

Taxes on Construction sector

Here's a comprehensive list of 30 taxes, levies, duties, and customs that apply to business activities in the Construction sector in Tanzania, based on the tax laws of Tanzania. Each item includes a description, the rate applicable, the law applicable, and an example.

1. Corporate Income Tax

- **Description:** Tax on the profits of companies.
- **Rate:** 30%
- **Law:** Income Tax Act, 2004
- **Example:** If a construction company has a taxable profit of TZS 100 million, the corporate income tax would be TZS 30 million (100 million * 30%).

2. Value Added Tax (VAT)

- **Description:** Tax on the value added to goods and services.
- **Rate:** 18%
- **Law:** Value Added Tax Act, 2014
- **Example:** For a construction service invoiced at TZS 50 million, the VAT would be TZS 9 million (50 million * 18%).

3. Withholding Tax on Professional Services

- **Description:** Tax withheld on payments for professional services.
- **Rate:** 5%
- **Law:** Income Tax Act, 2004
- **Example:** If a construction company pays TZS 20 million for consulting services, TZS 1 million would be withheld (20 million * 5%).

4. Excise Duty on Fuel

- **Description:** Tax on fuel used in construction machinery.
- **Rate:** Varies (e.g., TZS 400 per liter for diesel)
- **Law:** Excise (Management and Tariff) Act, 2019
- **Example:** If 1,000 liters of diesel are used, the excise duty would be TZS 400,000 (1,000 * 400).

5. Import Duty

- **Description:** Duty on imported construction materials.
- **Rate:** Varies (e.g., 25% for certain construction materials)
- **Law:** East African Community Customs Management Act, 2004
- **Example:** If TZS 10 million worth of materials are imported, the duty would be TZS 2.5 million (10 million * 25%).

6. Stamp Duty

- **Description:** Duty on legal documents.

- **Rate:** Varies (e.g., 1% on contract agreements)
- **Law:** Stamp Duty Act, 1972
- **Example:** For a construction contract worth TZS 100 million, the stamp duty would be TZS 1 million (100 million * 1%).

7. Property Tax

- **Description:** Tax on real estate properties.
- **Rate:** Varies (e.g., 0.15% of the property value)
- **Law:** Local Government Finance Act, 1982
- **Example:** For a property valued at TZS 200 million, the property tax would be TZS 300,000 (200 million * 0.15%).

8. Skills and Development Levy (SDL)

- **Description:** Levy on payroll for employee training and development.
- **Rate:** 4%
- **Law:** Vocational Education and Training Act, 1994
- **Example:** If the total payroll is TZS 50 million, the SDL would be TZS 2 million (50 million * 4%).

9. Workers Compensation Fund Contribution

- **Description:** Contribution for workers' compensation.
- **Rate:** 1%
- **Law:** Workers Compensation Act, 2008
- **Example:** For a payroll of TZS 50 million, the contribution would be TZS 500,000 (50 million * 1%).

10. Pay As You Earn (PAYE)

- **Description:** Tax on employees' earnings.
- **Rate:** Progressive rates up to 30%
- **Law:** Income Tax Act, 2004
- **Example:** For an employee earning TZS 1 million per month, the PAYE might be TZS 200,000.

11. Social Security Contributions

- **Description:** Contributions to social security schemes.
- **Rate:** 20% (10% employee, 10% employer)
- **Law:** Social Security Regulatory Authority Act, 2008
- **Example:** For a salary of TZS 1 million, the total contribution would be TZS 200,000 (100,000 employee + 100,000 employer).

12. Customs Processing Fee

- **Description:** Fee for processing import/export documentation.
- **Rate:** 1.5%

- **Law:** East African Community Customs Management Act, 2004
- **Example:** For goods worth TZS 10 million, the fee would be TZS 150,000 (10 million * 1.5%).

13. Environmental Protection Fee

- **Description:** Fee for activities impacting the environment.
- **Rate:** Varies (e.g., TZS 1 million per project)
- **Law:** Environmental Management Act, 2004
- **Example:** A construction project may be charged TZS 1 million as an environmental protection fee.

14. Business License Fee

- **Description:** Fee for obtaining a business license.
- **Rate:** Varies (e.g., TZS 1 million annually for construction companies)
- **Law:** Business Licensing Act, 1972
- **Example:** An annual fee of TZS 1 million for a construction business license.

15. Health and Safety Levy

- **Description:** Levy for ensuring workplace safety and health.
- **Rate:** 1% of the project cost
- **Law:** Occupational Health and Safety Act, 2003
- **Example:** For a project costing TZS 100 million, the levy would be TZS 1 million (100 million * 1%).

16. Corporate Social Responsibility (CSR) Contribution

- **Description:** Contribution for community development.
- **Rate:** Varies
- **Law:** Companies Act, 2002
- **Example:** A construction company might allocate TZS 2 million for CSR activities.

17. Excise Duty on Imported Vehicles

- **Description:** Duty on importing construction vehicles.
- **Rate:** Varies (e.g., 25% on heavy machinery)
- **Law:** Excise (Management and Tariff) Act, 2019
- **Example:** For a TZS 50 million excavator, the excise duty would be TZS 12.5 million (50 million * 25%).

18. Local Government Levy

- **Description:** Levy imposed by local governments.
- **Rate:** Varies
- **Law:** Local Government Finance Act, 1982
- **Example:** A local government may impose a TZS 500,000 levy on construction projects.

19. Land Rent

- **Description:** Rent for the use of public land.
- **Rate:** Varies
- **Law:** Land Act, 1999
- **Example:** For a plot valued at TZS 50 million, the annual rent might be TZS 500,000.

20. Registration Fee for Construction Projects

- **Description:** Fee for registering construction projects.
- **Rate:** TZS 500,000 per project
- **Law:** Contractors Registration Act, 1997
- **Example:** A TZS 500,000 fee is required for registering each new construction project.

21. Insurance Premium Levy

- **Description:** Levy on insurance premiums for construction projects.
- **Rate:** 0.25%
- **Law:** Insurance Act, 2009
- **Example:** For an insurance premium of TZS 10 million, the levy would be TZS 25,000 (10 million * 0.25%).

22. National Construction Council (NCC) Levy

- **Description:** Levy for funding the NCC.
- **Rate:** 0.1% of the project cost
- **Law:** National Construction Council Act, 1979
- **Example:** For a project costing TZS 100 million, the levy would be TZS 100,000 (100 million * 0.1%).

23. Environmental Impact Assessment (EIA) Fee

- **Description:** Fee for conducting an EIA.
- **Rate:** TZS 2 million per assessment
- **Law:** Environmental Management Act, 2004
- **Example:** An EIA for a construction project might cost TZS 2 million.

24. Registration Fee for Engineers and Architects

- **Description:** Fee for registering professional engineers and architects.
- **Rate:** TZS 500,000 annually
- **Law:** Engineers Registration Act, 1997; Architects and Quantity Surveyors Registration Act, 1997
- **Example:** An annual registration fee of TZS 500,000 per professional.

25. Permit Fees

- **Description:** Fees for obtaining various permits (e.g., building permits).

- **Rate:** Varies (e.g., TZS 1 million per permit)
- **Law:** Urban Planning Act, 2007
- **Example:** A TZS 1 million fee for a building permit.

26. Motor Vehicle License Fee

- **Description:** Annual fee for licensing construction vehicles.
- **Rate:** Varies (e.g., TZS 200,000 per vehicle)
- **Law:** Road Traffic Act, 1973
- **Example:** An annual fee of TZS 200,000 per construction vehicle.

27. Environmental Monitoring Fee

- **Description:** Fee for monitoring environmental compliance.
- **Rate:** TZS 1 million annually
- **Law:** Environmental Management Act, 2004
- **Example:** An annual fee of TZS 1 million for environmental monitoring.

28. Export Duty

- **Description:** Duty on exporting construction materials.
- **Rate:** Varies (e.g., 5% on specific materials)
- **Law:** East African Community Customs Management Act, 2004
- **Example:** For TZS 20 million worth of exported materials, the duty would be TZS 1 million (20 million * 5%).

29. Building Permit Fee

- **Description:** Fee for obtaining a building permit.
- **Rate:** TZS 1 million per permit
- **Law:** Urban Planning Act, 2007
- **Example:** A TZS 1 million fee for each building permit.

30. Foreign Contractor Levy

- **Description:** Levy on foreign construction companies.
- **Rate:** 1% of the project cost
- **Law:** Contractors Registration Act, 1997
- **Example:** For a project costing TZS 100 million, the levy would be TZS 1 million (100 million * 1%).

These taxes, levies, duties, and customs are crucial for ensuring compliance with Tanzanian laws and regulations in the construction sector. They provide a framework for understanding the financial obligations of businesses within this industry.