

Tax obligations for different companies in different sectors in Tanzania

Company Scenario: GreenHarvest Agri-Industries Ltd.

Company Overview: GreenHarvest Agri-Industries Ltd. is a Tanzanian-based company operating in the agricultural sector. The company specializes in the growing of perennial crops, specifically tropical fruits such as mangoes and pineapples. In addition to fruit production, GreenHarvest also engages in mixed farming, where they raise poultry and cattle. The company operates a large farm in the Mbeya region and has a processing plant for packaging and distributing their products both locally and for export.

Business Activities:

1. **Growing of Tropical Fruits:** Cultivation of mangoes and pineapples (Class 0122).
 2. **Mixed Farming:** Raising of poultry and cattle (Class 0150).
 3. **Support Activities:** Including post-harvest crop activities and seed processing (Classes 0163 and 0164).
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Analysis of Taxes, Levies, Duties, and Customs in Tanzania

1. Corporate Income Tax

- **Description:** Tax on the profits of the company.
- **Law:** Income Tax Act, 2004
- **Rate:** 30% for corporations.
- **Example Calculation:** If GreenHarvest's annual profit is TZS 100,000,000, the corporate income tax would be TZS 30,000,000 (30% of TZS 100,000,000).

2. Value Added Tax (VAT)

- **Description:** Tax on the value added at each stage of production and distribution.
- **Law:** Value Added Tax Act, 2014
- **Rate:** 18%
- **Example Calculation:** If GreenHarvest sells 1,000 boxes of mangoes at TZS 50,000 each, the VAT collected on the sale would be TZS 900,000 (18% of TZS 5,000,000, which is the total sale amount).

3. Withholding Tax on Dividends

- **Description:** Tax deducted at source on dividends paid to shareholders.
- **Law:** Income Tax Act, 2004
- **Rate:** 10% for domestic dividends.
- **Example Calculation:** If GreenHarvest pays TZS 10,000,000 in dividends, the withholding tax would be TZS 1,000,000 (10% of TZS 10,000,000).

4. Import Duty

- **Description:** Tax on goods imported into Tanzania.
- **Law:** Customs Act, 2014
- **Rate:** Varies depending on the product (e.g., 25% for agricultural machinery).
- **Example Calculation:** If GreenHarvest imports agricultural machinery worth TZS 20,000,000 with a 25% duty, the import duty would be TZS 5,000,000 (25% of TZS 20,000,000).

5. Excise Duty

- **Description:** Tax on certain goods, such as spirits, cigarettes, and luxury items.
- **Law:** Excise Duty Act, 2014
- **Rate:** Varies by product (e.g., 10% on beverages).
- **Example Calculation:** If GreenHarvest produces and sells a fruit beverage with a value of TZS 1,000,000, and it is subject to a 10% excise duty, the excise duty would be TZS 100,000.

6. Pay As You Earn (PAYE)

- **Description:** Tax deducted from employees' salaries.
- **Law:** Income Tax Act, 2004
- **Rate:** Progressive rates up to 30% depending on the income bracket.
- **Example Calculation:** For an employee earning TZS 1,000,000 per month, with a progressive tax rate of 20%, the PAYE would be TZS 200,000 per month.

7. Skills Development Levy (SDL)

- **Description:** Levy to support skills development programs.
- **Law:** Employment and Labour Relations Act, 2004
- **Rate:** 4.5% of gross payroll.
- **Example Calculation:** If GreenHarvest's gross payroll is TZS 10,000,000 per month, the SDL would be TZS 450,000 (4.5% of TZS 10,000,000).

8. Property Tax

- **Description:** Tax on the value of property owned by the company.
- **Law:** Local Government Finances Act, 1982
- **Rate:** Varies by location and property value (e.g., 0.5% of assessed property value).
- **Example Calculation:** If GreenHarvest's property is valued at TZS 50,000,000, the property tax would be TZS 250,000 (0.5% of TZS 50,000,000).

9. Land Rent

- **Description:** Rent for the use of land, often leased from the government.
- **Law:** Land Act, 1999
- **Rate:** Varies by land area and usage (e.g., TZS 10,000 per hectare annually).
- **Example Calculation:** For 100 hectares of land, the annual land rent would be TZS 1,000,000 (100 hectares x TZS 10,000 per hectare).

10. Environmental Impact Assessment (EIA) Fee

- **Description:** Fee for conducting an environmental impact assessment before starting certain activities.
- **Law:** Environmental Management Act, 2004
- **Rate:** Varies based on the project size and scope (e.g., TZS 2,000,000 for large-scale projects).
- **Example Calculation:** If GreenHarvest needs to pay an EIA fee of TZS 2,000,000 for a new processing plant, that is the total fee.

These taxes and levies reflect the regulatory framework that GreenHarvest Agri-Industries Ltd. would need to navigate as part of its operations in Tanzania.