

Taxes on education sector

Here's a comprehensive list of taxes, levies, duties, and customs that businesses in the education sector in Tanzania might be obliged to pay. Each item includes a description, the applicable law, the rate at which it is charged, and an example of how it is calculated:

1. Pay As You Earn (PAYE)

- **Description:** Tax withheld from employee salaries.
- **Law:** Income Tax Act, 2004.
- **Rate:** Progressive rates up to 30%.
- **Example Calculation:** Total monthly payroll of TZS 20,000,000:
 - Calculation: PAYE = Calculated based on progressive tax brackets.

2. Corporate Income Tax

- **Description:** Tax on the taxable income of educational institutions.
- **Law:** Income Tax Act, 2004.
- **Rate:** 30% of taxable income.
- **Example Calculation:** If a school has a taxable income of TZS 100,000,000:
 - Calculation: Corporate Income Tax = $30\% \times \text{TZS } 100,000,000 = \text{TZS } 30,000,000$.

3. Value Added Tax (VAT)

- **Description:** Tax on goods and services purchased by educational institutions.
- **Law:** Value Added Tax Act, 2014.
- **Rate:** Standard rate is 18%, with exemptions for certain educational services.
- **Example Calculation:** Purchasing school supplies for TZS 10,000,000 exclusive of VAT:
 - Calculation: VAT Paid = $18\% \times \text{TZS } 10,000,000 = \text{TZS } 1,800,000$.

4. Skills Development Levy (SDL)

- **Description:** Levy for vocational training.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 30,000,000:
 - Calculation: SDL = $4\% \times \text{TZS } 30,000,000 = \text{TZS } 1,200,000$.

5. Service Levy

- **Description:** Local government charge on services used by educational institutions.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Varies by local government authority.
- **Example Calculation:** Charged TZS 500,000 annually for municipal services.

6. Property Tax

- **Description:** Tax on buildings and facilities owned by educational institutions.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Local government rates based on property values.
- **Example Calculation:** Calculated based on the assessed value of school buildings and facilities.

7. Withholding Tax

- **Description:** Tax withheld on payments made to suppliers and contractors.
- **Law:** Income Tax Act, 2004.
- **Rate:** Varies by payment type, generally 5% to 15%.
- **Example Calculation:** Payment of TZS 20,000,000 to a contractor with a 10% withholding tax rate:

- **Calculation:** Withholding Tax = $10\% \times \text{TZS } 20,000,000 = \text{TZS } 2,000,000$.

8. Stamp Duty

- **Description:** Tax on legal documents such as contracts and agreements.
- **Law:** Stamp Duty Act, 1972.
- **Rate:** Typically 1% of transaction value.
- **Example Calculation:** Signing a contract valued at TZS 5,000,000:
 - **Calculation:** Stamp Duty = $1\% \times \text{TZS } 5,000,000 = \text{TZS } 50,000$.

9. Customs Duties

- **Description:** Duties on imported goods and equipment for educational use.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by item, typically 0% to 25%.
- **Example Calculation:** Importing computers valued at TZS 10,000,000 with a 10% customs duty rate:
 - **Calculation:** Customs Duty = $10\% \times \text{TZS } 10,000,000 = \text{TZS } 1,000,000$.

10. Excise Duty

- **Description:** Duty on specific goods purchased by educational institutions.
- **Law:** Excise (Management and Tariff) Act, 2015.
- **Rate:** Specific rates per item, often ad valorem.
- **Example Calculation:** Purchasing fuel for school buses valued at TZS 5,000,000 with a 15% excise duty rate:
 - **Calculation:** Excise Duty = $15\% \times \text{TZS } 5,000,000 = \text{TZS } 750,000$.

11. Training Levy

- **Description:** Levy for skills development and training in educational institutions.
- **Law:** Vocational Education and Training Act, 1994.
- **Rate:** 4.5% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 40,000,000:
 - **Calculation:** Training Levy = $4.5\% \times \text{TZS } 40,000,000 = \text{TZS } 1,800,000$ per month.

12. Environmental Levy

- **Description:** Levy to fund environmental protection measures related to educational activities.
- **Law:** Environmental Management Act, 2004.
- **Rate:** Typically 0.3% to 1% of gross procurement or operational spending.
- **Example Calculation:** Annual procurement spending of TZS 50,000,000 with a 0.5% environmental levy:
 - **Calculation:** Environmental Levy = $0.5\% \times \text{TZS } 50,000,000 = \text{TZS } 250,000$.

13. Registration Fees

- **Description:** Fees for registering educational institutions.
- **Law:** Education Act, 1978.
- **Rate:** Fixed or variable rates based on registration type.
- **Example Calculation:** A fixed registration fee of TZS 1,000,000 for a new school.

14. License Fees

- **Description:** Fees for operating licenses for educational institutions.
- **Law:** Education Act, 1978.
- **Rate:** Determined based on the type and scope of the license.

- **Example Calculation:** License fee of TZS 2,000,000 for operating a vocational school.

15. Health and Safety Levy

- **Description:** Levy for health and safety measures in educational institutions.
- **Law:** Occupational Health and Safety Act, 2003.
- **Rate:** Typically 0.3% of payroll.
- **Example Calculation:** Total monthly payroll of TZS 25,000,000:
 - Calculation: Health and Safety Levy = $0.3\% \times \text{TZS } 25,000,000 = \text{TZS } 75,000$.

16. Road Maintenance Levy

- **Description:** Levy for road maintenance related to school buses and vehicles.
- **Law:** Road Maintenance Fund Act, 1986.
- **Rate:** Included in fuel prices, varies.

17. Local Government Taxes

- **Description:** Various taxes levied by local governments on educational institutions.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Determined by local government regulations.

18. Penalties and Interest

- **Description:** Charges for late payment or non-compliance with tax obligations.
- **Law:** Various tax laws (Income Tax Act, VAT Act, etc.).
- **Rate:** Calculated based on the specific tax or duty owed and period of non-compliance.

19. Development Levy

- **Description:** Levy for local community development related to educational projects.
- **Law:** Local Government Finance Act, 1982.
- **Rate:** Typically 0.3% of turnover.
- **Example Calculation:** Turnover for the year of TZS 200,000,000:
 - Calculation: Development Levy = $0.3\% \times \text{TZS } 200,000,000 = \text{TZS } 600,000$.

20. Occupational Safety and Health Fee

- **Description:** Fee for compliance with occupational safety and health regulations.
- **Law:** Occupational Safety and Health Act, 2003.
- **Rate:** Varies based on the scale and nature of operations.

21. Public Service Fees

- **Description:** Fees for specific public services provided to educational institutions.
- **Law:** Various sector-specific laws and regulations.
- **Rate:** Determined based on service type and delivery costs.

22. Dividend Tax

- **Description:** Tax on dividends paid to shareholders of private educational institutions.
- **Law:** Income Tax Act, 2004.
- **Rate:** 10% for residents, 20% for non-residents.
- **Example Calculation:** Paying TZS 10,000,000 in dividends with a 10% dividend tax rate:
 - Calculation: Dividend Tax = $10\% \times \text{TZS } 10,000,000 = \text{TZS } 1,000,000$.

23. Transfer Pricing Regulations

- **Description:** Regulations ensuring fair market value in transactions within educational entities.
- **Law:** Income Tax Act, 2004.
- **Rate:** Compliance based on transaction specifics.

24. Export Duty

- **Description:** Duty on the export of educational materials produced locally.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by item, typically 0% to 15%.
- **Example Calculation:** Exporting textbooks valued at TZS 5,000,000 with a 5% export duty rate:
 - Calculation: $\text{Export Duty} = 5\% \times \text{TZS } 5,000,000 = \text{TZS } 250,000$.

25. Import Duty

- **Description:** Duty on imported educational materials and equipment.
- **Law:** East African Community Customs Management Act, 2004.
- **Rate:** Varies by item, typically 0% to 25%.
- **Example Calculation:** Importing lab equipment valued at TZS 8,000,000 with a 15% import duty rate:
 - Calculation: $\text{Import Duty} = 15\% \times \text{TZS } 8,000,000 = \text{TZS } 1,200,000$.

26. Research and Development Levy

- **Description:** Levy for funding research and development in educational institutions.
- **Law:** National Science and Technology Act, 1986.
- **Rate:** Typically 0.5% to 2% of revenue.
- **Example Calculation:** Annual revenue of TZS 100,000,000 with a 1% levy:
 - Calculation: $\text{R\&D Levy} = 1\% \times \text{TZS } 100,000,000 = \text{TZS } 1,000,000$.

27. Social Security Contributions

- **Description:** Contributions to social security for employees.
- **Law:** National Social Security Fund Act, 1997.
- **Rate:** 20% of payroll (employer and employee combined).
- **Example Calculation:** Total monthly payroll of TZS 50,000,000:
 - Calculation: $\text{Social Security Contributions} = 20\% \times \text{TZS } 50,000,000 = \text{TZS } 10,000,000$.

28. Land Rent

- **Description:** Rent paid for land leased for educational purposes.
- **Law:** Land Act, 1999.
- **Rate:** Varies by location and land size.

29. Accreditation Fees

- **Description:** Fees for accrediting educational programs and institutions.
- **Law:** Higher Education Accreditation Act, 1995.
- **Rate:** Varies based on program and institution type.
- **Example Calculation:** Accreditation fee of TZS 3,000,000 for a new degree program.

30. Levies for International Obligations

- **Description:** Levies related to international educational treaties or agreements.
- **Law:** International agreements and domestic legislation.
- **Rate:** Varies based on international commitments and agreements.

These examples illustrate the range of taxes, levies, duties, and customs that educational institutions in Tanzania may be obliged to pay under the country's tax laws and regulations.

The calculations are based on hypothetical scenarios to show how these charges are determined.