

Taxes on other service activities

Here is a comprehensive list of taxes, levies, duties, and customs that businesses in the sector of other service activities in Tanzania might be obliged to pay. Each item includes a description, the applicable law, the rate at which it is charged, and an example of how it is calculated:

1. Pay As You Earn (PAYE)

- **Description:** Tax withheld from employee salaries.
- **Law:** Income Tax Act, 2004.
- **Rate:** Progressive rates up to 30%.
- **Example Calculation:** For an employee earning TZS 1,000,000 per month:
 - Calculation: $\text{PAYE} = \text{TZS } 82,500 + 25\% \text{ of the amount exceeding TZS } 720,000.$

2. Corporate Income Tax

- **Description:** Tax on the taxable income of businesses in the sector.
- **Law:** Income Tax Act, 2004.
- **Rate:** 30% of taxable income.
- **Example Calculation:** If a repair service company has a taxable income of TZS 50,000,000:
 - Calculation: $\text{Corporate Income Tax} = 30\% \times \text{TZS } 50,000,000 = \text{TZS } 15,000,000.$

3. Value Added Tax (VAT)

- **Description:** Tax on goods and services sold by businesses in the sector.
- **Law:** Value Added Tax Act, 2014.
- **Rate:** Standard rate is 18%.
- **Example Calculation:** Sales of TZS 10,000,000 for computer repair services:
 - Calculation: $\text{VAT} = 18\% \times \text{TZS } 10,000,000 = \text{TZS } 1,800,000.$

4. Skills Development Levy (SDL)

- **Description:** Levy for vocational training.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 20,000,000:
 - Calculation: $\text{SDL} = 4\% \times \text{TZS } 20,000,000 = \text{TZS } 800,000.$

5. Service Levy

- **Description:** Local government charge on services used by businesses in the sector.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Varies by local government authority.
- **Example Calculation:** Charged TZS 1,000,000 annually for municipal services.

6. Property Tax

- **Description:** Tax on buildings and facilities owned by businesses in the sector.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Local government rates based on property values.
- **Example Calculation:** Calculated based on the assessed value of a computer repair shop.

7. Withholding Tax

- **Description:** Tax withheld on payments made to suppliers and contractors.

- **Law:** Income Tax Act, 2004.
- **Rate:** Varies by payment type, generally 5% to 15%.
- **Example Calculation:** Payment of TZS 20,000,000 to a contractor with a 10% withholding tax rate:
 - Calculation: Withholding Tax = $10\% \times \text{TZS } 20,000,000 = \text{TZS } 2,000,000$.

8. Stamp Duty

- **Description:** Tax on legal documents such as contracts and agreements.
- **Law:** Stamp Duty Act, 1972.
- **Rate:** Typically 1% of transaction value.
- **Example Calculation:** Signing a contract valued at TZS 5,000,000:
 - Calculation: Stamp Duty = $1\% \times \text{TZS } 5,000,000 = \text{TZS } 50,000$.

9. Customs Duties

- **Description:** Duties on imported goods and equipment for the sector.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by item, typically 0% to 25%.
- **Example Calculation:** Importing spare parts valued at TZS 15,000,000 with a 10% customs duty rate:
 - Calculation: Customs Duty = $10\% \times \text{TZS } 15,000,000 = \text{TZS } 1,500,000$.

10. Excise Duty

- **Description:** Duty on specific goods sold by businesses in the sector.
- **Law:** Excise (Management and Tariff) Act, 2015.
- **Rate:** Specific rates per item, often ad valorem.
- **Example Calculation:** Selling electronics at TZS 5,000,000 with a 15% excise duty rate:
 - Calculation: Excise Duty = $15\% \times \text{TZS } 5,000,000 = \text{TZS } 750,000$.

11. Training Levy

- **Description:** Levy for skills development and training in the sector.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4.5% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 30,000,000:
 - Calculation: Training Levy = $4.5\% \times \text{TZS } 30,000,000 = \text{TZS } 1,350,000$.

12. Environmental Levy

- **Description:** Levy to fund environmental protection measures related to activities in the sector.
- **Law:** Environmental Management Act, 2004.
- **Rate:** Typically 0.3% to 1% of gross procurement or operational spending.
- **Example Calculation:** Annual procurement spending of TZS 40,000,000 with a 0.5% environmental levy:
 - Calculation: Environmental Levy = $0.5\% \times \text{TZS } 40,000,000 = \text{TZS } 200,000$.

13. Registration Fees

- **Description:** Fees for registering businesses and activities in the sector.
- **Law:** Business Activities Registration Act, 2007.
- **Rate:** Fixed or variable rates based on registration type.
- **Example Calculation:** A fixed registration fee of TZS 1,000,000 for a new repair service business.

14. License Fees

- **Description:** Fees for operating licenses for businesses in the sector.
- **Law:** Business Activities Registration Act, 2007.
- **Rate:** Determined based on the type and scope of the license.
- **Example Calculation:** License fee of TZS 2,500,000 for operating a beauty salon.

15. Health and Safety Levy

- **Description:** Levy for health and safety measures in businesses in the sector.
- **Law:** Occupational Health and Safety Act, 2003.
- **Rate:** Typically 0.3% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 25,000,000:
 - Calculation: Health and Safety Levy = $0.3\% \times \text{TZS } 25,000,000 = \text{TZS } 75,000$.

16. Road Maintenance Levy

- **Description:** Levy for road maintenance related to vehicles owned by businesses in the sector.
- **Law:** Road Maintenance Fund Act, 1986.
- **Rate:** Included in fuel prices, varies.

17. Local Government Taxes

- **Description:** Various taxes levied by local governments on businesses in the sector.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Determined by local government regulations.

18. 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.

19. Development Levy

- **Description:** Levy for local community development related to projects in the sector.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Typically 0.3% of turnover.
- **Example Calculation:** Turnover for the year of TZS 100,000,000:
 - Calculation: Development Levy = $0.3\% \times \text{TZS } 100,000,000 = \text{TZS } 300,000$.

20. 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.

21. Public Service Fees

- **Description:** Fees for specific public services provided to businesses in the sector.
- **Law:** Various sector-specific laws and regulations.
- **Rate:** Determined based on service type and delivery costs.

22. Dividend Tax

- **Description:** Tax on dividends paid to shareholders of private businesses in the sector.
- **Law:** Income Tax Act, 2004.

- **Rate:** 10% for residents, 20% for non-residents.
- **Example Calculation:** Paying TZS 10,000,000 in dividends to non-resident shareholders:
 - Calculation: Dividend Tax = 20% × TZS 10,000,000 = TZS 2,000,000.

23. Foreign Service Levy

- **Description:** Levy on foreign services utilized by businesses in the sector.
- **Law:** Income Tax Act, 2004.
- **Rate:** Varies based on service type.

24. Export Duty

- **Description:** Duty on the export of services or goods related to the sector.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by product, typically 0% to 15%.

25. Import Duty

- **Description:** Duty on imported equipment and supplies for the sector.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by item, typically 0% to 25%.

26. Research and Development Levy

- **Description:** Levy for funding research and development in the sector.
- **Law:** National Science and Technology Act, 1986.
- **Rate:** Typically 0.5% to 2% of revenue.

27. Social Security Contributions

- **Description:** Contributions to social security for employees in the sector.
- **Law:** National Social Security Fund Act, 1997.
- **Rate:** 20% of payroll (employer and employee combined).

28. Land Rent

- **Description:** Rent paid for land leased for sector-related purposes.
- **Law:** Land Act, 1999.
- **Rate:** Varies by location and land size.

29. Accreditation Fees

- **Description:** Fees for accrediting programs and institutions in the sector.
- **Law:** Various sector-specific laws and regulations.
- **Rate:** Varies based on program and institution type.

30. Levies for International Obligations

- **Description:** Levies related to international treaties or agreements in the sector.
- **Law:** International agreements and domestic legislation.
- **Rate:** Varies based on international commitments and agreements.