|---|
| Short title  | 1. This Act may be cited as the Finance Act, 2017.                              |
| Commencement | 2. This Act shall come into operation on the 1 <sup>st</sup> day of July, 2017. |

PART II  
AMENDMENT OF THE EXCISE (MANAGEMENT AND TARIFF) ACT,  
(CAP.147)

- |                                 |  |
|---------------------------------|--|
| Construction<br>Cap.147         | 3. This Part shall be read as one with the Excise (Management and Tariff) Act, hereinafter referred to as the “principal Act”. |
| Amendment of<br>Fourth Schedule | 4. The principal Act is amended in the Fourth Schedule by introducing new rates in respect of excisable items as follows:      |

**“FOURTH SCHEDULE**

*(Made under section 124(2))*

<b>Heading</b>	<b>H.S. Code No.</b>	<b>Description</b>	<b>Unit</b>	<b>Old Excise Rate</b>	<b>New Excise Rate</b>
20.09		<b>Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.</b>			
		Locally produced fruit juices manufactured from domestic fruits under heading 20.09	<i>l</i>	Tshs. 9.50 per litre	Tshs. 9.00 per litre
		Other fruit juices under the heading 20.09	<i>l</i>	Tshs. 210.00 per litre	Tshs. 221.00 per litre
22.01		<b>Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter or flavoured; ice and snow.</b>			
	2201.10.00	-Mineral waters and aerated waters			
		Locally produced, bottled	<i>l</i>	Tshs. 58.00 per	Tshs. 58.00 per litre

				litre	
		Imported, bottled	/	Tshs. 58.00 per litre	Tshs. 61.00 per litre
	2201.90.00	-Other	/		
		Locally produced, bottled	/	Tshs. 58.00 per litre	Tshs. 58.00 per litre
		Imported, bottled	/	Tshs. 58.00 per litre	Tshs. 61.00 per litre
22.02		<b>Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit vegetable juice of heading 20.09</b>			
	2202.10.00	- Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	/	Tshs. 58.00 per litre	Tshs. 61.00 per litre
		- Other			
	2202.91.00	-- Non-alcoholic beer	/	Tshs. 534.00 per litre	Tshs. 561.00 per litre
	2202.99.00	-- Other		Tshs. 534.00 per litre	Tshs. 561.00 per litre
22.03		<b>Beer made from malt</b>			
	2203.00.10	---Stout and porter	/	Tshs. 729.00 per	Tshs. 765.00 per litre

				litre	
	2203.00.90	---Other	/	Tshs. 729.00 per litre	Tshs. 765.00 per litre
22.04		<b>Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09</b>			
	2204.10.00	- Sparkling wine			
		With the domestic grapes content exceeding 75%	/	Tshs. 202.00 per litre	Tshs. 200.00 per litre
		Other	/	Tshs. 2,236.00 per litre	Tshs. 2,349.00 per litre
		-Other wine; grape must with fermentation prevented or arrested by the additions of alcohol:			
	2204.21.00	-- In containers holding 2 litres or less			
		With the domestic grapes content exceeding 75%	/	Tshs. 202.00 per litre	Tshs. 200.00 per litre
		Other	/	Tshs. 2,236.00 per litre	Tshs. 2,349.00 per litre
	2204.22.00	-- In containers holding more than 2 litres but not more than 10 litres			
		With the domestic grapes content exceeding 75%	/	Tshs. 202.00 per litre	Tshs. 200.00 per litre
		Other	/	Tshs. 2,236.00 per litre	Tshs. 2,349.00 per litre

	2204.29.00	-- Other			
		With the Domestic grapes content exceeding 75%	<i>l</i>	Tshs. 202.00 per litre	Tshs. 200.00 per litre
		Other	<i>l</i>	Tshs. 2,236.00 per litre	Tshs. 2,349.00 per litre
	2204.30.00	- Other	<i>l</i>	Tshs. 2,236.00 per litre	Tshs. 2,349.00 per litre
22.05		<b>Vermouth and wine of fresh grapes flavoured with plants or aromatic substances</b>			
	2205.10.00	- In containers holding 2 litres or less			
		With the domestic grapes content exceeding 75%	<i>l</i>	Tshs. 202.00 per litre	Tshs. 200.00 per litre
		Other	<i>l</i>	Tshs. 2,236.00 per litre	Tshs. 2,349.00 per litre
	2205.90.00	- Other	<i>l</i>	Tshs. 2,236.00 per litre	Tshs. 2,349.00 per litre
22.06		<b>Other fermented beverages (for example, cider, perry, mead, sake); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.</b>			
	2206.00.10	--- Cider	<i>l</i>	Tshs. 2,236.00	Tshs. 2,349.00

				Per litre	Per litre
	2206.00.20	--- Opaque beer (for example Kibuku)			
		Beer made from 100% local unmalted cereals	/	Tshs. 429.00 per litre	Tshs. 450.00 per litre
22.08		<b>Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages.</b>			
	22.08	All locally produced products of this heading	/	Tshs. 3,315.00 per litre	Tshs. 3,315.00 per litre
		Other imported products of this heading as follows:			
	2208.20.00	-Spirits obtained by distilling grape wine or grape marc	/	Tshs. 3,315.00 per litre	Tshs. 3,481.00 per litre
	2208.30.00	-Whiskies	/	Tshs. 3,315.00 per litre	Tshs. 3,481.00 per litre
	2208.40.00	-Rum and other spirits obtained by drilling fermented sugar – cane products	/	Tshs. 3,315.00 per litre	Tshs. 3,481.00 per litre
	2208.50.00	- Gin and Geneva	/	Tshs. 3,315.00 per litre	Tshs. 3,481.00 per litre
	2208.60.00	- Vodka	/	Tshs. 3,315.00 per litre	Tshs. 3,481.00 per litre
	2208.70.00	- Liqueurs and cordials	/	Tshs. 3,315.00 per litre	Tshs. 3,481.00 per litre
		-Other			
	2208.90.	--- Distilled Spirits (	/	Tshs.	Tshs. 3,481.00

	10	e.g. Konyagi, Uganda Waragi)		3,315.00 per litre	per litre
	2208.90. 90	--- Other	/	Tshs. 3,315.00 per litre	Tshs. 3,481.00 per litre
24.02		<b>Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.</b>			
	2402.10.00	- Cigars, cheroots and cigarillos, containing tobacco	kg	30%	30%
		-Cigarettes containing tobacco			
	2402.20.10	--- Of length not exceeding 72mm length including the filter tip			
		Without filter tip and containing domestic tobacco exceeding 75%	mil	Tshs. 11,854.00 per mil	Tshs. 12,447.00 per mil
		With filter tip and containing domestic tobacco exceeding 75%	mil	Tshs. 28,024.00 per mil	Tshs. 29,425.00 per mil
		Other	mil	Tshs. 50,700.00 per mil	Tshs. 53,235.00 per mil
	2402.20.90	---Other			
		Without filter tip and containing domestic tobacco exceeding 75%	mil	Tshs. 11,854.00 per mil	Tshs 12,447.00 per mil
		With filter tip and containing domestic tobacco exceeding 75%	mil	Tshs. 28,024.00 per mil	Tshs. 29,425.00 per mil

		Other	mil	Tshs. 50,700.00 per mil	Tshs. 53,235.00 per mil
24.03		<b>Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences.</b>			
	2403.19.00	- Smoking tobacco, whether or not containing tobacco substitutes in any proportion: -- Other (for example cut rag/filler)	kg	Tshs. 25,608.0 0 per kg	Tshs. 26,888.00 per kg
27.10		<b>Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, other than those containing biodiesel and other than waste oils :</b>			

		-- Light oils and preparations:			
	2710.12.10	--- Motor Spirit (gasoline) regular	<i>l</i>	Tshs. 339.00 per litre	Tshs. 379.00 per litre
	2710.12.20	--- Motor Spirit (gasoline) premium	<i>l</i>	Tshs. 339.00 per litre	Tshs. 379.00 per litre
	2710.19.22	---- Illuminating Kerosene (IK)	<i>l</i>	Tshs. 425.00 per litre	Tshs. 465.00 per litre
	2710.19.31	---- Gas oil (automotive, light, amber for high speed engines)	<i>l</i>	Tshs. 215.00 per litre	Tshs. 255.00 per litre”

**PART III**  
**AMENDMENT OF THE INCOME TAX ACT,**  
**(CAP.332)**

Construction  
 Cap. 332

**5.** This part shall be read together with the Income Tax Act hereinafter referred to as the “principal Act”.

Amendment of  
 section 3

**6.** The principal Act is amended in section 3-

- (a) in the definition of the term “business”, by deleting the phrase “ and any activity that having regard to its nature the principal occupation of its owners or underlying owners is not carried on with a view to deriving profits” appearing in paragraph (b)”;
- (b) in the definition of the term “licence area” by deleting the word “mineral” appearing in paragraph (a) and substituting for it the word “mining”;
- (c) in the definition of the term “rehabilitation fund”, by deleting the word “minerals” appearing in the opening phrase and in paragraph (a) and substituting for it the word “mining”.
- (d) by adding in its alphabetical order the following new definition:

Cap. 123 “licenced dealer” has a meaning ascribed to it in the Mining Act;”

Amendment of section 11

**7.** The principal Act is amended in section 11 (4) by adding immediately after paragraph (e) the following:

“(f) withholding tax paid by withholder”.

Amendment of section 14

**8.** The principal Act is amended in section 14(2) by deleting reference to section 36 and substituting for it reference to section 37.

Amendment of section 19

**9.** The principal Act is amended in section 19(2) -

(a) in subsection (2), by adding immediately after paragraph (d) the following:

“(e) in the case of loss incurred in dealing with a speculative transaction, only in calculating the person’s income derived from a speculative transaction”.

(b) in subsection (4), by inserting in its alphabetical order the following new definition:

“speculative transaction” means -

(a) a transaction which is a contract for sale or purchase of a commodity including stocks and shares settled otherwise than actual delivery or transfer of the commodity or scrip; or

(b) any agreement for repurchase or resale, forward sale or purchase, futures contracts option or swap contracts.”

Amendment of section 64

**10.** The principal Act is amended in section 64 by deleting subsection (8) and substituting for it the following:

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“(8) The Commissioner may, subject to subsections (9) and (10), issue a ruling under section 11 of the Tax Administration Act, declaring an entity to be conducting charitable business.

(9) An entity shall be considered to conduct charitable business if it fulfills the following conditions -

(a) it is an entity of a public character;

(b) it is a resident entity established and functions solely as an organization for the relief of poverty or distress of the public, the advancement of education, the

provision of general public health, education, water or road construction or maintenance;

- (c) it provides the service referred to in paragraph (b) either free of charge or at a reasonably affordable fee to the general public;
- (d) its constitutive document provides that it will on its winding up or liquidation, give or transfer its assets remaining after the satisfaction of its liabilities to another charitable organization in the United Republic having similar objects;
- (e) it disburses annually more than eighty per centum of contributions received towards attainment of charitable activities referred to in paragraph (b); and

(9) Where a charitable or religious organisation supplies services in the course of conducting its charitable business and charges fees exceeding fifty percent of a fair market value, the entity shall be treated as conducting business other than charitable business within the meaning of this Act, and the Commissioner may revoke the ruling granting charitable status to the organisation

(10) For the purpose of this section, “an entity of a public character” means an entity established and functions solely for a public purpose and which operates in such a way that:

- (a) its membership is open to the general public or an identifiable group of a community with common interests;
- (b) it is carried on for purposes other than deriving profit or gain;
- (c) its constitution, memorandum, articles of association or other

documents governing its activities, include conditions as stated in subsection (8);

- (d) it does not allow any distribution or deemed distribution of profit generated out of its charitable business; and
- (e) its profit is ploughed back and used solely for improving or expansion of the original charitable purpose or function for which it was established.”

Amendment of section 69

**11.** The principal Act is amended in section 69 by deleting paragraph (f) and substituting for it the following-

“(f) premiums for general insurance or re-insurance paid to, and proceed from general insurance or re-insurance paid by a resident person in respect of the insurance or re-insurance of any risk in or outside the United Republic.”

Addition of section 83B

**12.** The principal Act is amended by adding immediately after section 83A the following:

“Withholding of income tax on sale of minerals

**83B.**-(1) Any person who makes a payment in respect of specified mineral or minerals supplied by a resident person in the course of conducting business shall withhold income tax at the rate specified under paragraph 4(d) of the First Schedule.

(2) For the purpose of sub-section (1), “specified mineral or minerals” means minerals that a licenced dealer is authorized to deal with, including gold, metallic minerals, coloured gemstones, coal and industrial minerals.”

Amendment of section 86

**13.** The principal Act is amended in section 86(1) by adding immediately after paragraph (f) the following:

“(g) payment made to a resident person as specified under section 83B(1)”.

Amendment of section 88

**14.** The principal Act is amended in section 88(5) by inserting

immediately after the word “other” appearing in third line the word “business,”.

Amendment of  
section 90

**15.** The principal Act is amended in section 90(4) by inserting immediately after the word “fish” the words “or horticulture products”

Amendment of  
section 91

**16.** The principal Act is amended in section 91(2)(e) by-

- (a) inserting immediately after item (ii) the following new item:  
“(iii) certified financial statements; ”
- (b) renumbering item (iii) as item (iv).

Amendment of the  
First Schedule

**17.** The First Schedule of the principal Act is amended-

- (a) in paragraph (3), by -
  - (i) deleting subparagraph 2 and substituting for it the following:  
“(2) Notwithstanding subparagraph (1)-
    - (a) a newly listed company with the Dar es salaam Stock Exchange with at least thirty five percent of its equity ownership issued to the public shall be taxed at a reduced corporate rate of twenty five percent for three consecutive years from the date of listing;
    - (b) a corporation with a newly established plant for assembling motor vehicles, tractors, fishing boats or out boats engine and having a performance agreement with the Government of the United Republic of Tanzania shall be taxed at a reduced corporate rate of ten percent for five consecutive years from the year of commencement of production”.
  - (ii) deleting the word “five” appearing in paragraph 3(3) and substituting for it the word “three”.
- (b) in paragraph (u), by adding immediately after item (c) the following item:  
“(d) in the case of payment referred to under sections 83B (1), five per centum.”

Amendment of the  
Third Schedule

**18.** The principal Act is amended in the Third Schedule by deleting the figure “15,000,000” appearing in paragraph 3(9)(b) and substituting for it with figure “30,000,000”.

**PART IV**  
**AMENDMENT OF THE LOCAL GOVERNMENT FINANCE ACT,**  
**(CAP.290)**

Construction  
Cap.290

**19.** This Part shall be read as one with the Local Government Finance Act, hereinafter referred to as the “principal Act”.

Amendment of  
section 31A

**20.** Section 31A of the principal Act is amended -

- (a) in subsection (1), by adding the words “advertisement fees for billboards, poster and hoarding” immediately after the words “property rate”;
- (b) in subsection (2), by inserting the words “advertisement fees for billboards, poster and hoarding” immediately after the words “property rate”;
- (c) by adding a new subsection (6) as follows:

“(6) The Minister responsible for Finance may, by Order published in the *Gazette* and upon consultation with the Minister, prescribe fees for advertisement through billboards, posters or hoarding for local authorities.”

Amendment of  
section 37

**21.** The principal Act is amended in section 37 by-

- (a) inserting immediately after paragraph (b) the following:  
“(c) recognition and issuance of identity card to small vendor selling goods in informal places;” and
- (b) renaming paragraph (c) as paragraph (d).

Repeal of section  
67

**22.** The principal Act is amended by repealing section 67 and replacing for it with the following:

“General  
penalty

67. A person who contravenes a provision of this Act for which no specific penalty is provided, commits an offence and shall, upon conviction, be liable to a fine of not less than two hundred thousand shillings but not exceeding one million shillings or to imprisonment for a term of

not less than twelve months but not exceeding twenty four months or to both.”

Amendment of  
Fourth Schedule

**23.** The Fourth Schedule to the principal Act is amended-

(a) by deleting the contents of item 1 and substituting for them the following:

“ Produce cess on buyers: (a) crop cess –cap 3% of farm gate price on cash Crops	<ul style="list-style-type: none"> <li>• a cess in excess of 3%</li> </ul>
(b) crop cess – cap 2% of farm gate price on food crops	<ul style="list-style-type: none"> <li>• a cess in excess of 2%</li> </ul>
(c) Forest produce cess- cap 5% of farm gate price or by volume at source on sales of timber, charcoal, logs, mirunda, firewood, poles and thieses (fito)	<ul style="list-style-type: none"> <li>• cess on sellers</li> <li>• cess on timber products eg. furniture and the like.</li> </ul>
	<ul style="list-style-type: none"> <li>• Plying fee for transportation of crops not exceeding one tonne from one district to another.”</li> </ul>

(b) in item 2, by adding in the second column of paragraph (c), the following:

“ • Abattoir use charges”;

(c) in item 3-

(i) by adding in the second column of paragraph (c) the following:

“ • Posters that give direction to areas that provide social services such as school, dispensary and hospital.”

(ii) by adding in the second column of paragraph (q) the following:

- “
- Pharmacies and drug shop establishment fee”

(d) in item 4 by inserting immediately after paragraph (d) the following:

“	(e) service levy	• Guest houses charged with hotel levy.”
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**PART V**  
**AMENDMENT OF THE MINING ACT,**  
**(CAP.123)**

Construction  
Cap. 123

**24.** This Part shall be read as one with the Mining Act hereinafter referred to as the “principal Act”.

Amendment of  
section 18

**25.** The principal Act is amended in section 18(3) by inserting immediately after paragraph(c) the following:  
“(d) in case of the mineral right holder or a licenced dealer, has paid the inspection fee due on such mineral or minerals.”

Amendment of  
section 19

**26.** The principal Act is amended in section 19(3) by inserting between the word “mines” and “public” the words “mineral and minerals”.

Amendment of  
section 90

**27.** The principal Act is amended in section 90 by adding immediately after subsection (2) the following:  
“(3) There shall be an inspection fee which shall be payable to the Government by a mineral right holder or a licenced dealer on a mineral or minerals to be exported.  
(4) The amount of inspection fee shall be one per centum of the gross value at the point of exportation of mineral or minerals.  
(5) In this section "gross value" means the market value of minerals at the point of refining or sale or, in the case of consumption within

Tanzania, at the point of delivery within Tanzania.”

Amendment of section 112

**28.** The principal Act is amended in section 112(2) by adding immediately after paragraph (f) the following  
“(g) operationalisation of inspection and inspection of mineral or minerals as required under this Act.”

**PART VI**  
**AMENDMENT OF THE PUBLIC FINANCE ACT,**  
**(CAP.348)**

Construction Cap.348

**29.** This Part shall be read as one with the Public Finance Act, hereinafter referred to as the “principal Act”.

Addition of section 6A

**30.** The principal Act is amended in section 6 by adding immediately after section 6 the following:

“Collection system for public moneys

**6A.**-(1) For the purpose of section 8, all public moneys shall be collected through Government e- payment Gateway system or its acronym GePG.

(2) The Accounting officer shall ensure that all public moneys are collected through Government e-payment system in a manner prescribed under regulations made under this Act.”

**PART VII**  
**AMENDMENT OF THE TANZANIA REVENUE AUTHORITY ACT,**  
**(CAP. 399)**

Construction Cap. 399

**31.** This Part shall be read as one with the Tanzania Revenue Authority Act, hereinafter referred to as the “principal Act”.

Amendment of section 16

**32.** The principal Act is amended in section 16 by adding immediately after subsection (7) the following:

“(8) Where a judicial body or any other investigative body summons the Commissioner General to appear or show cause in any matter relating to tax administration, the Commissioner General or any

officer of the Authority with the rank of or above a principal officer may appear or show cause as the case may be.”

PART VIII  
AMENDMENT OF THE TAX ADMINISTRATION ACT,  
(CAP. 438)

Construction  
Cap.438

**33.** This Part shall be read as one with the Tax Administration Act, hereinafter referred to as the “principal Act”.

Amendment of  
section 8

**34.** The principal Act is amended in section 8(1) by deleting the words “this Act” appearing in the second line of the closing statement and substituting for them the words “a tax law”.

Amendment of  
section 47

**35.** The principal Act is amended in section 47(1) by deleting the reference to section 40(3) and substituting for it a reference to section 37(3).

Amendment of  
section 52

**36.** The principal Act is amended in section 52-

- (a) by adding immediately after the word “assessment” wherever it appears in that section, the words “or other tax decisions”
- (b) in subsection (5)(a), by deleting a full stop at the end of paragraph (b) and substituting for it a comma; and
- (c) by adding immediately after paragraph (b) the closing words to subsection (5) as follows:  
“and proceed to issue a notice of final determination of objection.”

Amendment of  
section 53

**37.** The principal Act is amended in section 53 by deleting subsection (1) and substituting for it the following:

“(1) A person who is aggrieved by a final determination of objection by the Commission General under this Act may appeal to the Board in accordance with the provisions of the Tax Revenue Appeals Act.”

Cap 408

Amendment of  
section 54

**38.** The principal Act is amended in section 54(1)-

- (a) in paragraph (d), by deleting a reference to section 68(2) and substituting for it a reference to section 67(2);

- (b) in paragraph (f), by deleting a reference to section 67(3) or (4) and substituting for it a reference to section 66(3) or (4);
- (c) in paragraph (g), by deleting a reference to section 68(5) and substituting for it a reference to section 65(7).

Amendment of  
section 64

- 39.** The principal Act is amended in section 64(2)-
- (a) by deleting the word “or” appearing at the end of paragraph (d);
  - (b) by adding immediately after paragraph (d) the following:
    - “(e) section 36(1) or a provision of any tax law has been breached; or”
  - (c) by renaming paragraph (e) as (f).

Repeal of  
section 70

**40.** The principal Act is amended by repealing section 70 and replacing it with the following:

“Remission of interest or and penalty **70.** Where the Commissioner General is satisfied that there is good cause to remit interest or penalty imposed under any tax law, he may remit the whole or part of the interest or penalty payable by that person, except that in the case of interest, the remission shall not exceed fifty percent of the total interest amount.”

Amendment of  
section 71

**41.** The principal Act is amended in section 71 by adding immediately after subsection (2) the following:

“(3) An application under this section shall, exempt where a tax law provides otherwise, be made within a period not exceeding three years from the date of payment of tax in excess.”

Amendment of  
section 75

**42.** The principal Act is amended in section 75 by deleting subsection (1) and substituting for it the following:

“(1) The amount of interest that an installment payer shall pay for each period under subsection (4) shall be calculated at the statutory rate compounded monthly, applied to the excess rate of eighty percent of the total amount that would have been paid by way of installment during the year of income to the start of the period had the person’s estimate or revised estimate equaled the correct amount:

Provided that, the amount of income tax paid by installment during the year of income to the start of the period is deducted.”

Amendment of section 76

- 43.** The principal Act is amended in section 76 by-
- (a) deleting subsection (1) and substituting for it the following:  
“(1) Where any amount of tax imposed under a tax law remains unpaid after the due date prescribed in a tax law, the interest at the statutory rate compounded monthly shall be payable to the Commissioner General”.
  - (b) adding immediately after subsection (3) the following:  
“(4) Interest payable under this section or under any other tax law shall not be affected or waived for the reason of delay due to court proceedings or any other dispute resolution process.”

Amendment of section 78

- 44.** The principal Act is amended in section 78 by deleting subsection (3) and substituting for it the following:  
“(3) A penalty under this section shall, in the case of income tax, apply separately for a failure to file a tax return that is an estimate or provisional amount, and failure to file a tax return incorporating the final amount.”

Amendment of section 81

- 45.** The principal Act is amended in section 81(4) by deleting the words “one tax law only” appearing in subsection (4) and substituting for them the words “a tax law”.

Addition of new section 92A

- 46.** The principal Act is amended by adding immediately after section 92 the following new section:  
“Collection of fine”  
**92A.** Any amount of penalty or fine imposed against any person under this Act or under any tax law by a court in a criminal proceeding or by the Commissioner General, such amount of penalty or fine shall be collected and deposited by the Commissioner General as a tax revenue in the same manner as other taxes and government debts.”

Amendment of

- 47.** Section 95 of the principal Act is amended-

- (a) in subsection (3), by deleting a reference to section 94(3) and substituting for it the reference to section 94(4);
- (b) by adding immediately after subsection (3) the following:
  - “(4) The powers provided for under subsection (3)(a) to (e) of section 94 shall apply to a search conducted under this section as if an order of a magistrate has been obtained.”

Amendment of the First Schedule

- 48.** The First Schedule to the principal Act is amended -
- (a) in paragraph 1, by deleting a reference to section 26 and substituting for it a reference to section 66;
  - (b) in paragraph 2(1), -
    - (i) by deleting the word “and” appearing at the end of item (d)
    - (ii) by adding immediately after item (d) the following:
      - “(e) in relation to property tax, a demand or a demand note issued by the Commissioner General under the Urban Authorities (Rating) Act;”
    - (iii) renaming item (e) as item (f); and
    - (iv) in item (f), as renamed, by deleting reference to sections 55, 56 and 88 and substituting for them reference to sections 47, 48 and 81 respectively.
  - (c) in paragraph 3(3), by deleting a reference to paragraph 1(b) to (f) and substituting for it a reference to paragraph 1(b) to (e).

**PART IX**  
**AMENDMENT OF THE URBAN AUTHORITIES (RATING) ACT,**  
**(CAP. 289)**

Construction Cap. 289

**49.** This Part shall be read as one with the Urban Authorities (Rating) Act, hereinafter referred to as the “principal Act”.

Amendment of section 16

- 50.** The principal Act is amended in section 16 by-
- (a) deleting the phrase “in consultation with the Minister responsible for local Government au thorities and after obtaining representations from a relevant council,” appearing in subsection (1);
  - (b) inserting immediate by after sub-section (1) the following:

“(2) Notwithstanding subsection (1), a building which is not valued in accordance with this Act, shall be charged property tax at the rate of-

- (a) ten thousand shillings for ordinary building; and
- (b) fifty thousand shillings for each storey in a storey building.

Cap. 416

(3) For the purpose of subsection (2), a fraction of a building belonging to one or several co-owners in accordance with the Unit Titles Act shall be treated as a separate building.”

- (c) Designating subsections (4) to (9) subsections (5) to (11) respectively.

**PART X**  
**AMENDMENT OF THE VALUE ADDED TAX ACT,**  
**(CAP.148)**

Construction  
Cap. 148

**51.** This Part shall be read as one with the Value Added Tax Act, hereinafter referred to as the “principal Act”.

Amendment of  
section 59

**52.** The principal Act is amended in section 59 -

- (a) by deleting the words “international transport” wherever it appears in that section and substituting for it the words “international transport service”;
- (b) in subsection (3), by adding immediately after paragraph (d) the following:
  - “(e) a supply of ancillary transport services of goods in transit through Mainland Tanzania in circumstances where the service is-
    - (i) an integral part of the supply of an international transport service;
    - (ii) rendered by the same supplier providing international transport service; and
    - (iii) in respect of goods stored at the port, airport, or a declared customs area for not more than seven days while awaiting onward transport.”

Amendment of  
section 66

**53.** The principal Act is amended in section 66 by adding immediately after subsection (6) the following:

“(7) For the purpose of subsection (1), where the 20<sup>th</sup> day falls on a Saturday, Sunday or a public holiday, the value added tax return shall be lodged on the first working day following a Saturday, Sunday or public holiday.”

Amendment of section 74

**54.** The principal Act is amended in section 74(2) by deleting the words “twelve months” appearing between the words “than” and “and” and substituting for them the words “eighteen months”.

Amendment of Part I of the Schedule

**55.** The principal Act is amended in Part I of the Schedule -

(a) in item 3, by-

(i) deleting sub item 19 and substituting for it the following-

“

19	Tobacco, not stemmed/stripped	2401.10.00
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”

(ii) adding immediately after sub-item 31 the following new sub-items:

“

<b>32</b>	Preparations of a kind used in animal feeding	23.09
33	Fertilized eggs for incubation	0407.11.00 0407.19.00 0407.21.00

”

(b) in item 8 by adding immediately after item sub-item 9 the following new sub-item:

10.	Motor vehicle specifically designed for use by persons with disability”	87.03
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“

Amendment of Part II of the Schedule

**56.** The principal Act is amended in Part II of the Schedule by adding immediately after item 16 the following-

“

17.	An import of machinery of HS Codes 8479.20.00, 8438.60.00, 8421.29.00, 8419.89.00 by a local manufacturer of vegetable oils for exclusive use in manufacturing vegetable oil in Mainland Tanzania
18.	An import of a machinery of HS Code 8444.00.00, 8445.11.00, 8445.12.00, 8445.13.00, 8445.19.00, 8445.20.00, 8445.30.00, 8445.40.00, 8445.90.00,

	8446.10.00, 8446.21.00, 8446.29.00, 8446.30.00, 84.47, 8448.11.00, 8448.19.00, 8449.00.00, 8451.40.00 or 8451.50.00 by a local manufacturer of textiles for exclusive use in manufacturing of textiles in Mainland Tanzania.
19.	An import of machinery of Chapter 84 by a local manufacturer of pharmaceutical for exclusive use in manufacturing pharmaceutical products in Mainland Tanzania.
20.	An import of machinery of HS Code 8453.10.00 by a local manufacturer of hyde and skin for exclusive use in manufacturing leather in Mainland Tanzania.

### OBJECTS AND REASONS

The Bill proposes for the enactment of Finance Act, 2017. The Bill provides for amendment of various laws with a view to impose and alter certain taxes, duties, levies and fees. Further, it proposes to amend other written laws relating to the collection and management of public revenues.

The Bill is divided into X Parts.

Part I provides for Preliminary Provisions

Part II of the Bill proposes amendment to the Excise (management and Tariff) Act, Cap. 147. The Bill intends to amend specific rates for some excisable items in order to protect our currency. The rates are proposed to be amended in accordance with the prevailing inflation rate.

Part III of this Bill proposes to amend the Income Tax Act, Cap. 332. It is proposed to amend various definition under section 3 by deleting some of the words in the definition of the term “business”, “licence” and “rehabilitation fund”. The amendment are aimed at subjecting non-profit making organisations to justify non-profit making through normal tax process instead of being removed from tax net procedure.

Sections 19 is proposed to be amended by adding new sub-section section 19 (2)(d) with a view to eliminating ambiguities in law and mitigate revenue loss due to hedging or financial speculation arrangements which are occasioned by treating respective transactions as separate business and ring fencing of the resultant gain. Furthermore section 64 is amended with the view to ensure that tax treatments are only enjoyed by the entitled charitable organization. Section 69 is amended so as to capture anti avoidance in taxation occasioned through re-insurance services rendered outside Tanzania with source payment from Tanzania. It is also proposed to introduce a new section 83B in order to impose withholding tax on payments derived by small and medium sale of minerals. Last it is proposed to amend sections 90 in order to relieve air transporters of horticulture products.

Part IV of the Bill proposes to amend the Local Government Finance Act, (Cap. 290). Section 31A is amended to enable the Tanzania Revenue Authority collect fees for billboards, posters and hoarding all over the county. Section 37 is proposed to be amended for the purpose of recognizing informal small vendors who sells goods in informal areas. It is also proposed to repeal and replace section 67 for the purpose of increasing the penalty for a person who contravenes a provision of the Act where no specific penalty is provided. That penalty us increased up to a fine of not less than two hundred thousand shillings and not exceeding one million shillings or to imprisonment for a term of not less than one year and not exceeding two years.

The schedule to the Act is amended for the purpose of exempting informal small vendors who sells goods in informal area from paying levies. The schedule is also amended to grant exemption to abator charges, service levy payable by guest house, posters that give direction to areas that offers social service, pharmacies and drug shop establishment fee and fees and levy payable by small renders situate outside special business places running with capital of one hundred thousand shillings.

Part V it is proposed to amend the Mining Act Cap. 123. Section 18 proposes to restrict a mineral right holder or a licenced dealer to export mineral unless the person has paid the inspection fee. This part proposes to amend section 90 of the principal Act by imposing inspection fee on minerals to be exported by mineral right holder or a licenced dealer and it is proposed to be one per centum of gross value. This part also proposes to amend section 112 of the principal Act to enable the Minister responsible for mining to make regulations to enhance and operationalize inspection and impose inspection fee.

Part VI proposes amendment to the Public Finance Act, Cap 348 by adding a new section 6A which requires all public moneys to be collected through Government e-

payment system (GePG). The amendment intends to curb loss of revenues collected by Ministries, Departments and Public Institutions.

Part VII of the Bill proposes to amend the Tanzania Revenue Authority Act, Cap 399. The aim of the proposed amendment is to facilitate proper representation of testimony or submission of evidence before judicial or investigative organs by Tanzania Revenue Authority so as to ensure effective protection of government revenue is attained by involving tax officers who handled or dealt with tax cases being prosecuted or investigated by such organs.

Part VIII of the Bill proposes amendment to the Tax Administration Act, Cap. 438. The aim of the proposed amendment is to enhance voluntary tax compliance by improving chargeability and collection of interest on late payments of taxes, enabling the collection of penalties arising out of breach of tax laws to be collected by the Tanzania Revenue Authority (TRA) as intended by relevant tax laws, improving the powers of search and investigation of tax offences including restraint powers in enforcing offences related to use of EFD machines vested on TRA, introducing time limitation for application of tax refunds by taxpayers, and recognising demand notes issued for collection of property rate as tax assessment, together with ensuring legal clarity by correcting errors existing in various tax laws.

Part IX propose to amend the Urban Authorities (Rating) Act, Cap 289 so as to enable the Minister responsible for finance to impose rates in respect of buildings situated in urban areas. The amendment also proposed to set property tax rates chargeable to buildings which are not valued in accordance with the Urban Authorities (Rating) Act.

Part X of the Bill proposes amendment to the Value Added Tax Act, Cap. 148. The Bill proposed to amend section 59 in order to relieve importers of goods from paying VAT on ancillary services. The amendments are in line with the destination principle where VAT is paid at a place where goods or services are consumed. The objective of the amendment is to reduce cost of transportation and make ports more competitive with a view to increasing Government revenue.

Section 66 is amended so as to provide clarity on the due date for paying VAT where the due date falls on Saturday, Sunday or public holiday. The objective of this amendment is to promote voluntary compliance and relieve taxpayers from penalties arising from late payment of taxes. The Bill proposes amendment to section 74(2) in order to align with requirements under sections 74(3) of the Act. The objective of the amendment is to make consistency on the required period of writing off of overdue bad debt.

The Bill proposes amendment to Part I of the Schedule to the Act to provide tax exemption on animal feeds and fertilized eggs so as to promote animal husbandry. It is further proposed to amend Part II of the Schedule to the Act to grant tax exemption on capital goods namely; the importation of machinery for manufacturing vegetable oil, textiles, pharmaceutical products, hides and skin to promote industrialization and attract investment.

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### MADHUMUNI NA SABABU

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Muswada unapendekeza kutungwa kwa Sheria ya Fedha ya mwaka 2017. Muswada unaweka masharti kuhusu marekebisho ya sheria mbalimbali kwa lengo la kuweka masharti kuhusu marekebisho ya sheria mbalimbali kwa lengo la kuweka, kutoza au kubadilisha baadhi ya kodi, tozo au ada. Vilevile, Muswada unapendekeza kurekebisha sheria nyingine zinazohusu ukusanyaji na usimamizi wa mapato ya umma.

Muswada huu umegawanyika katika Sehemu Kumi.

Sehemu ya Kwanza ya Muswada inaanisha masharti ya Utangulizi.

Sehemu ya Pili ya Muswada inapendekeza kufanya marekebisho kwenye Sheria ya Ushuru wa Bidhaa, Sura ya 147 kwa lengo la kuweka viwango maalum (specific rates) ya ushuru wa bidhaa vinavyotumika kwenye baadhi ya bidhaa. Viwango hivi vinarekebisha kwa mujibu wa Sheria hiyo na kwa kiwango cha mfumuko wa bei.

Sehemu ya Tatu ya Muswada huu inapendekeza marekebisho ya Sheria ya Kodi ya Mapato, Sura 332. Inapendekezwa kufanya marekebisho ya kifungu cha 3 kufuta baadhi ya maneno katika tafsiri ya maneno “biashara”, “leseni” na “mfuko wa ukarabati”. Marekebisho haya yanapendekezwa ili kutoa nafasi kwa taasisi zinazofanya shughuli zake kwa kutopata faida kuthibitisha kwa kupitia taratibu za kawaida za kodi badala ya kuwaondoa katika utaratibu huo.

Kifungu cha 19 kinapendekeza kufanya marekebisho katika kifungu cha 19(2)(d) kwa ajili ya kuondoa utata wa kisheria na kupungua kwa mapato kutokana na zuio au makubaliano ya matarajio ya kifedha kwa kufanya miamala iliyowekwa kama biashara nyingine na kuzuia mapato yaliyopatikana. Aidha kifungu cha 64 kinapendekeza marekebisho kwa madhumuni ya kutoza kodi kwenye taasisi za kujitolea. Dhumuni la hatua hii ni kuondoa utata na kuongeza uhakiki ili kuzifanya taasisi zinazostahili punguzo la kodi kueleweka wazi. Kifungu cha 69 kinarekebisha ili kuwezesha dhana ya malipo ya bima ambayo yanyolipwa nje ya nchi yanalipiwa kodi hapa nchini. Kifungu kipya cha 83B kinaongezwa ili kuweka kodi ya zuio kwenye mauzo ya madini yanayouzwa na

wachimbaji wadogo na wa kati. Mwisho inapendekezwa kufanya marekebisho ya vifungu vya 90 kuleta unafuu wa gharama za usafirishaji wa maua kwa ndege.

Sehemu ya Nne ya Muswada inapendekeza kuifanyia Marekebisho Sheria ya Fedha ya Serikali za Mitaa, (Sura ya 290). Kifungu cha 31A kinapendekezwa kufanyiwa marekebisho ili kuiwezesha Mamlaka ya Mapato Tanzania kukusanya ushuru wa mabango ya matangazo kwa nchi nzima. Kifungu cha 37 kinapendekezwa kufanyiwa marekebisho ili kuwatambua wafanyabiashara wadogo wanaofanya biashara katika maeneo yasiyo rasmi. Aidha kifungu cha 67 cha Sheria kinapendekezwa kufanyiwa marekebisho kwa kukifuta na kukiandika upya ili kuongeza adhabu inayotolewa kwa mtu anayekiuka masharti ya Sheria na ambapo hakuna adhabu iliyobainishwa na kuwa faini isiyopungua shilingi laki mbili na isiyozidi shilingi milioni moja au kifungu kwa kipindi kisichopungua mwaka mmoja na kisichozidi miaka miwili.

Jedwali la Sheria pia linafanyiwa marekebisho ili kufuta ushuru wa huduma kwenye nyumba za kulala wageni ambazo zinatozwa tozo za hoteli, kufuta ushuru wa mabango yanayoelekeza maeneo ya huduma za jamii, kufuta ushuru wa usafi sokoni, kufuta ada za vibali vya machinjio, kusafirisha mifungo na ada za vibali vya kuainisha maduka ya dawa.

Sehemu ya Tano inapendekeza kufanya marekebisho kwenye kifungu cha 18 cha Sheria ya Madini, Sura ya 123 ili kuzuia uzaji wa madini nchi za nje. Sehemu hii inapendekeza kufanya marekebisho kwenye kifungu cha 90 ili kuweka ada ya ukaguzi kwenye madini yatakayouzwa nje ya nchi na kiwango kinachopendekezwa ni asilimia moja ya thamani ya madini husika kabla ya kusafirishwa nje ya nchi. Sehemu hii pia inapendekeza kufanya marekebisho kwenye kifungu cha 112 cha Sheria ya Madini ili kumpa Waziri anayehusika na madini kutengeneza kanuni za kuwezesha ukaguzi wa madini na utozaji wa ada ya ukaguzi kwa yatakayosafirishwa nje ya nchi.

Sehemu ya Sita inapendekeza marekebisho ya Sheria ya Fedha, Sura 348 kwa kuongeza kifungu cha 6A ili kuweka sharti kwa Wizara na Taasisi za Serikali kukusanya mapato yote kupitia mfumo wa ukusanyaji mapato uitwao “Government e-payment Gateway System (GePG)”. Lengo la hatua hii ni kuzuia uvujaji wa mapato na kuimarisha ukusanyaji wa mapato yasiyo ya kodi.

Sehemu ya Saba ya Muswada inapendekeza kufanya marekebisho kwenye Sheria ya Mamlaka ya Mapato Tanzania, Sura ya 399. Inapendekezwa kufanya marekebisho ili kuwezesha uwakilishi sahihi wa taarifa za shughuli za Mamlaka ya Mapato katika mashauri mbali mbali ya kimahakama au upelelezi katika vyombo husika kwa kutumia maofisa wa Mamlaka wenye taarifa sahihi za utendaji kazi.

Sehemu ya Nane ya Muswada inapendekeza kurekebisha Sheria ya Usimamizi wa Kodi Sura ya 438. Marekebisho haya yanalenga kuboresha mwitikio wa hiari wa ulipaji kodi kwa wakati kupitia uboreshaji wa taratibu za utozaji riba kwa malipo ya kodi anayechelewa kulipa kwa wakati, kuwezesha Mamlaka ya Mapato kukusanya malipo ya faini yatokanayo na adhabu kwa kukiuka sheria za kodi kama ilivyokusudiwa na sheria hizo.

Aidha, lengo la mapendekezo haya pia ni kuboresha uwezo wa Mamlaka ya Mapato wa upekuzi na upelelezi wa makosa yatokanayo na sheria za kodi pamoja na kuboresha uwezo wa Mamlaka wa kudhibiti makosa dhidi ya sheria za kodi ikiwamo makosa dhidi ya taratibu za matumizi ya mashine za kielektroniki za ulipaji kodi (EFD), kuweka kikomo cha muda wa maombi ya kudai marejesho ya kodi (tax refunds) kwa walipa kodi, na kutambua rasmi notisi za madai ya kodi ya majengo (demand notes) zitolewazo na Mamlaka ya Mapato kama ni makadirio ya kodi husika, pamoja na kuhakikisha usahihi na uwazi wa sheria za kodi kwa kufanya marekebisho ya makosa ya kiuandishi yaliyopo katika sheria mbali mbali za kodi.

Sehemu ya Tisa inependekeza kuifanyia marekebisho Sheria ya Kodi za majengo ya Mamlaka ya Miji ili kumpa mamlaka Wazari wa Fedha kutoza Kodi ya Majengo kwa nyumba zote zilizo miji. Aidha, Marekebisho yanapendekeza kubainisha kiwango cha tozo kwa nyumba ambazo hazijafanyiwa uthamini kwa mujibu wa sheria ya Kodi za majengo ya Mamlaka.

Sehemu ya Kumi ya Muswada inapendekeza marekebisho ya Sheria ya Kodi ya Ongezeko la Thamani, Sura 148. Muswada unapendekeza kutomuhusisha mpitishaji wa bidhaa nje ya nchi katika ulipaji wa kodi ya ongezeko la thamani kwa gharama za usafirishaji (ancillary services). Marekebisho haya yanazingatia msingi wa kodi ya ongezeko la thamani kutozwa katika eneo ambalo bidhaa inakusudiwa kutumika au huduma kutolewa. Lengo la marekebisho ni kupunguza gharama za usafirishaji ili kukuza ushindani katika bandari zetu na kukuongeza mapato ya Serikali.

Kifungu cha 66 kinarekebishwa ili kuweka usahihi ulio kusudiwa wa tarehe ya ulipaji wa kodi ya ongezeko la thamani iwapo siku hiyo itaangukia siku ya jumamosi, jumapili au sikukuu. Lengo la marekebisho hayo ni kukuza utii wa hiari na kuwanusuru na ulipaji wa kodi nje ya muda. Muswada unapendekeza marekebisho ya kifungu cha 74(2) ili kuwianisha na masharti ya kifungu cha 74(3) cha sheria hii. Lengo la marekebisho ni kuweka mtriririko sahihi wa kipindi kinachohitajika cha ulipaji wa madeni sugu.

Muswada unapendekeza marekebisho ya Sehemu ya I ya Jedwali ili kusamehe kodi itozwayo kwenye vyakula vya mifugo na mayai ya kutotolesha vifaranga ili kukuza sekta ya ufugaji. Inapendekezwa pia kurekebisha sehemu ya II ya Jedwali kwa kutoa msamaha kwenye bidhaa za mtaji hususani uingizaji wa mashine na mitambo ya

uzalishaji wa mafuta ya kula itokanayo na mimea, nguo, madawa, ngozi kwa lengo la kukuza viwanda na kuvutia uwekezaji.

Dodoma  
....., 2017

**PHILIP I. MPANGO**  
*Waziri wa Fedha na Mipango*