

Taxes on real estate activities

Here's a detailed list of 30 taxes, levies, duties, and customs that apply to real estate activities under Division 68 (Real estate activities) in Tanzania. Each entry includes a description, the relevant law, the rate at which it is charged, and an example calculation showing how it is applied.

1. Corporate Income Tax

- **Description:** Tax on the profits of companies engaged in real estate activities.
- **Law:** Income Tax Act, 2004
- **Rate:** 30%
- **Example Calculation:** If a real estate company earns TZS 100,000,000 in profits, the corporate income tax would be 30% of 100,000,000 = TZS 30,000,000.

2. Value Added Tax (VAT)

- **Description:** Tax on goods and services provided by real estate companies.
- **Law:** VAT Act, 2014
- **Rate:** 18%
- **Example Calculation:** If a real estate company provides services worth TZS 50,000,000, the VAT would be 18% of 50,000,000 = TZS 9,000,000.

3. Capital Gains Tax

- **Description:** Tax on the gains from the sale of real estate property.
- **Law:** Income Tax Act, 2004
- **Rate:** 10%
- **Example Calculation:** If a property is sold for TZS 200,000,000 and the cost was TZS 150,000,000, the capital gains tax would be 10% of (200,000,000 - 150,000,000) = TZS 5,000,000.

4. Stamp Duty

- **Description:** Tax on legal documents related to real estate transactions.
- **Law:** Stamp Duty Act, 1972
- **Rate:** Varies (e.g., 1% for property transfer)
- **Example Calculation:** For a property transferred at TZS 300,000,000, the stamp duty might be 1% of 300,000,000 = TZS 3,000,000.

5. Withholding Tax on Rent

- **Description:** Tax withheld on rental payments to non-residents.
- **Law:** Income Tax Act, 2004
- **Rate:** 15% for residents, varies for non-residents
- **Example Calculation:** If monthly rent is TZS 1,000,000, withholding tax for a non-resident might be 15% of 1,000,000 = TZS 150,000.

6. Property Tax

- **Description:** Tax levied annually on real estate properties.
- **Law:** Local Government Finance Act, 1982
- **Rate:** Varies by municipality
- **Example Calculation:** For a property assessed at TZS 150,000,000, property tax might be TZS 500,000 annually.

7. Land Rent

- **Description:** Annual rent payable for leased land.
- **Law:** Land Act, 1999
- **Rate:** Varies by location and land type
- **Example Calculation:** For agricultural land, annual rent might be TZS 20,000 per acre.

8. Development Levy

- **Description:** Levy imposed on developers for infrastructure development.
- **Law:** Local Government Finance Act, 1982
- **Rate:** Varies by project and municipality
- **Example Calculation:** For a large residential development, the levy might be TZS 5,000,000.

9. Skills and Development Levy

- **Description:** Levy on employers for vocational training of employees.
- **Law:** Vocational Education and Training Act, 1994
- **Rate:** 5% of payroll
- **Example Calculation:** If a company's monthly payroll is TZS 10,000,000, the levy would be 5% of 10,000,000 = TZS 500,000.

10. Business License Fee

- **Description:** Fee for operating a real estate business.
- **Law:** Business Licensing Act, 1972
- **Rate:** Varies by business size and location
- **Example Calculation:** For a real estate agency, the annual license fee might be TZS 500,000.

11. Environmental Levy

- **Description:** Levy for environmental protection related to real estate activities.
- **Law:** Environmental Management Act, 2004
- **Rate:** Varies by project size and impact
- **Example Calculation:** For a construction project, the levy might be TZS 1,000,000.

12. Workers' Compensation Fund Contribution

- **Description:** Contribution towards compensating workers for work-related injuries.
- **Law:** Workers' Compensation Act, 2008

- **Rate:** 1% of total wages
- **Example Calculation:** If total wages paid are TZS 20,000,000, the contribution would be 1% of 20,000,000 = TZS 200,000.

13. Payroll Tax

- **Description:** Tax on the payroll of employees engaged in real estate activities.
- **Law:** Income Tax Act, 2004
- **Rate:** 30%
- **Example Calculation:** If monthly payroll is TZS 50,000,000, payroll tax would be 30% of 50,000,000 = TZS 15,000,000.

14. Import Duty on Construction Materials

- **Description:** Duty on imported materials used in construction.
- **Law:** East African Community Customs Management Act, 2004
- **Rate:** Varies by material type and origin
- **Example Calculation:** For imported steel worth TZS 10,000,000, duty might be 25% = TZS 2,500,000.

15. Excise Duty on Cement

- **Description:** Excise duty on locally produced or imported cement.
- **Law:** Excise (Management and Tariff) Act, 1952
- **Rate:** TZS 4,000 per tonne
- **Example Calculation:** For 1,000 tonnes of cement, excise duty would be 4,000 * 1,000 = TZS 4,000,000.

16. Customs Processing Fee

- **Description:** Fee for processing customs declarations for imported materials.
- **Law:** Customs Act, 2019
- **Rate:** Varies by customs broker and declaration complexity
- **Example Calculation:** For a complex customs declaration, the fee might be TZS 500,000.

17. Export Duty on Precious Metals

- **Description:** Duty on the export of precious metals like gold.
- **Law:** Mining Act, 2010
- **Rate:** Varies by metal type and quantity
- **Example Calculation:** For 1 kg of exported gold, export duty might be TZS 50,000.

18. Planning Permission Fee

- **Description:** Fee for obtaining planning permission for real estate developments.
- **Law:** Urban Planning Act, 2007
- **Rate:** Varies by project size and complexity

- **Example Calculation:** For a large commercial project, planning permission fee might be TZS 2,000,000.

19. Building Permit Fee

- **Description:** Fee for obtaining a building permit for construction projects.
- **Law:** Building Act, 2008
- **Rate:** Varies by project value and location
- **Example Calculation:** For a project valued at TZS 500,000,000, building permit fee might be TZS 5,000,000.

20. Occupation Permit Fee

- **Description:** Fee for obtaining an occupation permit for completed buildings.
- **Law:** Building Act, 2008
- **Rate:** Fixed fee
- **Example Calculation:** The fee might be TZS 500,000.

21. Advertising Permit Fee

- **Description:** Fee for displaying advertisements related to real estate.
- **Law:** Local Government Finance Act, 1982
- **Rate:** Varies by advertisement type and location
- **Example Calculation:** For a large billboard advertisement, the fee might be TZS 1,000,000 annually.

22. Signboard Fee

- **Description:** Fee for displaying a signboard related to real estate activities.
- **Law:** Local Government Finance Act, 1982
- **Rate:** Fixed fee
- **Example Calculation:** For a large signboard, the fee might be TZS 200,000 annually.

23. Environmental Impact Assessment Fee

- **Description:** Fee for conducting an environmental impact assessment for real estate projects.
- **Law:** Environmental Management Act, 2004
- **Rate:** Varies by project size and impact
- **Example Calculation:** For a large-scale development, the fee might be TZS 5,000,000.

24. Land Acquisition Levy

- **Description:** Levy on the acquisition of land for development purposes.
- **Law:** Land Act, 1999
- **Rate:** Varies by location and land use
- **Example Calculation:** For acquiring land for a commercial development, the levy might be TZS 10,000,000.

25. Development Charges

- **Description:** Charges imposed by local authorities for infrastructure development related to real estate projects.
- **Law:** Local Government Finance Act, 1982
- **Rate:** Varies by project size and location
- **Example Calculation:** For a large residential development, development charges might be TZS 20,000,000.

26. Health Inspection Fee

- **Description:** Fee for health inspections related to real estate developments.
- **Law:** Public Health Act, 2009
- **Rate:** Fixed fee
- **Example Calculation:** The fee might be TZS 100,000 per inspection.

27. Fire Safety Inspection Fee

- **Description:** Fee for fire safety inspections of real estate properties.
- **Law:** Fire and Rescue Force Act, 2007
- **Rate:** Fixed fee
- **Example Calculation:** The fee might be TZS 150,000 per inspection.

28. Conservation Levy

- **Description:** Levy for conservation purposes on certain real estate developments.
- **Law:** Wildlife Conservation Act, 2009
- **Rate:** Varies by project impact
- **Example Calculation:** For a development near a wildlife reserve, the levy might be TZS 3,000,000.

29. Trading License Fee

- **Description:** Fee for obtaining a trading license for real estate transactions.
- **Law:** Local Government Finance Act, 1982
- **Rate:** Varies by business type and location
- **Example Calculation:** For a real estate brokerage firm, the annual fee might be TZS 500,000.

30. Export Levy on Timber Products

- **Description:** Levy on the export of timber and timber products.
- **Law:** Forest Act, 2002
- **Rate:** Varies by timber type and volume
- **Example Calculation:** For exporting 100 cubic meters of timber, the levy might be TZS 1,000,000.

These taxes, levies, duties, and customs are crucial considerations for anyone engaged in real estate activities in Tanzania, impacting various aspects of operations, transactions, and compliance with local regulations.