

MARKETING AND TAXATION FOR BUSINESS

BUSH 6005 SUB -MODULE 5

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05/08/2022 08:00-12:30

COURSE ASSESSMENT

□ Coursework assessment:

- ✓ Individual Assignment: Case Analysis (week1: 20%)
- ✓ Group Assignment: Case Simulation and Analysis (week 1:20%)
- ✓ Total = 40%

□ Final examination

- ✓ 60% as per NM AIST General Examination Regulations.

DAY	TOPIC DESCRIPTION	K	S	C	FACILITATOR
Monday	<p>Management function and Entrepreneurship</p> <ul style="list-style-type: none"> ● Explain evolution and function of Management ● Analyze contemporary issues for Management and Leadership ● Demonstrate motivational theories for employees ● Link motivational theories for entrepreneurship 	✓			Marwa
Tuesday	<p>Innovation and Entrepreneurship Skills Development</p> <ul style="list-style-type: none"> ● Describe innovation and Entrepreneurship Theories ● Analyze innovative organization and concept of change management ● Use motivational theories stimulating innovation and Entrepreneurship skills ● Apply Legal concepts for small business sustainability 	✓			Marwa

DAY	TOPIC DESCRIPTION	K	S	C	FACILITATOR
Wednesday	Business Development and Venture Strategy <ul style="list-style-type: none">• Describe the process of Business Development and strategy• Analyze the basic components of Business Plan and prototype Development		✓		Marwa
	<ul style="list-style-type: none">• Engage and craft Business Plan for pitching• Apply pitching strategies for business development		✓		
			✓		
				✓	
Thursday	Financial Management and Resource Mobilization <ul style="list-style-type: none">• Explain the concept of financial management and resource mobilization for small Business• Prepare and present budget for a startup/small business• Understand types of financial statements	✓			Pasape
				✓	
		✓			
Friday	Marketing and Taxation for business <ul style="list-style-type: none">• Explain the essence of Marketing for entrepreneurs• Describe target market and market size management for small business• Apply Market segmentation and Communication Strategy for small Business• Evaluate concepts of taxation for business	✓			Mkunda
				✓	
				✓	

COURSE CONTENT

- Marketing
- Segmentation, Targeting and Position Marketing (STP) Model
- Overview of STP model
- Market segmentation (Importance, Criteria)
- Market Targeting (Definition and Importance)
- Market Position (Strategies, perceptual mapping, Statements, Reposition)
- Taxation for Business (Formal business, Record keeping for Tax & other business purposes, Major taxes, Tax rates for business, submission of returns and tax payment, Penalties for Misuse of EFD, Corporate Tax, PAYE, skills and development levy, withholding tax)

MARKETING

- Marketing is a process of planning and executing the conception, pricing, promotion, and distribution of **ideas, goods and services** to create exchange that satisfies individuals and organization objectives
- Marketing is a process by which companies/firms **create value for customers** and build strong relationship to **capture value from customers** in return (Kotler)
- The heart/core of marketing is to **understand your customers' needs** and **develop a plan to surround those needs.**
- Marketing is about making it easy for the customer to say "**YES**"
- The aim of marketing is to **know the customer** well enough to develop **products** and **services** that **sell themselves**

MARKETING (STP MODEL)

S Segmentation	T Targeting	P Positioning
Divide market into distinct groups of customers (segments) using segmentation practices.	Determine which customer group (segment) to focus your marketing efforts on.	Create product positioning and marketing mix that is most likely to appeal to the selected audience.

OVERVIEW OF STP MODEL

- What Is STP marketing? Segmentation, targeting, and positioning (STP) is a **marketing model** that redefines **whom you market your products to, and how**
- Discover needs/wants of customer groups to develop specialized products to satisfy group needs/wants
- Identify the **best** product promotions processes

- Related concepts (STP)
 1. **Segmentation**: subsets with similar needs
 2. **Targeting**: Which segment to aim
 3. **Positioning**: The product in the mind of the customer

1. Market Segmentation

- **Market Segmentation:** is the act of **dividing** the entire market into different **segments** so that a marketer can be able to decide which is the **target market**
- e.g. For clothing products the market can be divided into segments of **babies/ youth vs adults clothes, heavy vs light clothes, male vs female clothes etc**
- Market segmentation is dividing your customers into **smaller groups** based on various characteristics and needs.
- Why segmenting
 - **Effectiveness**
 - **Efficiency**
 - **Better meet customer need/wants**

The Importance of Market Segmentation

1. Precise and Personalized Targeting

- ❑ Without market segmentation, it's like shooting in the **dark instead** for targeting the ideal customers

2. Increased Return on Investment (ROI)

- ❑ Through customer segmentation and personalized marketing campaigns, you can reduce promotion costs
- ❑ It **increases the efficiency** of the campaign and hence produces ROI-producing efforts

3. Increased Competitiveness and Adaptation

- ❑ By focusing on a specific subset of prospects, the **competitiveness** in that market segment increase
- ❑ If the product or service caters for working women: time and money towards targeting them **maximize adaptation**

The Importance of Market Segmentation

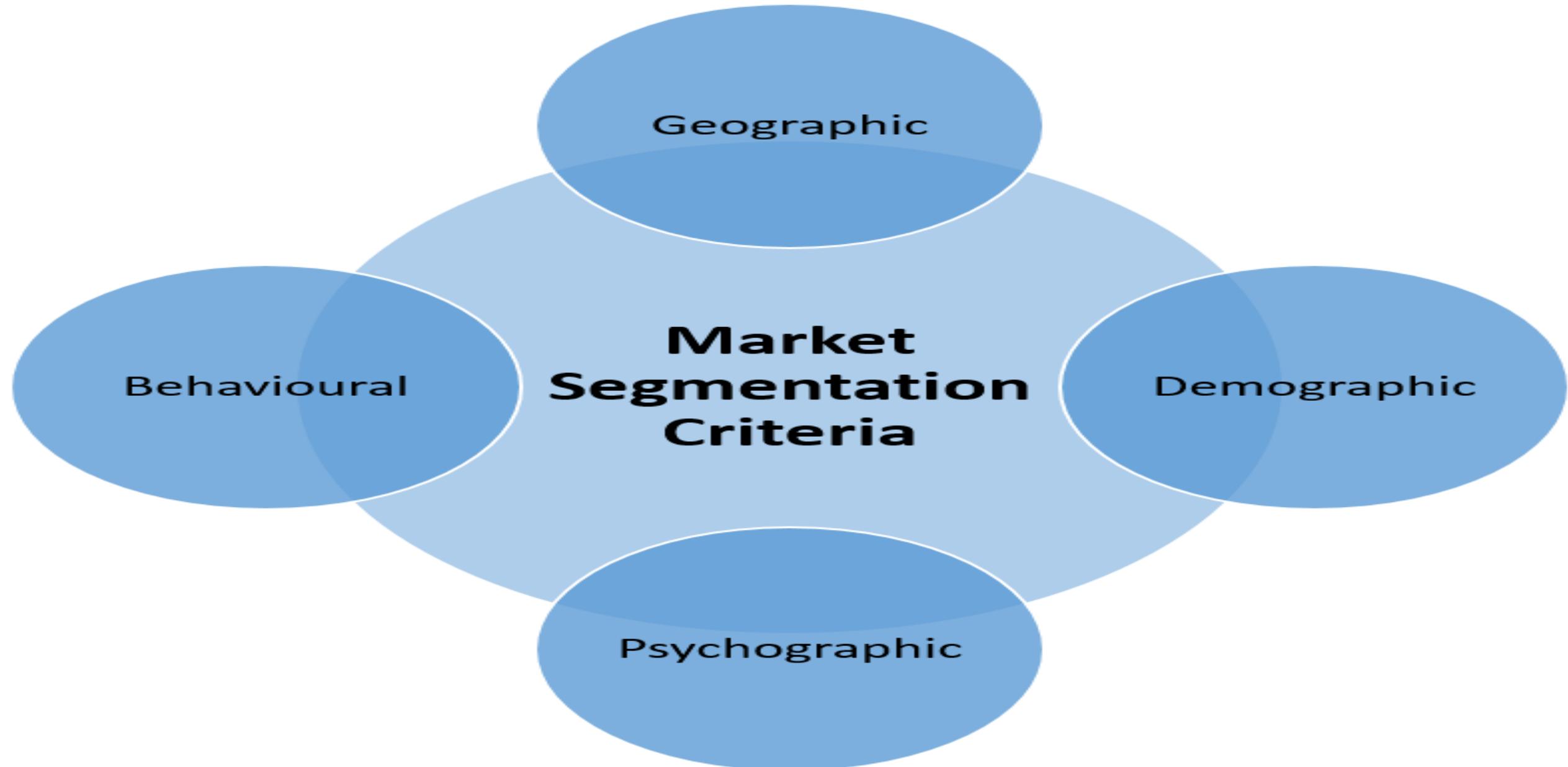
4. Reduced Time and Money

- ❑ Channelizing the campaign's budget towards prioritized customer segments it reduces cost and time

5. Better Relationships and Customer Retention

- ❑ Market segmentation leads to a better understanding of your customers in aspects : age, preferences, income level, buying behavior
- ❑ That ultimately helps you serve their needs better
- ❑ The improved relationships make it harder for the customers to leave you, leading to greater customer retention.

Bases/Criteria for Market Segmentation



Bases/Criteria for Market Segmentation

1. Demographic Segmentation

- The consumer/customer market is segregated based on demographic: qualification, salary, gender, marital status, nature of work, age, number of family members, nationality, race, religion etc.
- It is one of the widely used segmentation tools: can be accessed through common data collection techniques
- Combining it with other segmentation tools: narrows down the consumer/Customer base to obtain more relevant markets
- **Example :** Many deodorant companies offer gender-specific aromas

Bases/Criteria for Market Segmentation

2. Geographic Segmentation

- Targets a specific set of consumer market confined to the territorial limitations or geographical areas
- Consumer preferences and demands vary according to their regional habitats,
- Factors that cause variation might be climatic conditions, population, ethnicity, religious beliefs, culture, language and type of area (urban/rural)
- Customers belonging to different locations have varied requirements based on geographical conditions

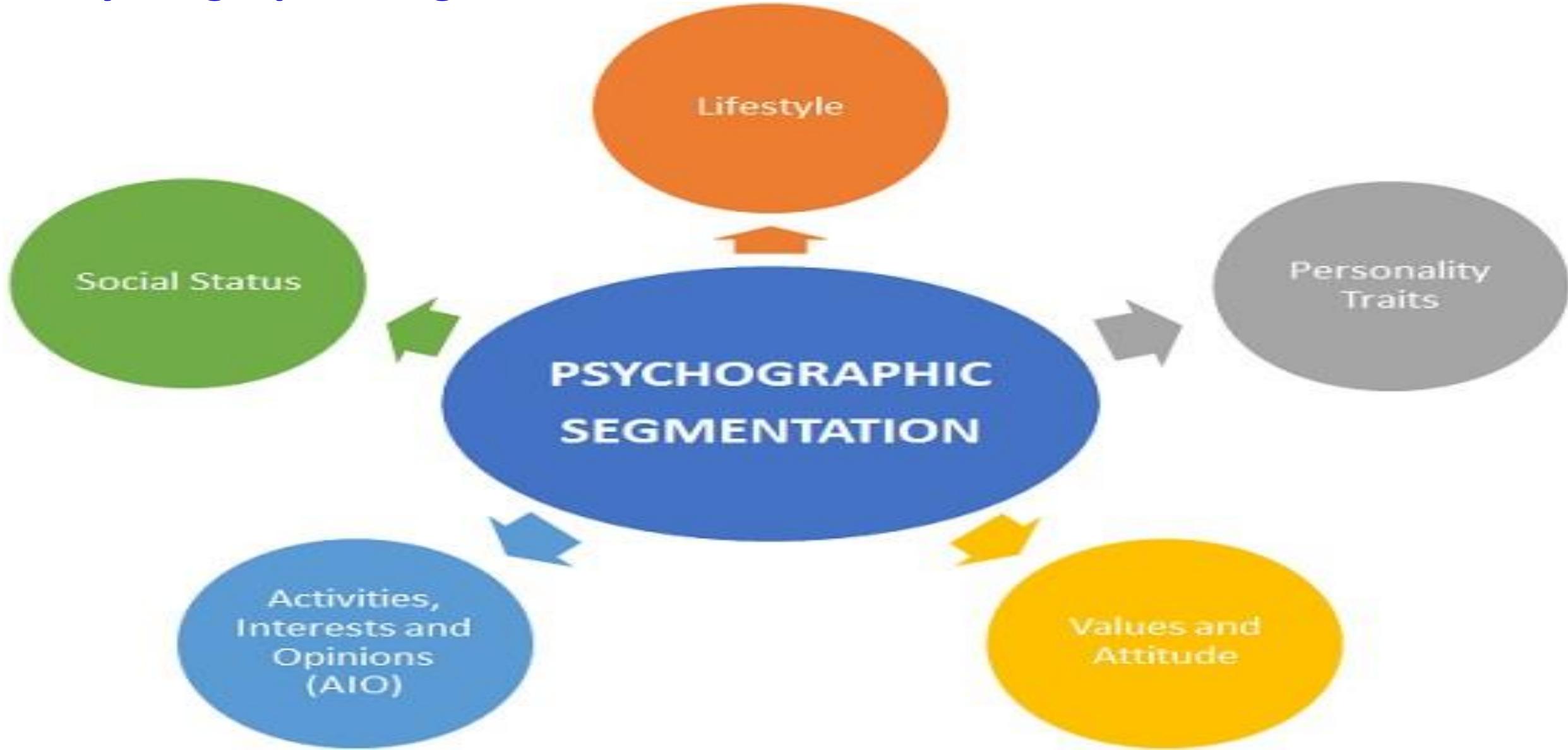
Bases/Criteria for Market Segmentation

2. Geographic Segmentation

- Geographical segmentation enables the brands to focus the marketing and promotional efforts in alignment with the customer requirements
- Example: Considering the religious sentiments, Beef is banned in India. Thus, ‘McDonalds India’ does not sell beef-based edibles in the Indian continent
- Example : ‘LG Electronics’ promotes and advertises for its ‘Heaters’ in colder regions and for ‘Air conditioners’ in warmer regions

Bases/Criteria for Market Segmentation

3. Psychographic Segmentation



Bases/Criteria for Market Segmentation

3. Psychographic Segmentation

- Subjective in its approach and segregates the markets based on customer attitudes and likings
- The factors relevant to this segment are a bit hard to nail down, considering its qualitative nature
- It is not data-centered and is difficult to interpret the psychological perceptions of consumers
- Psychological segmentation is driven by intangible factors such as customer traits, attitudes, likings, value systems, beliefs, way of life, motivational drive, viewpoints,

Bases/Criteria for Market Segmentation

3. Psychographic Segmentation

- Psychological segmentation requires the companies to understand the mindset and **intrinsic attributes** of the consumers/customers
- **Example:** Fitness/Exercise markets target **health and fitness conscious consumers**
- Jewelry is a **luxury item** that readily appeals to individuals in the upper class who have **high purchasing power**

Bases/Criteria for Market Segmentation

4. Behavioral Segmentation

- The thin line between ‘Psychographic’ and ‘Behavioral’ segmentation is the
 - ‘Psychographic’ focus on ‘who’ a customer is
 - ‘Behavioral’ understands ‘how’ a customer behaves or acts
- The factors that are considered under this segmentation: buying and spending tendencies of the customers
 - *buying frequency*
 - *brand loyalty*
 - *consumption rate and*
 - *interactions with the brand.*
- Behavioral Segmentation is segregated based on consumer knowledge and experience with the product
 - *Example:* ‘Sensodyne’ toothpaste brand is specifically targeted for consumers with sensitive teeth
 - *Example :* ‘Apple’ was launched for premium consumers, looking for uniqueness.

Bases/Criteria for Market Segmentation

AMAZON CONSUMER SEGMENTATION

DEMOGRAPHIC SEGMENTATION



- People with Internet access
- Age group of 25 to 50 years, as 45% of online buyers belong to the 35-49 age group
- Focusing on a younger audience

SITUATIONAL SEGMENTATION



- Convenience as a major reason for online purchases
- Interest in new categories
- New lucrative deals every day, every hour
- Low pricing as a major factor for purchasing online

PSYCHOGRAPHIC SEGMENTATION



- Customers segmented by loyalty
- Customers who like innovations and changes to the website
- Those who value customer care first
- People who click on recommended and suggested products the most

GEOGRAPHIC SEGMENTATION



- International appeal
- Digital sales over 'real-world' sales
- Focuses on developed areas
- For rural areas - smartphone use crucial

- Any question

2. Market Targeting

A. Defining Market Targeting

A. Factors to Consider in Market Targeting

B. The Importance of Target Market



A. Defining a Target Market

- Small Businesses CANNOT be all things to all people
- Each business MUST reach specific **customers** and **satisfy** their particular **needs** and **wants**
- Target market: is all about defining **audience** to **target** for a **product** (good or service)
- Target Market: group **of people** to whom the **company wants** to sell its **end product**
- This refers to a group of people to whom the company **wants to sell** its **end product**

B. Factors to Consider in Targeting Market

1. Know Your Customers

- You need to better understanding of the the target market
- Think carefully about the product (goods or services) and your customers

2. Establish Your Customers' Demographic Profile

- Demographics are extremely important for targeted marketing
- Marketing expensive furniture in a low-income housing community

B. Factors to Consider in Targeting Market

3. Analyze Your Target Customers' Lifestyle

- ❑ Lifestyle is also important when determining your customers' profile
- ❑ Is your audience employed or retired?
- ❑ How they like to spend their spare time?
- ❑ What are their hobbies and shopping habits?
- ❑ What other products do they buy?
- ❑ What are their eating habits?

B. Factors to Consider in Targeting Market

4. See What Your Competitors Are Doing accordingly

- If the targeted audience is buying a similar product or service from competitors, find out the reason
- Some reasons might be lower prices, better service etc
- It is more important to understand what type of goods and services the competitor is serving

5. Analyze Your Product or Service

- The product you sell to your customers matters equally as your brand

B. The Importance of Target Marketing

- **Target Marketing:** The process of finding and studying potential customer
- **Target Marketing:** Makes promotion, pricing and distribution of products easier and **cost effective**
- Targeting in marketing is important for so many reasons and one of them is being a part of a **marketing strategy**
- It impacts **advertising**, as well as **customer experience, branding, and business operations**
- Marketing to target buyers is the **most effective** and efficient approach

B. The Importance of Target Marketing

1. Differentiate your brand from competitors

- ❑ it helps to easily differentiate the brand from competitors
- ❑ It offers great chance of market penetration by focusing on smaller segment and specific audience
- ❑ By using positioning strategies it makes the brand well-known and unique

B. The Importance of Target Marketing

2. Speak directly to a defined audience

- ❑ Marketing messages resonate deeply with audiences when readers can relate directly to the information
- ❑ Brands that have a large, varied market of customers often struggle with creating marketing campaigns that speak directly to their audience
- ❑ Through target marketing, you can alleviate the problem and focus on crafting messages for specific audience

B. The Importance of Target Marketing

3. Attract and convert high-quality leads

- ❑ Speaking directly to target customers, it is more likely to attract the right people
- ❑ The marketing campaigns will be more effective and reach the people most likely want to do business with you
- ❑ By connecting with the right people/customers, you are more likely to get high-quality and qualified leads that turns into paying customers

B. The Importance of Target Marketing

4. Build deeper customer loyalty

- Targeting customers on a more personal, human level and creating longer-lasting relationships

- By fulfilling specific **customers need** and **wants**- they are more likely to be **loyal** to the brand and continue doing business with you

B. The Importance of Target Marketing

5. Improve products and services

- Target marketing helps marketers to know and understand the customers well
- Understanding the customer enables to satisfy their needs and wants as well as to improve products (Goods and services)
- Target marketing helps to identify customers needs and wants easily
- Having a deep understanding of the target audience enables you to put yourself in their shoes

B. The Importance of Target Marketing

□ 6. Stay focused

- Target marketing helps in making decisions more specific about the **marketing strategies, initiatives**, and direction of the brand
- It helps you **clarify the company vision** and get everyone in the on the **same page**
- It shapes upcoming plans for both **marketing** and the **business**



- Any question

3. Market Positioning

- A. Defining Market positioning
- B. Positioning Strategies
- C. Perceptual Map in Market Position
- D. Market Positioning Statements
- E. How to Create an Effective Market Positioning Strategy
- F. Market Repositioning

A. Defining Market Positioning

- Market Positioning is the ability to influence **Consumer perception** regarding a **brand** or **product** relative to **competitors**
- The objective is to establish the **image** or **identity** of a **Brand** or **product** so that consumers perceive it in a certain way
 - *A brand* is what people see our products (Goods or services),
 - What **qualities** and things they **associate** with the product
 - it reveals the **product attributes**,
 - what the **product offers**, and at **what value**
 - Eg. **LG**, **Sony**, **Panasonic**, **Toshiba**, **Samsung**, **Apple**, **Dell**, **HP** etc these are Electronics **brands**

A. Defining Market Positioning.....

- Examples of Market Positioning
- A handbag maker may position itself as a luxury status symbol
- A TV maker may position its TV as the most innovative and cutting-edge
- A fast-food restaurant chain may position itself as the provider of cheap meals

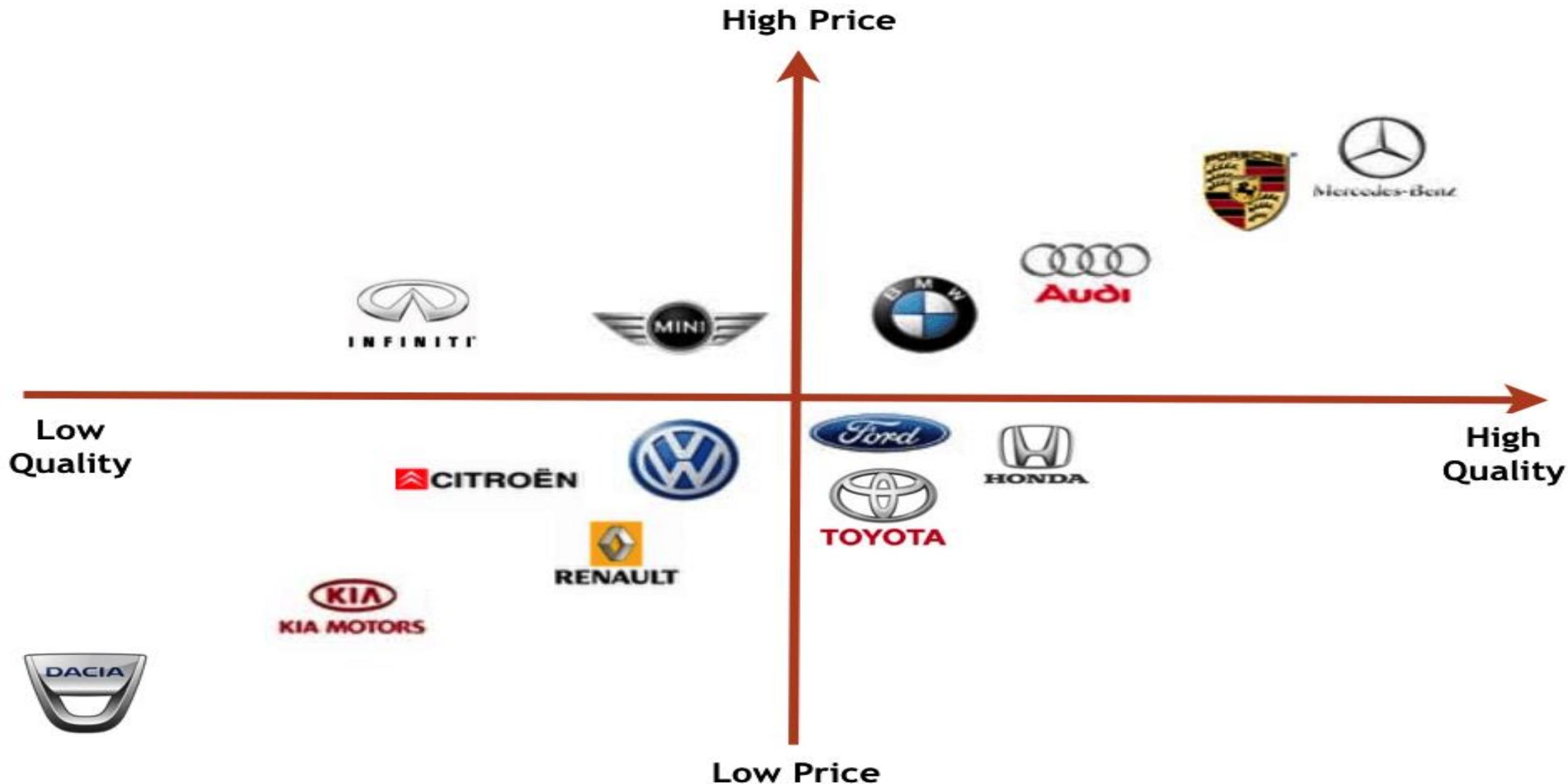
B. Market Positioning Strategies

- **Product attributes and benefits:** Associating the brand/product with certain characteristics or with certain beneficial value
- **Product price:** Associating the brand/product with competitive pricing
- **Product quality:** Associating the brand/product with high quality
- **Product use and application:** Associating the brand/product with a specific use
- **Competitors:** Making consumers think that the brand/product is better than that of your competitors

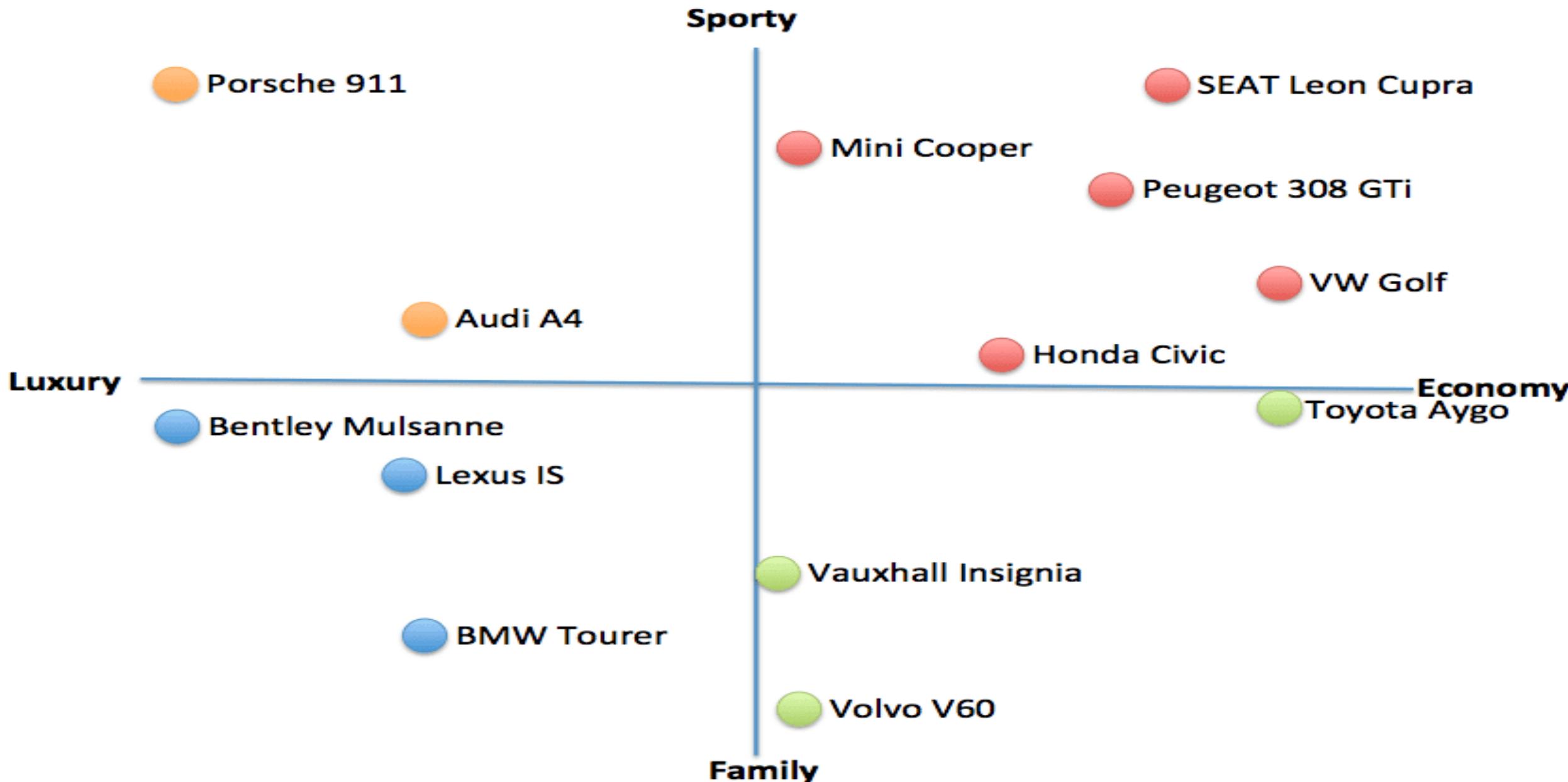
C. A Perceptual Map in Market Positioning

- ❑ A perceptual map is used to show consumer perception of certain brands
- ❑ The map identifies how competitors are positioned relative to your brand/product
- ❑ Eg. consumers perception of price and quality of brands in the automobile industry are mapped

C. A Perceptual Map in Market Positioning



C. A Perceptual Map in Market Positioning...



D. Market Positioning Statements

- Create a **positioning statement** that serves as identification of the business and the brand perception by consumers
- Eg. the positioning statement of **Volvo**: “For *upscale American families*,
- Volvo is the family automobile that offers **maximum safety**.
- Positioning statement of **Vodacom Tanzania** “ *Yajayo Yanafurahisa* ”That means they keeping innovating their products.....
- TTCL Positioning Statement “ *Hujachelewa, Rudi Nyumbani Kumenoga*.....
- TIGO Tanzania “*Live It, Love It*”

D. Create an Effective Market Positioning Strategies

1. Determine company **uniqueness** by comparing to **competitors**

- ❑ Compare and **contrast differences** between the company and competitors to identify **opportunities**.
- ❑ Focus on your **strengths** and how they can exploit the **opportunities**

2. Identify current **market position**

- ❑ Identify the existing market position
- ❑ how the **new positioning** is **beneficial** in **setting** the company apart from competitors

D. Create an Effective Market Positioning Strategies

3. Competitor positioning analysis

- Identify the **conditions** of the marketplace
- Identify the influence each **competitor** can have

4. Develop a positioning strategy

- an understanding of what your company is: **Self analysis**
- how your company is **different** from competitors
- the **conditions** of the marketplace
- opportunities** in the marketplace
- how your company can **position** itself

E. Market Repositioning

- Market repositioning is when a company **changes** its existing **brand** or **product status** in the marketplace
- Repositioning is usually done due to **declining performance** or major shifts in the **environment**
- Most companies, instead of repositioning,
 - choose to launch **a new product or brand**
 - **High cost** and **effort required** to successfully **reposition** a brand or product

Any question

UNDERSTANDING TAX AND BUSINESS BASED ON TANZANIA TAX GUIDE 2021/2022

Origin of Tax

- The Greeks, Egyptians and Romans also enforced tax policies that they used to fund **centralized governments**
- The Greeks levied several types of taxes that are still enforced in many **developed/developing countries**, including taxes on **property** and **goods**.
- Fair taxation was a key issue for many **English citizens** during the medieval period.
 - flat tax on every adult in a jurisdiction,
 - Property **church taxes**
 - Peasant (obligated to donate **10 percent** of their labor or produce to the church

Formal Business

- To make your **business formal** and recognized by government and other stakeholders you have to **comply** with **tax laws**.

- You should have **TIN** (Tax identification number)

- You should have **Business license** and other **legal documents** depending on the nature of the business

RECORDS KEEPING FOR TAX AND OTHER BUSINESS PURPOSE

- Records keeping is very important in any business dealings
- These records can be maintained electronically or manually
- Preparation of financial statements is important
- All key source documents like receipts, invoices, bank slips, e.t.c. must be maintained.
- Financial records should be maintained for a period of five years as per TRA regulations
- Why records are important?
- Enables to identity financial performance and profits
- For Tax determination
- Helps to secure loans in financial institutions
- Compliance to regulatory bodies

Understanding the Major Taxes in Tanzania

TAX	SUFFERED BY
TAXES RELATED TO REVENUE/ REVENUE TAXES	
1. Income Tax (Business Income, Employment income, rental income, dividend income, interest income)	Individuals and Partnerships
2. Corporation Tax	Companies
3. National Insurance Contributions	Individuals, partners, employers & Self-employed
4. VAT	Final Consumer
TAXES RELATED TO CAPITAL/ CAPITAL TAXES	
1. Capital gains	Individuals, partnerships and companies
2. Inheritance tax	Individuals

INDIVIDUAL PRESUMPTIVE TAX RATES FOR BUSINESSES

ANNUAL TURNOVER	Compliance with Section 35 of TAA (Tax Administration Act of 2019), Cap 438 (Record Keeping)	
	Not Complied	Complied
Where turnover does not exceed TZS 4,000,000=	NIL	NIL
Where turnover is between TZS. 4,000,000= and TZS. 7,500,000=	TZS 100,000/=	3% of the turnover in excess of TZS 4,000,000/=
Where turnover is between TZS. 7,500,000=and TZS. 11,000,000=	TZS 250,000/=	TZS 90,000/= plus 3% of the turnover in excess of TZS 7,000,000/=
Where turnover is between TZS. 11,000,000= and TZS. 14,000,000=	TZS 450,000/=	TZS 230,000/= plus 3% of the turnover in excess of TZS 11,000,000/=
Where turnover is between TZS. 14,000,000= and TZS. 100,000,000=	NA	TZS 450,000/= plus 3.5% of the turnover in excess of TZS 14,000,000/=

INDIVIDUAL PRESUMPTIVE TAX RATES FOR BUSINESSES

- Registration of small vendors and service providers conducting business in an informal sector whose turnover is less than TZS 4,000,000/= shall be recognized and be issued with an **Identification Card**
- Turnover exceeds TZS 100,000,000/= p.a. the taxpayer is obliged to **prepare audited financial statements**
- Any person whose turnover exceed TZS 14,000,000/= p.a. is obliged to acquire and use the **Electronic Fiscal Device (EFD)**
- A person whose turnover is **below TZS 14,000,000/=** shall issue manual receipt in duplicate copy with particulars of:- **date, full name** of the person **sold the goods** with **TIN**
- Full description of the **goods, full name** and **address** to whom the goods were sold
- and any other particulars the **Commissioner General** may specify. Sec. 36 (3 & 4) of **Tax Administration Act.**

SUBMISSION OF RETURNS AND PAYMENT OF TAX

For accounts based on Calendar year

- On or before 31st March
- On or before 30th June
- On or before 30th September
- On or before 31st December

Note: Payments for other accounting dates are made at the end of **every quarter**, depending on individuals accounting period

Final returns and payment of tax:

- Within six months from the **end of the accounting period**

Late payment of tax: Shall be charged interest at the prevailing **BOT statutory rate** at the time of imposition

PENALTIES FOR MISUSE OF EFD

□ *Penalties for misuse of EFDs (Electronic fiscal device)*

- Failure to acquire or use EFD,
- Failure to issue fiscal receipt or fiscal invoice,
- Issue fiscal receipt/invoice that is false or incorrect,
- Use of EFD device that misleads the system

□ The person commits an offence and shall be liable,

- Conviction to a fine of not less than 200 currency points and not more than 300 currency points or
- to imprisonment for a term not exceeding 3 years or both

PENALTIES FOR MISUSE OF EFD

- A person involved in Misuse of EFD :
 - Shall be liable to fine of twice the amount of tax evaded
 - imprisonment for term not exceeding 3 years
- Any person who fails to demand or report a denial of issuance of fiscal receipt or fiscal invoice upon payment for goods or services
 - Commits an offence and shall be liable upon conviction to a fine not less than 2 currency points and not more than 100 currency points
- *(1 currency point is equivalent to TZS. 15,000/=)*

CORPORATE TAX

- Corporation Tax is a tax charged on the taxable incomes (Profits) of entities such as limited companies and other organizations including clubs, associations and other unincorporated bodies
- Taxable incomes (profits) for charging Corporation Tax include:
 - Profits from business undertakings
 - Profits from conducting investments (except such dividends which are taxed differently as final taxes)

CORPORATE TAX RATES

TYPE OF CORPORATION	RATE	TAX
Tax Source	Resident	Non Resident
Tax rate on total income of the Corporation	30%	30%
Newly listed companies – <i>reduced rate for 3 years</i>	25%	25%
A corporation with newly established plant for assembling motor vehicles, tractors, fishing boat or out boat engine	10%	NA
A newly established entity dealing in manufacture of pharmaceuticals or leather products	20%	NA

Individual tax rates in Tanzania mainland

Income Range (Monthly) TSHS.	Tax Rates (PAY AS YOU EARN –PAYE) PERCENTAGE
Where total income does not exceed TZS 270,000/=	NIL
total income exceeds TZS 270,000 but does not exceed TZS 520,000/= 9% of the amount in excess of TZS 270,000	8% of the amount in excess of TZS 270,000/=
Total income exceeds TZS. 520,000 but does not exceed TZS 760,000/=	TZS 22,500/= plus 20% of the amount in excess of TZS 520,000/=
Total income exceeds TZS 760,000/= but does not exceed TZS 1,000,000/=	TZS 70,500/= plus 25% of the amount in excess of TZS 760,000/=
Total income exceeds TZS 1,000,000/=	TZS 130,500/= plus 30% of the amount in excess of TZS 1,000,000/=

Threshold per annum: Annual Income of TZS 3,240,000 /=is not taxable

Skills and Development Levy (SDL)

- ❑ Skills and Development Levy (employer) Tanzania Mainland
 - Tax rate 4% is to be applied on monthly gross emoluments.
- ❑ Exempted employers from SDL
 - ❑ A Government Department or a Public Institution which is wholly financed by the Government
 - ❑ Diplomatic Missions
 - ❑ The United Nations and its organizations (UN)

Skills and Development Levy (SDL)

- International and other foreign institutions dealing with aid or technical assistance
- Religious institutions
- Charitable organizations
- Local Government Authority (LGA)
- Farm employers whose employees are directly and solely engaged in farming
- Registered educational Institutions Schools
- Learning Institutions

WITHHOLDING TAX

- Withholding tax is the **amount of tax retained** by one person when making payments to another person in respect of **goods supplied or services rendered** by the payee
- A person **receiving** or entitled to receive a **payment** from which income tax is **required** to be **withheld** is a **withholdee**
- A person required to **withhold** income tax from a payment made to a **withholdee** is referred to as the **Withholding Agent**
- Payment in respect to **service fee** and **contract payments** and payment in respect to **supply of goods** to the government and its institutions

WITHHOLDING TAX

- The law has divided withholding taxes in to two major categories namely: -
 - Final withholding taxes
 - Non final withholding taxes
- **Final withholding taxes:** are taxes in which the withholdee cannot claim any tax credit when calculating the income tax payable for a year of income
- **Non final withholding taxes:** are taxes which the withholdee is entitled for a tax credit an amount equal to the tax treated as paid for the year of income in which the amount is derived

WITHHOLDING TAX RATES

Description	Resident Corporation	Non-Resident Corporation
	%	%
Dividend from a resident corporation	5	NA
Dividend from DSE listed Companies	5	5
Dividend from other corporation	10	10
Commission money transfer through mobile phones	10	NA
Commission, fees or other charges on commercial bank services and digital payment to urgent	10	NA
Interest	10	10
Royalties	15	15

WITHHOLDING TAX RATES

Description	Resident Corporation	Non-Resident Corporation
	%	%
Interest	10	10
Royalties	15	15
Other Withholding payments from Investment Returns	15	15
Technical services fees (mining)	10	15
Rental Income: Land and building	10	15
Service Fees	5	15
Payments for goods supplied to Government and its institutions by any person	2 of gross payment	NA

COMPLIANCE TO TAX LAWS

- Registration of small vendors and service providers conducting business in an informal sector shall be recognized and **registered with TIN** and be issued with an **Identification Card**
- Turnover exceeds TZS 20,000,000/= p.a. the taxpayer is **obliged to prepare audited financial statements** in respect of his/her business.
- Any person whose turnover exceeds TZS 14,000,000/= p.a. is obliged to acquire and use the **Electronic Fiscal Device (EFD)**.
- A person whose turnover is below TZS 14,000,000/= shall issue **manual receipt** in duplicate copy with particulars of:-
- Date, full name of the person sold the goods with TIN thereon, **full description of the goods**, full **name and address** to whom the goods were sold and any other particulars the Commissioner General may specify.

VALUE ADDED TAX (VAT)

- VAT is Tax charged on **consumption** of goods and services.
- This is Tax charged on every stage of production of goods and services
- VAT is paid by **VAT registered businesses** on **taxable goods and services**.
- VAT burden is felt by the **final consumer**

VALUE ADDED TAX RATES (VAT)

INDIRECT TAXES:	Taxable Supplies Rate* %
Supply of taxable goods and services in mainland	18
Import of taxable goods and services into mainland	18
Export of goods and certain services from the United Republic of Tanzania	0
Supply of good on transit through mainland Tanzania	0

VAT exemptions

- Exempt supplies and imports are provided in the Schedule to the VAT Act, Cap 148. r/w. Finance Acts 2017 to 2020
- On medicines, pharmaceutical equipment, packaging materials: printed with names of manufacturers of local pharmaceuticals
- Food supplements or Vitamins supplied to the Government
- Concessional loan, non concessional loan or grant through Government of URT and another government or representative of another government,
- A grant agreement approved by the Minister in accordance with provisions of government loans, grants and guarantees Act entered between Local Government Authority and a donor

IMPORT DUTY

IMPORT DUTY

ITEMS	%
Capital goods, raw materials, agricultural inputs, pure-bred animals, pharmaceutical goods	0
Semi-finished goods	10
Finished commercial or final consumer goods	25
Some sensitive items are charged at higher rate than 25% for protecting local industries (yogurt, milk and cream containing sweetening matter, sugar etc)	

MAINTENANCE OF DOCUMENTS AND PROVISIONS OF INFORMATION

- Every tax payer must prepare and retain documents for a period of five years, either paper or electronic to enable the commissioner to determine tax
- The commissioner general, without prior notice can inquire for any information and should be given free access to documents, premises, vehicles and other assets: In case it is a dwelling house time shall be between 9:00 AM – 6:00 PM.
- Or any time under permission by the court or any other case.

DEADLINES, INTEREST & PENALTIES

Non-compliance	penalty
Failure to maintain documents by individuals	30,000 per month from when the failure started
Failure to maintain documents by body corporates	150,000 per month from when the failure started
Failure to file returns within 6 months after accounting period	2.5% per month out of the tax payable.
Making false returns or omission with no reasonable excuse	50% of the tax shortfall
Making false returns knowingly or recklessly	75% of the tax shortfall

DEADLINES, INTEREST & PENALTIES

Non-compliance	penalty
Failure to pay tax which is in excess of 750,000	A penalty between TZS. 375,000 but not more than TZS. 1,500,000 or imprisonment of 3 to 12 months or both
Failure to pay tax which is less than 750,000	Penalty of not less than Tshs. 150,000 and not more than 375,000 or imprisonment of 1 to 3 months or both

TAX COMPLIANCE

EXCISE DUTY ON IMPORTATION OF USED VEHICLES

- Imported vehicle aged 8 years but not more than 10 years 15%
- Imported vehicle aged more than 10 years 30%

EXPORT LEVY

- 80% of the value (FOB) of Raw Hides and Skins or 0.52 USD per Kilogram whichever is greater.
- Wet Blue Leather is 10% of the value of the commodity (FOB)
- A levy of 15% is chargeable on Raw Cashew Nuts, computed on FOB value or USD 160 per mt. whichever is higher.

PROHIBITED GOODS

- Narcotic Drugs, Tear Gas Substances, Seditious, Obsceneness Materials or Literature

RESTRICTED GOODS

- Live Animals, Plants, Fire Arms, Ammunitions, etc

NOTE: These require permit from relevant authorities.

IMPORT AND EXPORT TAX COMPLIANCE

□ DESTINATION INSPECTION

- Imported goods regardless of their value are required to be inspected in the country.
- A fee of 0.6% on FOB value is chargeable.
- Exempted goods are enshrined in the law.

□ IMPORTS FROM EAST AFRICAN COMMUNITY MEMBER STATES

- Goods within member states are chargeable at the rate of 0% provided that the criteria of rules of origin are adhered to.
- EAC Member states are Tanzania, Kenya, Uganda, Rwanda and Burundi.