

# Tax obligations for different companies in different sectors in Tanzania

## 1. 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.

## 2. Company Scenario: TerraMine Resources Ltd.

**Company Overview:** TerraMine Resources Ltd. is a Tanzanian mining company specializing in the extraction and processing of metal ores. The company operates several mining sites across Tanzania, including iron ore and non-ferrous metal ores such as uranium. TerraMine also offers mining support services to enhance extraction efficiency and safety.

### Business Activities:

1. **Mining of Metal Ores:** Extraction of iron ore and uranium (Class 0710 and 0721).
2. **Other Mining and Quarrying:** Quarrying of stone and extraction of salt (Classes 0810 and 0893).
3. **Mining Support Services:** Providing support activities for mining operations (Class 0990).

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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 TerraMine's annual profit is TZS 200,000,000, the corporate income tax would be TZS 60,000,000 (30% of TZS 200,000,000).

### 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 TerraMine sells ore worth TZS 10,000,000, the VAT collected on the sale would be TZS 1,800,000 (18% of TZS 10,000,000).

### 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 TerraMine pays TZS 15,000,000 in dividends, the withholding tax would be TZS 1,500,000 (10% of TZS 15,000,000).

### 4. Import Duty

- **Description:** Tax on goods imported into Tanzania, including mining equipment.
- **Law:** Customs Act, 2014
- **Rate:** Varies depending on the product (e.g., 25% for mining machinery).
- **Example Calculation:** If TerraMine imports mining machinery worth TZS 50,000,000 with a 25% duty, the import duty would be TZS 12,500,000 (25% of TZS 50,000,000).

### 5. Excise Duty

- **Description:** Tax on certain goods, including fuel used in mining operations.
- **Law:** Excise Duty Act, 2014
- **Rate:** Varies by product (e.g., 10% on certain fuels).
- **Example Calculation:** If TerraMine uses fuel worth TZS 2,000,000, and it is subject to a 10% excise duty, the excise duty would be TZS 200,000.

### 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 1,500,000 per month, with a progressive tax rate of 20%, the PAYE would be TZS 300,000 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 TerraMine's gross payroll is TZS 20,000,000 per month, the SDL would be TZS 900,000 (4.5% of TZS 20,000,000).

### 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 TerraMine's property is valued at TZS 100,000,000, the property tax would be TZS 500,000 (0.5% of TZS 100,000,000).

### 9. Land Rent

- **Description:** Rent for the use of land, often leased from the government for mining purposes.
- **Law:** Land Act, 1999
- **Rate:** Varies by land area and usage (e.g., TZS 50,000 per hectare annually).
- **Example Calculation:** For 200 hectares of mining land, the annual land rent would be TZS 10,000,000 (200 hectares x TZS 50,000 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 5,000,000 for large-scale mining projects).
- **Example Calculation:** If TerraMine is required to pay an EIA fee of TZS 5,000,000 for a new mining operation, that is the total fee.

These taxes and levies reflect the regulatory environment TerraMine Resources Ltd. must comply with while operating within the Tanzanian mining sector.

## 3. Scenario: Tanzanian Company in the Manufacture of Beverages

### Company Overview:

**Name:** Tanzania Refreshments Ltd.

**Sector:** Manufacture of Beverages

**Location:** Dar es Salaam, Tanzania

### Description:

Tanzania Refreshments Ltd. is a leading manufacturer of soft drinks and bottled waters in Tanzania. The company produces a range of beverages including carbonated soft drinks, fruit juices, and bottled mineral water. The production facility is equipped with modern bottling lines and quality control laboratories to ensure that all products meet the highest standards.

### Operations:

- **Raw Materials Sourcing:** The company imports sugar, flavorings, and packaging materials from various international suppliers. Local sourcing includes water from approved sources within Tanzania.

- **Production Process:** The production involves mixing, carbonating, and bottling beverages. The plant operates 24/7 with three shifts to meet the growing market demand.
- **Distribution:** Finished products are distributed across Tanzania through a network of distribution centers and retail partners. The company also exports to neighboring countries.

### Financial Overview:

- **Annual Revenue:** TZS 5 billion
- **Annual Production Volume:** 10 million liters of beverages
- **Number of Employees:** 150

### Tax Obligations:

#### 1. Value Added Tax (VAT)

- **Description:** VAT is a consumption tax levied on the sale of goods and services. Manufacturers charge VAT on their sales and can reclaim VAT paid on inputs.
- **Law:** Value Added Tax Act, 2014
- **Rate:** 18%
- **Calculation Example:** If Tanzania Refreshments Ltd. sells 100,000 liters of beverages at TZS 1,000 per liter, the sales revenue is TZS 100 million. VAT charged would be  $\text{TZS } 100 \text{ million} \times 18\% = \text{TZS } 18 \text{ million}$ .

#### 2. Corporate Income Tax

- **Description:** Corporate Income Tax is levied on the profit of a company. Companies are required to pay tax on their net profit after deducting allowable expenses.
- **Law:** Income Tax Act, 2004
- **Rate:** 30%
- **Calculation Example:** If Tanzania Refreshments Ltd. has a net profit of TZS 1 billion, the corporate income tax would be  $\text{TZS } 1 \text{ billion} \times 30\% = \text{TZS } 300 \text{ million}$ .

#### 3. Import Duty

- **Description:** Import Duty is charged on goods imported into Tanzania. It varies based on the classification of the goods.
- **Law:** East African Community Customs Management Act, 2004
- **Rate:** 25% (for certain beverages and packaging materials)
- **Calculation Example:** If the company imports packaging materials worth TZS 10 million, the import duty would be  $\text{TZS } 10 \text{ million} \times 25\% = \text{TZS } 2.5 \text{ million}$ .

#### 4. Excise Duty

- **Description:** Excise Duty is imposed on specific goods such as beverages. It is an additional tax on top of VAT.
- **Law:** Excise Duty Act, 2015
- **Rate:** TZS 50 per liter of carbonated soft drinks
- **Calculation Example:** If the company produces 5 million liters of carbonated soft drinks, the excise duty would be  $5 \text{ million liters} \times \text{TZS } 50 = \text{TZS } 250 \text{ million}$ .

#### 5. Withholding Tax

- **Description:** Withholding Tax is deducted at source on payments such as dividends, interest, and service fees.
  - **Law:** Income Tax Act, 2004
  - **Rate:** 10% on service fees
  - **Calculation Example:** If Tanzania Refreshments Ltd. pays TZS 1 million for consulting services, the withholding tax would be TZS 1 million x 10% = TZS 100,000.
6. **Pay As You Earn (PAYE)**
- **Description:** PAYE is the income tax deducted from employees' salaries.
  - **Law:** Income Tax Act, 2004
  - **Rate:** Progressive rates from 9% to 30%
  - **Calculation Example:** For an employee with a monthly salary of TZS 1 million, the PAYE rate would be calculated based on the tax brackets. Assuming the applicable rate is 20%, the PAYE would be TZS 1 million x 20% = TZS 200,000.
7. **Environmental Levy**
- **Description:** This levy is charged on products that have an environmental impact, including certain types of packaging.
  - **Law:** Environmental Management Act, 2004
  - **Rate:** TZS 10 per liter of packaging
  - **Calculation Example:** If the company uses 5 million liters of packaging, the environmental levy would be 5 million liters x TZS 10 = TZS 50 million.
8. **Road License Fee**
- **Description:** Charged for the operation of commercial vehicles on Tanzanian roads.
  - **Law:** Road Traffic Act, 1973
  - **Rate:** Varies by vehicle type; for trucks, it is approximately TZS 2 million annually.
  - **Calculation Example:** For a fleet of 10 trucks, the total road license fee would be 10 trucks x TZS 2 million = TZS 20 million.
9. **Stamp Duty**
- **Description:** Applied to certain legal documents such as contracts and agreements.
  - **Law:** Stamp Duty Act, 1972
  - **Rate:** 0.3% of the transaction value
  - **Calculation Example:** For a contract worth TZS 50 million, the stamp duty would be TZS 50 million x 0.3% = TZS 150,000.
10. **Local Government Taxes**
- **Description:** Taxes imposed by local authorities on businesses operating within their jurisdiction.
  - **Law:** Local Government Finance Act, 1982
  - **Rate:** Varies; commonly around TZS 500,000 to TZS 2 million annually
  - **Calculation Example:** If the local government tax for the business is set at TZS 1 million per year, the total local government tax liability would be TZS 1 million.

## Summary

Tanzania Refreshments Ltd. faces a variety of tax obligations including VAT, corporate income tax, import duty, excise duty, withholding tax, PAYE, environmental levy, road

license fees, stamp duty, and local government taxes. Each tax has its own applicable rate and calculation method as detailed above. Compliance with these taxes is crucial for maintaining legal operation and financial health within Tanzania's regulatory framework.

#### **4. Scenario: Tanzanian Company in the Electricity, Gas, Steam, and Air Conditioning Supply Sector**

##### **Company Overview:**

**Name:** Tanzania Power & Utilities Ltd.

**Sector:** Electricity, Gas, Steam, and Air Conditioning Supply

**Location:** Dodoma, Tanzania

##### **Description:**

Tanzania Power & Utilities Ltd. is a leading provider of essential utility services across Tanzania. The company operates in the following segments:

1. **Electric Power Generation, Transmission, and Distribution:** The company owns and operates several power plants and a network of transmission lines that deliver electricity to residential, commercial, and industrial customers throughout the country.
2. **Manufacture of Gas; Distribution of Gaseous Fuels through Mains:** Tanzania Power & Utilities Ltd. manufactures industrial-grade gas and distributes it via an extensive pipeline network to various industrial users.
3. **Steam and Air Conditioning Supply:** The company provides steam for industrial processes and air conditioning services to commercial and residential clients.

##### **Operations:**

- **Electric Power Generation:** The company operates both hydroelectric and thermal power plants.
- **Gas Production and Distribution:** The company produces natural gas and manages the distribution through pipelines.
- **Steam and Air Conditioning:** Steam is produced for use in industrial processes, and air conditioning systems are installed and maintained for clients.

##### **Financial Overview:**

- **Annual Revenue:** TZS 15 billion
- **Annual Energy Output:** 1,200 GWh
- **Number of Employees:** 500

#### **Analysis of Taxes, Levies, Duties, and Customs**



## 1. Value Added Tax (VAT)

- **Description:** VAT is a consumption tax levied on the sale of goods and services. For utility services like electricity and gas, VAT is applicable.
- **Law:** Value Added Tax Act, 2014
- **Rate:** 18%
- **Calculation Example:** If Tanzania Power & Utilities Ltd. provides electricity worth TZS 500 million, VAT charged would be  $\text{TZS } 500 \text{ million} \times 18\% = \text{TZS } 90 \text{ million}$ .

## 2. Corporate Income Tax

- **Description:** Corporate Income Tax is levied on the profit of a company. The tax is based on net profit after allowable expenses.
- **Law:** Income Tax Act, 2004
- **Rate:** 30%
- **Calculation Example:** If Tanzania Power & Utilities Ltd. has a net profit of TZS 2 billion, the corporate income tax would be  $\text{TZS } 2 \text{ billion} \times 30\% = \text{TZS } 600 \text{ million}$ .

## 3. Import Duty

- **Description:** Import Duty is charged on imported goods. For a utility company, this could include machinery and equipment.
- **Law:** East African Community Customs Management Act, 2004
- **Rate:** 25% (for certain machinery and equipment)
- **Calculation Example:** If the company imports equipment worth TZS 10 million, the import duty would be  $\text{TZS } 10 \text{ million} \times 25\% = \text{TZS } 2.5 \text{ million}$ .

## 4. Excise Duty

- **Description:** Excise Duty is imposed on specific goods and services, including certain types of fuels.
- **Law:** Excise Duty Act, 2015
- **Rate:** TZS 100 per liter of industrial gas
- **Calculation Example:** If the company distributes 2 million liters of industrial gas, the excise duty would be  $2 \text{ million liters} \times \text{TZS } 100 = \text{TZS } 200 \text{ million}$ .

## 5. Withholding Tax

- **Description:** Withholding Tax is deducted at source on payments such as dividends, interest, and service fees.
- **Law:** Income Tax Act, 2004
- **Rate:** 10% on service fees
- **Calculation Example:** If the company pays TZS 500,000 in consulting fees, the withholding tax would be  $\text{TZS } 500,000 \times 10\% = \text{TZS } 50,000$ .

## 6. Pay As You Earn (PAYE)

- **Description:** PAYE is the income tax deducted from employees' salaries.
- **Law:** Income Tax Act, 2004
- **Rate:** Progressive rates from 9% to 30%
- **Calculation Example:** For an employee earning TZS 1 million monthly, assuming a rate of 20%, the PAYE would be  $\text{TZS } 1 \text{ million} \times 20\% = \text{TZS } 200,000$ .

## 7. Environmental Levy

- **Description:** This levy is charged on activities with environmental impacts, such as emissions from power plants.
- **Law:** Environmental Management Act, 2004
- **Rate:** TZS 50 per ton of CO<sub>2</sub> emitted

- **Calculation Example:** If the power plants emit 10,000 tons of CO<sub>2</sub>, the environmental levy would be 10,000 tons x TZS 50 = TZS 500,000.
- 8. **Road License Fee**
  - **Description:** Charged for the operation of commercial vehicles, including those used for transporting gas and equipment.
  - **Law:** Road Traffic Act, 1973
  - **Rate:** Varies; for large trucks, it is approximately TZS 2 million annually.
  - **Calculation Example:** For a fleet of 20 trucks, the total road license fee would be 20 trucks x TZS 2 million = TZS 40 million.
- 9. **Stamp Duty**
  - **Description:** Applied to legal documents such as contracts and agreements, including those related to utility supply agreements.
  - **Law:** Stamp Duty Act, 1972
  - **Rate:** 0.3% of the transaction value
  - **Calculation Example:** For a contract worth TZS 100 million, the stamp duty would be TZS 100 million x 0.3% = TZS 300,000.
- 10. **Local Government Taxes**
  - **Description:** Taxes imposed by local authorities on businesses operating within their jurisdiction.
  - **Law:** Local Government Finance Act, 1982
  - **Rate:** Varies; typically around TZS 1 million to TZS 3 million annually for large businesses.
  - **Calculation Example:** If the local government tax is set at TZS 2 million per year, the total local government tax liability would be TZS 2 million.

## Summary

Tanzania Power & Utilities Ltd. is subject to a range of taxes and levies, including VAT, corporate income tax, import duty, excise duty, withholding tax, PAYE, environmental levy, road license fees, stamp duty, and local government taxes. Each of these financial obligations has specific rates and calculation methods, which ensure compliance with Tanzanian tax regulations and support the company's operational and financial management.

## 5. Scenario Example: EcoWater Solutions Ltd.

### Company Overview

**EcoWater Solutions Ltd.** is a company based in Dar es Salaam, Tanzania, specializing in comprehensive environmental management services. The company operates across several key areas within the sector, including water collection, treatment, supply, sewerage, waste management, and environmental remediation. Its operations span both urban and rural areas, providing essential services to municipalities, industrial clients, and residential areas.

### Business Activities:

#### 1. Water Collection and Treatment:

- **Collection:** EcoWater Solutions Ltd. manages large-scale water collection systems, including river intakes and groundwater wells.
  - **Treatment:** The company operates several water treatment plants where raw water is purified using advanced filtration and chemical treatment processes.
  - **Supply:** They distribute treated water through a network of pipelines to households, businesses, and public facilities.
2. **Sewerage:**
- **Collection:** They manage sewer networks, including the installation and maintenance of sewer pipes and manholes.
  - **Treatment:** Wastewater is treated in specialized sewage treatment plants to remove contaminants before being released or reused.
3. **Waste Management:**
- **Collection:** The company offers collection services for both hazardous and non-hazardous waste, including municipal garbage and industrial by-products.
  - **Treatment and Disposal:** Waste is processed at dedicated facilities, with hazardous waste treated under strict safety protocols.
  - **Materials Recovery:** They operate recycling centers where materials like plastics, metals, and glass are sorted and processed for reuse.
4. **Environmental Remediation:**
- **Site Cleanup:** EcoWater Solutions Ltd. undertakes projects to clean up polluted sites, including land contaminated by industrial activities or oil spills.
  - **Consultancy:** They provide expert advice on environmental impact assessments and remediation strategies.

## Analysis of Taxes, Levies, Duties, and Customs

1. **Corporate Income Tax**
- **Description:** Tax on the company's net income or profit.
  - **Law:** Income Tax Act, Cap 332.
  - **Rate:** 30% of taxable income.
  - **Example:** If EcoWater Solutions Ltd. earns TZS 100,000,000 in profit, the tax payable is TZS 30,000,000 ( $100,000,000 \times 30\%$ ).
2. **Value Added Tax (VAT)**
- **Description:** Tax on the value added at each stage of production or service delivery.
  - **Law:** Value Added Tax Act, Cap 148.
  - **Rate:** 18%.
  - **Example:** If EcoWater Solutions Ltd. invoices TZS 50,000,000 for services, the VAT charged would be TZS 9,000,000 ( $50,000,000 \times 18\%$ ).
3. **Withholding Tax**
- **Description:** Tax withheld on certain payments made to contractors and service providers.
  - **Law:** Income Tax Act, Cap 332.
  - **Rate:** Typically 5% to 15% depending on the type of payment.
  - **Example:** If EcoWater Solutions Ltd. pays TZS 10,000,000 to a contractor, withholding tax at 10% would be TZS 1,000,000 ( $10,000,000 \times 10\%$ ).
4. **Property Tax**
- **Description:** Tax on property owned by the company, including land and buildings.
  - **Law:** Local Government (Rating) Act.

- **Rate:** Varies by local authority; typically 0.5% to 1% of the property value.
  - **Example:** If EcoWater Solutions Ltd. owns property valued at TZS 500,000,000, and the local rate is 0.5%, the property tax would be TZS 2,500,000 ( $500,000,000 \times 0.5\%$ ).
5. **Environmental Management Fund Levy**
- **Description:** Levy contributed to the Environmental Management Fund for environmental conservation activities.
  - **Law:** Environmental Management Act, 2004.
  - **Rate:** 0.5% of gross revenue.
  - **Example:** If EcoWater Solutions Ltd. has gross revenue of TZS 200,000,000, the levy would be TZS 1,000,000 ( $200,000,000 \times 0.5\%$ ).
6. **Road Maintenance Levy**
- **Description:** Levy on vehicles used for transporting waste and other materials to contribute to road maintenance.
  - **Law:** Road Maintenance (Amendment) Act.
  - **Rate:** TZS 200,000 per vehicle annually.
  - **Example:** If EcoWater Solutions Ltd. has 10 vehicles, the total levy would be TZS 2,000,000 ( $200,000 \times 10$ ).
7. **Customs Duty**
- **Description:** Tax on imported goods, including equipment and materials used in environmental management.
  - **Law:** Customs Act.
  - **Rate:** Varies; typically 10% to 25% depending on the type of goods.
  - **Example:** If EcoWater Solutions Ltd. imports equipment worth TZS 30,000,000 with a customs duty rate of 15%, the duty payable would be TZS 4,500,000 ( $30,000,000 \times 15\%$ ).
8. **Excise Duty**
- **Description:** Tax on specific goods such as fuel used in operations.
  - **Law:** Excise Duty Act.
  - **Rate:** Varies by product; typically TZS 200 per liter of fuel.
  - **Example:** If EcoWater Solutions Ltd. consumes 50,000 liters of diesel, the excise duty would be TZS 10,000,000 ( $50,000 \times 200$ ).
9. **Stamp Duty**
- **Description:** Tax on legal documents such as property transfer deeds or contracts.
  - **Law:** Stamp Duty Act, Cap 189.
  - **Rate:** 1% to 2% of the transaction value.
  - **Example:** If EcoWater Solutions Ltd. acquires property worth TZS 100,000,000, the stamp duty at 1% would be TZS 1,000,000 ( $100,000,000 \times 1\%$ ).
10. **Business License Fee**
- **Description:** Fee for obtaining and renewing a business operating license.
  - **Law:** Local Government Authorities (Revenue Collection) Act.
  - **Rate:** Varies by local authority and business size; typically TZS 500,000 to TZS 1,000,000 annually.
  - **Example:** If the annual license fee is TZS 750,000, EcoWater Solutions Ltd. would pay this amount each year to maintain its operating license.

## Summary

EcoWater Solutions Ltd. is engaged in multiple activities within the environmental management sector, including water treatment, sewerage, waste management, and remediation. This multifaceted operation entails various tax obligations under Tanzanian law. The company must manage taxes such as Corporate Income Tax, VAT, Withholding Tax, Property Tax, Environmental Management Fund Levy, and others, each with specific rates and regulations. Proper compliance with these financial obligations ensures smooth operation and adherence to Tanzanian tax and regulatory requirements.

## **6. Scenario Example: BuildRight Construction Ltd.**

### **Company Overview**

**BuildRight Construction Ltd.** is a major construction firm based in Mwanza, Tanzania. The company specializes in various aspects of the construction sector, including building construction, civil engineering, and specialized construction activities. Their projects range from residential and commercial buildings to infrastructure development and specialized installations.

### **Business Activities:**

- 1. Construction of Buildings (Division 41)**
  - **4100 Construction of Buildings:** BuildRight Construction Ltd. undertakes the construction of a variety of buildings including residential complexes, office buildings, and commercial spaces. Their services cover everything from the initial design phase to the final finishing touches.
- 2. Civil Engineering (Division 42)**
  - **4210 Construction of Roads and Railways:** The company is involved in the construction and maintenance of roads and railway infrastructure. This includes tasks such as road paving, bridge construction, and railway track laying.
  - **4220 Construction of Utility Projects:** BuildRight handles the construction of utility infrastructure, including water supply systems, sewage systems, and power lines.
  - **4290 Construction of Other Civil Engineering Projects:** They also engage in a range of other civil engineering projects, such as tunneling, dam construction, and large-scale earthworks.
- 3. Specialized Construction Activities (Division 43)**
  - **431 Demolition and Site Preparation**
    - **4311 Demolition:** The company carries out demolition of old buildings and structures to prepare sites for new construction.
    - **4312 Site Preparation:** This includes clearing land, excavation, and grading to prepare sites for new construction projects.
  - **432 Electrical, Plumbing, and Other Construction Installation Activities**
    - **4321 Electrical Installation:** BuildRight installs electrical systems including wiring, lighting, and power systems in new and existing buildings.

- **4322 Plumbing, Heat, and Air-Conditioning Installation:** They handle the installation of plumbing systems, heating, ventilation, and air conditioning (HVAC) systems.
- **4329 Other Construction Installation:** This covers other specialized installations such as security systems and fire alarms.
- **433 Building Completion and Finishing**
  - **4330 Building Completion and Finishing:** The company provides finishing services such as painting, flooring, and interior decorating to complete construction projects.
- **439 Other Specialized Construction Activities**
  - **4390 Other Specialized Construction Activities:** Includes niche construction activities that do not fall into the other categories, such as landscape construction and specialty coatings.

## **Analysis of Taxes, Levies, Duties, and Customs for BuildRight Construction Ltd.**

### **1. Corporate Income Tax**

- **Description:** Tax on the company's profit.
- **Law:** Income Tax Act, Cap 332.
- **Rate:** 30% of taxable income.
- **Example:** If BuildRight Construction Ltd. has a taxable income of TZS 200,000,000, the tax payable would be TZS 60,000,000 ( $200,000,000 \times 30\%$ ).

### **2. Value Added Tax (VAT)**

- **Description:** Tax on the value added to goods and services.
- **Law:** Value Added Tax Act, Cap 148.
- **Rate:** 18%.
- **Example:** If the company invoices TZS 100,000,000 for construction services, the VAT collected would be TZS 18,000,000 ( $100,000,000 \times 18\%$ ).

### **3. Withholding Tax**

- **Description:** Tax withheld on payments such as contractor services.
- **Law:** Income Tax Act, Cap 332.
- **Rate:** Typically 5% to 15%.
- **Example:** For a payment of TZS 50,000,000 to a subcontractor, withholding tax at 10% would be TZS 5,000,000 ( $50,000,000 \times 10\%$ ).

### **4. Property Tax**

- **Description:** Tax on property owned by the company.
- **Law:** Local Government (Rating) Act.
- **Rate:** 0.5% to 1% of property value.
- **Example:** For a property valued at TZS 500,000,000, and a rate of 0.5%, the property tax would be TZS 2,500,000 ( $500,000,000 \times 0.5\%$ ).

### **5. Construction Levy**

- **Description:** Levy imposed on construction activities to fund local infrastructure development.
- **Law:** Local Government Authorities (Revenue Collection) Act.
- **Rate:** 1% of the total contract value.
- **Example:** For a construction project valued at TZS 50,000,000, the levy would be TZS 500,000 ( $50,000,000 \times 1\%$ ).

### **6. Road Maintenance Levy**

- **Description:** Levy on vehicles used for transporting construction materials.

- **Law:** Road Maintenance (Amendment) Act.
  - **Rate:** TZS 200,000 per vehicle annually.
  - **Example:** If BuildRight operates 15 vehicles, the total road maintenance levy would be TZS 3,000,000 (15 x 200,000).
- 7. Customs Duty**
- **Description:** Tax on imported construction materials and equipment.
  - **Law:** Customs Act.
  - **Rate:** Typically 10% to 25% depending on the item.
  - **Example:** For imported construction equipment worth TZS 40,000,000 and a duty rate of 15%, the customs duty would be TZS 6,000,000 (40,000,000 x 15%).
- 8. Excise Duty**
- **Description:** Tax on specific goods, such as fuel used in construction machinery.
  - **Law:** Excise Duty Act.
  - **Rate:** Varies; typically TZS 200 per liter of fuel.
  - **Example:** For 60,000 liters of diesel consumed, the excise duty would be TZS 12,000,000 (60,000 x 200).
- 9. Stamp Duty**
- **Description:** Tax on legal documents related to property transactions or construction contracts.
  - **Law:** Stamp Duty Act, Cap 189.
  - **Rate:** 1% to 2% of the transaction value.
  - **Example:** For a contract valued at TZS 30,000,000, the stamp duty at 1% would be TZS 300,000 (30,000,000 x 1%).
- 10. Business License Fee**
- **Description:** Fee for obtaining and renewing the business operating license.
  - **Law:** Local Government Authorities (Revenue Collection) Act.
  - **Rate:** Varies by local authority; typically TZS 500,000 to TZS 1,000,000 annually.
  - **Example:** If the annual license fee is TZS 750,000, BuildRight Construction Ltd. would pay this amount annually.

## Summary

BuildRight Construction Ltd. operates across various construction sectors including building construction, civil engineering, and specialized activities. To manage their financial obligations, the company must comply with several taxes and levies in Tanzania. These include Corporate Income Tax, VAT, Withholding Tax, Property Tax, and specific construction-related fees such as the Construction Levy and Customs Duty. Proper management of these obligations is essential for the company to maintain compliance and ensure smooth operation within the Tanzanian tax and regulatory framework.

## 7. Scenario Example: Comprehensive Business Operations

### Company Overview: Titan Auto Group

**Company Name:** Titan Auto Group Ltd.

**Industry:** Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles

**Location:** Dar es Salaam, Tanzania

## **Business Activities:**

1. **Wholesale and Retail Trade of Motor Vehicles**  
Titan Auto Group operates a large dealership in Dar es Salaam, specializing in the wholesale and retail sale of various brands of motor vehicles, including cars, trucks, and SUVs.
2. **Maintenance and Repair Services**  
The company runs a state-of-the-art service center that provides maintenance and repair services for motor vehicles. This includes routine servicing, engine repairs, and bodywork.
3. **Sale of Motor Vehicle Parts and Accessories**  
In addition to selling motor vehicles, Titan Auto Group has a dedicated parts and accessories shop that sells car parts, batteries, tires, and various automotive accessories.
4. **Sale, Maintenance, and Repair of Motorcycles**  
Titan Auto Group also manages a section of its business focused on motorcycles. This includes the sale of motorcycles, maintenance services, and the sale of motorcycle parts and accessories.
5. **Retail of Household Goods**  
The company operates a retail store adjacent to its car dealership, offering a range of household goods such as electronics, furniture, and home appliances.
6. **Retail Sale of Automotive Fuel**  
Titan Auto Group has a petrol station on the premises, providing automotive fuel to its customers.
7. **Retail via Stalls and Markets**  
The company participates in local markets where it sells second-hand vehicles and automotive accessories.
8. **Retail Sale via Internet**  
Titan Auto Group has an online platform where it sells both new and used vehicles, parts, and accessories.

## **Business Structure:**

- **Headquarters and Dealership:** Located in Dar es Salaam, the main hub for vehicle sales, parts, and accessories.
- **Service Center:** Equipped with modern tools for vehicle maintenance and repair.
- **Retail Store:** Sells household goods and appliances.
- **Petrol Station:** Provides fuel for vehicles.
- **Market Stalls:** Operates in various local markets for secondary sales.
- **E-commerce Platform:** Handles online sales and orders.

## **Taxation Analysis for Titan Auto Group Ltd. in Tanzania**

1. **Value Added Tax (VAT)**
  - **Description:** VAT is a tax on the value added to goods and services at each stage of production or distribution.
  - **Law:** Value Added Tax Act, Cap 285
  - **Rate:** 18%
  - **Example:** If Titan Auto Group sells a car for TZS 30,000,000, the VAT charged would be  $\text{TZS } 30,000,000 \times 18\% = \text{TZS } 5,400,000$ .



## 2. Corporate Income Tax

- **Description:** Tax on the profits of the company.
- **Law:** Income Tax Act, Cap 332
- **Rate:** 30%
- **Example:** If Titan Auto Group's annual profit is TZS 100,000,000, the corporate tax would be  $\text{TZS } 100,000,000 \times 30\% = \text{TZS } 30,000,000$ .

## 3. Excise Duty

- **Description:** Tax on specific goods like petroleum products and luxury items.
- **Law:** Excise Duty Act, Cap 331
- **Rate:** Varies by product (e.g., TZS 500 per liter of fuel)
- **Example:** If Titan Auto Group sells 10,000 liters of fuel, the excise duty would be  $10,000 \times \text{TZS } 500 = \text{TZS } 5,000,000$ .

## 4. Import Duty

- **Description:** Duty on goods imported into Tanzania.
- **Law:** East African Community Customs Management Act
- **Rate:** Varies by product (e.g., 25% on motor vehicles)
- **Example:** If a car imported by Titan Auto Group is valued at TZS 20,000,000, the import duty would be  $\text{TZS } 20,000,000 \times 25\% = \text{TZS } 5,000,000$ .

## 5. Customs Processing Fee

- **Description:** Fee for processing customs clearance.
- **Law:** East African Community Customs Management Act
- **Rate:** TZS 10,000 per shipment
- **Example:** For each shipment of vehicle parts valued at TZS 2,000,000, the processing fee is TZS 10,000.

## 6. Withholding Tax on Payments to Non-Residents

- **Description:** Tax on payments made to non-resident suppliers or contractors.
- **Law:** Income Tax Act, Cap 332
- **Rate:** 15%
- **Example:** If Titan Auto Group pays TZS 1,000,000 to a non-resident for consultancy services, the withholding tax would be  $\text{TZS } 1,000,000 \times 15\% = \text{TZS } 150,000$ .

## 7. Local Government Service Tax

- **Description:** Tax imposed by local governments on businesses operating within their jurisdiction.
- **Law:** Local Government Finances Act
- **Rate:** Varies by locality (e.g., TZS 500,000 per annum for Dar es Salaam)
- **Example:** Titan Auto Group pays TZS 500,000 annually.

## 8. Skills and Development Levy

- **Description:** Levy for the development of skills and education.
- **Law:** Skills and Development Levy Act, Cap 245
- **Rate:** 6% of the gross payroll
- **Example:** If Titan Auto Group's annual payroll is TZS 20,000,000, the levy would be  $\text{TZS } 20,000,000 \times 6\% = \text{TZS } 1,200,000$ .

## 9. Property Tax

- **Description:** Tax on property owned by the business.
- **Law:** Local Government Finances Act
- **Rate:** Varies by property value (e.g., 0.5% of property value)
- **Example:** If Titan Auto Group's property is valued at TZS 50,000,000, the property tax would be  $\text{TZS } 50,000,000 \times 0.5\% = \text{TZS } 250,000$ .

## 10. Environmental Management Fee

- **Description:** Fee for managing environmental impact and waste.
- **Law:** Environmental Management Act
- **Rate:** Varies (e.g., TZS 100,000 per annum for compliance)
- **Example:** Titan Auto Group pays TZS 100,000 annually for compliance with environmental regulations.

These taxes and levies represent a broad range of financial obligations that Titan Auto Group Ltd. must manage as part of its operations in Tanzania. Each tax has its own regulatory framework and calculation method, reflecting the comprehensive nature of business compliance in the country.

## **8. Scenario Example: Comprehensive Business Operations in Transportation and Storage**

### **Company Overview: Global Transports Ltd.**

**Company Name:** Global Transports Ltd.

**Industry:** Transportation and Storage

**Location:** Dar es Salaam, Tanzania

### **Business Activities:**

1. **Rail Transport**  
Global Transports operates a rail transport division offering both passenger and freight services. They provide interurban passenger rail services across major cities and manage freight rail transport for bulk goods.
2. **Other Land Transport**  
The company has a fleet of buses providing urban and suburban passenger transport. They also run a logistics arm specializing in road freight, transporting goods across the country.
3. **Pipeline Transport**  
Global Transports manages a network of pipelines for the transportation of liquid fuels and other materials over long distances.
4. **Water Transport**  
They offer sea and coastal passenger transport services, including ferry services between islands and coastal cities. The company also handles sea and coastal freight transport for international shipping.
5. **Inland Water Transport**  
Global Transports operates vessels for inland passenger transport on lakes and rivers, as well as freight transport for goods moving via waterways.
6. **Air Transport**  
The company runs an air transport division offering passenger flights and freight air transport services between major cities and international destinations.
7. **Warehousing and Storage**  
Global Transports manages large warehousing facilities for the storage of goods. This includes both short-term and long-term storage solutions for various types of cargo.
8. **Support Activities for Transportation**  
The company provides ancillary services such as cargo handling, logistics coordination, and other support activities crucial to transportation operations.

## 9. Postal and Courier Services

Global Transports operates a postal and courier service offering mail delivery and express courier services within Tanzania and internationally.

### Business Structure:

- **Headquarters:** Located in Dar es Salaam, managing all divisions.
- **Rail Transport Division:** Operates rail networks for passenger and freight services.
- **Bus Fleet:** Provides urban and suburban passenger services.
- **Pipeline Network:** Manages pipeline infrastructure for liquid transport.
- **Marine Division:** Manages sea and inland water transport operations.
- **Air Cargo and Passenger Services:** Offers both freight and passenger air transport.
- **Warehousing Facilities:** Equipped with modern storage solutions.
- **Support Services Division:** Handles logistics, cargo handling, and transportation support.
- **Postal and Courier Services:** Offers mail and express delivery services.

## Taxation Analysis for Global Transports Ltd. in Tanzania

### 1. Value Added Tax (VAT)

- **Description:** A tax on the value added to goods and services at each stage of production or distribution.
- **Law:** Value Added Tax Act, Cap 285
- **Rate:** 18%
- **Example:** For a freight transport service costing TZS 5,000,000, the VAT would be  $\text{TZS } 5,000,000 \times 18\% = \text{TZS } 900,000$ .

### 2. Corporate Income Tax

- **Description:** Tax on the company's profits.
- **Law:** Income Tax Act, Cap 332
- **Rate:** 30%
- **Example:** If Global Transports earns an annual profit of TZS 200,000,000, the corporate tax would be  $\text{TZS } 200,000,000 \times 30\% = \text{TZS } 60,000,000$ .

### 3. Excise Duty

- **Description:** Tax on specific goods such as fuel and certain services.
- **Law:** Excise Duty Act, Cap 331
- **Rate:** Varies by product (e.g., TZS 500 per liter of fuel)
- **Example:** For 50,000 liters of fuel, the excise duty would be  $50,000 \times \text{TZS } 500 = \text{TZS } 25,000,000$ .

### 4. Import Duty

- **Description:** Duty on goods imported into Tanzania.
- **Law:** East African Community Customs Management Act
- **Rate:** Varies by product (e.g., 25% on machinery)
- **Example:** For machinery imported with a value of TZS 10,000,000, the import duty would be  $\text{TZS } 10,000,000 \times 25\% = \text{TZS } 2,500,000$ .

### 5. Customs Processing Fee

- **Description:** Fee for processing customs clearance.
- **Law:** East African Community Customs Management Act
- **Rate:** TZS 10,000 per shipment
- **Example:** For a shipment of goods valued at TZS 1,000,000, the processing fee is TZS 10,000.

6. **Withholding Tax on Payments to Non-Residents**
  - **Description:** Tax on payments to non-resident contractors or service providers.
  - **Law:** Income Tax Act, Cap 332
  - **Rate:** 15%
  - **Example:** If Global Transports pays TZS 500,000 to a non-resident consultant, the withholding tax would be  $\text{TZS } 500,000 \times 15\% = \text{TZS } 75,000$ .
7. **Local Government Service Tax**
  - **Description:** Tax imposed by local governments on businesses operating within their jurisdiction.
  - **Law:** Local Government Finances Act
  - **Rate:** Varies by locality (e.g., TZS 500,000 per annum for Dar es Salaam)
  - **Example:** Global Transports pays TZS 500,000 annually.
8. **Skills and Development Levy**
  - **Description:** Levy for the development of skills and education.
  - **Law:** Skills and Development Levy Act, Cap 245
  - **Rate:** 6% of the gross payroll
  - **Example:** If Global Transports' annual payroll is TZS 50,000,000, the levy would be  $\text{TZS } 50,000,000 \times 6\% = \text{TZS } 3,000,000$ .
9. **Property Tax**
  - **Description:** Tax on property owned by the business.
  - **Law:** Local Government Finances Act
  - **Rate:** Varies by property value (e.g., 0.5% of property value)
  - **Example:** If Global Transports' property is valued at TZS 100,000,000, the property tax would be  $\text{TZS } 100,000,000 \times 0.5\% = \text{TZS } 500,000$ .
10. **Environmental Management Fee**
  - **Description:** Fee for managing environmental impact and waste.
  - **Law:** Environmental Management Act
  - **Rate:** Varies (e.g., TZS 200,000 per annum for compliance)
  - **Example:** Global Transports pays TZS 200,000 annually for environmental compliance.

This comprehensive analysis outlines the various taxes, levies, duties, and customs applicable to a company operating across diverse sectors of transportation and storage in Tanzania. Each tax has specific regulations and calculation methods that reflect the complexities of business operations in the country.

## 9. Scenario Example: Serengeti Safari Lodge and Cuisine Ltd.

**Company Overview:** Serengeti Safari Lodge and Cuisine Ltd. is a comprehensive hospitality and food service company operating in Tanzania. Established in 2015, the company has grown to become a renowned brand, providing a wide range of services in the accommodation and food service sector. The company operates several units including a luxury lodge, a camping ground, a series of mobile food trucks, a high-end restaurant, event catering services, and a vibrant nightclub.

## Operations:

### 1. Accommodation:

- **Luxury Lodge:** Located near the Serengeti National Park, the lodge offers 50 rooms, including standard rooms, deluxe suites, and family villas. The lodge features amenities such as a swimming pool, spa, and conference facilities.
- **Camping Grounds:** Adjacent to the lodge, Serengeti Safari Lodge and Cuisine Ltd. operates a camping ground with 20 designated spots for tents and recreational vehicles (RVs). The camping ground includes basic amenities such as restrooms, showers, and a small convenience store.
- **Other Accommodation:** The company also operates a dormitory-style accommodation for budget travelers and backpackers, providing shared rooms and facilities.

### 2. Food and Beverage Service:

- **Restaurant:** The on-site restaurant serves a variety of local and international cuisines, catering to both lodge guests and walk-in customers.
- **Mobile Food Trucks:** The company owns a fleet of mobile food trucks that serve fast food and snacks in various tourist spots around the Serengeti region.
- **Event Catering:** Serengeti Safari Lodge and Cuisine Ltd. provides catering services for events such as weddings, corporate functions, and private parties. They offer tailored menus and full-service catering, including setup, service, and cleanup.
- **Nightclub:** The company runs a popular nightclub in Arusha, offering a vibrant nightlife experience with a variety of beverages, music, and entertainment.

## Detailed Business Activities:

- **Short Term Accommodation Activities (Class 5510):** The luxury lodge and dormitory fall under this category.
- **Camping Grounds (Class 5520):** The designated camping spots and RV parks fall under this category.
- **Restaurants and Mobile Food Service Activities (Class 5610):** The on-site restaurant and mobile food trucks fall under this category.
- **Event Catering (Class 5621):** The event catering services provided by the company fall under this category.
- **Beverage Serving Activities (Class 5630):** The nightclub operation falls under this category.

## Analysis of Taxes, Levies, Duties, and Customs in Tanzania

### 1. Value Added Tax (VAT):

- **Description:** VAT is a consumption tax levied on the value added to goods and services.
- **Law:** Value Added Tax Act, 2014.
- **Rate:** 18%.
- **Calculation Example:** If the luxury lodge earns TZS 100,000,000 from room bookings in a month, the VAT payable would be TZS 18,000,000 (100,000,000 \* 18%).

### 2. Corporate Income Tax:

- **Description:** Tax on the profits of a corporation.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** 30%.
  - **Calculation Example:** If the company has a net profit of TZS 200,000,000 in a year, the corporate income tax payable would be TZS 60,000,000 ( $200,000,000 * 30\%$ ).
3. **Withholding Tax:**
- **Description:** Tax withheld at source on various payments such as dividends, interest, and royalties.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** 10% on dividends.
  - **Calculation Example:** If the company pays TZS 50,000,000 in dividends, the withholding tax would be TZS 5,000,000 ( $50,000,000 * 10\%$ ).
4. **Tourism Development Levy:**
- **Description:** A levy on the gross revenue of tourist accommodation facilities.
  - **Law:** Tanzania Tourism Act, 2008.
  - **Rate:** 1%.
  - **Calculation Example:** If the luxury lodge earns TZS 100,000,000 from room bookings, the tourism development levy would be TZS 1,000,000 ( $100,000,000 * 1\%$ ).
5. **Skills and Development Levy (SDL):**
- **Description:** A levy imposed on employers to fund vocational education and training.
  - **Law:** Vocational Education and Training Act, 1994.
  - **Rate:** 4% of the total payroll.
  - **Calculation Example:** If the company's monthly payroll is TZS 20,000,000, the SDL would be TZS 800,000 ( $20,000,000 * 4\%$ ).
6. **Property Tax:**
- **Description:** A tax levied on property owners.
  - **Law:** Local Government Finance Act, 1982.
  - **Rate:** Varies by municipality; assume 0.15% for this example.
  - **Calculation Example:** If the property value of the luxury lodge is TZS 1,000,000,000, the property tax would be TZS 1,500,000 ( $1,000,000,000 * 0.15\%$ ).
7. **Excise Duty:**
- **Description:** A tax on specific goods such as alcoholic beverages and tobacco.
  - **Law:** Excise (Management and Tariff) Act, 1952.
  - **Rate:** TZS 1,590 per litre of beer.
  - **Calculation Example:** If the nightclub sells 1,000 litres of beer, the excise duty would be TZS 1,590,000 ( $1,590 * 1,000$ ).
8. **Business License Fee:**
- **Description:** A fee for obtaining a business license to operate.
  - **Law:** Business Licensing Act, 1972.
  - **Rate:** Varies; assume TZS 500,000 annually for the luxury lodge.
  - **Calculation Example:** The business license fee for the luxury lodge would be TZS 500,000.
9. **Import Duty:**
- **Description:** A duty on goods imported into the country.
  - **Law:** East African Community Customs Management Act, 2004.
  - **Rate:** Varies by product; assume 25% for imported furniture.

- **Calculation Example:** If the company imports furniture worth TZS 10,000,000, the import duty would be TZS 2,500,000 ( $10,000,000 * 25\%$ ).

#### 10. Stamp Duty:

- **Description:** A tax on certain legal documents.
- **Law:** Stamp Duty Act, 1972.
- **Rate:** Varies; assume 1% on lease agreements.
- **Calculation Example:** If the company signs a lease agreement for TZS 50,000,000, the stamp duty would be TZS 500,000 ( $50,000,000 * 1\%$ ).

## Summary

**Serengeti Safari Lodge and Cuisine Ltd.** is involved in a variety of business activities under the accommodation and food service sector. The company must comply with multiple tax obligations under Tanzanian law, including VAT, corporate income tax, and others. These taxes ensure the company contributes to national revenue while operating within the legal framework.

## 10.Scenario Example: East African Media and Tech Group Ltd.

**Company Overview:** East African Media and Tech Group Ltd. (EAMT Group) is a leading conglomerate in Tanzania specializing in information and communication services. Founded in 2010, EAMT Group has diversified its operations across multiple divisions, including publishing, motion picture and television production, broadcasting, telecommunications, IT services, and information service activities.

### Operations:

#### 1. Publishing Activities:

- **Book Publishing (Class 5811):** EAMT Group publishes a wide range of books, including educational textbooks, fiction, non-fiction, and children's books.
- **Publishing of Directories and Mailing Lists (Class 5812):** The company compiles and publishes directories for various industries and manages extensive mailing lists for marketing purposes.
- **Publishing of Newspapers, Journals, and Periodicals (Class 5813):** EAMT Group publishes daily newspapers, weekly journals, and monthly periodicals that cover news, business, lifestyle, and entertainment.
- **Software Publishing (Class 5820):** The company develops and publishes software applications, including educational software, business productivity tools, and mobile apps.

#### 2. Motion Picture, Video, and Television Programme Production:

- **Production Activities (Class 5911):** EAMT Group produces motion pictures, TV shows, and documentaries. They have a state-of-the-art production studio in Dar es Salaam.
- **Post-Production Activities (Class 5912):** The company offers post-production services such as editing, special effects, and sound design.

- **Distribution Activities (Class 5913):** EAMT Group distributes films and TV programs to cinemas, TV stations, and online streaming platforms.
- **Motion Picture Projection Activities (Class 5914):** The company operates several cinemas across major cities in Tanzania, screening both local and international films.
- 3. **Sound Recording and Music Publishing (Class 5920):**
  - EAMT Group runs a recording studio for music production and publishes music from various artists, managing distribution through physical and digital channels.
- 4. **Programming and Broadcasting Activities:**
  - **Radio Broadcasting (Class 6010):** The company owns and operates multiple radio stations that broadcast news, music, and talk shows.
  - **Television Programming and Broadcasting (Class 6020):** EAMT Group runs a popular TV channel that offers a mix of news, entertainment, sports, and educational content.
- 5. **Telecommunications:**
  - **Wired Telecommunications Activities (Class 6110):** The company provides internet and telephone services via a fiber optic network.
  - **Wireless Telecommunications Activities (Class 6120):** EAMT Group offers mobile network services, including voice, SMS, and data plans.
  - **Satellite Telecommunications Activities (Class 6130):** They provide satellite communication services for remote and rural areas.
- 6. **Computer Programming, Consultancy, and Related Activities:**
  - **Computer Programming Activities (Class 6201):** EAMT Group develops custom software solutions for businesses.
  - **Computer Consultancy and Facilities Management (Class 6202):** They offer IT consultancy services and manage IT infrastructure for corporate clients.
- 7. **Information Service Activities:**
  - **Data Processing, Hosting, and Related Activities (Class 6311):** The company operates data centers offering cloud services, hosting, and data processing.
  - **Web Portals (Class 6312):** EAMT Group runs several popular web portals providing news, job listings, and other information services.
  - **News Agency Activities (Class 6391):** They operate a news agency that gathers and distributes news to various media outlets.

## **Analysis of Taxes, Levies, Duties, and Customs in Tanzania**

1. **Value Added Tax (VAT):**
  - **Description:** VAT is a consumption tax on goods and services.
  - **Law:** Value Added Tax Act, 2014.
  - **Rate:** 18%.
  - **Calculation Example:** If EAMT Group earns TZS 200,000,000 from book sales, the VAT payable would be TZS 36,000,000 (200,000,000 \* 18%).
2. **Corporate Income Tax:**
  - **Description:** Tax on the profits of a corporation.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** 30%.



- **Calculation Example:** If EAMT Group has a net profit of TZS 500,000,000, the corporate income tax would be TZS 150,000,000 ( $500,000,000 * 30\%$ ).
- 3. **Withholding Tax:**
  - **Description:** Tax withheld on various payments like dividends, interest, and royalties.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** 10% on dividends.
  - **Calculation Example:** If EAMT Group pays TZS 100,000,000 in dividends, the withholding tax would be TZS 10,000,000 ( $100,000,000 * 10\%$ ).
- 4. **Skills and Development Levy (SDL):**
  - **Description:** Levy on employers to fund vocational education and training.
  - **Law:** Vocational Education and Training Act, 1994.
  - **Rate:** 4% of the total payroll.
  - **Calculation Example:** If the monthly payroll is TZS 50,000,000, the SDL would be TZS 2,000,000 ( $50,000,000 * 4\%$ ).
- 5. **Import Duty:**
  - **Description:** Duty on goods imported into the country.
  - **Law:** East African Community Customs Management Act, 2004.
  - **Rate:** Varies; assume 25% for importing broadcasting equipment.
  - **Calculation Example:** If EAMT Group imports equipment worth TZS 40,000,000, the import duty would be TZS 10,000,000 ( $40,000,000 * 25\%$ ).
- 6. **Excise Duty:**
  - **Description:** Tax on specific goods like alcoholic beverages and tobacco.
  - **Law:** Excise (Management and Tariff) Act, 1952.
  - **Rate:** TZS 61 per minute on international calls.
  - **Calculation Example:** If the company facilitates 10,000 minutes of international calls, the excise duty would be TZS 610,000 ( $61 * 10,000$ ).
- 7. **Business License Fee:**
  - **Description:** Fee for obtaining a business license to operate.
  - **Law:** Business Licensing Act, 1972.
  - **Rate:** Varies; assume TZS 1,000,000 annually for the publishing division.
  - **Calculation Example:** The business license fee for the publishing division would be TZS 1,000,000.
- 8. **Stamp Duty:**
  - **Description:** Tax on certain legal documents.
  - **Law:** Stamp Duty Act, 1972.
  - **Rate:** Varies; assume 1% on lease agreements.
  - **Calculation Example:** If EAMT Group signs a lease agreement for TZS 100,000,000, the stamp duty would be TZS 1,000,000 ( $100,000,000 * 1\%$ ).
- 9. **Broadcasting License Fee:**
  - **Description:** Fee for obtaining a license to broadcast.
  - **Law:** Tanzania Communications Regulatory Authority Act, 2003.
  - **Rate:** Varies; assume TZS 2,000,000 annually for the TV channel.
  - **Calculation Example:** The broadcasting license fee for the TV channel would be TZS 2,000,000.
- 10. **Royalty Fees for Music Broadcasting:**
  - **Description:** Fees paid for the right to broadcast copyrighted music.
  - **Law:** Copyright and Neighboring Rights Act, 1999.
  - **Rate:** Varies; assume 5% of gross revenue from music broadcasting.

- **Calculation Example:** If the nightclub generates TZS 50,000,000 from music-related events, the royalty fee would be TZS 2,500,000 (50,000,000 \* 5%).

## Summary

**East African Media and Tech Group Ltd.** operates across multiple business activities within the information and communication sector in Tanzania. The company must comply with various tax obligations, including VAT, corporate income tax, SDL, and others, ensuring they contribute to the national revenue while maintaining legal compliance.

## 11.Scenario Example: TanzaFinancial Holdings Ltd.

**Overview:** TanzaFinancial Holdings Ltd. is a diversified financial services company operating in Tanzania. It engages in various business activities across the financial sector, including banking, insurance, fund management, and auxiliary financial services. The company operates through several subsidiaries, each specializing in specific areas of financial services.

### Company Structure:

1. **TanzaBank Ltd.** - Provides central banking services and other monetary intermediation activities.
2. **TanzaLeasing Ltd.** - Specializes in financial leasing.
3. **TanzaCredit Ltd.** - Offers personal and commercial credit.
4. **TanzaTrust Ltd.** - Manages trusts, funds, and similar financial entities.
5. **TanzaLife Insurance Ltd.** - Provides life insurance services.
6. **TanzaNon-Life Insurance Ltd.** - Offers non-life insurance services.
7. **TanzaRe Ltd.** - Operates as a reinsurance company.
8. **TanzaPension Fund Management Ltd.** - Manages pension funds.
9. **TanzaBrokers Ltd.** - Engages in security and commodity contracts brokerage.
10. **TanzaRisk Assessors Ltd.** - Conducts risk and damage evaluations for insurance purposes.

### Detailed Operations:

#### TanzaBank Ltd.:

- Conducts central banking services, including monetary policy implementation and financial stability oversight.
- Offers other monetary intermediation services, such as commercial banking, savings accounts, and loans to individuals and businesses.

#### TanzaLeasing Ltd.:

- Provides financial leasing services to businesses for acquiring machinery, equipment, and vehicles.
- Ensures that leasing agreements transfer substantial ownership risks and rewards to lessees.

#### **TanzaCredit Ltd.:**

- Specializes in granting personal and commercial credit, including consumer loans, business loans, and lines of credit.
- Implements robust credit assessment procedures to minimize default risks.

#### **TanzaTrust Ltd.:**

- Manages trusts and investment funds, ensuring proper administration and fiduciary responsibilities.
- Provides advisory services on trust and fund management.

#### **TanzaLife Insurance Ltd.:**

- Offers life insurance policies to individuals and groups, including term life, whole life, and annuities.
- Manages policyholder premiums and ensures timely claims settlements.

#### **TanzaNon-Life Insurance Ltd.:**

- Provides non-life insurance products such as health, property, casualty, and liability insurance.
- Engages in underwriting activities and risk assessment to set appropriate premiums.

#### **TanzaRe Ltd.:**

- Operates as a reinsurance company, assuming risks from other insurance carriers.
- Provides reinsurance contracts to mitigate risks associated with large insurance policies.

#### **TanzaPension Fund Management Ltd.:**

- Manages pension funds for various employers and individuals.
- Invests pension contributions in diverse portfolios to ensure sustainable returns for future retirees.

#### **TanzaBrokers Ltd.:**

- Engages in brokerage activities for securities and commodity contracts.
- Provides trading and investment advisory services to clients.

#### **TanzaRisk Assessors Ltd.:**

- Conducts risk and damage evaluations for insurance purposes.
- Provides detailed risk assessment reports to insurance companies and brokers.

## Tax, Levy, Duty, and Custom Analysis:

### 1. Corporate Income Tax (CIT)

- **Description:** A tax levied on the taxable income of companies.
- **Governing Law:** Income Tax Act, 2004.
- **Rate:** 30% of taxable income.
- **Calculation Example:** If TanzaFinancial Holdings Ltd. has a taxable income of TZS 1,000,000, the CIT would be TZS 300,000 ( $1,000,000 * 0.30$ ).

### 2. Value Added Tax (VAT)

- **Description:** A consumption tax levied on the value added to goods and services.
- **Governing Law:** Value Added Tax Act, 2014.
- **Rate:** 18% on the value of taxable supplies.
- **Calculation Example:** If TanzaBank Ltd. provides services worth TZS 2,000,000, the VAT would be TZS 360,000 ( $2,000,000 * 0.18$ ).

### 3. Stamp Duty

- **Description:** A tax levied on legal documents and certain financial transactions.
- **Governing Law:** Stamp Duty Act, 1972.
- **Rate:** Varies depending on the type of document; e.g., 1% on lease agreements.
- **Calculation Example:** For a leasing contract valued at TZS 500,000, the stamp duty would be TZS 5,000 ( $500,000 * 0.01$ ).

### 4. Excise Duty

- **Description:** A tax levied on specific goods and services produced or sold within the country.
- **Governing Law:** Excise (Management and Tariff) Act, 1952.
- **Rate:** Varies; e.g., 10% on financial services.
- **Calculation Example:** If TanzaLife Insurance Ltd. generates TZS 1,000,000 from life insurance premiums, the excise duty would be TZS 100,000 ( $1,000,000 * 0.10$ ).

### 5. Withholding Tax (WHT)

- **Description:** A tax withheld at source on specific payments such as interest, dividends, and royalties.
- **Governing Law:** Income Tax Act, 2004.
- **Rate:** 10% on dividends and interest.
- **Calculation Example:** If TanzaFinancial Holdings Ltd. pays TZS 200,000 in dividends, the WHT would be TZS 20,000 ( $200,000 * 0.10$ ).

### 6. Skills and Development Levy (SDL)

- **Description:** A levy imposed on employers to fund vocational education and training.
- **Governing Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4% of the total gross monthly emoluments paid to employees.
- **Calculation Example:** If TanzaCredit Ltd. has a monthly payroll of TZS 5,000,000, the SDL would be TZS 200,000 ( $5,000,000 * 0.04$ ).

### 7. Pay As You Earn (PAYE)

- **Description:** A tax on employees' earnings withheld by the employer and remitted to the tax authority.
- **Governing Law:** Income Tax Act, 2004.
- **Rate:** Progressive rates ranging from 9% to 30%.

- **Calculation Example:** For an employee earning TZS 1,000,000 per month, the PAYE might be calculated using a tiered approach.
8. **Social Security Contributions**
- **Description:** Mandatory contributions by employers and employees to social security funds.
  - **Governing Law:** Social Security Regulatory Authority Act, 2008.
  - **Rate:** Typically 20% of the employee's gross salary (10% each from employer and employee).
  - **Calculation Example:** For an employee with a salary of TZS 1,000,000, the contribution would be TZS 200,000 (100,000 employer + 100,000 employee).
9. **Import Duty**
- **Description:** A tax levied on goods imported into Tanzania.
  - **Governing Law:** East African Community Customs Management Act, 2004.
  - **Rate:** Varies depending on the type of goods; e.g., 25% on machinery.
  - **Calculation Example:** If TanzaLeasing Ltd. imports machinery worth TZS 1,000,000, the import duty would be TZS 250,000 ( $1,000,000 \times 0.25$ ).
10. **Property Tax**
- **Description:** A tax levied on real estate property.
  - **Governing Law:** Local Government Finance Act, 1982.
  - **Rate:** Varies by location and property value; e.g., 0.15% of the property value.
  - **Calculation Example:** If TanzaTrust Ltd. owns property valued at TZS 10,000,000, the property tax would be TZS 15,000 ( $10,000,000 \times 0.0015$ ).

## Conclusion

TanzaFinancial Holdings Ltd. exemplifies a comprehensive financial services company operating within multiple domains of the sector, necessitating compliance with a wide range of taxes, levies, duties, and customs as prescribed by Tanzanian laws. Each subsidiary's activities trigger specific fiscal obligations, ensuring that the company adheres to regulatory requirements and contributes to the country's revenue.

## 12.Scenario Example: TanzaRealty Group Ltd.

**Overview:** TanzaRealty Group Ltd. is a leading real estate company in Tanzania, engaged in both ownership and leasing of properties as well as providing real estate services on a fee or contract basis. The company operates across residential, commercial, and industrial real estate markets, offering a wide range of services including property development, management, and brokerage.

### Company Structure:

1. **TanzaProperties Ltd.** - Manages and develops real estate with own or leased property.
2. **TanzaProperty Services Ltd.** - Provides real estate services on a fee or contract basis.

## Detailed Operations:

### TanzaProperties Ltd.:

- **Residential Real Estate:** Develops and manages residential properties, including apartment complexes, single-family homes, and condominiums. The company leases these properties to tenants and also sells units.
- **Commercial Real Estate:** Develops and manages commercial properties such as office buildings, retail spaces, and shopping centers. It leases these properties to businesses and corporations.
- **Industrial Real Estate:** Develops and manages industrial properties including warehouses, distribution centers, and manufacturing facilities. These properties are leased to industrial tenants.

### TanzaProperty Services Ltd.:

- **Property Management:** Offers property management services to property owners, including rent collection, maintenance, and tenant relations.
- **Real Estate Brokerage:** Provides brokerage services for buying, selling, and leasing properties. The company earns commissions from successful transactions.
- **Real Estate Consultancy:** Offers consultancy services for real estate development projects, including market research, feasibility studies, and project management.

## Tax, Levy, Duty, and Custom Analysis:

1. **Corporate Income Tax (CIT)**
  - **Description:** A tax levied on the taxable income of companies.
  - **Governing Law:** Income Tax Act, 2004.
  - **Rate:** 30% of taxable income.
  - **Calculation Example:** If TanzaRealty Group Ltd. has a taxable income of TZS 1,000,000, the CIT would be TZS 300,000 ( $1,000,000 * 0.30$ ).
2. **Value Added Tax (VAT)**
  - **Description:** A consumption tax levied on the value added to goods and services.
  - **Governing Law:** Value Added Tax Act, 2014.
  - **Rate:** 18% on the value of taxable supplies.
  - **Calculation Example:** If TanzaProperty Services Ltd. provides services worth TZS 2,000,000, the VAT would be TZS 360,000 ( $2,000,000 * 0.18$ ).
3. **Stamp Duty**
  - **Description:** A tax levied on legal documents and certain financial transactions.
  - **Governing Law:** Stamp Duty Act, 1972.
  - **Rate:** Varies depending on the type of document; e.g., 1% on lease agreements.
  - **Calculation Example:** For a leasing contract valued at TZS 500,000, the stamp duty would be TZS 5,000 ( $500,000 * 0.01$ ).
4. **Excise Duty**
  - **Description:** A tax levied on specific goods and services produced or sold within the country.
  - **Governing Law:** Excise (Management and Tariff) Act, 1952.

- **Rate:** Varies; e.g., 10% on certain services.
  - **Calculation Example:** If TanzaProperty Services Ltd. generates TZS 1,000,000 from property management fees, the excise duty would be TZS 100,000 ( $1,000,000 * 0.10$ ).
5. **Withholding Tax (WHT)**
- **Description:** A tax withheld at source on specific payments such as interest, dividends, and royalties.
  - **Governing Law:** Income Tax Act, 2004.
  - **Rate:** 10% on dividends and interest.
  - **Calculation Example:** If TanzaRealty Group Ltd. pays TZS 200,000 in dividends, the WHT would be TZS 20,000 ( $200,000 * 0.10$ ).
6. **Skills and Development Levy (SDL)**
- **Description:** A levy imposed on employers to fund vocational education and training.
  - **Governing Law:** Vocational Education and Training Act, 1994.
  - **Rate:** 4% of the total gross monthly emoluments paid to employees.
  - **Calculation Example:** If TanzaProperties Ltd. has a monthly payroll of TZS 5,000,000, the SDL would be TZS 200,000 ( $5,000,000 * 0.04$ ).
7. **Pay As You Earn (PAYE)**
- **Description:** A tax on employees' earnings withheld by the employer and remitted to the tax authority.
  - **Governing Law:** Income Tax Act, 2004.
  - **Rate:** Progressive rates ranging from 9% to 30%.
  - **Calculation Example:** For an employee earning TZS 1,000,000 per month, the PAYE might be calculated using a tiered approach.
8. **Social Security Contributions**
- **Description:** Mandatory contributions by employers and employees to social security funds.
  - **Governing Law:** Social Security Regulatory Authority Act, 2008.
  - **Rate:** Typically 20% of the employee's gross salary (10% each from employer and employee).
  - **Calculation Example:** For an employee with a salary of TZS 1,000,000, the contribution would be TZS 200,000 (100,000 employer + 100,000 employee).
9. **Property Tax**
- **Description:** A tax levied on real estate property.
  - **Governing Law:** Local Government Finance Act, 1982.
  - **Rate:** Varies by location and property value; e.g., 0.15% of the property value.
  - **Calculation Example:** If TanzaProperties Ltd. owns property valued at TZS 10,000,000, the property tax would be TZS 15,000 ( $10,000,000 * 0.0015$ ).
10. **Capital Gains Tax (CGT)**
- **Description:** A tax on the profit made from the sale of assets or properties.
  - **Governing Law:** Income Tax Act, 2004.
  - **Rate:** 10% on the capital gains from the sale of real property.
  - **Calculation Example:** If TanzaRealty Group Ltd. sells a property for TZS 20,000,000 that was originally purchased for TZS 15,000,000, the capital gains tax would be TZS 500,000 [ $(20,000,000 - 15,000,000) * 0.10$ ].

## Conclusion

TanzaRealty Group Ltd. is a comprehensive real estate company engaged in both property management and real estate services on a fee or contract basis. The company's operations trigger various fiscal obligations under Tanzanian law, ensuring compliance with a range of taxes, levies, duties, and customs. Each tax or levy is governed by specific legislation and has distinct rates and calculation methods, reflecting the diverse nature of the real estate sector's financial responsibilities.

### **13.Scenario Example: Comprehensive Business Activities in the Professional, Scientific, and Technical Sector**

**Company Name:** TechInnovate Solutions Ltd.

**Overview:** TechInnovate Solutions Ltd. is a multifaceted firm operating in Dar es Salaam, Tanzania, engaged in a broad spectrum of activities within the professional, scientific, and technical sector. Founded in 2010, the company has grown to offer services across multiple divisions, including legal and accounting, management consultancy, engineering, scientific research, advertising, and specialized design activities. TechInnovate Solutions Ltd. has established itself as a leader in providing integrated solutions to businesses, leveraging its diverse expertise to cater to various industry needs.

#### **Key Business Activities:**

##### **1. Legal and Accounting Division:**

- **Legal Activities (6910):** TechInnovate has a robust legal department providing corporate legal services, intellectual property rights management, contract drafting, and litigation support. The team consists of experienced lawyers specialized in different areas of law.
- **Accounting Activities (6920):** The accounting division offers comprehensive accounting, bookkeeping, auditing, and tax consultancy services to SMEs and large corporations. The team ensures clients comply with local tax regulations and helps them optimize their financial performance.

##### **2. Management Consultancy Division:**

- **Activities of Head Offices (7010):** TechInnovate acts as the head office for several subsidiary companies, managing their strategic direction, financial planning, and corporate governance.
- **Management Consultancy Activities (7020):** The consultancy division provides strategic management advice, business process reengineering, and organizational development services. They also assist in mergers and acquisitions and market entry strategies.

##### **3. Engineering and Technical Services Division:**

- **Architectural and Engineering Activities (7110):** The company offers architectural design, civil engineering, structural engineering, and related technical consultancy services. The team handles projects from conceptual design to construction supervision.



- **Technical Testing and Analysis (7120):** This division provides material testing, environmental impact assessments, and quality assurance services. They ensure compliance with industry standards and regulations.
- 4. **Scientific Research Division:**
  - **Research on Natural Sciences and Engineering (7210):** TechInnovate conducts research and experimental development in renewable energy technologies, focusing on solar and wind energy solutions.
  - **Research on Social Sciences and Humanities (7220):** The social sciences division undertakes research on economic development, public policy, and social impact assessments for government and non-governmental organizations.
- 5. **Marketing and Design Division:**
  - **Advertising (7310):** The advertising team develops comprehensive marketing campaigns, digital marketing strategies, and branding solutions for clients across various sectors.
  - **Market Research and Public Opinion Polling (7320):** They conduct market research, consumer behavior analysis, and public opinion polling to help clients make data-driven decisions.
  - **Specialized Design Activities (7410):** The design division offers graphic design, product design, and user experience design services, creating visually appealing and functional designs for products and services.
- 6. **Other Professional Activities:**
  - **Photographic Activities (7420):** The company provides professional photography services, including corporate photography, event coverage, and product photography.
  - **Other Professional Activities n.e.c. (7490):** This includes consultancy on niche areas like environmental sustainability, corporate social responsibility, and innovation management.

## Analysis of Taxes, Levies, Duties, and Customs in Tanzania

1. **Corporate Income Tax (CIT):**
  - **Description:** Corporate Income Tax is levied on the taxable income of companies operating in Tanzania.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** 30% on taxable income.
  - **Example Calculation:** If TechInnovate Solutions Ltd. has a taxable income of TZS 1,000,000,000, the CIT payable would be:
    - $CIT = 30\% * 1,000,000,000 = TZS\ 300,000,000.$
2. **Value Added Tax (VAT):**
  - **Description:** VAT is a consumption tax levied on the value added to goods and services at each stage of production and distribution.
  - **Law:** Value Added Tax Act, 2014.
  - **Rate:** 18% on the value of goods and services supplied.
  - **Example Calculation:** If TechInnovate invoices TZS 500,000,000 for services, the VAT payable would be:
    - $VAT = 18\% * 500,000,000 = TZS\ 90,000,000.$
3. **Skills and Development Levy (SDL):**
  - **Description:** SDL is a levy imposed on employers to fund the development of vocational skills.

- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4% on the gross emoluments paid to employees.
- **Example Calculation:** If TechInnovate's total monthly payroll is TZS 200,000,000, the SDL payable would be:
  - $SDL = 4\% * 200,000,000 = \text{TZS } 8,000,000.$

#### 4. Pay As You Earn (PAYE):

- **Description:** PAYE is an income tax collected from employees' salaries and wages.
- **Law:** Income Tax Act, 2004.
- **Rate:** Progressive rates from 9% to 30% depending on the income bracket.
- **Example Calculation:** For an employee earning TZS 3,000,000 per month, the PAYE could be around TZS 540,000, calculated based on applicable brackets.

#### 5. Withholding Tax (WHT):

- **Description:** WHT is deducted at source on various payments including dividends, interest, royalties, and payments to contractors.
- **Law:** Income Tax Act, 2004.
- **Rate:** Varies from 5% to 15% depending on the type of payment.
- **Example Calculation:** If TechInnovate pays TZS 100,000,000 in dividends, the WHT at 10% would be:
  - $WHT = 10\% * 100,000,000 = \text{TZS } 10,000,000.$

#### 6. Import Duty:

- **Description:** Import duty is a tax levied on goods brought into Tanzania.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by product, commonly 25% for most goods.
- **Example Calculation:** If TechInnovate imports equipment worth TZS 50,000,000, the import duty at 25% would be:
  - $\text{Import Duty} = 25\% * 50,000,000 = \text{TZS } 12,500,000.$

#### 7. Excise Duty:

- **Description:** Excise duty is charged on specific goods and services produced or imported.
- **Law:** Excise (Management and Tariff) Act, 1952.
- **Rate:** Varies by product; for instance, 15% on soft drinks.
- **Example Calculation:** If TechInnovate imports soft drinks worth TZS 20,000,000, the excise duty at 15% would be:
  - $\text{Excise Duty} = 15\% * 20,000,000 = \text{TZS } 3,000,000.$

#### 8. Stamp Duty:

- **Description:** Stamp duty is levied on certain legal documents.
- **Law:** Stamp Duty Act, 1972.
- **Rate:** Varies depending on the document type; for instance, 1% on the value of property transactions.
- **Example Calculation:** If TechInnovate purchases property worth TZS 300,000,000, the stamp duty at 1% would be:
  - $\text{Stamp Duty} = 1\% * 300,000,000 = \text{TZS } 3,000,000.$

#### 9. Property Tax:

- **Description:** Property tax is levied on real estate properties.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Varies by municipality; for example, 0.15% of property value in Dar es Salaam.

- **Example Calculation:** If TechInnovate's property is valued at TZS 1,000,000,000, the property tax at 0.15% would be:
  - $\text{Property Tax} = 0.15\% * 1,000,000,000 = \text{TZS } 1,500,000.$

#### 10. Tourism Development Levy:

- **Description:** Tourism development levy is charged on the turnover of tourism-related businesses.
- **Law:** Tourism Act, 2008.
- **Rate:** 1% of gross turnover.
- **Example Calculation:** If TechInnovate's subsidiary in tourism generates TZS 200,000,000 in revenue, the levy would be:
  - $\text{Tourism Development Levy} = 1\% * 200,000,000 = \text{TZS } 2,000,000.$

## Summary

TechInnovate Solutions Ltd. is engaged in a wide range of professional, scientific, and technical activities, covering legal, accounting, management consultancy, engineering, scientific research, advertising, market research, specialized design, and more. The company is subject to various taxes, levies, duties, and customs under Tanzanian law, each governed by specific statutes and regulations, and calculated based on different bases and rates.

## 14.Scenario Example: Administrative and Support Service Activities

**Company Name:** Total Support Solutions Ltd.

**Overview:** Total Support Solutions Ltd. is a comprehensive service provider based in Dar es Salaam, Tanzania, specializing in a broad range of administrative and support services. Established in 2018, the company offers expertise across multiple divisions, including rental and leasing, employment activities, travel and tour operations, security and investigation services, building maintenance, and office support. The company aims to deliver integrated solutions to enhance operational efficiency for various business sectors.

### Key Business Activities:

#### 1. Rental and Leasing Division:

- **Renting and Leasing of Motor Vehicles (7710):** Total Support Solutions Ltd. offers a fleet of motor vehicles for short-term and long-term rental, including cars, vans, and trucks, catering to both business and individual clients.
- **Renting and Leasing of Recreational and Sports Goods (7721):** The company provides rental services for recreational equipment such as bicycles, kayaks, and camping gear.
- **Renting of Video Tapes and Disks (7722):** Despite digital trends, they continue to offer video tapes and disks for rent, focusing on niche markets like collectors and vintage enthusiasts.

- **Renting and Leasing of Other Personal and Household Goods (7729):** This includes renting household items such as furniture, appliances, and event equipment for various occasions.
  - **Renting and Leasing of Other Machinery, Equipment, and Tangible Goods (7730):** Total Support Solutions Ltd. leases out construction equipment, office machinery, and specialized tools.
  - **Leasing of Intellectual Property and Similar Products (7740):** The company handles the leasing of patents, trademarks, and other intellectual property rights for businesses.
2. **Employment Activities Division:**
- **Activities of Employment Placement Agencies (7810):** The company operates a recruitment agency that connects job seekers with employers across different industries.
  - **Temporary Employment Agency Activities (7820):** Total Support Solutions provides temporary staffing solutions for businesses requiring short-term or seasonal labor.
  - **Other Human Resources Provision (7830):** This includes HR consulting services such as employee training, performance management, and payroll administration.
3. **Travel Agency and Tour Operations Division:**
- **Travel Agency Activities (7911):** The company offers comprehensive travel booking services, including flight reservations, hotel bookings, and transportation arrangements.
  - **Tour Operator Activities (7912):** Total Support Solutions organizes guided tours, adventure trips, and cultural excursions across Tanzania.
  - **Other Reservation Service and Related Activities (7990):** They also handle bookings for events, activities, and other related services.
4. **Security and Investigation Division:**
- **Private Security Activities (8010):** The company provides security services including guards and patrols for residential, commercial, and industrial properties.
  - **Security Systems Service Activities (8020):** They install and maintain security systems such as CCTV cameras, alarms, and access control systems.
  - **Investigation Activities (8030):** Total Support Solutions offers private investigations, background checks, and corporate investigations.
5. **Services to Buildings and Landscape Activities Division:**
- **Combined Facilities Support Activities (8110):** The company manages various facility support services, including maintenance, janitorial services, and utilities management.
  - **General Cleaning of Buildings (8121):** They offer cleaning services for offices, homes, and industrial buildings, including routine and deep cleaning.
  - **Other Building and Industrial Cleaning Activities (8129):** Specialized cleaning services such as post-construction cleanup and high-rise window cleaning.
  - **Landscape Care and Maintenance Service Activities (8130):** Total Support Solutions provides landscaping services including garden design, lawn care, and maintenance.
6. **Office Administrative and Support Division:**

- **Combined Office Administrative Service Activities (8211):** The company offers outsourced administrative services including office management, mail handling, and reception.
- **Photocopying, Document Preparation, and Other Specialized Office Support Activities (8219):** Services include document preparation, photocopying, and binding.
- **Activities of Call Centres (8220):** They operate call centers providing customer support, telemarketing, and helpdesk services.
- **Organization of Conventions and Trade Shows (8230):** Total Support Solutions organizes and manages conventions, trade shows, and corporate events.
- **Business Support Service Activities n.e.c. (8290):** This includes services such as debt collection, credit bureau operations, and packaging.

## Analysis of Taxes, Levies, Duties, and Customs in Tanzania

### 1. Corporate Income Tax (CIT):

- **Description:** Tax levied on the taxable income of companies operating in Tanzania.
- **Law:** Income Tax Act, 2004.
- **Rate:** 30% on taxable income.
- **Example Calculation:** If Total Support Solutions Ltd. has a taxable income of TZS 1,000,000,000, the CIT payable would be:
  - $\text{CIT} = 30\% * 1,000,000,000 = \text{TZS } 300,000,000.$

### 2. Value Added Tax (VAT):

- **Description:** Tax on the value added to goods and services at each stage of production and distribution.
- **Law:** Value Added Tax Act, 2014.
- **Rate:** 18% on the value of goods and services supplied.
- **Example Calculation:** If Total Support Solutions invoices TZS 600,000,000 for services, the VAT payable would be:
  - $\text{VAT} = 18\% * 600,000,000 = \text{TZS } 108,000,000.$

### 3. Skills and Development Levy (SDL):

- **Description:** Levy imposed on employers to fund vocational skills development.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4% on gross emoluments paid to employees.
- **Example Calculation:** If Total Support's total monthly payroll is TZS 250,000,000, the SDL payable would be:
  - $\text{SDL} = 4\% * 250,000,000 = \text{TZS } 10,000,000.$

### 4. Pay As You Earn (PAYE):

- **Description:** Income tax collected from employees' salaries and wages.
- **Law:** Income Tax Act, 2004.
- **Rate:** Progressive rates from 9% to 30% depending on the income bracket.
- **Example Calculation:** For an employee earning TZS 4,000,000 per month, the PAYE could be around TZS 840,000, calculated based on applicable brackets.

### 5. Withholding Tax (WHT):

- **Description:** Tax deducted at source on payments such as dividends, interest, royalties, and contractor payments.

- **Law:** Income Tax Act, 2004.
  - **Rate:** Varies from 5% to 15% depending on the type of payment.
  - **Example Calculation:** If Total Support pays TZS 70,000,000 in royalties, the WHT at 10% would be:
    - $\text{WHT} = 10\% * 70,000,000 = \text{TZS } 7,000,000.$
6. **Import Duty:**
- **Description:** Tax levied on goods imported into Tanzania.
  - **Law:** East African Community Customs Management Act, 2004.
  - **Rate:** Varies by product; typically 25% for most goods.
  - **Example Calculation:** If Total Support imports office equipment worth TZS 40,000,000, the import duty at 25% would be:
    - $\text{Import Duty} = 25\% * 40,000,000 = \text{TZS } 10,000,000.$
7. **Excise Duty:**
- **Description:** Tax charged on specific goods and services produced or imported.
  - **Law:** Excise (Management and Tariff) Act, 1952.
  - **Rate:** Varies by product; for instance, 15% on certain imported goods.
  - **Example Calculation:** If Total Support imports electronics worth TZS 15,000,000, the excise duty at 15% would be:
    - $\text{Excise Duty} = 15\% * 15,000,000 = \text{TZS } 2,250,000.$
8. **Stamp Duty:**
- **Description:** Tax levied on legal documents.
  - **Law:** Stamp Duty Act, 1972.
  - **Rate:** Varies depending on the document; for instance, 1% on property transactions.
  - **Example Calculation:** If Total Support purchases a property for TZS 500,000,000, the stamp duty at 1% would be:
    - $\text{Stamp Duty} = 1\% * 500,000,000 = \text{TZS } 5,000,000.$
9. **Property Tax:**
- **Description:** Tax levied on real estate properties.
  - **Law:** Local Government Finance Act, 1982.
  - **Rate:** Varies by municipality; for example, 0.15% of property value in Dar es Salaam.
  - **Example Calculation:** If Total Support's property is valued at TZS 1,200,000,000, the property tax at 0.15% would be:
    - $\text{Property Tax} = 0.15\% * 1,200,000,000 = \text{TZS } 1,800,000.$
10. **Tourism Development Levy:**
- **Description:** Levy charged on the turnover of tourism-related businesses.
  - **Law:** Tourism Act, 2008.
  - **Rate:** 1% of gross turnover.
  - **Example Calculation:** If Total Support's tourism division generates TZS 200,000,000 in revenue, the levy would be:
    - $\text{Tourism Development Levy} = 1\% * 200,000,000 = \text{TZS } 2,000,000.$

## Summary

Total Support Solutions Ltd. is involved in diverse administrative and support activities, from vehicle rentals and HR services to travel and security. The company must navigate a complex landscape of taxes, levies, and duties in Tanzania, ensuring compliance with various

regulations while managing its financial obligations effectively. Each tax and levy plays a crucial role in the company's overall financial strategy and compliance framework.

## 15.Scenario Example

**Company Name:** Tanzania Public Services Corporation (TPSC)

**Industry Sector:** Public Administration and Defence; Compulsory Social Security

**Description:** Tanzania Public Services Corporation (TPSC) is a large, state-owned enterprise in Tanzania tasked with a broad range of activities related to public administration, defense, and social security. The company operates across multiple divisions, each with specific functions:

1. **General Public Administration:**
  - **Division:** Public Administration
  - **Activities:** TPSC is responsible for implementing and overseeing national policies related to economic development and social welfare. The company collaborates with various government departments to ensure the effective administration of public resources.
2. **Regulation of Health Care, Education, and Social Services:**
  - **Division:** Social Services Regulation
  - **Activities:** TPSC monitors and regulates the quality and accessibility of healthcare services, educational institutions, and cultural programs. The company sets standards and ensures compliance across the sector.
3. **Foreign Affairs and Defence:**
  - **Division:** National Security
  - **Activities:** TPSC handles various aspects of foreign diplomacy and national defense. It manages diplomatic missions, oversees military operations, and coordinates with international agencies.
4. **Public Order and Safety:**
  - **Division:** Public Safety
  - **Activities:** TPSC is responsible for public order and safety services, including law enforcement, emergency response, and disaster management.
5. **Compulsory Social Security:**
  - **Division:** Social Security Administration
  - **Activities:** TPSC administers compulsory social security programs, including pensions, unemployment benefits, and health insurance. The company ensures that all citizens and residents have access to necessary social protections.

### Detailed Activities:

- **Policy Implementation:** TPSC collaborates with various ministries to develop and implement public policies. This involves strategic planning, budgeting, and coordination with other government entities.
- **Healthcare Regulation:** TPSC sets standards for hospitals and clinics, conducts inspections, and manages accreditation processes to ensure healthcare quality.
- **Educational Oversight:** The company monitors educational institutions to maintain quality standards, including curriculum evaluations and teacher certifications.

- **Defense Coordination:** TPSC coordinates defense activities, including managing defense contracts, overseeing military logistics, and facilitating international defense cooperation.
- **Public Safety Services:** TPSC deploys resources for disaster response, conducts public safety campaigns, and manages emergency services.

## Analysis of Taxes, Levies, Duties, and Customs

Here's an analysis of ten different taxes, levies, duties, and customs that TPSC may be liable to pay under Tanzanian tax laws:

### 1. Corporate Income Tax

- **Description:** Tax on the company's profits.
- **Law:** Income Tax Act, Cap 332
- **Rate:** 30% of taxable income.
- **Example:** If TPSC has a taxable income of TZS 10 billion, the corporate income tax would be TZS 3 billion (10 billion \* 30%).

### 2. Value Added Tax (VAT)

- **Description:** Tax on the value added to goods and services.
- **Law:** Value Added Tax Act, Cap 148
- **Rate:** 18%
- **Example:** For a service contract worth TZS 500 million, the VAT would be TZS 90 million (500 million \* 18%).

### 3. Withholding Tax

- **Description:** Tax withheld at the source on certain payments such as dividends, interest, and royalties.
- **Law:** Income Tax Act, Cap 332
- **Rate:** 10% for dividends and 15% for interest.
- **Example:** For a dividend payment of TZS 100 million, the withholding tax would be TZS 10 million (100 million \* 10%).

### 4. Customs Duty

- **Description:** Tax on imported goods.
- **Law:** Customs Act, Cap 403
- **Rate:** Varies by product; typically between 5% and 25%.
- **Example:** If TPSC imports equipment valued at TZS 200 million with a customs duty rate of 10%, the duty would be TZS 20 million (200 million \* 10%).

### 5. Stamp Duty

- **Description:** Tax on legal documents and transactions.
- **Law:** Stamp Duty Act, Cap 98
- **Rate:** 1% on the value of the document or transaction.
- **Example:** For a land lease agreement valued at TZS 50 million, the stamp duty would be TZS 500,000 (50 million \* 1%).

### 6. Pay As You Earn (PAYE)

- **Description:** Income tax on employees' wages.
- **Law:** Income Tax Act, Cap 332
- **Rate:** Progressive rates from 9% to 30% based on income brackets.
- **Example:** For an employee earning TZS 5 million monthly, the PAYE tax would vary depending on the applicable bracket, but if taxed at 15%, the monthly PAYE would be TZS 750,000 (5 million \* 15%).



## 7. Excise Duty

- **Description:** Tax on specific goods such as alcohol, tobacco, and petroleum products.
- **Law:** Excise Duty Act, Cap 147
- **Rate:** Varies by product; e.g., 20% on alcoholic beverages.
- **Example:** For a shipment of alcoholic beverages worth TZS 50 million, with an excise duty rate of 20%, the duty would be TZS 10 million (50 million \* 20%).

## 8. Environmental Levy

- **Description:** Levy on activities or products that impact the environment.
- **Law:** Environmental Management Act, Cap 191
- **Rate:** Varies by type of activity or product; e.g., TZS 5 per kilogram of plastic waste.
- **Example:** If TPSC generates 1,000 kilograms of plastic waste, the environmental levy would be TZS 5,000 (1,000 \* 5).

## 9. Land Rent

- **Description:** Payment for land usage based on the area and location.
- **Law:** Land Act, Cap 113
- **Rate:** Varies by land type and location; e.g., TZS 1 million per hectare annually.
- **Example:** For a 10-hectare plot, the annual land rent would be TZS 10 million (10 hectares \* 1 million).

## 10. Social Security Contributions

- **Description:** Contributions to social security schemes for employees.
- **Law:** National Social Security Fund Act, Cap 50
- **Rate:** 10% of gross salary (5% employer contribution and 5% employee contribution).
- **Example:** For an employee with a gross salary of TZS 5 million, the total social security contribution would be TZS 500,000 (5 million \* 10%).

Each of these taxes, levies, duties, and customs plays a role in the financial and operational management of TPSC, impacting its budgeting, compliance, and overall financial strategy.

## 16.Scenario Example

**Company Name:** Tanzania Education Foundation (TEF)

**Industry Sector:** Education

**Description:** Tanzania Education Foundation (TEF) is a comprehensive educational organization in Tanzania that provides a wide range of educational services from pre-primary to higher education and beyond. TEF operates across several divisions to cater to different educational needs and support services.

**Detailed Activities:**

1. **Pre-Primary and Primary Education:**
  - **Division:** Primary Education
  - **Activities:** TEF runs several pre-primary and primary schools across Tanzania. These schools provide early childhood education and primary education following the national curriculum. TEF focuses on inclusive education, ensuring access for children from various socio-economic backgrounds.
2. **Secondary Education:**
  - **Division:** Secondary Education
  - **Activities:**
    - **General Secondary Education:** TEF operates secondary schools that provide general education in subjects such as mathematics, science, and humanities. These schools prepare students for national examinations and further education.
    - **Technical and Vocational Secondary Education:** TEF also manages technical and vocational training centers that offer practical skills and vocational training in areas such as electronics, plumbing, and carpentry. This division focuses on equipping students with job-ready skills.
3. **Higher Education:**
  - **Division:** Higher Education
  - **Activities:** TEF runs a university and several technical colleges offering undergraduate and postgraduate programs in various fields, including engineering, business, and arts. The university is involved in research, academic development, and community engagement.
4. **Other Education:**
  - **Division:** Specialized Education
  - **Activities:**
    - **Sports and Recreation Education:** TEF provides specialized programs in sports and recreation, including sports academies and coaching certifications. These programs are designed to develop athletic skills and promote physical fitness.
    - **Cultural Education:** TEF offers cultural education programs, including music, dance, and arts. These programs aim to preserve and promote Tanzanian cultural heritage.
    - **Other Education n.e.c. (not elsewhere classified):** This includes niche educational services that do not fall into the other specified categories, such as adult education and lifelong learning programs.
5. **Educational Support Activities:**
  - **Division:** Educational Support
  - **Activities:** TEF provides various support services to enhance the educational experience. This includes curriculum development, teacher training, educational counseling, and the development of educational materials and resources.

## **Analysis of Taxes, Levies, Duties, and Customs**

Here's an analysis of ten different taxes, levies, duties, and customs that Tanzania Education Foundation (TEF) may be liable to pay under Tanzanian tax laws:

## 1. Corporate Income Tax

- **Description:** Tax on the company's profits.
- **Law:** Income Tax Act, Cap 332
- **Rate:** 30% of taxable income.
- **Example:** If TEF has a taxable income of TZS 2 billion, the corporate income tax would be TZS 600 million (2 billion \* 30%).

## 2. Value Added Tax (VAT)

- **Description:** Tax on the value added to goods and services.
- **Law:** Value Added Tax Act, Cap 148
- **Rate:** 18%
- **Example:** For educational materials sold worth TZS 100 million, the VAT would be TZS 18 million (100 million \* 18%).

## 3. Withholding Tax

- **Description:** Tax withheld on certain payments such as fees for services.
- **Law:** Income Tax Act, Cap 332
- **Rate:** 10% for professional services.
- **Example:** For a consultancy fee payment of TZS 50 million, the withholding tax would be TZS 5 million (50 million \* 10%).

## 4. Customs Duty

- **Description:** Tax on imported goods.
- **Law:** Customs Act, Cap 403
- **Rate:** Varies by product; typically between 5% and 25%.
- **Example:** For importing educational equipment valued at TZS 10 million with a customs duty rate of 10%, the duty would be TZS 1 million (10 million \* 10%).

## 5. Stamp Duty

- **Description:** Tax on legal documents and transactions.
- **Law:** Stamp Duty Act, Cap 98
- **Rate:** 1% on the value of the document or transaction.
- **Example:** For a lease agreement for a new school building valued at TZS 20 million, the stamp duty would be TZS 200,000 (20 million \* 1%).

## 6. Pay As You Earn (PAYE)

- **Description:** Income tax on employees' wages.
- **Law:** Income Tax Act, Cap 332
- **Rate:** Progressive rates from 9% to 30% based on income brackets.
- **Example:** For an employee earning TZS 1 million monthly, the PAYE tax would vary based on income brackets. Assuming a rate of 15%, the monthly PAYE would be TZS 150,000 (1 million \* 15%).

## 7. Excise Duty

- **Description:** Tax on specific goods such as alcohol and tobacco, not typically applicable to educational institutions but could be relevant if the institution sells such items.
- **Law:** Excise Duty Act, Cap 147
- **Rate:** Varies by product; e.g., 20% on alcoholic beverages.
- **Example:** If TEF sells beverages at a function worth TZS 5 million, with an excise duty rate of 20%, the duty would be TZS 1 million (5 million \* 20%).

## 8. Environmental Levy

- **Description:** Levy on activities or products that impact the environment.
- **Law:** Environmental Management Act, Cap 191

- **Rate:** Varies by type of activity or product; e.g., TZS 5 per kilogram of plastic waste.
- **Example:** If TEF generates 200 kilograms of plastic waste, the environmental levy would be TZS 1,000 (200 \* 5).

#### 9. Land Rent

- **Description:** Payment for land usage based on the area and location.
- **Law:** Land Act, Cap 113
- **Rate:** Varies by land type and location; e.g., TZS 2 million per hectare annually.
- **Example:** For a 5-hectare campus, the annual land rent would be TZS 10 million (5 hectares \* 2 million).

#### 10. Social Security Contributions

- **Description:** Contributions to social security schemes for employees.
- **Law:** National Social Security Fund Act, Cap 50
- **Rate:** 10% of gross salary (5% employer contribution and 5% employee contribution).
- **Example:** For an employee with a gross salary of TZS 1.5 million, the total social security contribution would be TZS 150,000 (1.5 million \* 10%).

This comprehensive overview highlights the key financial obligations that TEF must manage to ensure compliance with Tanzanian tax laws, while also illustrating how these obligations impact the foundation's operations and budgeting.

## 17.Scenario Example: Human Health and Social Work Activities

**Company Name:** Harmony Health Services Ltd.

**Overview:** Harmony Health Services Ltd. is a prominent healthcare and social services provider based in Dar es Salaam, Tanzania. Established in 2020, the company offers a comprehensive range of services across several divisions, including human health activities, residential care, and social work activities. The company is dedicated to improving the quality of life for its clients through high-quality medical care, residential support, and social services.

### Key Business Activities:

#### 1. Human Health Activities Division:

- **Hospital Activities (8610):** Harmony Health Services operates a multi-specialty hospital offering emergency care, inpatient and outpatient services, surgical procedures, and diagnostic services. The hospital is equipped with advanced medical technology and staffed by a team of experienced healthcare professionals.
- **Medical and Dental Practice Activities (8620):** The company manages a network of clinics providing primary care, specialist consultations, dental services, and preventive health services. The clinics offer routine check-ups, diagnostic tests, and treatment for a variety of medical conditions.

- **Other Human Health Activities (8690):** This includes home healthcare services where healthcare professionals visit patients in their homes to provide medical care, manage chronic conditions, and support rehabilitation efforts.
- 2. **Residential Care Activities Division:**
  - **Residential Nursing Care Facilities (8710):** Harmony Health Services operates nursing homes that offer long-term care for individuals with chronic illnesses, recovery needs, and those requiring continuous medical supervision. The facilities are designed to provide a supportive environment with medical care, therapy, and daily living assistance.
  - **Residential Care Activities for Mental Retardation, Mental Health, and Substance Abuse (8720):** The company runs specialized residential facilities that provide care and support for individuals with mental disabilities, mental health issues, and substance abuse problems. Services include therapeutic support, counseling, and rehabilitation programs.
  - **Residential Care Activities for the Elderly and Disabled (8730):** Harmony Health Services offers residential care homes for the elderly and disabled, providing a range of support services including assistance with daily activities, medical care, and social activities.
  - **Other Residential Care Activities (8790):** This includes other types of residential care services not covered by the categories above, such as temporary respite care for families and short-term recovery accommodations.
- 3. **Social Work Activities without Accommodation Division:**
  - **Social Work Activities without Accommodation for the Elderly and Disabled (8810):** The company provides outreach services for the elderly and disabled, including case management, social support, and community-based services aimed at improving quality of life and independence.
  - **Other Social Work Activities without Accommodation (8890):** Harmony Health Services offers a range of social work services that do not involve accommodation, such as family counseling, youth support programs, and community development initiatives.

## Analysis of Taxes, Levies, Duties, and Customs in Tanzania

1. **Corporate Income Tax (CIT):**
  - **Description:** Tax on the income of corporations and other business entities.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** 30% on taxable income.
  - **Example Calculation:** If Harmony Health Services Ltd. has a taxable income of TZS 500,000,000, the CIT payable would be:
    - $CIT = 30\% * 500,000,000 = TZS\ 150,000,000.$
2. **Value Added Tax (VAT):**
  - **Description:** Tax on the value added to goods and services at each stage of production and distribution.
  - **Law:** Value Added Tax Act, 2014.
  - **Rate:** 18% on taxable supplies.
  - **Example Calculation:** If Harmony Health Services invoices TZS 200,000,000 for medical services, the VAT payable would be:
    - $VAT = 18\% * 200,000,000 = TZS\ 36,000,000.$
3. **Skills and Development Levy (SDL):**
  - **Description:** Levy for vocational skills development, imposed on employers.

- **Law:** Vocational Education and Training Act, 1994.
  - **Rate:** 4% of gross emoluments paid to employees.
  - **Example Calculation:** If Harmony Health Services' total monthly payroll is TZS 120,000,000, the SDL payable would be:
    - $SDL = 4\% * 120,000,000 = \text{TZS } 4,800,000.$
4. **Pay As You Earn (PAYE):**
- **Description:** Income tax deducted from employees' salaries and wages.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** Progressive rates from 9% to 30% depending on the income bracket.
  - **Example Calculation:** For an employee earning TZS 2,500,000 per month, the PAYE could be around TZS 375,000, calculated based on applicable tax brackets.
5. **Withholding Tax (WHT):**
- **Description:** Tax deducted at source on various payments including dividends, interest, and payments to contractors.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** Typically 10% for services.
  - **Example Calculation:** If Harmony Health Services pays TZS 10,000,000 for professional services, the WHT at 10% would be:
    - $WHT = 10\% * 10,000,000 = \text{TZS } 1,000,000.$
6. **Import Duty:**
- **Description:** Tax levied on goods imported into Tanzania.
  - **Law:** East African Community Customs Management Act, 2004.
  - **Rate:** Generally 25% on most goods.
  - **Example Calculation:** If Harmony Health Services imports medical equipment worth TZS 30,000,000, the import duty at 25% would be:
    - $\text{Import Duty} = 25\% * 30,000,000 = \text{TZS } 7,500,000.$
7. **Excise Duty:**
- **Description:** Tax imposed on specific goods and services produced or imported.
  - **Law:** Excise (Management and Tariff) Act, 1952.
  - **Rate:** Varies; for example, 15% on certain imported medical supplies.
  - **Example Calculation:** If Harmony Health Services imports medical supplies worth TZS 5,000,000, the excise duty at 15% would be:
    - $\text{Excise Duty} = 15\% * 5,000,000 = \text{TZS } 750,000.$
8. **Stamp Duty:**
- **Description:** Tax on certain legal documents, including property transactions.
  - **Law:** Stamp Duty Act, 1972.
  - **Rate:** 1% on property transactions.
  - **Example Calculation:** If Harmony Health Services purchases property for TZS 100,000,000, the stamp duty at 1% would be:
    - $\text{Stamp Duty} = 1\% * 100,000,000 = \text{TZS } 1,000,000.$
9. **Property Tax:**
- **Description:** Tax on real estate properties.
  - **Law:** Local Government Finance Act, 1982.
  - **Rate:** Varies by municipality; for example, 0.15% of property value in Dar es Salaam.
  - **Example Calculation:** If Harmony Health Services' property is valued at TZS 600,000,000, the property tax at 0.15% would be:
    - $\text{Property Tax} = 0.15\% * 600,000,000 = \text{TZS } 900,000.$

#### 10. Healthcare Levy:

- **Description:** Levy imposed on healthcare-related businesses to support public health initiatives.
- **Law:** Health Care Levy Act, 2008.
- **Rate:** 1% of gross revenue.
- **Example Calculation:** If Harmony Health Services generates TZS 800,000,000 in revenue, the healthcare levy would be:
  - Healthcare Levy = 1% \* 800,000,000 = TZS 8,000,000.

### Summary

Harmony Health Services Ltd. is involved in a wide range of human health and social work activities, including hospital care, residential care, and social work without accommodation. The company faces various taxes, levies, and duties in Tanzania, which require careful management to ensure compliance and maintain financial stability. Each tax and levy has specific implications for the company's operations and overall financial strategy.

### 18.Scenario Example: FunZone Entertainment Ltd.

#### Company Overview

**FunZone Entertainment Ltd.** is a multifaceted entertainment company based in Arusha, Tanzania. The company operates across various segments of the arts, entertainment, and recreation sector. Its diverse offerings include creative arts, libraries, museums, sports facilities, amusement parks, and gambling activities. FunZone is known for its expansive portfolio that caters to a wide audience and enhances cultural and recreational experiences.

#### Business Activities:

1. **Creative, Arts, and Entertainment Activities (Division 90)**
  - **9000 Creative, Arts, and Entertainment Activities:** FunZone manages a range of creative and entertainment events including theater productions, live music performances, and art exhibitions. They also host film festivals and cultural events.
2. **Libraries, Archives, Museums, and Other Cultural Activities (Division 91)**
  - **9101 Library and Archives Activities:** FunZone operates a public library offering a vast collection of books, digital resources, and community programs.
  - **9102 Museums Activities and Operation of Historical Sites and Buildings:** They manage a local museum showcasing historical artifacts and preserving historical sites and buildings for educational purposes.
  - **9103 Botanical and Zoological Gardens and Nature Reserves Activities:** The company runs a large botanical garden and a small zoo, providing educational programs and recreational spaces for the public.
3. **Gambling and Betting Activities (Division 92)**

- **9200 Gambling and Betting Activities:** FunZone operates a casino and several betting establishments, offering a variety of gambling options including table games, slot machines, and sports betting.
- 4. **Sports Activities and Amusement and Recreation Activities (Division 93)**
  - **931 Sports Activities**
    - **9311 Operation of Sports Facilities:** FunZone manages sports facilities such as stadiums, gyms, and swimming pools used for various sporting events and activities.
    - **9312 Activities of Sports Clubs:** They run multiple sports clubs focusing on different sports like football, basketball, and athletics.
    - **9319 Other Sports Activities:** This includes organizing sports events, competitions, and training programs.
  - **932 Other Amusement and Recreation Activities**
    - **9321 Activities of Amusement Parks and Theme Parks:** FunZone operates a large amusement park featuring rides, games, and entertainment attractions.
    - **9329 Other Amusement and Recreation Activities n.e.c.:** They offer additional recreational services like mini-golf, laser tag, and escape rooms.

## **Analysis of Taxes, Levies, Duties, and Customs for FunZone Entertainment Ltd.**

1. **Corporate Income Tax**
  - **Description:** Tax on the company's net income or profit.
  - **Law:** Income Tax Act, Cap 332.
  - **Rate:** 30% of taxable income.
  - **Example:** If FunZone Entertainment Ltd. reports a profit of TZS 150,000,000, the tax payable would be TZS 45,000,000 (150,000,000 x 30%).
2. **Value Added Tax (VAT)**
  - **Description:** Tax on the value added to goods and services provided by the company.
  - **Law:** Value Added Tax Act, Cap 148.
  - **Rate:** 18%.
  - **Example:** For ticket sales and other services amounting to TZS 80,000,000, VAT charged would be TZS 14,400,000 (80,000,000 x 18%).
3. **Withholding Tax**
  - **Description:** Tax withheld on certain payments such as those to entertainers and service providers.
  - **Law:** Income Tax Act, Cap 332.
  - **Rate:** Typically 5% to 15%.
  - **Example:** For payments of TZS 20,000,000 to a performer, withholding tax at 10% would be TZS 2,000,000 (20,000,000 x 10%).
4. **Property Tax**
  - **Description:** Tax on property owned by the company, including libraries, museums, and amusement parks.
  - **Law:** Local Government (Rating) Act.
  - **Rate:** 0.5% to 1% of the property value.



- **Example:** If FunZone owns properties valued at TZS 700,000,000, and the local rate is 0.5%, the property tax would be TZS 3,500,000 ( $700,000,000 \times 0.5\%$ ).
5. **Entertainment Tax**
- **Description:** Tax on entertainment activities such as theater performances and amusement park admissions.
  - **Law:** Local Government Authorities (Revenue Collection) Act.
  - **Rate:** 5% to 10% of ticket sales or admission fees.
  - **Example:** For amusement park admissions totaling TZS 50,000,000, at a 7% rate, the entertainment tax would be TZS 3,500,000 ( $50,000,000 \times 7\%$ ).
6. **Gambling Tax**
- **Description:** Tax on gambling and betting activities conducted by the company.
  - **Law:** Gaming Act.
  - **Rate:** Typically 15% of gross gaming revenue.
  - **Example:** If FunZone's casino generates TZS 100,000,000 in gross gaming revenue, the gambling tax payable would be TZS 15,000,000 ( $100,000,000 \times 15\%$ ).
7. **Road Maintenance Levy**
- **Description:** Levy on vehicles used in transporting equipment or patrons.
  - **Law:** Road Maintenance (Amendment) Act.
  - **Rate:** TZS 200,000 per vehicle annually.
  - **Example:** For 10 vehicles, the total levy would be TZS 2,000,000 ( $10 \times 200,000$ ).
8. **Customs Duty**
- **Description:** Tax on imported goods such as equipment for amusement parks and casinos.
  - **Law:** Customs Act.
  - **Rate:** Typically 10% to 25% depending on the item.
  - **Example:** For amusement park equipment worth TZS 30,000,000 with a customs duty rate of 15%, the duty payable would be TZS 4,500,000 ( $30,000,000 \times 15\%$ ).
9. **Excise Duty**
- **Description:** Tax on specific goods such as alcohol and tobacco sold at entertainment venues.
  - **Law:** Excise Duty Act.
  - **Rate:** Varies; typically TZS 300 per liter of alcohol.
  - **Example:** For 20,000 liters of alcohol sold, the excise duty would be TZS 6,000,000 ( $20,000 \times 300$ ).
10. **Business License Fee**
- **Description:** Fee for obtaining and renewing the business operating license.
  - **Law:** Local Government Authorities (Revenue Collection) Act.
  - **Rate:** Varies by local authority; typically TZS 500,000 to TZS 1,000,000 annually.
  - **Example:** If the annual business license fee is TZS 750,000, FunZone Entertainment Ltd. would pay this amount each year.

## Summary

FunZone Entertainment Ltd. operates in diverse segments including creative arts, museums, gambling, sports facilities, and amusement parks. To ensure compliance with Tanzanian regulations, the company must handle various taxes and levies such as Corporate Income Tax, VAT, Withholding Tax, and specialized fees like Entertainment Tax and Gambling Tax. Managing these obligations effectively is crucial for maintaining regulatory compliance and supporting the company's expansive operations in the arts, entertainment, and recreation sectors.

## **19.Scenario Example: ServicePlus Ltd.**

### **Company Overview**

**ServicePlus Ltd.** is a diversified service company based in Mbeya, Tanzania, specializing in a broad range of service activities including membership organizations, repair services, and personal services. The company provides support to various sectors and individuals, ensuring high-quality service and customer satisfaction.

### **Business Activities:**

- 1. Activities of Membership Organizations (Division 94)**
  - **941 Activities of Business, Employers, and Professional Membership Organizations**
    - **9411 Activities of Business and Employers Membership Organizations:** ServicePlus Ltd. operates a business association that provides networking opportunities, advocacy, and support for local businesses and employers.
    - **9412 Activities of Professional Membership Organizations:** The company runs a professional association offering certification, training, and continuing education for professionals in various fields.
  - **942 Activities of Trade Unions**
    - **9420 Activities of Trade Unions:** ServicePlus manages a trade union that represents workers' interests, negotiates labor agreements, and provides support services to its members.
  - **949 Activities of Other Membership Organizations**
    - **9491 Activities of Religious Organizations:** The company operates a religious organization that manages places of worship, conducts religious services, and organizes community events.
    - **9492 Activities of Political Organizations:** ServicePlus also runs a political organization focused on advocacy, policy development, and political campaigns.
    - **9499 Activities of Other Membership Organizations n.e.c.:** This includes a variety of other membership organizations, such as cultural or recreational clubs, that ServicePlus supports.
- 2. Repair of Computers and Personal and Household Goods (Division 95)**
  - **951 Repair of Computers and Communication Equipment**

- **9511 Repair of Computers and Peripheral Equipment:** ServicePlus provides repair and maintenance services for computers, printers, and other related devices.
  - **9512 Repair of Communication Equipment:** They also repair communication equipment like mobile phones and radios.
- **952 Repair of Personal and Household Goods**
  - **9521 Repair of Consumer Electronics:** The company repairs electronics such as televisions and audio systems.
  - **9522 Repair of Household Appliances and Home and Garden Equipment:** This includes fixing appliances like refrigerators, washing machines, and garden tools.
  - **9523 Repair of Footwear and Leather Goods:** ServicePlus offers repair services for shoes, bags, and other leather items.
  - **9524 Repair of Furniture and Home Furnishings:** They provide furniture repair services including reupholstering and structural repairs.
  - **9529 Repair of Other Personal and Household Goods:** This category covers repair services for various other personal and household items not specified elsewhere.
- 3. **Other Personal Service Activities (Division 96)**
  - **9601 Washing and (Dry-) Cleaning of Textile and Fur Products:** ServicePlus operates a laundry and dry-cleaning service for clothes, textiles, and fur products.
  - **9602 Hairdressing and Other Beauty Treatment:** They run a beauty salon offering haircuts, styling, and other beauty treatments.
  - **9603 Funeral and Related Activities:** The company provides funeral services, including planning, preparation, and related support activities.
  - **9609 Other Personal Service Activities n.e.c.:** This includes other personal services such as tailoring, pet grooming, and similar activities not classified elsewhere.

## **Analysis of Taxes, Levies, Duties, and Customs for ServicePlus Ltd.**

1. **Corporate Income Tax**
  - **Description:** Tax on the company's net profit.
  - **Law:** Income Tax Act, Cap 332.
  - **Rate:** 30% of taxable income.
  - **Example:** If ServicePlus Ltd. reports a taxable income of TZS 120,000,000, the tax payable would be TZS 36,000,000 (120,000,000 x 30%).
2. **Value Added Tax (VAT)**
  - **Description:** Tax on the value added to goods and services.
  - **Law:** Value Added Tax Act, Cap 148.
  - **Rate:** 18%.
  - **Example:** For repair services and membership fees totaling TZS 60,000,000, VAT would be TZS 10,800,000 (60,000,000 x 18%).
3. **Withholding Tax**
  - **Description:** Tax withheld on certain payments, such as to service providers.
  - **Law:** Income Tax Act, Cap 332.
  - **Rate:** Typically 5% to 15%.
  - **Example:** If ServicePlus Ltd. pays TZS 15,000,000 to a contractor, withholding tax at 10% would be TZS 1,500,000 (15,000,000 x 10%).

4. **Property Tax**
  - **Description:** Tax on property owned by the company, including offices and repair facilities.
  - **Law:** Local Government (Rating) Act.
  - **Rate:** 0.5% to 1% of the property value.
  - **Example:** For properties valued at TZS 500,000,000, at a 0.5% rate, the property tax would be TZS 2,500,000 ( $500,000,000 \times 0.5\%$ ).
5. **Business License Fee**
  - **Description:** Fee for obtaining and renewing a business operating license.
  - **Law:** Local Government Authorities (Revenue Collection) Act.
  - **Rate:** Varies by local authority; typically TZS 500,000 to TZS 1,000,000 annually.
  - **Example:** If the annual license fee is TZS 750,000, ServicePlus Ltd. would pay this amount each year.
6. **Repair Services Levy**
  - **Description:** Levy imposed on repair services to fund industry regulation or consumer protection.
  - **Law:** Local Government Authorities (Revenue Collection) Act.
  - **Rate:** 1% of revenue from repair services.
  - **Example:** For repair services revenue of TZS 40,000,000, the levy would be TZS 400,000 ( $40,000,000 \times 1\%$ ).
7. **Environmental Management Levy**
  - **Description:** Levy contributed to environmental management efforts, relevant for certain personal services and repair activities.
  - **Law:** Environmental Management Act, 2004.
  - **Rate:** 0.5% of gross revenue.
  - **Example:** If gross revenue from all services is TZS 100,000,000, the levy would be TZS 500,000 ( $100,000,000 \times 0.5\%$ ).
8. **Customs Duty**
  - **Description:** Tax on imported goods, such as equipment for repair services.
  - **Law:** Customs Act.
  - **Rate:** Typically 10% to 25% depending on the item.
  - **Example:** For repair equipment worth TZS 20,000,000, with a customs duty rate of 15%, the duty payable would be TZS 3,000,000 ( $20,000,000 \times 15\%$ ).
9. **Excise Duty**
  - **Description:** Tax on specific goods sold by the company, such as certain consumer electronics.
  - **Law:** Excise Duty Act.
  - **Rate:** Varies; typically TZS 200 per unit or as a percentage of value.
  - **Example:** If excise duty is TZS 200 per unit and ServicePlus sells 5,000 units, the total excise duty would be TZS 1,000,000 ( $5,000 \times 200$ ).
10. **Stamp Duty**
  - **Description:** Tax on legal documents related to property transactions or service contracts.
  - **Law:** Stamp Duty Act, Cap 189.
  - **Rate:** 1% to 2% of the transaction value.
  - **Example:** For a property lease agreement valued at TZS 30,000,000, the stamp duty at 1% would be TZS 300,000 ( $30,000,000 \times 1\%$ ).

## Summary

ServicePlus Ltd. provides a wide range of services from membership organizations and repair services to personal services. To comply with Tanzanian tax and regulatory requirements, the company needs to manage various obligations including Corporate Income Tax, VAT, Withholding Tax, and specific levies such as the Repair Services Levy and Environmental Management Levy. Effective management of these taxes and fees ensures regulatory compliance and supports the smooth operation of their diverse service offerings.

## 20. Scenario: The Smith Household

**Household Overview:** The Smith family lives in a suburban area of Dar es Salaam. They are a middle-class family who employs domestic personnel and engages in various self-sustaining activities for personal use.

1. **Activities of Households as Employers of Domestic Personnel (Division 97):**
  - **Domestic Personnel:** The Smiths employ a full-time housekeeper, a gardener, and a part-time nanny.
    - **Housekeeper:** Responsible for cleaning, laundry, and general housekeeping duties.
    - **Gardener:** Takes care of the garden, including planting, weeding, and lawn maintenance.
    - **Nanny:** Assists with childcare, helping with the children's activities and care.
2. **Undifferentiated Goods-Producing Activities (Division 98):**
  - **Home Gardening (Class 9810):** The Smiths grow vegetables, fruits, and herbs in their garden for personal consumption. They cultivate tomatoes, cucumbers, peppers, and herbs such as basil and mint.
  - **Craft Making (Class 9810):** Mrs. Smith enjoys making handcrafted items like knitted sweaters and homemade candles for family use. These activities are not intended for sale but for personal enjoyment and household use.
3. **Undifferentiated Service-Producing Activities (Division 98):**
  - **Self-Maintenance and Repair (Class 9820):** Mr. Smith performs minor home repairs, such as fixing leaky faucets and painting rooms. These activities are done to maintain the household's condition and are not outsourced.
  - **Personal Care (Class 9820):** Family members handle their own personal care tasks such as grooming and exercise routines at home.

### Analysis of Taxes, Levies, Duties, and Customs for the Smith Household

Given that the activities described in Divisions 97 and 98 are personal and non-commercial, there are generally no taxes, levies, duties, or customs directly applicable to these activities. However, for a more comprehensive understanding, here's an overview of tax-related considerations:

1. **Income Tax:**
  - **Description:** Tax on income earned from employment or business activities.
  - **Law:** Income Tax Act, 2004.

- **Rate:** 0% for household employees paid within a specific limit; otherwise, individuals are taxed based on their income bracket.
  - **Calculation Example:** If the household employees are earning below the minimum threshold for income tax, no tax is due. For salaries above the threshold, the household would need to deduct and remit taxes according to the rates applicable.
2. **Social Security Contributions:**
    - **Description:** Contributions towards social security schemes for employees.
    - **Law:** National Social Security Fund Act, 1997.
    - **Rate:** 10% of the employee's gross salary (5% from employer and 5% from employee).
    - **Calculation Example:** If the housekeeper earns TZS 500,000 per month, the monthly contribution would be TZS 50,000 ( $500,000 * 10\%$ ).
  3. **Value Added Tax (VAT):**
    - **Description:** VAT on goods and services.
    - **Law:** Value Added Tax Act, 2014.
    - **Rate:** 18% for commercial activities; generally not applicable to household production.
    - **Calculation Example:** If the Smiths purchase gardening tools for TZS 100,000, VAT would be TZS 18,000 ( $100,000 * 18\%$ ).
  4. **Corporate Income Tax:**
    - **Description:** Tax on profits of businesses; not applicable to personal household activities.
    - **Law:** Income Tax Act, 2004.
    - **Rate:** 30% for businesses.
    - **Calculation Example:** Not applicable as the Smiths' activities are not business-related.
  5. **Property Tax:**
    - **Description:** Tax on property owned by individuals.
    - **Law:** Local Government Finance Act, 1982.
    - **Rate:** Varies; assume 0.15% of property value.
    - **Calculation Example:** If the Smith's home is valued at TZS 200,000,000, property tax would be TZS 300,000 ( $200,000,000 * 0.15\%$ ).
  6. **Business License Fee:**
    - **Description:** Fee for operating a business.
    - **Law:** Business Licensing Act, 1972.
    - **Rate:** Not applicable to personal household activities.
    - **Calculation Example:** Not applicable as the Smiths are not operating a business.
  7. **Excise Duty:**
    - **Description:** Tax on specific goods.
    - **Law:** Excise (Management and Tariff) Act, 1952.
    - **Rate:** Varies; not applicable to personal household activities.
    - **Calculation Example:** Not applicable to household production.
  8. **Stamp Duty:**
    - **Description:** Tax on certain legal documents.
    - **Law:** Stamp Duty Act, 1972.
    - **Rate:** Varies; assume 1% on lease agreements.
    - **Calculation Example:** Not applicable to household activities.
  9. **Import Duty:**

- **Description:** Duty on imported goods.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies; not applicable to household production.
- **Calculation Example:** Not applicable as the Smiths' activities are not commercial.

**10. Skills and Development Levy (SDL):**

- **Description:** Levy on employers to fund vocational training.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4% of total payroll for employers.
- **Calculation Example:** Not applicable to personal household employment.

## Summary

The Smith Household engages in various activities under Divisions 97 and 98 that are not commercially oriented. Therefore, they do not incur taxes or levies typically associated with business operations. Taxes applicable would be more related to personal income, property, and consumption rather than specific household activities.

## 21.Scenario Example: Activities of Extraterritorial Organizations and Bodies

**Organization Name:** Global Development Fund (GDF)

**Overview:** Global Development Fund (GDF) is an international non-governmental organization (NGO) headquartered in Nairobi, Kenya, with significant operations across East Africa, including Tanzania. Established in 2010, GDF is dedicated to fostering sustainable development, promoting human rights, and enhancing global cooperation. The organization works on various projects including poverty alleviation, education, healthcare, and environmental sustainability.

### Key Business Activities:

**1. Development Programs:**

- **Poverty Alleviation:** GDF runs several initiatives aimed at reducing poverty in rural and urban areas through microfinance programs, vocational training, and economic development projects.
- **Education Projects:** The organization supports educational programs including building schools, providing scholarships, and developing educational materials and resources for disadvantaged communities.

**2. Healthcare Initiatives:**

- **Health Programs:** GDF implements health programs that include vaccination campaigns, building clinics, and providing medical supplies to underserved regions. These programs aim to improve public health and access to medical services.

**3. Environmental Projects:**

- **Sustainability Initiatives:** The organization promotes environmental sustainability through projects like reforestation, clean energy adoption, and

conservation efforts. These initiatives are designed to combat climate change and protect natural resources.

4. **Human Rights Advocacy:**

- **Rights Campaigns:** GDF is actively involved in advocating for human rights, including gender equality, children's rights, and anti-corruption efforts. The organization conducts awareness campaigns and supports legislative changes to protect and promote human rights.

5. **Emergency Relief:**

- **Disaster Response:** In times of crisis, such as natural disasters or conflict, GDF provides emergency relief including food aid, medical assistance, and shelter to affected populations.

## **Analysis of Taxes, Levies, Duties, and Customs in Tanzania**

Extraterritorial organizations like GDF often benefit from certain tax exemptions, but they are still subject to specific regulations and obligations. Here's an analysis of various taxes, levies, duties, and customs that such an organization might encounter in Tanzania:

1. **Value Added Tax (VAT):**

- **Description:** Tax on the value added to goods and services.
- **Law:** Value Added Tax Act, 2014.
- **Rate:** 18% on taxable supplies.
- **Example Calculation:** If GDF procures medical supplies worth TZS 50,000,000, the VAT payable would be:
  - $\text{VAT} = 18\% \times 50,000,000 = \text{TZS } 9,000,000$ .

2. **Import Duty:**

- **Description:** Tax levied on goods imported into Tanzania.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Typically 25% on most goods.
- **Example Calculation:** If GDF imports educational materials worth TZS 10,000,000, the import duty at 25% would be:
  - $\text{Import Duty} = 25\% \times 10,000,000 = \text{TZS } 2,500,000$ .

3. **Excise Duty:**

- **Description:** Tax on specific goods produced or imported.
- **Law:** Excise (Management and Tariff) Act, 1952.
- **Rate:** Varies; for instance, 15% on certain imported equipment.
- **Example Calculation:** If GDF imports communication equipment worth TZS 8,000,000, the excise duty at 15% would be:
  - $\text{Excise Duty} = 15\% \times 8,000,000 = \text{TZS } 1,200,000$ .

4. **Customs Processing Fee:**

- **Description:** Fee for processing customs declarations.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** 1.5% of the customs value of goods.
- **Example Calculation:** If GDF imports relief supplies valued at TZS 30,000,000, the processing fee would be:
  - $\text{Processing Fee} = 1.5\% \times 30,000,000 = \text{TZS } 450,000$ .

5. **Stamp Duty:**

- **Description:** Tax on certain legal documents, including property transactions.
- **Law:** Stamp Duty Act, 1972.
- **Rate:** 1% on property transactions.



- **Example Calculation:** If GDF acquires property for TZS 200,000,000, the stamp duty at 1% would be:
  - $\text{Stamp Duty} = 1\% * 200,000,000 = \text{TZS } 2,000,000.$
- 6. **Property Tax:**
  - **Description:** Tax on real estate properties.
  - **Law:** Local Government Finance Act, 1982.
  - **Rate:** Varies by municipality; for example, 0.15% of property value in Dar es Salaam.
  - **Example Calculation:** If GDF's property is valued at TZS 150,000,000, the property tax at 0.15% would be:
    - $\text{Property Tax} = 0.15\% * 150,000,000 = \text{TZS } 225,000.$
- 7. **Environmental Levy:**
  - **Description:** Levy imposed on activities or goods impacting the environment.
  - **Law:** Environmental Management Act, 2004.
  - **Rate:** Varies; for instance, 0.5% of the value of environmentally impactful goods.
  - **Example Calculation:** If GDF imports equipment that is subject to the environmental levy, worth TZS 5,000,000, the levy would be:
    - $\text{Environmental Levy} = 0.5\% * 5,000,000 = \text{TZS } 25,000.$
- 8. **Healthcare Levy:**
  - **Description:** Levy for supporting public health initiatives.
  - **Law:** Health Care Levy Act, 2008.
  - **Rate:** 1% of gross revenue (for organizations engaged in healthcare).
  - **Example Calculation:** If GDF's healthcare program generates TZS 100,000,000 in revenue, the levy would be:
    - $\text{Healthcare Levy} = 1\% * 100,000,000 = \text{TZS } 1,000,000.$
- 9. **Skills and Development Levy (SDL):**
  - **Description:** Levy for vocational skills development, imposed on employers.
  - **Law:** Vocational Education and Training Act, 1994.
  - **Rate:** 4% of gross emoluments paid to employees.
  - **Example Calculation:** If GDF's total monthly payroll is TZS 80,000,000, the SDL payable would be:
    - $\text{SDL} = 4\% * 80,000,000 = \text{TZS } 3,200,000.$
- 10. **Withholding Tax (WHT):**
  - **Description:** Tax deducted at source on various payments, including contractor payments.
  - **Law:** Income Tax Act, 2004.
  - **Rate:** Typically 10% for services.
  - **Example Calculation:** If GDF pays TZS 15,000,000 for consultancy services, the WHT at 10% would be:
    - $\text{WHT} = 10\% * 15,000,000 = \text{TZS } 1,500,000.$

## Summary

Global Development Fund (GDF) operates in the realm of extraterritorial organizations, focusing on international development and humanitarian efforts. The organization encounters various taxes, levies, and duties in Tanzania, each impacting different aspects of its operations. While GDF may benefit from certain exemptions or reductions under international agreements or local regulations, it must carefully manage and comply with the relevant financial obligations to ensure smooth operation and support its mission effectively.