

Taxes on accommodation and food service sector

Creating a detailed list of 30 taxes, levies, duties, and customs under the Tanzanian Tax Law Regime applicable to the accommodation and food service sector activities involves referring to several specific tax laws, regulations, and guidelines provided by the Tanzania Revenue Authority (TRA). Below is an exhaustive list of taxes, along with their descriptions, applicable laws, rates, and examples with calculations.

1. Value Added Tax (VAT)

Description: Tax on the value added at each stage of production or distribution. **Law:** Value Added Tax Act, 2014 **Rate:** 18% **Example:**

- **Calculation:** If a hotel room costs TZS 100,000, $VAT = 100,000 * 18\% = \text{TZS } 18,000$.
- **Formula:** $VAT = \text{Price} * \text{VAT Rate}$

2. Corporate Income Tax

Description: Tax on the profits of the company. **Law:** Income Tax Act, 2004 **Rate:** 30% **Example:**

- **Calculation:** If annual profit is TZS 50,000,000, $\text{Corporate Tax} = 50,000,000 * 30\% = \text{TZS } 15,000,000$.
- **Formula:** $\text{Corporate Tax} = \text{Profit} * \text{Corporate Tax Rate}$

3. Pay As You Earn (PAYE)

Description: Tax on employee earnings. **Law:** Income Tax Act, 2004 **Rate:** Progressive rates from 9% to 30% **Example:**

- **Calculation:** If an employee earns TZS 1,000,000 per month, PAYE might be TZS 100,000 (depending on the specific income bracket).
- **Formula:** $\text{PAYE} = \text{Monthly Salary} * \text{Applicable Rate}$

4. Skills and Development Levy (SDL)

Description: Levy on employer's payroll for training and development. **Law:** Vocational Education and Training Act, 1994 **Rate:** 4% **Example:**

- **Calculation:** If total monthly payroll is TZS 5,000,000, $SDL = 5,000,000 * 4\% = \text{TZS } 200,000$.
- **Formula:** $SDL = \text{Payroll} * \text{SDL Rate}$

5. Workers Compensation Fund (WCF)

Description: Fund for compensating employees for work-related injuries. **Law:** Workers Compensation Act, 2008 **Rate:** 0.6% **Example:**

- **Calculation:** If total monthly payroll is TZS 5,000,000, $WCF = 5,000,000 * 0.6\% = \text{TZS } 30,000$.
- **Formula:** $WCF = \text{Payroll} * \text{WCF Rate}$

6. Hotel Levy

Description: Levy on hotel room charges. **Law:** Local Government Finance Act **Rate:** 10%

Example:

- **Calculation:** If a hotel room costs TZS 100,000, $\text{Hotel Levy} = 100,000 * 10\% = \text{TZS } 10,000$.
- **Formula:** $\text{Hotel Levy} = \text{Room Charge} * \text{Hotel Levy Rate}$

7. Tourism Development Levy

Description: Levy for promoting tourism development. **Law:** Tourism Act, 2008 **Rate:** 2% on accommodation charges **Example:**

- **Calculation:** If a hotel room costs TZS 100,000, $\text{Tourism Development Levy} = 100,000 * 2\% = \text{TZS } 2,000$.
- **Formula:** $\text{Tourism Development Levy} = \text{Room Charge} * \text{Levy Rate}$

8. Stamp Duty

Description: Duty on certain documents and transactions. **Law:** Stamp Duty Act, 1972 **Rate:** Various rates depending on the document **Example:**

- **Calculation:** If the stamp duty on a lease agreement is TZS 10,000.
- **Formula:** Fixed amount as per the document type

9. Excise Duty

Description: Duty on specific goods such as alcohol and tobacco. **Law:** Excise (Management and Tariff) Act, 1952 **Rate:** Varies; for example, beer might be TZS 525 per liter. **Example:**

- **Calculation:** If a restaurant sells 100 liters of beer, $\text{Excise Duty} = 100 * 525 = \text{TZS } 52,500$.
- **Formula:** $\text{Excise Duty} = \text{Quantity} * \text{Duty Rate}$

10. Withholding Tax on Rent

Description: Tax withheld on rental payments. **Law:** Income Tax Act, 2004 **Rate:** 10%

Example:

- **Calculation:** If monthly rent is TZS 1,000,000, $\text{Withholding Tax} = 1,000,000 * 10\% = \text{TZS } 100,000$.
- **Formula:** $\text{Withholding Tax} = \text{Rent} * \text{Withholding Tax Rate}$

11. Withholding Tax on Services

Description: Tax withheld on payments for services. **Law:** Income Tax Act, 2004 **Rate:** 5% for residents, 15% for non-residents **Example:**

- **Calculation:** If a catering service costs TZS 1,000,000, Withholding Tax for residents = $1,000,000 * 5\% = \text{TZS } 50,000$.
- **Formula:** Withholding Tax = Service Cost * Withholding Tax Rate

12. Import Duty

Description: Duty on imported goods. **Law:** East African Community Customs Management Act, 2004 **Rate:** Varies; for example, 25% on imported furniture. **Example:**

- **Calculation:** If imported furniture costs TZS 1,000,000, Import Duty = $1,000,000 * 25\% = \text{TZS } 250,000$.
- **Formula:** Import Duty = Cost of Goods * Import Duty Rate

13. Environmental Levy

Description: Levy on products that have an environmental impact. **Law:** Environmental Management Act, 2004 **Rate:** Varies **Example:**

- **Calculation:** If levy on plastic bags is TZS 200 per kg and 10 kg are used, Environmental Levy = $10 * 200 = \text{TZS } 2,000$.
- **Formula:** Environmental Levy = Quantity * Levy Rate

14. Property Tax

Description: Tax on property ownership. **Law:** Local Government Finance Act **Rate:** Varies by municipal regulations **Example:**

- **Calculation:** If property tax rate is TZS 1,000 per square meter and property size is 100 sq. meters, Property Tax = $100 * 1,000 = \text{TZS } 100,000$.
- **Formula:** Property Tax = Property Size * Tax Rate

15. Business License Fee

Description: Fee for business operation license. **Law:** Business Licensing Act, 1972 **Rate:** Varies by business type and size **Example:**

- **Calculation:** If the fee for a restaurant license is TZS 500,000 annually.
- **Formula:** Fixed amount as per business category

16. Liquor License Fee

Description: Fee for license to sell alcoholic beverages. **Law:** Intoxicating Liquors Act, 1968 **Rate:** Varies by type of liquor and premises **Example:**

- **Calculation:** If the annual fee for a bar is TZS 1,000,000.
- **Formula:** Fixed amount as per license type

17. Fire Safety Compliance Fee

Description: Fee for fire safety inspection and compliance. **Law:** Fire and Rescue Force Act, 2007 **Rate:** Varies by business size and risk level **Example:**

- **Calculation:** If the fee for a medium-sized restaurant is TZS 150,000 annually.
- **Formula:** Fixed amount based on inspection results

18. Health and Sanitation Inspection Fee

Description: Fee for health and sanitation inspection. **Law:** Public Health Act, 2009 **Rate:** Varies by business type and size **Example:**

- **Calculation:** If the fee for a large hotel is TZS 300,000 annually.
- **Formula:** Fixed amount based on inspection

19. Food Hygiene Permit Fee

Description: Fee for food hygiene certification. **Law:** Food, Drugs and Cosmetics Act, 2003 **Rate:** Varies by business type and size **Example:**

- **Calculation:** If the fee for a small restaurant is TZS 100,000 annually.
- **Formula:** Fixed amount as per certification

20. Solid Waste Management Fee

Description: Fee for solid waste collection and management. **Law:** Environmental Management Act, 2004 **Rate:** Varies by business type and waste volume **Example:**

- **Calculation:** If the monthly fee for a hotel is TZS 50,000.
- **Formula:** Fixed amount as per waste management contract

21. Tourism Service Fee

Description: Fee for licensing tourism services. **Law:** Tourism Act, 2008 **Rate:** Varies by service type **Example:**

- **Calculation:** If the fee for a tour operator license is TZS 200,000 annually.
- **Formula:** Fixed amount as per service type

22. Billboard and Advertising Fee

Description: Fee for advertising on billboards. **Law:** Local Government Finance Act **Rate:** Varies by billboard size and location **Example:**

- **Calculation:** If the annual fee for a billboard is TZS 500,000.
- **Formula:** Fixed amount as per advertisement specifications

23. Motor Vehicle License Fee

Description: Fee for vehicle licensing. **Law:** Road Traffic Act, 1973 **Rate:** Varies by vehicle type **Example:**

- **Calculation:** If the fee for a commercial vehicle is TZS 150,000 annually.
- **Formula:** Fixed amount as per vehicle type

24. Fuel Levy

Description: Levy on fuel purchases. **Law:** Excise (Management and Tariff) Act, 1952 **Rate:** Varies; for example, TZS 339 per liter of petrol. **Example:**

- **Calculation:** If a hotel uses 500 liters of petrol monthly, Fuel Levy = $500 * 339 =$ TZS 169,500.
- **Formula:** Fuel Levy = Quantity * Levy Rate

25. Social Security Contributions

Description: Employer contributions to social security funds. **Law:** National Social Security Fund Act, 1997 **Rate:** 20% (10% by employer, 10% by employee) **Example:**

- **Calculation:** If an employee earns TZS 1,000,000 monthly, Employer Contribution = $1,000,000 * 10\% =$ TZS 100,000.
- **Formula:** Contribution = Salary * Contribution Rate

26. Occupational Health and Safety Compliance Fee

Description: Fee for occupational health and safety compliance. **Law:** Occupational Health and Safety Act, 2003 **Rate:** Varies by business type and size **Example:**

- **Calculation:** If the annual fee for a restaurant is TZS 100,000.
- **Formula:** Fixed amount based on compliance requirements

27. Registration Fee for Food Premises

Description: Fee for registering food premises. **Law:** Food, Drugs and Cosmetics Act, 2003 **Rate:** Varies by business type and size **Example:**

- **Calculation:** If the fee for a small café is TZS 50,000 annually.
- **Formula:** Fixed amount as per registration category

28. Export Duty

Description: Duty on exported goods. **Law:** East African Community Customs Management Act, 2004 **Rate:** Varies; for example, 10% on certain agricultural products. **Example:**

- **Calculation:** If exporting goods worth TZS 1,000,000, Export Duty = $1,000,000 * 10\% =$ TZS 100,000.
- **Formula:** Export Duty = Value of Goods * Export Duty Rate

29. Training Levy

Description: Levy for training and development of employees. **Law:** Vocational Education and Training Act, 1994 **Rate:** 2% of gross payroll **Example:**

- **Calculation:** If total monthly payroll is TZS 5,000,000, Training Levy = 5,000,000 * 2% = TZS 100,000.
- **Formula:** Training Levy = Payroll * Levy Rate

30. Local Government Service Levy

Description: Levy for local government services. **Law:** Local Government Finance Act **Rate:** 0.3% of turnover **Example:**

- **Calculation:** If annual turnover is TZS 100,000,000, Local Government Service Levy = 100,000,000 * 0.3% = TZS 300,000.
- **Formula:** Local Government Service Levy = Turnover * Levy Rate

This list covers a comprehensive range of taxes, levies, duties, and fees applicable to businesses in the accommodation and food service sector in Tanzania. Each item includes the applicable law, rate, description, and an example calculation to illustrate how the tax is computed.