

1. Government requirements

Registration requirements

Registration for a tax number

When an entity enters Tanzania, it must register with the Tanzania Revenue Authority (TRA) to get a Tax Identification Number (TIN) which will enable the company to pay tax in the country. As long as the entity has registered for a TIN number, no further registration for payroll tax is specifically required. It is the employer's obligation to withhold payroll tax, i.e., Pay-As-You-Earn (PAYE), and submit the same to the TRA on the seventh day following the month of deduction. This requirement is governed by the Income Tax Act (ITA), 2004.

Registration with the Social Security Fund

Tanzania's social security system requires both the employer and the employee to be registered and to have a membership number. The statutory contribution rate is 20% of the gross salary or the basic salary depending on the scheme the employee is registered for. The percentage of contribution to the fund is divided between the employer and the employee based on the requirement of the respective fund and agreement between employer and employee. The payments to the authority are done on a monthly basis together with the filing of the monthly return to the authority.

Workers' Compensation Fund

Since 1 July 2015, employers have been subject to making contributions to the Workers' Compensation Fund (WCF). The contributions are payable on a monthly basis and are calculated as a percentage of employee's monthly earnings — 1% for private sector and 0.5% for public sector.

Contributions are to be made on or before the last working day of the month after the end of the month to which the contribution relates. The employer should complete and submit the fund Form No. WCP-1 to support the remittance contribution.

The employer should also submit the return of employees' annual earnings to the Director of the Workers' Compensation Fund by 31 March each year.

The Workers' Compensation Fund is a fund established under Section 5 of the Workers' Compensation Fund Act No. 20 of 2008.

Ongoing compliance requirements

PAYE withholding obligation

A resident employer is obliged to withhold the PAYE from the employee's salary on a monthly basis, and file the statement of taxes withheld from employees through the TRA e-filing system. The employer is required to include all employees' TIN numbers when filing PAYE at the same time the debit note will be generated, thereafter a control number is produced to remit the payment of the same to the TRA on or before the seventh of the following month.

The salaries and wages received by the employee are subject to income tax at four progressive tax rates ranging from 9% to 30%. The requirements are governed by the ITA, 2004 and the Tax Administration Act (TAA), 2015.

Skills and Development Levy (SDL)

This levy is payable by employers who have four or more employees. The rate is 4.5% (effective 1 July 2020 — previously 4.5%) on gross emoluments, excluding benefits in kind. SDL payments and returns through the e-filing system are made on a monthly basis and are to be made on or before the seventh day after the end of the month to which the payment relates.

Filing biannual PAYE and SDL returns

After every six months, the employer is obliged to file the biannual return on both PAYE and SDL, i.e., every 30th day of January and July. The requirements are governed by Section 84 of the ITA, 2004.

2. Pension requirements

Registration requirements

Registration with a pension fund

Tanzania does not have a comprehensive social security system. However, the following pension funds are available with these contribution rates:

- Public Service Social Security Fund: for employees in the public sector (5% employee contribution and 15% employer contribution on basic salary)
- National Social Security Fund: for employees in the private sector (10% employee contribution and 10% employer contribution on gross emolument)
- Both the employer and the employee are required to register in one

of the funds.

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Ongoing compliance requirements

3. Monthly contribution from the salary

The employer is required to contribute and remit the contribution to the pension fund every month.

Employment obligations

Labor Law

The employer should follow the Tanzanian Labor Law for all employment issues, such as:

- Working hours, rest and vacations
- Salary frequency and minimum wage
- Occupational safety and health
- Vocational training
- Labor dispute

Such issues are normally governed by the Labor Law in Tanzania.

Labor Contract law

The employer should follow the Labor Contract Law to:

- Sign labor contracts with employees on time
- Renew labor contracts with employees on time
- Terminate labor contracts with employees with severance pay or without severance pay when meeting certain criteria

4. Payroll requirements

The employer should follow the Interim Provisions on the Salary Payment to make payroll arrangements.

The salaries shall be paid on the dates agreed between employers and employees. In case of holidays or non-business days, the salary shall be paid on the previous working day. The remuneration shall be paid, at least, once a month; if the employee is on a weekly, daily or hourly contract, remuneration may be paid every week, day or hour.

5. Banking requirements related to payroll

Payroll payments can be paid by any one or a combination of:

- Cash
- Check, money order or postal order, payable to the employee
- Electronic funds transfer (EFT) or bank transfer

If paying wages by cash, the employer and employee should sign a record to confirm the amount of money that has been paid during each pay period.

Banking of PAYE and SDL

Employers pay PAYE and SDL by first registering in the online TRA system (gateway system) and then the system generates the approval for the company to pay the required amount, by providing the reference number which the employer has to use while making payment.

The payment in local currency can only be made through EFT or bank transfer.