THE VALUE ADDED TAX (VAT)
ACT NO. 24 OF 1997

VALUE ADDED TAX ACT, 1997
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(PRINCIPAL LEGISLATION AS AMENDED UP TO 1ST JULY 2004)

July 2004
THE VALUE ADDED TAX ACT, 1997

ARRANGEMENT OF SECTIONS

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THE UNITED REPUBLIC OF TANZANIA

NO. 24 OF 1997

I. ASSENT,

BENJAMIN WILLIAM MKAPA,
President
21 October 1997

An Act to make provisions for the imposition of a tax to be known as the Value Added Tax (VAT) on Suppliers of goods and services and for related matters.

[ ................................ ]

ENACTED by the Parliament of the United Republic of Tanzania.
1. This Act may be cited as the Value Added Tax Act, 1997, and shall come into operation on the 1st day of July, 1998, save that for the provisions of part IV which will come into operation on the 1st day of January, 1998 and of Parts VII, VIII, IX, X and XI which will come into operation on the 1st day of March, 1998, except for the provisions of Sections 71 which appears in Part XI.

2. In this Act, unless the context requires otherwise –
   “Agent” means a person who acts on behalf of another person in business;
   “Appeals Tribunal”
   “Authorised officer” means any officer acting under the authority of the Commissioner-General for the purposes of this Act;
   “Authority” means the Tanzania Revenue Authority;
   “Business” includes any form of trade or commercial activity;
   “Certificate of registration” means a certificate issued under Section 20 of this Act;
   “Commissioner” means a person appointed as such under Section 51;
   “Commissioner-General” means the Commissioner-General of the Tanzania Revenue Authority;
   “Company” means a company as defined in the Companies Ordinance;
   “Customs Laws” includes the East African Customs and Transfer Tax Management Act and any enactment relating to the Customs or to the importation, exportation, or carriage coastwise, of goods, and any subsidiary legislation made under the authority of those Acts or those enactments;
   “Due date” means the date on which returns are due for lodgment or any tax, penalty, or other amount payable under this Act, or other date prescribed by the Commissioner, for lodgment of returns or payment of tax, penalty or any other amount;
   “Exempt supplies” means supplies of goods or services described in the Second Schedule to this Act;
   “Export” has the meaning assigned to it under the First Schedule;
   “Gaming machine”
   “Government” means the Government of the United Republic and includes Local Authorities in Mainland Tanzania.
“Government agency” means any Ministry or Department of Government;

“Import” means to bring, or to cause to be brought into Mainland Tanzania;

“Input tax” has the meaning assigned to it under Section 16;

“Minister” means the Minister responsible for Finance;

“Output tax” means the tax chargeable on a taxable supply;

“Prescribed accounting period” means such accounting period as may be prescribed in Section 26 or by regulations;

“Proper officer” means any officer whose right or duty is to require the performance of or to perform the act referred to him under this Act;

“Public officer” includes every officer vested with responsibilities or performing duties of a public nature, whether under the immediate control of the President or not, and includes an officer under the control of a department of Government, local authority, or public corporation;

“Recipient” in relation to any supply of goods or services, means the person to whom the supply is made;

“Residential buildings” means dwellings built or used to accommodate persons for private and not business purposes;

“Tax” means the Value Added Tax imposed by this Act;

“Tax invoice” means a document issued in accordance with Section 29 and regulations made under this Act;

“Taxable person” means person registered or required to be registered under the provisions of this Act;

“Taxable turnover” means that part of the turnover of a business applicable to taxable supplies;

“Taxable supplies” has the meaning assigned to it under Section 5 and does not include exempt supplies;

“Taxable value” mean the value of a supply as determined in accordance with Section 13 or 14;

“VAT” means the Value Added Tax imposed by this Act;
PART II

IMPOSITION OF AND LIABILITY TO VALUE ADDED TAX

3. (1) There shall be charged in accordance with the provisions of this Act, a tax known as the Value Added Tax on the supply of goods and services in Mainland Tanzania and on the importation of goods or services from any place outside Mainland Tanzania made on and after the 1st day of July, 1998.

(2) Where in respect of any taxable supply the tax has been paid in Tanzania Zanzibar pursuant to the law of the time being in force in Tanzania Zanzibar at the same rate as the rate applicable in Mainland Tanzania, the tax shall be deemed to have been paid on the taxable supply in accordance with the provisions of this Act and no tax shall be payable on its importation to Mainland Tanzania.

(3) Where in respect of any taxable supply, the tax has been paid in Tanzania Zanzibar at the rate lower than the rate applicable in mainland Tanzania under this Act, the tax difference shall be deemed to have not been paid and shall be payable on its importation on Mainland Tanzania in accordance with the provisions of this Act.

(4) Where in respect of any taxable supply, the supply is made directly by a taxable person in Mainland Tanzania to a recipient in Tanzania Zanzibar, the Authority shall collect the tax on behalf of the Tanzania Zanzibar Treasury and remit it to the Tanzania Zanzibar Treasury.

(5) The provisions of subsection (4) shall apply to products manufactured in Tanzania Mainland only.

4. (1) The VAT shall be charged on any supply of goods or services in Mainland Tanzania where it is a taxable supply made by a taxable person in the course of or in furtherance of any business carried on by him.

(2) The VAT on a taxable supply of goods or services shall be payable by a taxable person at the end of a prescribed accounting period or at any time which the Commissioner may prescribe.

(3) The VAT on the importation of taxable goods or services from any place outside Mainland Tanzania shall be charged and payable in accordance with this Act and the procedures applicable under the Customs Laws for imported goods shall apply in respect of VAT imports.

5. (1) For the purpose of this Act, and unless otherwise provided in this Act or regulations made under it, “taxable supplies” means any supply of goods or services made by a taxable person in the course of or in furtherance of
his business after the start of the VAT and includes-

(a) the making of gifts or loans of goods;
(b) the leasing or letting of goods on hire;
(c) the appropriation of goods for personal use of consumption by the taxable person or by any other person;
(d) barter trade and exchange of goods;

(2) Where a person produces goods by processing or treating the goods of another person the supply shall be regarded as a supply of goods.

(3) The supply of any form of power, heat, or ventilation shall be regarded as a supply of goods.

(4) Unless otherwise provided in this Act or regulations made there-under, anything which is not a supply of goods, but is done for a consideration, including the granting, assignment or surrender of all or part of any right is a supply of services.

(5) The Minister may make regulations providing for any description of transaction to be treated as: -

(a) a supply of goods; or
(b) a supply of services; or
(c) neither a supply of goods nor a supply of services.

(6) Where: -

(a) goods are neither supplied by a person to another person nor incorporated in other goods produced in the course of the business of the first person but are used by that person for the purpose of furtherance of his business; or

(b) a person in the course of his business does anything for the purpose of furtherance of his business which is not a supply of services but, if done for a consideration, would be a supply of services;

the goods or services are regarded for the purposes of this Act as being both supplied to him for the purpose of the business and supplied by him in the course of that business.

6. (1) For the purpose of this Act the time goods or services are supplied shall be when: -

(a) goods are removed from the premises of the supplier, or from other premises where the goods are under his control, or goods are made available to the person to whom they are supplied or
(b) a tax invoice is issued in respect of the supply; or
(c) payments is received for all or part of the supply;
(d) service is rendered or performed.

whichever time shall be the earliest.

(2) Where, in respect of any supply referred to in sub-section (1), payment is received or a tax invoice is issued in respect of part of a supply, paragraph (b) or (c) of that sub-section shall apply to that part of the supply, and the tax on it shall be paid accordingly.

(3) Where supplies are measured by meter the time of supply shall be the date of the first meter reading following the introduction of VAT and subsequently at the time of each meter reading, except to the extent that a tax invoice is issued or payment is made in respect of the supply.

(4) VAT on imported goods shall be charged and payable at the time custom duty, tax or levy is payable in accordance with the Customs Law unless prescribed otherwise in the regulations made by the Minister.

(5) Notwithstanding the provisions of subsections (1), (2) and (3), the Minister may, after consultation with the Authority and by order published in the Gazette, make provisions in respect of the time at which a supply is to be treated as taking place.

7. (1) This section shall apply for determining whether goods or services are supplied in Mainland Tanzania.

(2) Goods shall be regarded: -

(a) as supplied in Mainland Tanzania if their supply does not involve their removal from or to Mainland Tanzania;

(b) as supplied in Mainland Tanzania if their supply involves their installation or assembly at a place in Mainland Tanzania to which they are removed; and

(c) as supplied outside Mainland Tanzania if their supply involves their installation or assembly at a place outside Mainland Tanzania to which they are removed.

(3) for the purpose of sub-section (2) where goods, in the course of their removal from a place in Mainland Tanzania to another place in Mainland Tanzania, leave and re-enter Mainland Tanzania, the removal shall not be regarded as a removal from Mainland Tanzania.

(4) Service shall be regarded as supplied in Mainland Tanzania if the supplier of the services:

(a) has a place of business in Mainland Tanzania and no place of business elsewhere;

(b) has no place of business in Mainland Tanzania or elsewhere but his usual place of residence is in Mainland Tanzania; or
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(c) has a place of business in Mainland Tanzania and elsewhere but
the place of business most concerned with the supply of service is
the place of business in Mainland Tanzania.

(5) The Minister may, by order published in the Gazette and after
consultation with the Authority, in relation to goods and service
generally or in specific goods or service, vary the rules for determining
where a supply of such goods and service is made.

8. (1) VAT shall be charged at the rate of twenty (20) per centum of the
taxable value.

(2) The Minister may vary the rate of tax prescribed in sub-section (1) under
the procedures contained in the Provisional Collection of Taxes and

9. (1) A supply of goods or services is zero-rated by virtue of this sub-section
if the supply is of a description specified in the First Schedule to this
Act.

(2) Where a taxable person supplies goods or services and the supply is
zero-rated no VAT shall be charged on the supply, but it shall in all other
respects be treated as a taxable supply.

10. (1) A supply of goods or services is an exempt supply if it is of a description
specified in the Second Schedule to this Act.

(2) The VAT is not chargeable on an exempt supply, and deduction or credit
of input tax is not allowable on purchases made in respect of the exempt
supply.

11. The persons and organisations listed in the Third Schedule to this Act shall be
entitled to relief from VAT within the limits and conditions prescribed in the
Schedule subject to procedures which may be determined by the Minister.

12. The minister may after consultation with the Authority by order published in
the Gazette, amend, vary, add to or replace the Schedules to this Act.

13. (1) Subject to the provisions of this Act, the value on which VAT shall be
chargeable on a taxable supply shall be:

(a) where a supply is for a monetary consideration the amount of the
consideration excluding the VAT; or

(b) where the supply is not for a monetary consideration, or is only
partly for such a consideration, the open market value excluding the
VAT; or

(c) where the supply is not the only matter to which a consideration in

1.7.2003
Rate of VAT

Zero-rating

Exemptions

Special reliefs

Amendment
of the
Schedules

Taxable value
monetary terms relates, the supply shall be deemed to be for such part of the consideration as is properly attributed to it.

(2) For the purpose of paragraph (b) of sub-section (1) the “open market value” of a supply means the value which such goods or services would fetch in the ordinary course of business between the supplier and recipient or any other person concerned in the transaction completely independent of each other, and shall be determined on the following assumptions, that is to say: -

(a) that the supply shall be treated as having been delivered to the recipient at the supplier’s place of business;

(b) that the recipient will bear freight, insurance, and other costs, charges and expenses incidental to the supply and the delivery of the goods to him;

(c) that the supplier will bear any duty or tax chargeable in Mainland Tanzania other than the tax payable under this Act; and

(d) the value covers the right to use the patent, design or trade mark in respect of the supply.

(3) For the purpose of subsection (2):

(a) a supply in the open market between a supplier and a recipient independent of each other pre-supposes: -

(i) that the value is the sole consideration, and

(ii) that the value is not influenced by any commercial, financial or other relationship, whether by contract or otherwise, between the supplier or any person associated in any business with him (other than the relationship created by the transaction of the supply in question), and

(iii) that no part of the proceeds of any subsequent re-supply, use or disposal of the goods will accrue, either directly or indirectly, to the supplier or any person associated in any business with him.

(4) For the purpose of this section two persons shall be deemed to be associated in business with one another if whether directly or indirectly, either of them has any interest in any business or property of the other, or both have a common interest in any business or property, or some other third person has an interest in any business or property of both of them.

(5) Where in the opinion of the Commissioner, by reason of any fraudulent act or omission of any importer, supplier or a recipient, the taxable value of any supply is not the same as the taxable value of a similar supply, the Commissioner may, if he considers it reasonable to do so, assess the taxable value of the supply in accordance with such principles or appoint
an independent professional valuer to carry out such assessment as he may consider reasonable.

14. (1) The taxable value of imported goods shall be the “value” declared and determined in accordance with the provisions of Customs Laws, taking into account the import duty, the excise duty and any other tax or levy payable on the goods, otherwise than under this Act.

(2) Notwithstanding the provisions of subsection (1); the taxable value in respect of petroleum products shall not include road toll paid on those products.

(3) The taxable value of imported services shall be determined in accordance with the provisions of Section 13 and the Minister shall make regulations providing for modalities of charging the tax.

15. Taxable value of gaming.

PART III

INPUT TAX

16. (1) The amount of any tax (in this Act referred to as “input tax”) which is:

(a) payable in respect of the supply of goods or services supplied to a taxable person during a prescribed accounting period for the purposes of a business carried on or to be carried on by him, and for which the taxable person is registered; and

(b) paid by a taxable person on the importation, during a prescribed accounting period, of any goods or services used or to be used for the purposes of a business carried on or to be carried on by him, and for which the taxable person is registered; may, so far as not previously deducted and subject to the exceptions contained in or prescribed under this section, be deducted from his tax liability or otherwise credited to him in respect of that prescribed accounting period or a later prescribed accounting period.

(2) Where a taxable person in Mainland Tanzania pays tax to a taxable person in Tanzania Zanzibar in respect of any taxable supply pursuant to the law for the time being in force in Tanzania Zanzibar and then imports the taxable supply into Mainland Tanzania, the tax paid by him in Tanzania Zanzibar in respect of those supplies shall, subject to the requirements of this section, be credited as input tax.
(3) Subject to the exceptions prescribed under this section, the input tax that may be deducted by, or credited to, a taxable person shall be: -

(a) the whole of that tax, if all the supplies effected by him in the course of his business are taxable; or

(b) any proportion of that tax as, in accordance with regulations made by the Minister is attributable to taxable supplies, if some but not all of the supplies effected by him in the course of his business are taxable.

(4) Input tax shall not be deducted, credited or claimed unless the taxable person, at the time of lodging the return in which the deduction or credit is claimed, is in possession of a tax invoice, or other evidence satisfactory to the Commissioner, relating to the goods or services in respect of which the tax is claimed or, in the case of imported goods such documentary evidence of the payment of tax as the Commissioner may prescribed; and a person claiming input tax in contravention of this section shall, unless he satisfies the court to the contrary, be deemed to have taken steps for the fraudulent recovery of tax in contravention of section (47).

(5) Input tax may not be deducted or credited after a period of one year from the date of the relevant tax invoice or other evidence referred to in subsection (4).

(6) The Minister may, by regulation, determine cases in which a deduction or credit of input tax shall not be allowed, and that determination shall be made by reference to: -

(a) the goods or services supplied or the goods imported; or

(b) the supplier or importer, or the person supplied; or any other factors as the regulations may prescribe.

(7) Without limiting the generality of paragraph (b) of subsection (3), the Minister may for the purposes of that paragraph by regulations:

(a) determine a proportion of supplies in any prescribed accounting period which is to be taken consisting of taxable supplies; and

(b) provisionally attribute input tax in accordance with the proportion so determined and adjust the attribution over two or more prescribed accounting periods.

(8) The Minister may make regulations for or with respect to enabling a taxable person who was not registered at the time of supply or payment, to claim, as input tax, tax on the supply to him of goods or services, or paid by him on the importation of goods or services for the purpose of establishing the business for which the taxable person is registered; or in respect of tax on services which were supplied to him for a reason directly associated with the cancellation of his registration.
17. (1) Any taxable person whose tax liabilities in respect of particular prescribed accounting period are not exhausted by allowable deductions shall, within the time allowed for lodging his tax return for that period, remit the net amount due to the Commissioner General.

(2) Where, in respect of a particular prescribed accounting period, a taxable person’s allowable credits exceed the tax on supplies he has made for the period, provided that any repayment claim lodged covering the period beyond five years from the date of its lodgments shall not be remitted, the Commissioner General shall, within thirty days after:

(a) the due date for lodging of the return for the last prescribed accounting period in the half year or;

(b) receipt of the last outstanding tax return due for any prescribed accounting period falling within that half year;

Whichever is later, remit to him the amount to which he stands in credit by reason of the excess, subject to the provisions of this Act and in particular the provisions of Section 35.

(3) Where a taxable person submits returns for prescribed accounting periods which regularly results in excess credits, he may apply to the Commissioner for refunds to be made on a monthly basis.

(4) Where in respect of a particular prescribed accounting period which shows excess credit, submitted by a taxable person approved under subsection (3) of this section, the Commissioner General shall, within thirty days after:

(a) the due date for lodging the return for the prescribed accounting period, or

(b) the date of receipt of the return,

Whichever is the later, remit to him the amount to which he stands in credit, subject to the provisions of this Act and in particular the provisions of Section 35.

(5) No refund in respect of any claim shall be approved unless it is supported by a certificate of genuineness issued by an auditor who has been registered by the National Board of Accountants and Auditors but who are also tax consultants registered with the Tanzania Revenue Authority.

(6) Before making repayment under subsection (2) and (4) the Commissioner General shall reduce the amount of repayment by any sum owing to the Authority by the taxable persons, and accordingly by inform the taxable person, in writing.
(7) For the purpose of this section “half year” means any successive period of six calendar months commencing in the month for which a repayment return is first submitted.

(8) For the purposes of subsection (3) “regularly results in excess credits” means that over a six month period the total input tax credit for the prescribed accounting periods exceeds the total tax charged and paid on supplies.

PART IV

REGISTRATION AND DEREGISTRATION

18. The Commissioner shall maintain a register in which he shall record such particulars of the taxable persons and their businesses and any other information which he may require from taxable persons when applying for registration.

19. (1) Any person whose taxable turnover exceeds, or the person has reason to believe will exceed, the turnover prescribed in regulations made under this section, shall on and after the 1st day of January 1998, make application to be registered within thirty days of becoming liable to make such application.

(2) An application for registration shall be made in the manner and form prescribed in the regulations.

(3) Subject to this part, the Commissioner shall register every applicant for registration who is eligible to be registered under subsection (1).

(4) Where the Commissioner is satisfied there is good reason to do so, on grounds of national economic interest or for the protection of the revenue, he may register any person, whether or not an application to be registered has been made, regardless of the taxable turnover of the person.

(5)

(6)

(7)

(8)

20. (1) The Commissioner shall issue a taxable person registered under this Act with a Certificate of Registration.
(2) A Certificate of Registration issued under this section shall state the name and principal place of business of the taxable person, the date on which the registration takes effect and his Taxpayer Identification Number and his VAT registration number.

(3) A taxable person shall show his Taxpayer Identification Number and his VAT registration number in any return, notice of appeal or other document used for the purposes of this Act; and display his certificate of registration in a conspicuous position at his principal place of business.

(4) The Commissioner shall provide on request sufficient copies of the certificate of registration, clearly marked “copy”, for a copy to be displayed at all premises which are part of the business for which the taxable person is registered.

**21. (1)** Any person who ceases to be liable to be registered under this Act shall notify the Commissioner in writing within thirty days of ceasing to be liable, and a person failing to do so commits an offence and upon conviction will be liable to a fine not exceeding fifty thousand shillings.

(2) If the Commissioner is satisfied that a person is no longer required to be registered he shall, subject to any other conditions prescribed in this Part or in regulations, including the payment of all VAT due under this Act and on stock, cancel the registration with effect from the date of the notification or from any other date which may be determined by the Commissioner and the Commissioner shall notify the person in writing of the date on which the cancellation of the registration takes effect.

(3) Where a person ceases to be taxable, any goods then part of the assets of a business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless:

(a) the business is transferred as a going concern to another taxable person; or

(b) the VAT on the deemed supply does not exceed five thousand shillings.

**22. (1)** The registration of a taxable person carrying on a business in several divisions or branches may, if the body corporate so requests and the Commissioner deems fit, be in the names of those divisions or branches.

(2) The Minister may by regulations make provisions for determining by what persons anything required by or under this Act to be done by a person carrying on a business, is to be done where a business is carried on in partnership or by a club, association or organisation the affairs of which are managed by its members or a committee or committees of its members.
(3) The registration under this Act of any such club, association or organisation may be in the name of the club, association or organisation; and in determining whether goods or services are supplied to or by such a club, association or organisation no account shall be taken of any change in its members.

(4) The Minister may by regulations make provisions for persons who carry on a business of a taxable person who has died or become bankrupt or has had his estate sequestrated or has become incapacitated for a limited time to be treated as taxable persons, and for securing continuity in the application in the application of this Act in case where persons are so treated.

(5) In relation to a company which is taxable persons, the reference in subsection (4) above to the taxable person having become bankrupt or having had his estate sequestrated or having become incapacitated shall be construed as a reference to its being in liquidation or receivership or to an administration order being in force in relation to it.

23. (1) A taxable person shall keep such records relating to his business as the Minister may by regulations published in the Gazette prescribe.

(2) A taxable person shall keep the records required under subsection (1) for a period of five years or such longer period which the Commissioner may require in writing, in a particular case.

PART V
ACCOUNTING FOR TAX AND LODGING OF RETURNS

24. Unless otherwise provided under this Act, a taxable person shall record each supply made and account for tax on it at the time of supply.

25. (1) A taxable person shall keep such records relating to his business as the Minister may by regulations published in the Gazette prescribe.

(2) A taxable person shall keep the records required under subsection (1) for a period of five years or such longer period, which the commissioner may require in writing, in a particular case.

(3) A taxable person who fails to keep any records required by or under this Act, or who fails to retain them for the time so required commits an offence and upon conviction is liable to a fine not exceeding five hundred thousand shillings or to imprisonment for a term not exceeding six months, or to both the fine and imprisonment.
24. (1) Every taxable person shall, in respect of each prescribed accounting period, lodge with the Commissioner a tax return, in a form approved by the Commissioner containing any information which the form requires in relation to the supply by and to him of goods or services, the importation of goods, tax deductions or credits and any other matter concerning his business.

(2) For the purposes of this Act, the prescribed accounting period for a taxable person shall be the calendar month containing the effective date of registration and each calendar month after that, unless the Commissioner, by notice in writing, determines another prescribed accounting period for the taxable person.

(3) The return shall be lodged by the last working day of the month after the end of the prescribed accounting period to which it relates or within such other time as the Commissioner may in a particular case determine by notice in writing.

(4) The Minister may prescribe in regulations published in the Gazette prescribe other procedures for the completion and lodging of returns.

25. (1) A taxable person who fails to submit a return or pay tax within the time allowed by or under this Act shall pay a penalty of fifty thousand shillings or one per centum of the tax shown as payable in respect of the prescribed accounting period covered by the return, whichever is the greater and a further penalty of one hundred thousand shillings or two per centum of the tax shown as payable in respect of the prescribed accounting period covered by the return, whichever is the greater, shall be payable for each month or part month thereafter.

(2) A penalty prescribed by this section is payable immediately on receipt of a notice in writing issued by the Commissioner.

(3) The imposition or payment of a penalty under this section does not affect any liability of the person to pay any interest or penalty elsewhere prescribed in this Act.

26. (1) Where any amount of tax, including any penalties imposed under Section 27, remains unpaid after the due date prescribed in this Act or its regulations interest at the rate prescribed in subsection (2) shall be payable to the Commissioner on the amount for the time being due and unpaid.

(2) The rate of interest to be charged under subsection (1) shall be the commercial bank lending rate of the Central Bank together with a further five per centum per annum.

(3) Interest payable under this section shall, while it remains unpaid, attract interest as if it formed part of the tax unpaid.
(4) Interest payable under this section shall be compounded at the end of each prescribed accounting period, or part of such period, of the taxable person, during which the tax, and any interest due, remains unpaid, unless the Minister prescribes otherwise in regulations.

(5) Where any tax due to be repaid to a taxable person by the Commissioner General under this Act remains unfunded after the due date, in accordance with the provision of Section 17(2) and (4) of this Act the Commissioner General shall pay interest to the taxable person at the commercial bank lending rate for the time being determined by the Central Bank.

28A. Where the Commissioners is satisfied that there is good cause to remit penalty and, or interest imposed under section 27 and, or section 28 of this Act, he may remit the whole or part of the penalty or interest payable by that person.

27. (1) A taxable person supplying goods or services to another taxable person shall provide him with an invoice (known for the purposes of this Act as a “tax invoice”) containing such information about the supply, the supplier, the recipient, and the VAT as the Minister may by regulations published in the Gazette prescribe.

(2) Where any supply is made to non-registered person, the taxable person shall issue a receipt or similar document for the supply made.

(3) A taxable person who fails to issue a tax invoice or a receipt in accordance with subsection (1) or (2) commits an offence and upon conviction is liable to a fine not exceeding two hundred thousand shillings or to a term of imprisonment not exceeding twelve months, or to both the fine and imprisonment.

28. (1) The Minister may make regulations providing for special methods of accounting for VAT by retailers or other suppliers of goods or services or any description of goods or services as he may deem fit.

(2) Regulations made under this section may also make provision for: -

(a) treating tax chargeable in one prescribed accounting period as chargeable in another period;

(b) the adjustment of accounts in cases where tax has become chargeable by reference to a consideration and the amount of the consideration is reduced or no consideration becomes payable and in any other circumstances as may be prescribed;

(c) the rounding-off of figures in tax returns; and

(d) the correction of errors.
PART VI

FAILURE TO PAY VAT

29. Any tax or interest or penalty payable under this Act, may be recovered as civil debt in the court of a Resident Magistrate at the instance of the Commissioner General.

30. (1) Where any tax or interest due from a taxable person remains unpaid, the Commissioner may, by notice in writing, require any other person:
   (a) from whom any money is due, or is accruing or may become due, to the taxable person; or
   (b) who holds, or may subsequently hold, money on account of some person for or on account of, or for payment to the taxable person; or
   (c) having authority from any person to pay money to the taxable person;
   to pay that money, or of much as is sufficient to discharge the tax or interest due from the taxable supplier, in the manner directed by the Commissioner as and when it would, but for the notice, be or become payable to the supplier.

   (2) Upon service of a notice under this section, the money necessary to discharge the tax or interest due from the supplier, is a debt due to the Authority and shall be recoverable at the suit of the Commissioner General, or any officer authorised by him, in any court of a Resident Magistrate; and all claim by the taxable person to such money shall be thereby extinguished.

   (3) A person on whom a notice under this section has been served and who fails to comply with the notice commits an offence and upon conviction is liable to a fine not exceeding one hundred thousand shillings or ten per centum of the amount demanded by the notice, whichever is the greater.

31. (1) Where the Commissioner has reason to believe that any tax or interest due under this Act from a taxable person may not be paid within the time allowed by or under this Act by reason of any loss, transfer or disposition by the supplier of his assets, the Commissioner may, by notice in writing to him, require payment of the money immediately.

   (2) Upon service of a notice under this section, the provisions of this Act shall apply as though the time allowed by or under this Act for payment by the taxable person of the tax or interest concerned had expired.
32. (1) Subject to Section 55(2), if:

(a) after an appeal any tax or interest due from a taxable person remains unpaid, or

(b) a taxable person fails to appeal to Appeals Tribunal within fourteen days after the Commissioner notifies him of the tax or interest due from him; or

(c) a taxable person refuses without any cause to pay the tax assessed by the Commissioner,

an authorised officer may under warrant by the Commissioner levy distress upon the goods and chattels of that taxable person.

(2) The officer executing the warrant may, with the assistance of a police officer or any other assistants whom he may consider necessary, at any time between sunrise and sunset, break open any premises of the taxable person.

(3) The goods and chattels on which distress has been levied under this section shall be kept for ten days either at the premises at which distress was levied or at any other place as the officer executing the warrant may consider appropriate at the cost of the taxable person.

(4) If the taxable person does not pay the amount due under this Act, together with the costs under sub-section (3), within the period of ten days mentioned in that sub-section, the goods and chattels shall be sold by public auction.

(5) The proceeds of a sale under subsection (4) shall be applied towards payment of those costs and any further costs of, or incidental to the sale, and the surplus, if any, shall be applied towards payment of the amount due and the balance, if any, shall be paid to the taxable person after deduction of any further tax or interest by then due from him.

(6) A taxable person on whose goods and chattels distress has been levied or is to be levied, or any other person, who fraudulently removes and takes away any such goods and chattels to prevent the Commissioner from distraining them or completing the distress so levied, or assists in the same, commits an offence and, upon conviction is liable to a fine not exceeding two hundred thousand shillings or three times the value of the goods taken away, whichever is the greater; or imprisonment for a term not less than three months but not exceeding twelve months; or to both the fine and imprisonment.
PART VII

ENFORCEMENT

33. (1) Where the Commissioner believes there is a risk to the revenue he may, as a condition of allowing or repaying input tax, require a taxable person to produce any documents relating to the input tax that were supplied to the taxable person; or to give security or further security of such amount and kind which the Commissioner may determine before allowing any deduction or repayment of the input tax.

(2) Where submission of the documents for verification or furnishing of a security or further security is required, the Commissioner General shall remit the amount within thirty days from the date on which the documents were submitted or which a security or further security was furnished.

34. (1) Where an authorised officer has reason to believe that it is necessary to do so for the protection of the revenue, he may take, from goods in the possession of any person who supplies goods or services such samples as may be reasonably necessary to determine how the goods or the materials from which they are made ought to be or to have been dealt with for taxation purposes.

(2) No sample shall be taken under this section without the issue by an authorised officer of a receipt to the person from whom it was taken, and every sample shall be disposed of and accounted for in the manner which the Commissioner may direct.

(3) Where a sample taken under this section is not returned, within a reasonable time and in the same condition as when sampled, to the person from whom it was taken, the Commissioner shall refund to him, by way of compensation, a sum equal to the cost of the sample to him or any larger sum which the Commissioner may determine.

35. (1) Every person who is concerned in whatever capacity in the supply of goods or services in the course or furtherance of a business or to whom that supply is made, and every person who is concerned in whatever capacity in the importation of goods from a place outside Mainland Tanzania in the course or furtherance or a business shall:

(a) furnish to the Commissioner, within such time and in such form as he may reasonably require, any information relating to the goods or services or to the supply or importation as the Commissioner may reasonably specify; and

(b) upon demand made by an authorised officer, produce or cause to be...
produced for inspection by that person: -

(i) at the principal place of business of the person upon whom the demand is made or at any other place as the authorised officer may reasonably require, and

(ii) at such time which the authorised officer may reasonably require any documents relating to the goods or services or to the supply or importation.

(2) Where, by virtue of sub-section (1) above, an authorised officer has power to require the production of any documents from any person as is referred to in that sub-section, he shall have the like power to require the production of the documents concerned from any other person who appears to the authorised person to be in possession of them; but where that other person claims a lien on any document produced by him, the production shall be without prejudice to the lien.

(3) For the purposes of this section, the documents relating to the supply of goods or services, or to the importation of goods, shall be taken to include any profit and loss account and balance sheet or any other book of account and any correspondence or other writing, relating to the business in the course of which the goods or services are supplied or imported.

(4) An authorised officer may take copies of, or make extracts from, any document produce under sub-section (1) or (2).

(5) Where it appears to the authorised officer to be necessary he may, at a reasonable time and for a reasonable period, remove any document produced under sub-section (1) or (2) and shall provide a receipt for any document so removed; and where a lien is claimed on a document produced under sub-section (3) the removal of the document under this sub-section shall not be regarded as breaking the lien.

(6) Where a document removed by an authorised officer under sub-section (5) above is reasonably required for the proper conduct of a business he shall, as soon as practicable, provide a copy of the document, free of charge, to the person by whom it was produced or caused to be produced.

(7) Where any information or document is electronically stored, sub-section (1) and (2) shall be deemed to empower the authorised officer, for the purpose of exercising the powers conferred by the provisions in relation to it: -

(a) to view the information or document and to copy or take extracts from it by electronic means: or

(b) to require that it be reproduced in hard copy, or copied on to computer diskette or reduced to some other portable form suitable
for removal and capable of reproducing the information or document for viewing.

(8) Where any documents, computer diskettes or other things removed under the powers conferred by this section are lost or damaged, the Commissioner shall be liable to compensate respective owner for any expenses reasonably incurred by him in replacing or repairing them.

36. Notwithstanding any provision of any other Law, where the Commissioner considers it necessary for the performance of his functions under this Act, he may by notice in writing require any public officer:

(a) to permit an authorised officer to examine all registers, books, accounts, documents or records in the possession or control of the public officer and to take any notes and extracts which may be considered necessary by the Commissioner, and

(b) to supply any information to the authorised officer.

37. (1) For the purpose of exercising any power conferred on him by or under this Act, an authorised officer may, at any reasonable time, enter any premises which he has reason to believe are used for or in connection with the carrying on of a business, including any premises used only for the storage of goods or documents, and shall have full and free access in it to open any packaging, take stock of any goods and do all such things as are reasonably necessary for the performance of his duties.

(2) Where a magistrate is satisfied on sworn information that there is reason to suspect that any premises contain goods in respect of which supply tax has been evaded, or tax deductions or credits have been wrongly made, or contain documents or other evidence of an offence against this Act, he may issue a warrant authorising an authorised officer to enter and search those premises, and the authorised officer executing the warrant may:

(a) take with him any persons who appear to him to be necessary for its due execution;

(b) search, seize and remove any goods, documents or other things found on the premises which he has reason to believe to be evidence for the purpose of proceedings in connection with that offence or for the assessment of any tax; and

search or cause to be searched any person found on the premises who he has reason to believe that has committed that offence or to be in possession of the goods, documents or other things; provided that no person shall be searched by a person of the opposite sex.

(3) The authorised officer shall provide to the person apparently in charge of any thing taken in execution of a warrant under this section a receipt for it.
(4) The authorised officer may seal off, lock up or in any other physical manner prevent access to any premises for the purpose of the exercise of any power under this section or for the safeguarding of evidence from being tampered with.

(5) The provisions of Section 37 relating to documents and to the electronic storage of documents shall apply in respect of the exercise by an authorised officer of a power conferred under this section.

38. (1) A person who: -

(a) fails to comply with any requirements made of him under Section 37, 38, or 39; or

(b) assaults, obstructs, hinders or resists an officer in the exercise or performance of any of his powers or duties under this Act, commits an offence and upon conviction is liable to a fine not exceeding five hundred thousand shillings or to imprisonment for a term not less than three months but not exceeding two years, or to both the fine and imprisonment.

39. A person who impersonates an officer commits an offence and upon conviction is liable to a fine not exceeding five hundred thousand shillings or to imprisonment for a term not less than three months but not exceeding five years, or to both the fine and imprisonment.

40. Notwithstanding the provisions of any other law, no action or other proceedings shall lie or be instituted against any member or officer of the Authority for or in respect of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of his functions and powers conferred by or under this Act.

41. (1) Where, in the opinion of the Commissioner, a taxable person has failed to pay any of the tax payable by him by reason of: -

(a) his failure to keep proper books of account, records or documents as required under this Act, or the incorrectness or inadequacy of the books, records or documents; or

(b) his failure to make, or delay in making, any return required under this Act or the incorrectness or inadequacy of any returns:

The Commissioner may assess the tax due and an interest payable on that tax both of which shall be due for payment within one month of the date of the assessment, unless a longer period is allowed by the Commissioner or elsewhere in this Act.

(2) Notice of an assessment shall be sent to the taxable person concerned;
and the notice shall inform him of his rights of appeal under the Tax Revenue Appeals Act, 2000

(3) Subject to any rights of appeal conferred by this Act or any other law, any person who disputes any assessment made upon him under this Act may, within thirty days from the day on which the assessment was made, by notice in writing to the Commissioner, object to such assessment.

(4) Subject to the provisions of subsection (3), where a notice of objection to the assessment is given, the person objecting shall pay the amount of tax which is not in dispute, or half of such assessed tax, whichever is greater, pending the final determination of the assessment and no suit shall be filed in any court of law by the person objecting the assessment unless such amount is paid to the Commissioner and the avenues of the tax appeals machinery have been exhausted.

(5) Where a notice of objection is given pursuant to subsection (3) and the Commissioner is of the opinion that, owing to:

(a) Uncertainty as to any question of law or fact; or

(b) Consideration of hardship or equity; or

(c) Impossibility, or undue difficulty or expense of recovery of tax, the person objecting is unable to, or should not pay the tax payable by him under subsection (4), the Commissioner may allow the person objecting to pay such lesser amount as is reasonable in the circumstances, or to pay no tax until the assessment or liability to pay tax is finally determined.

(6) Notwithstanding the foregoing provisions of this section, an assessment based on the incorrectness or inadequacy of a return shall be void and of no effect if it is not made within one year after the Commissioner first had reason to believe it was incorrect or inadequate.

(7) On sufficient cause shown to the Commissioner within the appeal period, or within such further time as the Commissioner may allow, the Commissioner may make a revised assessment of tax and interest due from any taxable person, and that assessment shall for all purposes rescind and replace any assessment formerly made in respect of the same liability.

PART VIII

OFFENCES AND PENALTIES

42. (1) Any person who: -

(a) being required to apply for registration under this Act fails to do so
within thirty days after becoming liable to apply; or
(b) contravenes any term or condition of his registration; or
(c) holds himself out as being a taxable person when he is not;

 commits an offence and upon conviction is liable to a fine not exceeding two hundred thousand shillings or to imprisonment for a term not less than two months but not exceeding twelve months, or to both the fine and imprisonment.

(2) Notwithstanding any penalties which may be imposed on a person failing to apply for registration, or on any arrears of tax due to be paid, the person shall be liable to pay interest on the arrears in accordance with Section 28.

(3) A taxable person who fails to notify the Commissioner of any change in business circumstances under Section 23 of this Act within thirty days of becoming liable to do so commits an offence and upon conviction is liable to a fine not exceeding one hundred thousand shillings.

43. Any taxable person who fails to submit a return or pay tax by the due date commits an offence and upon conviction is liable to pay a fine not exceeding two hundred thousand shillings or to imprisonment for a term not less than two months but not more than twelve months, or to both the fine and imprisonment.

44. Any person who in purported compliance with any requirement under this Act, knowingly makes a return or other declaration, furnishes any document or information or makes any statement, whether in writing or otherwise that is false in any material particular, commits an offence and upon conviction is liable to a fine not exceeding five hundred thousand shillings or to imprisonment for a term not less than three months but not exceeding two years, or to both the fine and imprisonment.

45. (1) Any person who is concerned in fraud, or takes steps with a view to, fraudulently evade tax or with a view to fraudulently recover of tax, commits an offence and upon conviction shall pay the tax which would have been paid had the offence not been committed and in addition shall pay a fine of two million shillings and be imprisoned for a term of two years.

(2) A person who deals in or accepts the supply of importation of any goods, or the supply of any services, and having reason to believe that the proper tax has not been or will not be paid or that any deduction or credit has been or will falsely be claimed in relation to it, commits an offence and upon conviction is liable to a fine not exceeding one million shillings or six time the amount of the tax evaded; whichever is greater,
or to imprisonment for a term not less than six months but not exceeding three years, or to both the fine and imprisonment.

(3) Any goods which are the subject of an offence under this section shall, if the court convicts and so orders, be forfeited.

47.A (1) The Commissioner may publish a notice in the Government Gazette or any other newspapers circulating in Tanzania a list of persons who:

(a) fails to comply with the provisions of section 17(1);

(b) have been convicted of an offence against Sections 45, 46 or 47; or

(c) have conducted himself in a like manner which amount to or would an offence referred to under paragraph (b).

(2) Publication of a name of a person in pursuance of subsection (1)(b) or (c) shall be done after any proceedings in respect of appeal or review thereof have been completed or not been instituted within the period provided for.

(3) Every such list may specify:

(a) the name and address of the person complained of;

(b) particulars of the conduct complained of;

(c) tax period during which the conduct complained of occurred;

(d) the amount of the tax involved;

(e) the particulars of the fine or sentence imposed.

46. (1) If a person alleged to have committed an offence under this Act agrees in writing to pay a fine determined by the Commissioner which does not exceed the maximum fine provided by this Act for the offence, the Commissioner may compound the offence and impose the fine, provided that, if criminal proceedings have been instituted against the alleged offender for such offence, the power conferred by this sub-section shall not be exercised without the written consent of the Director of Public Prosecutions.

(2) A person accepting a fine under sub-section (1) shall be provided by the Commissioner with a certificate setting out the nature of the offence, the date or period of its occurrence, the fine paid, and any conditions to the compounding agreement.

(3) If the fine imposed under sub-section (1) is not paid on demand the Commissioner may institute court proceedings or may take steps for recovery of the fine in any manner permitted by this Act for the recovery of unpaid tax.

(4) The imposition of a fine under sub-section (1) shall not be regarded as
conviction for the alleged offence and, provided the fine is paid in full, no prosecution for the alleged offence shall be instituted or maintained.

(5) Nothing in this section shall in any way affect liability for the payment of tax or interest due under this Act.

47. (1) Where there is reason to believe that VAT has been fraudulently evaded or claimed or deducted the goods concerned may be taken from the possession of any person involved in the suspected offence and detained by the Commissioner pending the outcome of his inquiries or the completion of offence proceedings.

(2) A receipt listing any item detained shall be provided.

(3) The person from whom the goods are taken under sub-section (1) may appeal against the detention or continuing detention to an Appeals Tribunal.

48. Where any offence under this Act or any regulations made under it has been committed by a body of persons, whether corporate or unincorporate, any person who, at the time of the commission of the offence, was concerned with the management of the affairs of the body of person as director, partner, agent or an officer, shall be guilty of the offence.

PART IX

ADMINISTRATION

49. (1) There shall be appointed under the Tanzania Revenue Authority Act, 1995, a Commissioner for Value Added Tax and such other officers as may be necessary for carrying out the purposes of this Act.

(2) The Commissioner shall be responsible to the Commission-General for the administration, collection, repayment and accounting for VAT,
penalties and all other sums payable under this Act; and subject to the
direction and control of the Commissioner General, may exercise and
perform the powers and functions conferred on him by or under this Act.

(3) The Commissioner-General shall maintain a separate bank account from
which repayments under Part III shall be made and shall ensure that
sufficient funds are in that account to make repayments to taxable person
by the date prescribed in this Act.

(4) The Commissioner-General may, subject to such conditions or
restrictions as he thinks fit, delegate to any officer or other person
employed in the administration of this Act all or any of the powers,
functions and duties vested in him by this Act.

(5) An officer shall, on demand, produce such documents establishing his
identity as may be approved by the Commissioner-General.

(6) The provisions of Section 7 of the Tanzania Revenue Authority Act,
1995 shall apply to the Commissioner and other officers in performance
of their duties under this Act.

50. (1) For the purposes of this Act, an officer shall have the right to request the
protection of a police officer if he has reason to believe that protection to
be necessary for the proper and safe performance of his duties.

(2) An officer may arrest an individual he has reason to believe to have
committed an offence under Section 41, 46 or 47 or whom the officer
believes may abscond before he is charged or stands trial or may destroy
or tamper with evidence of an offence.

51. Notwithstanding the provisions of this Act, an authorised officer may
exercise all the powers exercised by the officer in charge provided in
Customs Laws in respect of imported and exported goods.
53. (1) 
(a) 
(b) 
(c) 
(d) 
(e) 
(f) 

54. (1) 
(2) 
(a) 
(b) 
(i) 
(ii) 
(3) 

PART XI

MISCELLANEOUS

55. Any amount shown on an invoice, a receipt, or similar document, as VAT chargeable on a supply of goods or services shall be recoverable as VAT due from the person issuing the invoice, regardless as whether: -
(a) the invoice is a tax invoice as prescribed in the Act;
(b) tax is chargeable in respect of the supply to which the invoice relates; or
(c) the person issuing the invoice is a taxable person.

56. (1) Where goods are imported from a place outside Mainland Tanzania by a taxable person who supplies them as agent for a person who is not a taxable person, the goods may be treated for the purposes of this Act as imported and supplied by the taxable person as principal.

(2) For the purpose of subsection (1), a person who is not resident in Mainland Tanzania and whose place or principal place of business is outside Mainland Tanzania may be treated as not being a taxable person if as a result he will not be required to be registered under this Act.

(3) Where goods or services are supplied through an agent who acts in his own name the Commissioner may, if he thinks fit, treat the supply both as a supply to the agent and as a supply by the agent.

57. (1) Where a taxable person does not have a business establishment in Mainland Tanzania or, in the case of an individual or partnership, does not have a usual place or residence in Mainland Tanzania, the Commissioner may request the taxable person to appoint another person resident in Mainland Tanzania to act on his behalf in matters relating to tax.

(2) If the Commissioner accepts the appointment of a tax representative, any liability of the taxable person under the Act other than any liability subsisting before his appointment including any liability:
   (a) to keep and preserve, or to produce, any records or accounts;
   (b) to furnish a tax return; or
   (c) to pay any tax or interest under the Act; or
   (d) to comply with any requirement made in particular in respect of the business by the Commissioner;

shall, on and from his appointment, and without affecting the liability of the taxable person, subsist to the like extent and severally against the representative until such time as the Commissioner accepts appointment.

58. (1) Where, by reason of death, bankruptcy, winding-up or other legal process in respect of a taxable person whether individual or corporate, the property or control of a business carried on by the taxable person and in respect of which the taxable person is registered is vested in another person, the provisions of the Act and of any regulations made under it shall, on such vesting and for as long as that other person is in control apply to him as if he were the taxable person.
(2) A person carrying on or controlling the business of a taxable person in the circumstances referred to in sub-section (1) shall notify the Commissioner in writing of that fact, giving full particulars of the circumstances in which control of the business concerned passed from the taxable person to him.

(3) Notice under sub-section (2) shall be given within thirty days after control is acquired by the person giving the notice.

(4) A person who fails to give notice as required by this section commits an offence and upon conviction is liable to a fine not exceeding one hundred thousand shillings.

59. (1) Where a business or part of a business is assigned (“transferred”), then for the purpose of determining whether the transferee is liable to be registered, the taxable turnover of the business or part transferred shall be added to the turnover of any business carried on by the person to whom the business or part of the business is transferred (“the transferee”).

(2) Any liability other than criminal liability of a person transferring a business or part of business shall on and from the date of the transfer, pass to the transferee without affecting the liability of the transferor and such liability shall include the liability:

(a) to keep, preserve, or to produce records or accounts;

(b) to furnish a tax return; or

(c) to pay any tax or interest under the Act; or

(d) to comply with any requirement made in particular in respect of the business by the Commissioner.

(3) No tax shall be charged or input tax claimed in respect of the transfer where the transferee is registered.

(4) Except to the extent Commissioner determines otherwise and upon written request of both parties any entitlement under the Act to credit or repayment of input tax that immediately before the transfer took effect was vested in the transferor, shall vest in and become the entitlement of the transferee, and shall cease in so far as the transferor is concerned.

(5) Any person who fails to notify the Commissioner of the fact of a transfer within thirty days after it takes effect commits an offence and upon conviction is liable to a fine not exceeding one hundred thousand shillings.
60. (1) Any person making, or publishing an advertisement in respect of the supply of any goods or services shall, if the advertisement mentions the price at which such goods or services may be obtained, state the price inclusive of tax.

(2) In this section, “advertisement” includes any label attached to the goods and any sign displayed in connection with the goods or services and any quotation of their price.

61. Where, after the making of a contract for the supply of goods or services and before the goods are delivered or services are rendered:

(a) there is a change in the tax charged on the supply; or
(b) tax chargeable on the supply is introduced or abolished;

then, unless the contract provide otherwise, there shall be added to or deducted from the consideration of the supply an amount equal to the tax adjustment.

62. Where an individual has been declared bankrupt, any tax, fines or interest due under this Act shall have priority over other debts proven against the bankrupt.

63. A certificate of the Commissioner that:

(a) a person was or was not, at any date, registered;
(b) any return required under this Act to be lodged has not been lodged or has not, on a specified date, been lodged; or
(c) any tax shown as due in any return or assessment lodged or made under this Act has not been paid;

shall be sufficient evidence of that fact in any court of competent jurisdiction until the contrary is proved.

64. (1) Notwithstanding any provision of this Act, where the Commissioner is satisfied that any scheme that has the effect of conferring a tax benefit on any person was entered into or carried out:

(a) solely or mainly for the purpose of obtaining that benefit; and
(b) by means or in a manner that would not normally be employed for bona fide business purposes, or by means of the creation of rights or obligations that would not normally be created between persons dealing at arm’s length;

the Commissioner may determine the liability for any tax imposed by this Act, and its amount, as if the scheme has not been entered into or carried out, or in such manner as, in the circumstances of the case, he considers appropriate for the prevention or diminution of the tax benefit...
sought to be obtained by the scheme.

(2) A determination under subsection (1) shall be deemed to be an assessment, and the provisions of Section 43 and any other provision made by or under this Act in relation to assessments, shall apply accordingly.

(3) In this section “bona fide business purposes” does not include the obtaining of a benefit and “tax benefit” includes:

(a) any avoidance or reduction in the liability of any person to pay tax;

(b) any increase in the entitlement of any taxable person to a refund of tax;

(c) any reduction in the consideration payable by any person in respect of any supply of goods and services or the importation of any goods; or

(d) any other avoidance or postponement of liability for the payment of any tax.

65. (1) Any notice, notification, requirement or demand to be served, on, or made of any person for the purposes of this Act may be served, given, or made by sending it by post or leaving it on the premises addressed to that person or his VAT representative at the last or usual residence or place of business, of that person or representative, or in the case of a company to its registered office.

(2) Delivery by post shall be deemed to have been made ten days after the date of posting.

66. The Minister may make regulations where he is required or permitted by the Act, and where it is necessary or expedient to make regulations for carrying out or giving effect to this Act.

67. Where any VAT, penalty or interest not due to the Commissioner General under this Act is paid to him or VAT, penalty or interest due is not charged and paid by a taxable person because of misunderstanding arising from incorrect or misleading advice by an officer, the Commissioner General may repay or remit the VAT, penalty or interest.

68. (1) The Minister may make regulations providing for the repayment in prescribed conditions and circumstances of sales tax and part of excise duty paid by taxable persons prior to the commencement of VAT on goods still in stock on the commencement day.

(2) Subject to the regulations made under this Act, and notwithstanding the repeal of the Sales Tax Act, 1976, the sales tax and part of excise duty
paid on goods in stock of a taxable person before the coming into operation of this Act, shall be deemed to be the input tax.

(3) The procedure for determining and allowing the sales tax and part of excise duty paid on stock to be an input tax shall be provided for in the regulations to be made by the Minister.

69. (1) The Sales Tax Act, 1976 is hereby repealed.

(2) The repeal of the Sales Tax Act, 1976, shall not affect any right, interest, title or power established or exercisable or any status or capacity existing prior to the repeal or affect any duty, obligation, liability or burden of proof imposed, created or incurred prior to the repeal or affect any investigations, legal proceedings or remedy in respect of any right, interest, power, duty, obligation, liability or otherwise.

70. The Hotel Levy Act, 1972 is amended by adding immediately after Section 3 the following provision:

Exemption of VAT registered person 3A. No hotel levy shall, on the coming into operation of the Value Added Tax Act, 1997, be charged on any person who or body of person which has been registered under Part IV of the VAT Act.

71. The Entertainment Tax Act, 1970 is amended by adding immediately after Section 7, the following provision:

Exemption of VAT registered person 7A. Every person who or a body of persons which has been registered under Part IV of the Value Added Tax Act, 1997, shall on the coming into operation of that Act be exempted from paying tax under this Act.

72. The Stamp Duty Act, 1972 is amended in the Schedule by adding in Article 51 the following item:

“(g) by any person or body of persons, registered under Part IV of the VAT Act, 1997, from the imposition date of VAT”.
FIRST SCHEDULE

(Section 9)

ZERO-RATED SUPPLIES

1. Exportation of goods and services from the United Republic of Tanzania provided evidence of exportation is produced to the satisfaction of the Commissioner.

2. The supply of goods, including food and beverages, for consumption or duty free sale on aircraft or ships on journeys to destination outside the United Republic of Tanzania.

Notes:

For the purpose of this Schedule:

(a) goods are treated as exported from the United Republic of Tanzania if they are delivered or made available to an address outside the United Republic of Tanzania as evidenced by documentary proof acceptable to the Commissioner.

(b) all supplies of services are treated as being supplied in the place where the supplier belongs as defined in subsection (4) of section 7 except supplies of services which may be treated as exported, subject to documentary proof acceptable to the Commissioner as follows—

(aa). services relating to land, shall be treated as being exported, only when the land, in respect of the services supplied, is situated outside the United Republic of Tanzania;

(bb). any supply of service consisting of;

(i) cultural, sporting, scientific, education, or entertainment services;

(ii) services relating to exhibitions, conferences or meetings;

(iii) services ancillary to, including organizing, any supply of a description within the meaning of paragraphs (aa) and (bb) herein; and

(iv) the valuation of, or any work carried out on any goods, shall be treated as exported, only when such services are physically carried outside the United Republic of Tanzania

3. The supply which comprise of the transport of or any service ancillary to transport of or loading, unloading, wharfage, shore-handling, storage, warehousing and handling, supplied in connection with goods in transit through the United Republic of Tanzania, whether such services are supplied
directly or through an agent to a person who is not a resident of the United Republic of Tanzania.

4. The supply of service which comprise the handling parking, pilotage, salvage or towage of any foreign going ship or aircraft while in Tanzania Mainland.

5. The supply of services which comprise the repair, maintenance, insuring, broking or management of any foreign going ship or aircraft.

6. The supply of agricultural produce intended for export by cooperative unions and community based societies registered with the Tanzania Revenue Authority.

7. The supply by a local manufacturer of tractors for agricultural use, planters, harrows, combine harvesters, fertilizer distributors, liquid or powder sprayers for agriculture, spades, shovels, mattocks, picks toes, forks and rakes, axes and other tools of a kind used in agriculture, horticulture or forestry.

8. The supply by a local manufacturer of fertilizers, pesticides insecticides, fungicides, rodenticides, herbicides, anti-sprouting products, and plant growth regulators and similar products which are necessary for use in agricultural purposes.

9. The supply by a local manufacturer of:
   (a) Fishing nets and accessories; and
   (b) out-boat engines for fishing.

10. Supply by a local manufacturer of veterinary medicines, drugs and equipment which have been approved by the Minister responsible for health upon recommendation of the Tanzania Food and Drugs Authority.

11. The supply by local manufacturers of:
    (a) human medicines, drugs and equipment, which have been approved by the Minister responsible for Health upon the recommendation of the Tanzania Food and Drugs Authority.
    (b) articles designed for use by the blind or disabled.
SECOND SCHEDULE

(SECTION 10)

EXEMPT SUPPLIES AND IMPORTS

1. Food, Crops and Livestock Supplies
   (1) Livestock: live cattle, swine, sheep, goats, game, poultry and other animals of a kind generally used for human consumption.
   (2) Animal products:
       Unprocessed edible meat and offal of cattle, swine, sheep, goats, game and poultry (including eggs) except: pate, fatty livers of geese or ducks and any other product prescribed by the Minister by regulation.
   (3) Unprocessed dairy products – cow or goat milk
   (4) Fish - all unprocessed fish, except shellfish and ornamental fish.
   (5) Unprocessed Agricultural Products:
       Edible vegetables, fruits, nuts, bulbs and tubers, maize, wheat and other cereals, meal flour, tobacco, cashew nuts, coffee, tea, pyrethrum, cotton, sisal, sugarcane, seeds, and plants thereof.

Notes:
   (i) For the purposes of this item goods shall be regarded as “unprocessed” if they have undergone only simple processes of preparation or preservation such as freezing, chilling, drying, salting, smoking, stripping or polishing.
   (ii) None of the above can be exempted when they are supplied in the course of catering by a restaurant, cafeteria, canteen or like establishment.
   (6) Locally grown tea whether in the form of made tea, blended or packed tea.

2. Pesticides, Fertilizers etc.
   The supply of fertilizers, pesticides, insecticides, fungicides, rodenticides, herbicides, anti-sprouting products and plant growth regulators and similar products which are necessary for use in agricultural purposes.

3. Health Supplies
   (1) Health and medical services by a registered medical practitioner, optician, dentist, hospital or clinic.
   (2) The supply of human medicine, drugs and equipment which have been
approved by the Minister responsible for Health upon recommendation of the Pharmacy Board.

(3) Articles designed for use by the blind or disabled.

4. Educational Supplies

(1) Educational Services provided by an establishment registered by the Government.

(2) The supply of educational equipment by an establishment registered by the Government.”

5. Veterinary Supplies

(1) Veterinary services by a registered veterinary practitioner

(2) The supply of veterinary medicines, drugs and equipment which have been approved by the Minister responsible for Health upon recommendation of the Pharmacy Board.

6. Books and Newspaper

(1) Books, booklets, maps and charts.

(2) Newspapers, journals, magazines and periodicals.

7. Transport Services

Transportation of persons by any means of conveyance including air charter but not including taxis, cabs, rental cars or boat charters.

8. Housing and Land

(1) The sale or lease of an interest in land.

(2) The sale of used or lease of residential buildings.

Notes: For the purpose of this item “land” does not include any buildings thereon.

9. Finance and Insurance

(1) The provision or making arrangement for the provision of insurance or reinsurance;

(2) The issue, transfer, receipt of or other dealing with money (including foreign exchange) or any note or order for the payment of money;

(3) The provision of any loan, advance or credit;
(4) The operation of any current, deposit or savings account;

(5) The issue, allotment or transfer of ownership of equity or security such as shares in Companies and members interest in corporation and in participatory security such as unit trust;

(6) The issue, payment, collection or transfer or ownership of any note or order of payment, cheque or letter of credit or notification of the issue of letter of credit, debit or security including debenture mortgages, loans and other debts in money;

(7) The issue, drawing, acceptance or transfer of ownership of a debtor or security including debenture mortgages, loans and other debts in money;

(8) The supply to or importation of currencies and travellers’ cheques by a registered bank, bureau de change and other financial institutions.

10. Water

Water, except bottled or canned or similarly presented drinking water;

11. Funeral Services

(1) The transportation and disposal of human remains
(2) The arrangements for disposal of the remains of the dead.

12. Petroleum Products

Aviation Spirit, spirit type jet fuel and kerosene type jet fuel (Jet A-1)

13. Agricultural Implements

Tractors for agricultural use, planters, harrows, combine harvesters, fertilizer distributors, liquid or powder sprayers for agriculture, spades, shovels, mattocks, picks, hoes, forks and rakes, axes and other tools of a kind used in agriculture, horticulture or forestry.

14. Tourist Services

Tourist guiding, game driving, water safaris, animal or bird watching, park fees, tourist charter services and ground transport.

15. Postal Supplies

The supply of postage stamps.

16. Air-crafts

Aircrafts, aircraft engines, parts and maintenance.
17.  

18. Games of Chance  
The provision or conducting of games of chance by means of private lottery, casinos or slot or gaming machines.  

19. Computers  
The supply of computers, printers and other accessories connected thereto.  

20. Yarn  
The provision or supply of local processed yarn.  

21. Wind Generator and liquid elevators,  
Liquid elevators and parts thereof including wind generator up to 30 Kw, battery chargers, special bearings, gear box yaw component, wind mill sensors, brake hydraulics, flexible coupling, brake calipers, wind turbine controllers and rotor blades.  

22. Photovoltaic and Solar Thermal  
Solar energy system components including panels/modules solar charge controllers, solar inverter, solar batteries, solar pumps, solar refrigerators, solar lights, vacuum tube solar collectors, plastic solar collector, linear aclinators for tracking system, concentrating solar collectors, fresnel lenses, solar cookers, solar water heaters, solar waste distillation units, solar cooling system components and crop dryers.
THIRD SCHEDULE

(Section 11)

SPECIAL RELIEFS

1. Supplies to or importation of goods or services by diplomats or a diplomatic mission that is accredited to the United Republic of Tanzania for the official purpose of that mission where the foreign country provides reciprocal treatment to diplomats and diplomatic mission of Tanzania in that country.

2. Supplies or importation of goods or services under a technical aid or donor funded agreement as far as that agreement provides for relief from taxation in the United Republic of Tanzania.

3. Travelers’ or deceased’s Personal Effects – Imported goods in respect of which relief or duty is available under Customs Laws.

4. Supply of specified goods to the Armed forces.

5. The supply to a registered medical practitioner, optician, dentist, hospital or clinic or to a patient, of equipment designed solely for medical or prosthetic use including mobile health clinics.

6. The supply to a registered veterinary practitioner of equipment designed solely for veterinary use.

7.

8. The supply of specified goods for sale in the Tanzania Defense Forces duty free shops.

9. (1) The Importation or local purchase by or on behalf of a registered religious, charitable community based, or other non-profit driven organisation or institution, of goods or services intended to be used solely by the organisation or institution for-

   (a) in the case of a religious organisation for the advancement of religion.
   
   (b) use by the organisation or institution in question in the execution of its functions and for relieving persons from the effects of natural calamities, hazards or disaster;
   
   (c) the development, maintenance or renovation by the organisation of projects relating to health, education, training, water supply, infrastructure or any other projects relating to advancement of the
community.

(2) The Organisation or Institution shall before obtaining the relief granted under sub item (1), submit to the Revenue Authority a letter confirming the existence of the project or projects in question from the District Commissioner in its area and from the umbrella organisation, if any

(2A) Importation or supply of goods or services to project funded by the Government relating to infrastructure and utilities development.

(3) The relief granted under this Act shall cease to have effect and the Value Added Tax Shall become due and payable as if this relief had not been granted if the said goods are transferred, sold or disposed of in any way to another person not entitled to enjoy similar privileges as conferred under this Act.

(4) Notwithstanding the provisions of paragraph (b) and (c), the special relief provided thereby shall not include motor vehicles;

10. The importation or supply to a charitable organisation holding special agreement with the Government of the United Republic, of goods or services specified in the Agreement providing for a relief from taxation.

11. The importation by or supply to any non profit driven community based, charitable, educational or other organisation or institution of goods or services in respect of which the Permanent Secretary to the Treasury certifies that they are to be used solely for the purpose of the advancement of community, education or similar project related to that organisation or institution.

12. The importation by or supply to the Red Cross Society of Tanganyika of goods or services which are solely to be used in the performance of its statutory functions.

13. The importation by or supply of goods or services to any institution or organisation holding a special Agreement with the Government of the United Republic of Tanzania or established under an Agreement to which the Government of the United Republic of Tanzania is a party so long as that Agreement provides for relief from taxation.

14. The importation by or supply of goods or services to any public institution or organisation whose establishing statute provides for relief from taxation.

15. The importation by or supply to any water and sewage authority of goods or services which are solely to be sued in the performance of its statutory functions.

16. The importation by or supply of capital goods to an educational establishment registered by the Government.
17. The importation by or supply of goods or services to any public institution or organisation other than Government agencies, which gets subvention from the Government and whose establishing statute provides for relief from Taxation. (AES Tanzania Services Limited, Ocelot International Tanzania Ltd, Pan African Energy Tanzania Limited and Songas Limited and goods & services required for the Songo Songo project)

18. The supply to the investor licensed under the Export Processing Zones Act, 2002, of goods and services for use as raw materials, equipment and machinery including all goods and services directly related to manufacturing in the Export Processing Zones but shall not include motor vehicles, spare parts and consumables.

19. The supply of packaging materials to the registered milk processor or manufacturer.

20. The importation by or supply to a registered water drilling company of goods to be used solely for water drilling.

21. The importation by or supply to a registered pharmaceutical manufacturing company, of goods to be used solely in the manufacturing of human medicine.

22. The supply of goods by domestic manufacturers for sale in a duly licensed duty free shop

23. The Supply of destination inspection services to Tanzania Revenue Authority.

24. The importation or local purchase of a generator or water pump for use by a farmer in irrigation, a charcoal “malambo” or fishpond on condition that such farmer submits to the Tanzania Revenue Authority a conformation from a Director of a local Government Authority that such generator or water pump shall be used for the purpose of irrigation, fishing or keeping livestock.

25. The importation by or supply of capital goods to any person

26. The importation by or supply of railway locomotives, rolling stocks, parts and accessories by a registered railways company, corporation or authority

1.7.2005

Miscellaneous Amendments

6.4.2005

1.7.2005

1.7.2005

XXX
THE VALUE ADDED TAX (VAT) ACT NO. 24 OF 1997

THE VALUE ADDED TAX ACT, 1997

(No. 2 OF 1997)

RULES

(Made under section 54)

THE VALUE ADDED TAX (APPEALS TRIBUNAL) RULES, 1998

1. These Rules may be cited as the Value Added Tax (Appeals Tribunal) Rules, 1998.

2. In these Rules unless the context requires otherwise:
   “the Act” means the Value Added Tax 1997;
   “appellant” means a person who under section 55 of the Act has the right to appeal to the Tribunal and includes his advocate or duly authorised agent;
   “Chairman” means the chairman of the Tribunal;
   “Commissioner” means the Commissioner for VAT;
   “High judicial Office” means the Office of the judge of the High Court or the Court of Appeal;
   “Member” means a member of the Tribunal, and includes its Chairman;
   “Minister” means the Minister responsible for Finance;
   “Respondent” means the Commissioner or any public officer employed in connection with the assessment, collection and recovery of tax and includes any advocate representing the Commissioner;
   “Secretary” means the Secretary to the Tribunal;
   “The Tribunal” means the Tax Appeals Tribunal established under subsection (1) of section 54 of the Act.

3. (1) The Value Added Tax Appeals Tribunal shall be composed of a Chairman and two other members appointed by the Minister on recommendation of the Judicial Service Commission.

   (2) The Chairman shall be a person who held a high judicial office or is qualified for the appointment to a high judicial office or a person who has served in the public sector on the basis of such qualification for a period of not less than five years.

   (3) The other members of the Tribunal shall be appointed from amongst
persons who have had experience and have shown capacity in commercial or financial matters

(4) The Minister shall appoint a public officer to be the Secretary to the Tax Appeals Tribunal except that the officer so appointed to be the secretary shall not be a member of the Tribunal.

4. (1) Every appeal to the Tribunal shall be lodged in the form of a memorandum and shall be submitted to the Secretary within thirty days of the date of service upon the appellant of the notice of the decision or determination made by the Commissioner under the Act which forms the basis of the appeal.

(2) The memorandum of appeal shall be signed by the appellant and shall set forth expressly, under distinct heads the grounds of appeal without argument or normative and those grounds shall be numbered consecutively.

(3) The memorandum of appeal shall be accompanied by-
(a) a copy of the notice of the decision or determination made by the Commissioner which forms the basis of the appeal;
(b) a copy of the notice of appeal;
(c) a statement, signed by the appellant, setting out the facts on which the appeal is based and referring to any documents or other evidence which the appellant proposes to rely on or adduce at the hearing of the appeal.

5. Where a memorandum of appeal and the documents referred to in sub-rule (3) of 4 are lodged and the appropriate fees are paid, the Secretary shall cause to be endorsed on the memorandum the date of presentation and the appeal shall be entered in a register of appeals to the Tribunal which the Secretary shall maintain.

6. A copy of the memorandum of appeal and the documents referred to in sub-rule (3) of rule 4 shall be served by the Secretary upon the respondent.

7. The respondent shall be entitled to file, within thirty days of the service upon him of the memorandum of appeal the documents referred to in sub-rule (3) of rule 4, a statement signed by him, setting out the facts on which he shall rely in contesting the appeal and referring to any documentary or other evidence which he proposes to rely on or adduce at the hearing of the appeal and a copy of that statement shall be served by the Secretary upon the appellant.

8. The fees payable for lodging appeals to the Tribunal shall be in accordance with those prescribed in the Schedule to these Rules.
9. (1) After the memorandum of appeal is received by the Secretary, he shall notify the chairman of its receipt.
(2) The Chairman shall fix a place, date and time of the meeting for the hearing of the appeal and the Secretary shall cause the notice of it to be served on-
   (a) each member of the Tribunal;
   (b) the Commissioner or any other respondent;
   (c) the appellant.
(3) Unless the parties agree otherwise or the Chairman otherwise directs, the Secretary shall give fifteen clear days notice in writing to the parties of the date and place fixed for the hearing of the appeal.

10. The hearing of an appeal shall be subject to the following rules;
(a) the respondent shall be entitled to be present;
(b) if, without any reasonable cause, either party does not appear before the Tribunal on the day fixed, the Tribunal may proceed to hear the appeal “ex-parte”;
(c) Save with the consent of the Tribunal and upon any terms and conditions which the Tribunal may determine, the appellant may not at the hearing rely on any ground other than the grounds stated in the memorandum and may not adduce any evidence other than the evidence which was previously made available to the Commissioner;
(d) At the conclusion of the statement and evidence on behalf of the appellant, the respondent shall be entitled to make any submissions, supported by any relevant evidence which may be necessary;
(e) the appellant shall be entitled to reply but may not rely on any ground or evidence other than ground or evidence adduced at the earlier stages of the hearing;
(f) the Chairman or any member of the tribunal shall be entitled at any stage of hearing to ask any questions which he considers relevant to the issues involved;
(g) a witness called and examined by one part may be cross examined by the other party;
(h) a witness called and examined by the Tribunal may be cross examined by the parties to the appeal;
(i) the Tribunal may adjourn the hearing of the appeal for production of further evidence or for other good cause as it considers necessary, on any terms which it may determine.
(j) A decision of the majority of Tribunal present and voting at a meeting of the Tribunal shall deemed to be the decision of the Tribunal;
(k) Every member of the Tribunal shall have one vote and it the event of an equality of votes the Chairman shall have a second or casting vote in addition to his deliberative vote.
11. Minutes in proper form of each meeting of the Tribunal shall be kept and shall be confirmed by the Tribunal at the next meeting and shall be signed by the Chairman.

12. In matters of procedure not governed by the Act or these rules the Tribunal may determine its own procedure.

13. Except where the Tribunal directs otherwise or where any party to the appeal objects and the objection is upheld by the Tribunal, copies of documents shall be admissible in evidence.

14. The costs of the appeal shall be in the discretion of the Tribunal. Except that the Tribunal shall not, except in special circumstances, award to any party to an appeal costs by a court of a Resident Magistrate in a contested civil suit for the recovery of an amount equal to twice the amount of tax in dispute on the appeal.

**SCHEDULE**

*(Section 8)*

**FEES FOR LODGING APPEALS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Appeal against registration or cancellation of registration or a refusal to register</td>
<td>2,500/-</td>
</tr>
<tr>
<td>(b) Appeal against any tax assessment</td>
<td>5,000/-</td>
</tr>
<tr>
<td>(c) Appeal against any amount of input tax credited</td>
<td>3,500/-</td>
</tr>
<tr>
<td>(d) Appeal against apportionment of disallowance of input tax</td>
<td>3,500/-</td>
</tr>
<tr>
<td>(e) Appeal against detention of goods under section 49</td>
<td>3,500/-</td>
</tr>
<tr>
<td>(f) Appeal against any other decision or determination by the Commissioner</td>
<td>2,500/-</td>
</tr>
</tbody>
</table>

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Dar es Salaam  
16th April 1998  

D. N. YONA  
*Minister of Finance*
THE VALUE ADDED TAX (VAT)
ACT NO. 24 OF 1997

GOVERNMENT NOTICE NO. 176 PUBLISHED ON 17/4/98

THE VALUE ADDED ACT, 1997
(Act No. 24 of 1997)

REGULATIONS
Made Under Section 19
THE VALUE ADDED TAX (REGISTRATION) REGULATIONS, 1998

1. These Regulations may be cited as the Value Added Tax (Registration) Regulations, 1998.

2. In these Regulations, unless the context requires otherwise –

“Act” means the Value Added Tax Act, 1997;
“Commissioner” means the Commissioner for Value Added Tax;
“VAT” means the Value Added Tax;
“taxable person” means person registered or required to be registered under the provisions of this Act;
“taxable turnover” means that part of the turnover of a business applicable to taxable suppliers.

3. (1) Where the taxable turnover of any taxable person exceeds or is likely to exceed-

(a) Twenty million shillings in a period of twelve consecutive months commencing on or after the 1st day of January, 1997; or
(b) five million shillings in any period of three consecutive months commencing on or after the 1st day of October, 1997;
(c) that taxable person shall make an application for registration for the purposes of the Act to the Commissioner.

(2) In calculating the taxable turnover of a taxable person, any supplies made in the course of business prior to the commencement of VAT shall be regarded as taxable if those supplies would be taxable if made after the commencement of VAT.

4. (1) An application for registration under sub-regulation (1) of regulation 3 shall be made in the form prescribed in the Schedule to these Regulations and lodged in any manner with the Commissioner within thirty days of the taxable person becoming liable to make the application.

(2) The application shall be deemed to have been made when it is received by the Commissioner.
5. A taxable person shall notify the Commissioner in writing within thirty days after the occurrence of any of the following events:

(a) his cessation of making taxable supplies;
(b) the taxable turnover falls below the turnover prescribed under sub-regulation (1) of regulation 3 of these Regulations;
(c) a change in ownership of the business including change in the constitution of, or the terms governing the business;
(d) a change in the name or trading name of business, or in the name or address of the owner or any of the owners of the business;
(e) a change of the business address;
(f) a change of or addition to, business premises;
(g) any other major change in the nature, control or conduct of the business.

6. Where a taxable person is an unincorporated body other than a company incorporated under the Companies Ordinance and anything is required by or under the Act or Regulations made under the Act to be done by the taxable persons, the person responsible for performing the duties imposed under the Act or regulations made under it shall be in the case of-

(a) a partnership, each and every partner jointly and severally;
(b) a club, association or organisation the affairs of which are managed by its members or any committee of its members, any person who is the treasurer or any person whose functions are similar to those of a treasurer of the club, association or, organisation as the case may be;
(c) a person under a legal disability, a bankrupt or incapacitated person, his guardian, curator, administrator or any other person having the management and control of his affairs;
(d) a deceased person or his estate, the executor or administrator of estate; and
(e) a company which is placed under receivership or liquidation, the receiver or liquidator, as the case may be.
THE VALUE ADDED TAX (VAT)  
ACT NO. 24 OF 1997

SCHEDULE
APPLICATION FOR REGISTRATION FOR VAT
(Under Regulation 4)

TANZANIA REVENUE AUTHORITY/MAMLKA YA MAPATO TANZANIA
VALUE ADDED TAX/KODI YA ONGEZEKO LA THAMANI
APPLICATION FOR REGISTRATION FOR VAT/MAOMBI YA USAJILI WA VAT
(Section 19(2) of VAT Act No. 24 of 1997)

| Name of taxable person/Jina la mlipakodi |  |
| Name of Business/Jina la Biashara |  |
| TIN/Namba ya utambulisho wa milipakodi |  |
| Postal address |  |
| Ansaari ya posta |  |
| Physical Address |  |
| Jina la mtaa au mahali unakofanyia Biashara |  |
| Telephone/Simu |  |
| Fax |  |
| Trading commenced/will commence |  |
| Biashara iaanza/itaanza |  |
| Form of business/Mfumo wa uendeshaji |  |
| Limited Company/Kampuni yenye dhima ya kikomo |  |
| Partnership/Ubia |  |
| Sole Proprietor/Binafsi |  |
| *Delete work "last" or "next" as appropriate* |  |
| Other/Nyingine |  |
| Value of estimated taxable turnover in Tshs. For the last/next 3 or 12 months (fill the appropriate box) |  |
| Makisio ya mauzo kwa kipindi cha miezi 3 au 12 iliyopita/ijayo bila kuhusisha yaliyosamahewa VAT (Jaza kisanduku kinachohusika) |  |
| CERTIFICATE/UTHIBITISHO |  |
| FULL NAME OF APPLICANT/JINA KAMILI LA MUOMBAJI |  |
| Declare that particulars given above are correct and complete/ Nathabibisha kwamba taarifa iliyopo hapa ni kamili na sahihi |  |
| Signature |  |
| Date/Tarehe |  |
| FOR OFFICIAL USE ONLY/KWA AJILI YA MATUMIZI YA KIOFISI TU |  |
| RVO |  |
| Registration type |  |
| Business sector code |  |
| Date of receipt |  |
| Effective date of registration (EDR) |  |
| APPROVED BY OFFICER |  |
| Name |  |
| Signature |  |
| VAT Registration NO. |  |

Instructions on how to complete this form are available at the back/Maelezo ya jinsi ya kujaza fomu hii yanapatikana nyuma ya fomu.
Remember to complete each section of the form clearly in ink using BLOCK CAPITAL

1. ENTER the full name as indicated below
   Jaza jina kamili la biashara kama ifuatavyo.

   ♦ Company – Name of the company entered on the Certificate of Incorporation.
   Jina la Kampuni kama linavyosomeka kwenye hati ya usajili wa kampuni.

   ♦ Partnership – Registered name of the partnership (if registered) or names of senior partners if not registered.
   Jina la ubia (endapo limesajiliwa) au majina ya wabia waandamizi endapo hakuna usajili.

   ♦ Sole Proprietor – full name of owner. Give your title (eg. Mr., Mrs., Ms), followed by first names and surname.
   Jina kamili la mmiliki. Onyesha ni Bw./Bibi./Bi. Na kufuatiwa na majina ya mwanzo halafu jina la ukoo.

   ♦ Other organisation – full name of the body
   Jina kamili la taasisi/mamlaka

2. If you have a trading name different from that in BOX 1 enter here.
   Jina la biashara unalotumia, endapo ni tofauti na lililoonyeshwa kwene sanduku namba 1.

3. Enter your Taxpayer Identification Number (if you have been assigned with).
   Jaza namba ya utambulisho wa mlipakodi (endapo umepewa).

4. Enter the mailing address for the business.
   Jaza anuani ya biashara.

5. Enter the address for your principal place of business (the address for which the day to day affairs are conducted). Indicate the plot No., Bloc No. and name of the street.
   Jaza anuani ya sehemu (eneo) unakofanyia biashara. Onyesha namba ya kiwanja, kitalu na jina la mtaa.

6. Enter the telephone number of which VAT Office may contact you during business hours.
   Namba ya simu unayoweza kupatikana wakati wa kazi.

7. Enter the date your business commenced trading (day/month/year).
   Tarehe uliyoanza biashara (tarehe/mwezi/mwaka).

8-11. What is the entity of the legal business? – tick one box only. For “other” specify the status of entity.
   Weka alama (✓) kuonyesha aina ya biashara unayofanya. Kwa “nyingine” elezea aina ya miliki.

12. Describe the main business activity (if more than one enter the one which has the highest turnover) – type of goods or services supplied and whether
you are a Manufacturer/Wholesaler/Retailer/Importer/Exporter. If the space in the box is not sufficient, attach a separate piece of paper.

Elezea shughuli kubwa unayoifanya (endapo ni zaidi ya moja, eleza ile yenye mauzo makubwa zaidi) aina ya bidhaa au huduma, onyesha iwapo wewe ni Mzalishaji/Muuza jumla/Muuza rejareja/Muagizaji/Mucaaji nje ya nchi. Endapo nafasi ndani ya sanduku haitoshi, ambatanisha karatasi nyingine.

13 Given the taxable turnover (total taxable sales figure) for the last /next 3 or 12 months period prior to the completion of the form, give the figure to the nearest thousand shillings.

Onyesha thamani ya mauzo kwa kipindi cha mieze 3 au 12 iliyopita/ijayo bila kuhusisha yale yalisamehewa VAT. Tarakimu zik adiriwe kwenye elfu iliy karibu.

14. CERTIFICATION – the person making the declaration must be in a position to take responsibility for the accuracy of the statements and information provided. Depending on the legal entity indicate the name of a duly authorised person as follows:

Atakayeweka saini katika fomu hii ni yule atakayewajibika kutokana na usahili wa maelezo yaliyotolewa. Kufuatana na mfumo was biashara, taja jina la anayewajibika kwa shughuli zote za biashara hiyo ijuatavyo:

♦ Sole proprietor – only the sole proprietor himself / Biashara ya mtu binafsi – Yule tu anayemiliki biashara hiyo.
♦ Company – a director or company secretary / Kampuni – Mkurugenzi au katibu wa kampuni.
♦ Other bodies – a duly authorised person / Biashara zenye miundo mingine – Mtu aliyepewa mamlaka ya kuweka saini.

The form should be dated and signed. Check to make sure that the form has been completed correctly and send it to the nearest VAT office. If you do not receive your certificate of registration or some form of communication within one month please contact your nearest VAT office.

Ni muhimu kuhakikisha kwamba fomu hii inajazwa kwa usahihi bila kusahau tarehe pamoja na saini ya mhusika, kisha ipeleke wkenye ofisi ya VAT iliy karibu. Endapo hutapata mawasiliano au kutumiwa hati ya usajili katika kipindi kisichozidi mwezi mmoja, tafadhali wasiliana na ofisi ya VAT iliyopo karibu.

Dar es Salaam
16th April, 1998

D. N. YONA
Minister for Finance
1. These Regulations may be cited as the Value Added Tax (General) Regulations, 1998.

2. In these Regulations, unless the context requires otherwise -

   “Act” means the Value Added Act, 1997;
   “accounting year” means a twelve consecutive calendar months period;
   “Commissioner” means the Commissioner for Value Added Tax;
   “TIN” means Taxpayer Identification Number.

3. (1) Any input tax charged on the supply to, or importation by, a taxable person of a motor car shall be excluded from any claim, deduction or credit made under section 16 of the Act.
   (2) For the purposes of this regulation motor car means any motor vehicle which has three or more wheels and which-
       (a) is constructed or adapted wholly or mainly for the carriage of passengers; or
       (b) has to the rear of the driver’s seat roofed accommodation fitted with side windows, or is constructed or adapted for the fitting of side windows, but does not include-
           (i) a vehicle capable of accommodating only one person;
           (ii) a vehicle constructed or adapted for carrying twelve or more persons;
           (iii) a vehicle of not less than three tons unladen weight;
           (vi) a vehicle constructed for a special purpose other than the carriage of persons and having no accommodation for carrying persons other than such as is incidental to that purpose.
   (3) Sub-regulation (1) of regulation 3 shall not apply to
       (a) supply of a motor car by way of letting on hire;
       (b) importation or supply of a motor car for the purposes of resale by a motor dealer.

4. Where a motorcar is resold otherwise than at a profit, such resale shall not constitute a supply of goods for the purposes of the Act.
4. (1) Any tax incurred by a taxable person on business entertainment shall, unless that business entertainment is in relation to: –

   (i) the ordinary course of a business which continuously or regularly supplies entertainment for a consideration, or
   (ii) the provision to an employee of food, non alcoholic beverage, accommodation or transportation for use wholly and exclusively for the purposes of the employers business, be excluded from any claim, deduction or credit made under section 16 of the Act.

(2) For the purposes of this regulation “business entertainment” means a provision to -

   (a) a customer or prospective customer, of any form of food, beverages, tobacco, accommodation, amusement, recreation, transportation or hospitality.
   (b) An employee, of any form of alcoholic beverage, tobacco, amusement, recreation, or hospitality.

5. (1) Where a person not registered for the purposes of the Act-

   (a) imports any goods, or any goods or services are supplied to him for the purposes of the any business carried on or to be carried on by him;
   becomes registered afterwards and continues carrying on that business, that person may claim input tax credit or deduction in respect of those goods or services, if-

   (i) the goods were in the ownership and possession of that person on the date of registration, and such goods were received not more than six months prior to the registration; or
   (ii) the services were received not more than six months prior to registration.

(2) Where services are supplied to a person who was previously registered under the Act, and those supplies are made for purposes directly connected with the reason his registration was cancelled, that person may claim repayment of the input tax in respect of those services if the services were received within six months of the cancellation of the registration.

(3) A person to whom sub-regulation (2) applies shall retain and produce all records, invoices, accounts and any other information prescribed in the Act or the Regulations in relation to the supplies or importations.

(4) A claim under this regulation shall be allowed only to the extent and subject to conditions prescribed under section 16 of the Act.
(5) Without limiting the generality of sub-regulation (4) -

(a) a claim shall be disallowed where the registered person is not in possession of documentary evidence as prescribed under sub-section (4) of section 16 of the Act;
(b) a claim may be partly disallowed by rules of apportionment prescribed under regulation 6 and 7 and applicable to the supplier’s business.

6. Any claim of input tax by a taxable person in Mainland Tanzania for supplies purchased from a taxable person in Tanzania Zanzibar shall in addition to the tax invoice issued by the supplier be supported by a transfer form duly completed by the claimant and authenticated by the Zanzibar Treasury that the goods have actually been exported to Mainland Tanzania.

7. (1) Where the supplies effected by a registered person comprise both taxable and exempt supplies, one of the partial exemption methods described in regulation 8 shall be used to determine the proper attribution.

(2) Where a registered person chooses one of the partial exemption methods in any return lodged the same method shall be used thereafter in any return lodged in the same accounting year.

(3) A registered person shall, at the end of each accounting year, using the partial exemption method he has last chosen, determine the attribution in respect of supplies effected during that accounting year, and shall on his next VAT return adjust any difference in input tax previously attributed to taxable supplies during that year.

(4) Where registration is cancelled, the previously registered person shall -

(a) using the method he last chose, determine the input tax attributable to taxable supplies in respect of the period commencing at the beginning of the current accounting year and ending on the date of cancellation of registration.
(b) include any adjustment to the input tax previously attributed to the taxable supplies, resulting from the attribution at paragraph (a) of this sub-regulation on his final VAT return.

8. (1) The first method of apportionment of input tax shall be as follows-

Step 1. Calculate the value of taxable supplies made in the accounting period.
Step 2. Calculate the value of all supplies made in that period.
Step 3. Calculate the amount of tax payable on supplies made to the registered person in that period.
Step 4. Divide the amount obtained in step 1 by the amount obtained in step 2.
Step 5. Multiply the amount obtained in step 3 by the amount obtained in step 4.
(2) The amount of input tax to be claimed as deduction or credit in the prescribed accounting period is the product obtained in Step 5 described in sub-regulation (1) of this regulation.

(3) The second method of apportionment of input tax shall be as follows-

Step 1. Divide input tax for the prescribed accounting period into categories, namely-

(a) Category A: input tax that is directly attributable to taxable supplies;

(b) Category B: input tax that is directly attributable to exempt supplies; and

(c) Category C: input tax incurred for the purposes of the business but is not directly attributable either to taxable or exempt supplies.

Step 2. Take the sum of input taxes of Category A and B and calculate that proportion of that sum represented by Category A input tax.

Step 3. Multiply the amount obtained in step 2 by the amount obtained in category C in step 1.

(4) The amount which may be claimed as deduction or credit for the prescribed accounting period is the amount obtained in step 3 together with the amount of input tax in Category A in step 1 described in sub-regulation 3 of this regulation.

9. (1) A tax invoice shall prominently bear the words “tax invoice” on its face.

(2) A tax invoice for the supply of goods or services shall include the following particulars, namely -

(a) the taxable person’s name, address, TIN and VAT registration number;

(b) the date of supply;

(c) the number of the invoice taken from a consecutive series;

(d) the customer’s name, address, TIN and his VAT registration number;

(e) a description sufficient to identify the goods or services supplied which includes the quantity of goods or the extent of services supplied, tax exclusive price for each description of goods or services supplied, rate of tax; and

(f) the rate of any discount.

(3) A tax invoice shall indicate -

(i) the total charge exclusive of tax;
THE VALUE ADDED TAX (VAT)
ACT NO. 24 OF 1997

(ii) the total tax charged; and
(iii) the total charge inclusive of tax.

10. A registered taxable person shall issue a tax invoice -

(a) to a customer who is a taxable person in respect of any taxable supply of goods or services to that customer;
(b) upon request by a customer who is not a taxable person in respect of any taxable supply, at the time of supply or not later than fourteen days after the time of supply.

11. (1) A registered taxable person who has issued a tax invoice in respect of a taxable supply shall, unless the Commissioner otherwise allows, issue a credit note if -

(a) the supply is cancelled;
(b) the goods are returned to the registered taxable person;
(c) the value of the supply is reduced

(2) The credit note mentioned under sub-regulation (1) shall contain -

(a) the particulars prescribed for tax invoices;
(b) the amount of credit;
(c) a statement of the reason for credit.

12. (1) Unless the Commissioner authorises otherwise in writing, every taxable person shall, in addition to any further requirements made under Section 25 of the Act, keep the following records of his business activities –

(a) a VAT account, recording for each prescribed accounting period total VAT on outputs and inputs together with the net difference to be paid to or reclaimed from the Commissioner.
(b) a record of each supply made related to the appropriate tax invoice or any other invoice;
(c) a record of the value of each supply made excluding VAT, together with the VAT charged on each supply unless the taxable person is using one of the methods described in Regulation 14 in which case, the taxable person shall keep the records required under that regulation;
(d) a record of each supply received related to the appropriate tax invoice, any other invoice, any other invoice or import document;
(e) a record of the value of each supply received excluding VAT and the VAT charged;
(f) a record of the total VAT recorded in paragraphs (c) and (e) for each prescribed accounting period;
(g) a record of each payment made or received showing the date, amount and the person making or receiving the payment;
(h) a record of all goods appropriated or taken into personal use or into the
use of others, the date of appropriation or taking into use, the description of the goods, the value of goods excluding VAT, and the VAT calculated on the goods.

(2) For each prescribed accounting period the totals of VAT at paragraphs (c), (e) and (h) of sub-regulation (1) of this Regulation shall be transferred to the VAT account kept in accordance with paragraph (a) of sub-regulation (1) of this regulation.

13. A taxable person shall ensure that his tax return, in the form set out as VAT 201 in the Schedule to the Regulations, is lodged at the tax office for the address at which he is registered for the purposes of the Act, within the time prescribed in section 26 of the Act.

14. (1) A taxable person who -

(a) makes supplies of goods or services by retail direct to the consumer; and
(b) is of description specified in a notice issued for the purposes of this regulation by the Commissioner, may calculate tax on those supplies by either of the methods prescribed in this regulation, in respect of those supplies for which consideration is wholly in money.

(2) A taxable person shall keep a record of all payments received each day in respect of supplies of goods and services, in a form and manner approved by the Commissioner.

(3) The record referred to in sub-regulation (2) shall include a record of payments received in respect of the following supplies made –

(a) by the taxable person which were taxable before he began to account for tax under these Regulations; or
(b) before the tax commencement date in any relevant accounting period which would have been taxable;

(4) A registered taxable person may choose to use the first method described in sub-regulation (7) or the second method described in sub-regulation (8) and the method chosen by the taxable person shall continue to be used in any return lodged in the same accounting year.

(5) A taxable person using the second method of calculation under sub-regulation (8) shall at the end of each accounting year, recalculate his output tax in respect of supplies made during the accounting year, and shall on his next tax return adjust any difference in output tax previously attributed to taxable supplies during that year.

(6) Upon occurrence of any of the following events namely -
(a) cancellation of registration;
(b) a change in the rate of tax;
(c) a change in the liability for tax that affects the business; or
(d) cessation of the use of the chosen method of calculating output tax,
a taxable person, using the second method calculation under sub-regulation (8),
shall recalculate the output tax in respect of the period commencing at the
beginning of the accounting year and ending on the date of the occurrence of
any of the said events and within thirty days after the date of that event, include
any adjustment to the output tax previously attributed to taxable supplies
during that period on his VAT return for the next prescribed account period.

(7) The first method of calculating output tax shall be as follows -

   Step 1. Separate gross takings at the point of sale between taxable and
            exempt supplies.
   Step 2. Each day at the close of business total the records of gross
            takings.
   Step 3. At the end of the prescribed account period, from the records of
            taxable daily gross takings, calculate the tax using the tax
            fraction for the rate of tax in force and include the amount on
            the VAT return for the period.

(8) The second method of calculating output tax shall be as follows

   Step 1. Record total gross taking for each day.
   Step 2. At the end of each prescribed accounting period, total daily
            gross takings for that period.
   Step 3. Allocate those gross takings to taxable supplies in the same
            proportion that the value of taxable purchases made in the
            period bears to the value of total purchases in that period.
   Step 4. From the gross takings allocated to taxable supplies calculate
            the tax for the prescribed accounting period using the tax
            fraction for rate of tax in force and include the amount on
            the VAT return for the period.

(9) For the purposes of sub-regulations (7) and (8) of this regulation tax
fraction means the fraction calculated in accordance with the formula,

\[
\frac{r}{r + 100}
\]

in which “r” is the rate of the tax in force.

15. In the event of a change in the rate of tax or liability to tax during a
prescribed accounting period, the calculation in sub-regulation 7 or 8 of
regulation 13 shall be made at the close of business on the day of change
and also at the close of business on the last day of the prescribed accounting
period, using the rate and the liability to tax in force one each respective
day.
Dar es Salaam
16th April, 1998

D. N. YONA
Minister for Finance
1. These Regulations may be cited as the Value Added Tax (Transitional) Regulations, 1998.

2. In these Regulations, unless the context requires otherwise. “Commissioner” means the Commissioner for Value Added Tax; “Sales Tax” means the tax charged under the Sales Tax Act, 1976.

3. (1) A taxable person shall recover the sales tax paid by him on goods which are taxable supplies under section 5 of the Value Added Tax Act, 1997 and are in his stock for sale at the start of business on the 1st day of July, 1998 provided that-

   (a) the taxable person is registered for Value Added Tax purposes;
   (b) the goods are purchased on or after the 1st day of January, 1998;
   (c) records of stock purchases and suppliers and records of sales and customers are maintained from the 1st day of January, 1998;
   (d) stock is taken on the 30th day of June, 1998;
   (e) such goods are in the ownership and possession of the taxable person at the start of business on the 1st day of July, 1998; and
   (f) the taxable person produces documentary evidence to satisfy of the Commissioner that sales tax was paid in respect of the goods for which he seeks to recover sales tax.

4. (1) To qualify for recovery of sales tax the claim shall be:

   (a) made in the form prescribed in the Schedule to these Regulations;
   (b) lodged not later than the 30th day of September, 1998 at the tax office for the address at which the taxable person is registered; and
   (c) approved by the Commissioner.

   (2) Any sales tax approved for recovery under these Regulations shall be deemed as deductible input tax if the deduction is made on a VAT return for a prescribed accounting period ending not later than the 30th day of November 1998.

5. Any net tax repayable pursuant to sub-regulation (2) of Regulation (4) shall be subject to the provisions of section 17.
SCHEDULE

SALES TAX REFUND CLAIM FORM

CLAIM FOR RECOVERY OF SALES TAX PAID ON STOCK OF TAXABLE GOODS
ON HAND AS ON 1ST JULY, 1998

NOTE: (i) Claim application to be submitted in triplicate.

(ii) Recovery of sales tax on stocks will only apply to goods acquired on or after 1st January, 1998.

1. Name and Address of the Business:-

2. VAT Registration Number ...

3. Physical location of the Business:

4. Physical location of the place where the stock is held (if different from 3 above)

5. Amount of Sales Tax on which the claim is made:

   I …………………… (name of Claimant) hereby request to recover as input tax the total amount Tshs…………………. (in words)…………… being sales tax paid on stock of goods on hand as on 1st July, 1998 purchased on or after 1st January, 1998 as per the Stock Declaration Form VAT 205A attached. I declare that the claim is correct and true.

   Signature of the Claimant …………………… and Official Stamp…………………...
6. FOR OFFICIAL USE BY THE VAT DEPARTMENT.

(a) REGIONAL VAT OFFICE

(i) I……………………. (Name of VAT Verifying Officer) hereby certify that the claim

by M/S…………………………. for recovery of sales tax paid on stock of taxable

goods is correct/not correct as per the Physical stock verification Form VAT 205B

attached.

Signature and title of the Verifying Officer……………………………..

(ii) Recommendation: I…………………………….. (Name of RRO) do hereby

recommend/not recommend the refund of Tshs………………………..(in

words)…………………………….. to the above Claimant.

RRO Signature and Official Stamp……………………………………...

(b) VAT HEAD OFFICE ………………………………………………

(i) Remarks by the VAT Technical Unit:

…………………………………………………………………………………………

……………………………………………………..

Date……………………………. ………….

Signature……………………………………..

(ii) Claim approved/disapproved.

Date………………….. Signature………………….. Office

Stamp……………………………………..
GOVERNMENT NOTICE NO. 366 published on 29/9/2000

VALUE ADDED TAX ACT, 1997
(ACT No. 24 OF 1997)

REGULATIONS

Made under sections 16 and 68

THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS, 2000

1. These Regulations may be cited as the Value added Tax (General) (Amendment) Regulations, 2000 and shall be read as one with the Value Added Tax (General) Regulations, 1998, (hereinafter referred to as the “principal Regulations”.

2. The principal Regulations are amended is sub-regulation (1) of regulation 7 by deleting the figure “7” which appears after the word “regulation” and substituting for it the figure “8”

3. The principal Regulations are amended by deleting sub-regulation (3) and substituting for it the following new sub-regulation -

“(3) The second method of apportionment of input tax shall be as follows –

Dividend input tax for the prescribed accounting period into categories, namely –

(a) “Category A – Input tax that directly attributable to taxable supplies;

(b) “Category B- Input Tax that is directly attributable to exempt supplies;

and

(c) “Category C – Input Tax incurred for the purpose of the business but is not directly attributable either to taxable or exempt supplies.

Calculate the proportion of taxable sales to total sales as described in steps 1, 2 and 4 of sub-regulation (1)

Multiply the proportion obtained in step 2 by the amount in category C in step 1
1. The Regulations may be cited as the Value Added Tax (Correction of Errors) Regulations, 2000.

2. In these Regulations, unless the context requires otherwise –
   “Act” means the Value Added Tax Act, 1997;
   “error” means an inadvertent over declaration or under declaration of the tax due;
   “proper Officer” means an officer acting on the authority of the Commissioner for Value Added Tax.

3. When a person registered for value added tax discovers, or is notified, errors made on previous VAT return he shall account for such errors on the next return in the following manner –
   (a) Errors not exceeding one million shillings shall be corrected by an entry in the VAT account for the period in which they are discovered or notified and adjusted on the return for that period;
   (b) Errors exceeding one million shillings shall be corrected as described at paragraph (a) and in addition that person shall write to the Regional Revenue Officer when the return is submitted.

4. (1) Errors voluntarily disclosed shall not be liable to any penalty or interest provided that there is no evidence of intention to delay accounting for and payment of the tax.
   (2) Errors disclosed after the contact by the proper officer for the purpose of
checking the records and accounts of the business shall not be deemed to be voluntary and shall be liable to interest.

5. Failure by a registered person to correct errors, which have been discovered or notified, on the next available return will be treated as fraudulent evasion under section 47 of the Act.
PUBLIC NOTICE

TANZANIA REVENUE AUTHORITY

VALUE ADDED TAX DEPARTMENT

VAT REFUND CLAIMS

1.0 Introduction

In the Guardian News paper for 16th June 2004 (page4) there was an article titled “Billions lost through tax evasion in petroleum sector”

In that article, it was also mentioned that “Value Added tax (VAT) refunds were other problems the business community faces with Tanzania Revenue Authority owing various companies about 15 billion. VAT refunds are problems. They are not refunded in time. The refunds are not given when they are supposed to”

Tanzania Revenue Authority would like to inform the business community that it is committed to effect the VAT refunds within the statutory period of thirty (30) days from the date of their lodgement. However, in order to achieve this commitment, certain statutory requirements explained in paragraph 2.0 below should be fulfilled.

2.0 Requirements for effecting VAT refunds/ Repayments:

2.1 VAT repayments claims should be lodged at the VAT regional Revenue Officers where the claimant’s Principal place Business is based.

2.2 The claims should be lodged vide from form VAT 208, supported with the Certificates of Genuineness issued by the Auditors registered by NBAA but who are also registered by TRA as Tax Consultants.

The Auditors should attach their workings i.e. how they have arrived at the claimed amount.

2.3 For occasional repayment traders, the claims should cover half-year periods while the claims from approved regular repayment traders should cover single months.

In addition to the above the following requirements should also be fulfilled.

a. Repayments Claims resulting from zero rated supplies

Documents which are used to facilitate exportation of goods i.e. Single Bill of Entries and Bills of Lading or Airway Bills, or Road Consignment Notes, etc supported with the Landing Certificates or any similar evidence to prove that the goods were received at the destination countries should be attached with the claim.

b. Repayments Claims resulting from supplies made to VAT Special Relieved Persons or persons or persons entitled to VAT deferment on Capital Goods.

Photocopies of forms VAT 220, VAT 222, VAT 224 which approved the VAT deferment on Capital goods should be attached with the claim.
c. Repayment Claims by claimants registered for VAT as “Intended Traders”

Claimants in this category should make commitment on the period they are expecting to start production, hence furnish VAT payments returns.

3.0 Outstanding VAT Refund Claims

About 80% of the Lodged VAT repayment claims are settled within the statutory period (as they meet the statutory requirements). The major portion of the 20% unsettled claims relate to those, which do not meet the statutory requirements. The mere lodgement of VAT repayment claim does not warrant the automatic refund unless the statutory procedures have been adhered to.

Moreover, the Authority has been communicating to the applicants any deficiencies found in their applications as well as educating them on the way forward. Some claimants have been rectifying the anomalies after which TRA refunds their claims. When the claimant differs with TRA, the later advises the former on his rights to pursue the matter through the Appellant Machineries i.e. Tax Revenue Boards.

4.0 The Way Forward

The Authority request the “Eligible VAT repayment Traders” to observe the statutory VAT repayment requirements so as to expedite their settlement by TRA

“Pay Taxes for National Development”

Joannes N. A. Mally
ACTING COMMISIONER FOR VAT