

Taxes on mining and quarrying activities

Here's a list of 30 taxes, levies, duties, and customs applicable to businesses in various mining and quarrying activities in Tanzania, along with descriptions, applicable laws, rates, and calculation examples:

1. Corporate Income Tax

- **Description:** Tax on the taxable income of mining and quarrying companies.
- **Law:** Income Tax Act, 2004 (as amended).
- **Rate:** 30% of taxable income.
- **Example Calculation:** If a mining company has taxable income of TZS 1,000,000,000:
 - Calculation: Corporate Income Tax = $30\% \times \text{TZS } 1,000,000,000 = \text{TZS } 300,000,000$.

2. Royalty

- **Description:** Payment to the government based on the value or volume of minerals extracted.
- **Law:** Mining Act, 2010.
- **Rate:** Typically 5% of the gross value or volume of production.
- **Example Calculation:** Extracting 10,000 tons of copper at TZS 10,000 per ton, with a 5% royalty rate:
 - Calculation:
 - Value of production = $10,000 \text{ tons} \times \text{TZS } 10,000 = \text{TZS } 100,000,000$.
 - Royalty = $5\% \times \text{TZS } 100,000,000 = \text{TZS } 5,000,000$.

3. Surface Rent

- **Description:** Rent paid for using land for mining and quarrying activities.
- **Law:** Mining Act, 2010.
- **Rate:** Determined per hectare or area leased.
- **Example Calculation:** Leasing 100 hectares of land at TZS 10,000 per hectare annually:
 - Calculation: Surface Rent = $100 \text{ hectares} \times \text{TZS } 10,000 = \text{TZS } 1,000,000$ per year.

4. Capital Gains Tax

- **Description:** Tax on the capital gain from the sale of mining rights or assets.
- **Law:** Income Tax Act, 2004.
- **Rate:** 20% of the capital gain.
- **Example Calculation:** Selling mining rights for TZS 500,000,000 with an initial cost of TZS 200,000,000:
 - Calculation:
 - Capital Gain = $\text{TZS } 500,000,000 - \text{TZS } 200,000,000 = \text{TZS } 300,000,000$.
 - Capital Gains Tax = $20\% \times \text{TZS } 300,000,000 = \text{TZS } 60,000,000$.

5. Customs Duties

- **Description:** Duties on imported machinery, equipment, and materials.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by item, typically 0% to 25%.
- **Example Calculation:** Importing machinery valued at TZS 100,000,000 with a 10% customs duty rate:

- Calculation: Customs Duty = $10\% \times \text{TZS } 100,000,000 = \text{TZS } 10,000,000$.

6. Value Added Tax (VAT)

- **Description:** Tax on goods and services purchased for mining activities.
- **Law:** Value Added Tax Act, 2014.
- **Rate:** Standard rate is 18%, with exemptions and zero-rating for certain goods and services.
- **Example Calculation:** Purchasing equipment for TZS 50,000,000 exclusive of VAT:
 - Calculation: VAT Paid = $18\% \times \text{TZS } 50,000,000 = \text{TZS } 9,000,000$.

7. Payroll Taxes (PAYE)

- **Description:** Tax withheld from employee salaries.
- **Law:** Income Tax Act, 2004.
- **Rate:** Progressive rates up to 30%.
- **Example Calculation:** Total monthly payroll of TZS 50,000,000:
 - Calculation: PAYE calculated based on progressive tax brackets.

8. Training Levy

- **Description:** Levy for skills development and training.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4.5% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 50,000,000:
 - Calculation: Training Levy = $4.5\% \times \text{TZS } 50,000,000 = \text{TZS } 2,250,000$ per month.

9. Environmental Levy

- **Description:** Levy to fund environmental protection measures.
- **Law:** Environmental Management Act, 2004.
- **Rate:** Typically 0.3% to 1% of gross sales or production value.
- **Example Calculation:** Gross sales for the year of TZS 1,000,000,000 with a 0.5% environmental levy:
 - Calculation: Environmental Levy = $0.5\% \times \text{TZS } 1,000,000,000 = \text{TZS } 5,000,000$.

10. Service Levy

- **Description:** Local government charge on mining activities.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Varies by local government authority.
- **Example Calculation:** Charged TZS 500,000 annually per mining operation.

11. Excise Duty

- **Description:** Duty on specific goods such as explosives.
- **Law:** Excise (Management and Tariff) Act, 2015.
- **Rate:** Specific rates per item, often ad valorem.
- **Example Calculation:** Purchasing explosives valued at TZS 20,000,000 with a 15% excise duty rate:
 - Calculation: Excise Duty = $15\% \times \text{TZS } 20,000,000 = \text{TZS } 3,000,000$.

12. Development Levy

- **Description:** Levy for local community development.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Typically 0.3% of turnover.
- **Example Calculation:** Turnover for the year of TZS 500,000,000:
 - Calculation: Development Levy = $0.3\% \times \text{TZS } 500,000,000 = \text{TZS } 1,500,000$.

13. Export Duties

- **Description:** Duties on exported minerals.
- **Law:** Mining (Mineral Trading) Regulations, 2010.
- **Rate:** Varies by mineral type, typically 1% to 5% of export value.
- **Example Calculation:** Exporting gold valued at TZS 200,000,000 with a 3% export duty rate:
 - Calculation: $\text{Export Duty} = 3\% \times \text{TZS } 200,000,000 = \text{TZS } 6,000,000$.

14. Withholding Tax

- **Description:** Tax withheld on payments made to non-residents.
- **Law:** Income Tax Act, 2004.
- **Rate:** Varies by payment type, generally 5% to 15%.
- **Example Calculation:** Payment of TZS 50,000,000 to a non-resident consultant with a 10% withholding tax rate:
 - Calculation: $\text{Withholding Tax} = 10\% \times \text{TZS } 50,000,000 = \text{TZS } 5,000,000$.

15. Stamp Duty

- **Description:** Tax on legal documents such as mining agreements.
- **Law:** Stamp Duty Act, 1972.
- **Rate:** Typically 1% of transaction value.
- **Example Calculation:** Mining lease agreement valued at TZS 100,000,000:
 - Calculation: $\text{Stamp Duty} = 1\% \times \text{TZS } 100,000,000 = \text{TZS } 1,000,000$.

16. Dividend Tax

- **Description:** Tax on dividends paid to shareholders.
- **Law:** Income Tax Act, 2004.
- **Rate:** 10% for residents, 20% for non-residents.
- **Example Calculation:** Paying TZS 20,000,000 in dividends with a 10% dividend tax rate:
 - Calculation: $\text{Dividend Tax} = 10\% \times \text{TZS } 20,000,000 = \text{TZS } 2,000,000$.

17. Employment Tax Incentive (ETI)

- **Description:** Incentive for hiring young workers.
- **Law:** Employment Tax Incentive Act, 2016.
- **Rate:** Tax credit of up to 5% of qualifying employees' remuneration.
- **Example Calculation:** Calculated based on the number of qualifying employees and their remuneration.

18. Skills Development Levy

- **Description:** Levy for vocational training.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 5% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 100,000,000:
 - Calculation: $\text{Skills Development Levy} = 5\% \times \text{TZS } 100,000,000 = \text{TZS } 5,000,000$.

19. Fuel Levy

- **Description:** Additional charge on fuel used in mining operations.
- **Law:** Energy and Water Utilities Regulatory Authority Act, 2001.
- **Rate:** Included in fuel prices, varies.

20. Road Maintenance Levy

- **Description:** Levy for road maintenance due to mining activities.
- **Law:** Road Maintenance Fund Act, 1986.
- **Rate:** Included in fuel prices, varies.

21. Infrastructure Levy

- **Description:** Levy for national infrastructure development.
 - **Law:** Finance Act, 2023.
 - **Rate:** Varies based on specific projects.
- 22. Property Tax**
- **Description:** Tax on buildings and facilities owned by the mining company.
 - **Law:** Local Government Finance Act, 1982.
 - **Rate:** Local government rates based on property values.
 - **Example Calculation:** Calculated based on the assessed value of buildings and facilities.
- 23. Mineral Processing Fee**
- **Description:** Fee for processing minerals within the country.
 - **Law:** Mining (Mineral Beneficiation) Regulations, 2010.
 - **Rate:** Varies by mineral type and processing stage.
 - **Example Calculation:** Calculated per ton or unit of mineral processed.
- 24. Concession Fees**
- **Description:** Fees for acquiring and renewing mining licenses.
 - **Law:** Mining Act, 2010.
 - **Rate:** Negotiated fees based on the scale and nature of operations.
 - **Example Calculation:** Calculated based on the specific terms and area granted.
- 25. Health and Safety Levy**
- **Description:** Levy for health and safety measures in mining operations.
 - **Law:** Occupational Health and Safety Act, 2003.
 - **Rate:** Typically 0.3% of payroll.
 - **Example Calculation:** Total monthly payroll of TZS 50,000,000:
 - Calculation: Health and Safety Levy = $0.3\% \times \text{TZS } 50,000,000 = \text{TZS } 150,000$.
- 26. Transfer Pricing Regulations**
- **Description:** Regulations ensuring fair market value in transactions with related parties.
 - **Law:** Income Tax Act, 2004.
 - **Rate:** Compliance based on transaction specifics.
- 27. Occupational Safety and Health Fee**
- **Description:** Fee for compliance with occupational safety and health regulations.
 - **Law:** Occupational Safety and Health Act, 2003.
 - **Rate:** Varies based on the scale and nature of operations.
- 28. Cess**
- **Description:** Charge per unit of production or extraction.
 - **Law:** Mining (Mineral Fees and Charges) Regulations, 2010.
 - **Rate:** Specific rates per mineral type or extraction unit.
- 29. Penalties and Interest**
- **Description:** Charges for late payment or non-compliance with tax obligations.
 - **Law:** Various tax laws (Income Tax Act, VAT Act, etc.).
 - **Rate:** Calculated based on the specific tax or duty owed and period of non-compliance.
- 30. Special Mining License Fees**
- **Description:** Fees for acquiring or renewing special mining licenses.
 - **Law:** Mining Act, 2010.

- **Rate:** Based on the scale and nature of operations, negotiated fees.

These examples outline the diverse range of taxes, levies, duties, and customs that mining and quarrying businesses in Tanzania are required to pay, as per the applicable laws and regulations. Each calculation example provides a simplified illustration based on hypothetical scenarios to demonstrate how these charges are determined.