



doing business in Tanzania

country profile	
time zone	<ul style="list-style-type: none"> GMT+0
official language	<ul style="list-style-type: none"> Kiswahili
population	<ul style="list-style-type: none"> 57 813 270
currency	<ul style="list-style-type: none"> Tanzanian shilling ("TZS")
government structure	<ul style="list-style-type: none"> Executive: The president is head of state. The president serves a five-year term. The prime minister has authority over the day-to-day functions of the government and is the leader of government business in the National Assembly. The president is head of Cabinet. Legislative: Tanzania has a unicameral parliament for the United Republic and in Zanzibar, there is the House of Representatives. Judicial: The Court of Appeal of the United Republic of Tanzania (Chief Justice and 14 justices); the High Court of the United Republic of Tanzania (Principal Judge and 30 judges organised into commercial, land, and labour courts); the High Court of Zanzibar (Chief Justice and 10 justices). Next presidential and parliamentary elections: October 2020.
economic data	<ul style="list-style-type: none"> Nominal GDP (USD billions): 50.48 GDP per capita (USD): 1 017.53 Inflation rate (% change): 5.00 Government revenue (% of GDP): 16.93 Government gross debt (% of GDP): 39.70 <p><i>*Source: IMF</i></p> <ul style="list-style-type: none"> Tanzania's economy is reliant on tourism, manufacturing and gold mining, with the main economic resources being diamonds, tea, sisal, cloves and pyrethrum. Owing to Tanzania's development-driven import demand, the country's main imports are machinery and transport equipment, petroleum products and industrial raw materials.
risk ratings	<ul style="list-style-type: none"> World Economic Forum Global competitive index (2016-2017): 116/138 World Bank ease of doing business (2017): 132/190 Corruption perception index (2016): 116/176

international treaties and memberships	
international and regional organisations and customs unions	<ul style="list-style-type: none"> African Caribbean and Pacific Group of States African Development Bank African Union Commonwealth East African Community ("EAC") International Monetary Fund Southern African Development Community United Nations World Bank World Trade Organization
bilateral investment treaties	<ul style="list-style-type: none"> Tanzania has entered into bilateral investment treaties in force with Canada, China, Denmark, Finland, Germany, Italy, Mauritius, the Netherlands, Sweden, Switzerland and the United Kingdom. Treaties have been signed with Egypt, Jordan, the Republic of Korea, Kuwait, Oman, South Africa, Turkey, and Zimbabwe, but these have not yet entered into force.
investment-related agreements / institutions	<ul style="list-style-type: none"> Tanzania is a signatory to the following international investment-related agreements: <ul style="list-style-type: none"> Multilateral Investment Guarantee Agency; and The USA African Growth and Opportunity Act.
dispute resolution	<ul style="list-style-type: none"> Tanzania arbitration law International Centre of Settlement of Investment Disputes ("ICSID") Convention on the Recognition and Enforcement of Foreign Arbitral Award (New York Convention)
intellectual property ("IP") treaties	<ul style="list-style-type: none"> A comprehensive list of IP-related treaties signed by Tanzania is available at: http://www.wipo.int/wipolex/en/profile.jsp?code=tz See the trade marks section below for further detail.



legal regime	
applicable legal regime	<ul style="list-style-type: none"> There are two separate legal jurisdictions in Tanzania – one for the mainland and one for Zanzibar – each with its own legal system. However, both systems are subordinate to the Appeals Court of Tanzania. There are four sources of law: English common and case law, Islamic law and customary law.
dispute resolution	<ul style="list-style-type: none"> A dispute between a foreign investor and the Tanzania Investment Centre (“TIC”) or the government, which is not settled through negotiations, may be submitted to arbitration in accordance with any of the following methods, agreed on by the parties: <ul style="list-style-type: none"> in accordance with arbitration laws of Tanzania for investors; in accordance with the rules of arbitration of the ICSID; within the framework of any bilateral or multilateral agreement on investment protection agreed to by the Government of Tanzania and the government of the country from which the investor originates. The commercial court, a division of the High Court of Tanzania, is exclusively intended for the speedy adjudication of commercial disputes. In the case of disputes concerning natural resource wealth (mining and petroleum) in particular, the government is prohibited, pursuant to the Natural Wealth and Resources (Permanent Sovereignty) Act, from submitting itself to foreign courts or arbitral bodies.
land acquisition, planning and use	<ul style="list-style-type: none"> All land is owned by the state and is governed by the Land Act, which, besides providing a basic framework for the ownership of land other than village land and the management of land, offers guidance for the settlement of disputes and related matters. There are two ways to acquire land: <ul style="list-style-type: none"> as sublet property from the private sector; or on a lease directly from the government, with long-term leases ranging from 33, 66 and 99 years. Land may be owned by foreigners only for purposes of investment. The acquisition of industrial-zoned land around Dar es Salaam requires the additional measure of negotiating with local villagers after government approval has been gained.
competition	
merger control	<ul style="list-style-type: none"> The Fair Competition Act regulates merger control in Tanzania. The Competition Act defines a merger as an acquisition of shares, a business or other assets, whether inside or outside Tanzania, resulting in the change of control of a business, part of a business or an asset of a business in Tanzania. In calculating merger thresholds, Tanzania uses financial thresholds based on a combined turnover of the merging firms. Mandatory notification applies to mergers where the turnover or asset value is above a threshold amount of TZS3.5-million (approximately USD1.5-million). Merger filing fees are payable on a sliding scale ranging between TZS25-million and TZS100-million. The Fair Competition Commission will take public interest considerations into account in making a determination on the merger.

	<ul style="list-style-type: none"> Tanzania is a pre-implementation regime, therefore approval must be sought from the Tanzanian competition authorities prior to implementation of the proposed transaction. Any person who implements a merger in contravention of the Competition Act commits an offence. The Tanzanian competition authorities may impose a penalty of not less than 5% and not more than 10% of the annual turnover (during the preceding year) in Tanzania of the undertaking or undertakings in question. Tanzania is a member of a regional competition body, the EAC. The EAC is not, however, operational yet.
prohibited practices	<ul style="list-style-type: none"> The Competition Act prohibits horizontal and vertical agreements between undertakings if the object, effect or likely effect of the agreement is to appreciably prevent, restrict or distort competition. It must be presumed that an agreement does not have the object, effect or the likely effect of appreciably preventing, restricting or distorting competition if none of the parties to the agreement has a dominant position in a market affected by the agreement and either of the following applies: <ul style="list-style-type: none"> the combined market shares of the parties to the agreement of each market affected by the agreement is 35% or less; or none of the parties to the agreement are competitors. Cartel conduct (such as price fixing and collusive tendering) is prohibited by the Competition Act. The Competition Act prohibits abuses of dominance. Any person who commits an offence under the Competition Act is liable to a fine of not more than 10% but not less than 5% of the offender's annual turnover. Where a person charged with an offence under the Fair Competition Commission is a corporate entity, every person who, at the time of the commission of the offence, was a director, manager or officer of the corporate entity, may be charged jointly in the same proceedings with such corporate entity and where the corporate entity is convicted of the offence, every such director, manager or officer shall be deemed to be guilty of that offence unless he/she proves that the offence was committed without his/her knowledge or that he/she exercised all due diligence to prevent the commission of the offence.



employment requirements	
<i>immigration</i>	<ul style="list-style-type: none"> • Every business enterprise granted a certificate of investment under the Investment Act shall be entitled to an initial automatic immigrant quota of up to five persons. • Any application for additional permits may be submitted to the TIC, which shall, in consultation with the immigration department, authorise any additional person that it shall deem necessary, taking into consideration the availability of qualified Tanzanians, the complexity of the technology employed by the business enterprise and agreements reached with the investors. • Employers of non-citizens must submit a plan showing when the position will be assumed by a citizen. • A recent directive from the Labour Department provides that for every expatriate, 10 local employees should be employed.
<i>local employment vs secondment</i>	<ul style="list-style-type: none"> • While it is possible to second an employee to Tanzania, a Conducting a Temporary Assignment work permit requires that a local entity's company documents be submitted in order for the application for the permit to be considered.
<i>typical employment – fixed term contracts and temporary employment services</i>	<ul style="list-style-type: none"> • Fixed-term contracts may be entered into staff for specific tasks and specific duration. Such contracts will terminate on their expiry unless renewed by agreement between the employer and employee. • The law treats fixed-term contracts during their pendency in the same way as long-term contracts, and termination prior to expiry other than as prescribed under the law may be termed as unfair in terms of the employment and labour laws. • There is currently a ban on labour broking in Tanzania.
<i>participation in statutory schemes</i>	<ul style="list-style-type: none"> • Employers and expatriate employees must make contributions to the National Social Security Fund or other security schemes. • Expatriates may apply for exemption from contributing if such employee is contributing to a similar state scheme in another country (any scheme run by the government of that country and which provides similar benefits).
<i>payment in local currency</i>	<ul style="list-style-type: none"> • There is no requirement for remuneration to be paid in local currency.
<i>restraint of trade agreements</i>	<ul style="list-style-type: none"> • In Tanzania, any agreement that prohibits one from exercising a lawful profession, trade or business is void unless the restraint is in the interest of the parties involved and the public.

foreign investment regime	
investment regime	<ul style="list-style-type: none"> • Investment in Tanzania is generally regulated by the Tanzania Investment Act and other sector-specific legislation. • The Tanzania Investment Act established the one-stop to coordinate, encourage, promote and facilitate investment in Tanzania and to advise the government on investment policy related matters.
registration / licensing requirements	<ul style="list-style-type: none"> • Registration with the TIC is not compulsory, but a foreign investor who intends to invest in Tanzania is entitled to apply to the TIC for an investment certificate if, <i>inter alia</i>, the amount to be invested by the foreign investor is at least USD500 000 or the equivalent in any currency. • Investment in mining and petroleum is exempted under the Tanzania Investment Act but may benefit from the guarantees against expropriation and guaranteed access to international arbitral process. The Natural Wealth and Resources (Permanent sovereignty) Act, however, prohibits the government from submitting to foreign courts or arbitral process in respect of contracts involving natural wealth resources.
non-industry specific registrations/ licences	<ul style="list-style-type: none"> • The following general non-industry specific registration/licences may also be required:
<i>business / commercial licence</i>	<ul style="list-style-type: none"> • The Business Licensing Act applies to every person who carries on any form of trade, commerce, craftsmanship or specified profession for profit or gain. • All businesses must apply for a general business licence from the local municipality.
<i>Tanzania Revenue Authority ("TRA")</i>	<ul style="list-style-type: none"> • An entity must register for a taxpayer identification number ("TIN") within 30 days of the date of its establishment, incorporation or registration in Tanzania. • If the registration threshold for VAT is met, the entity should also specifically register for VAT purposes. • At least one director must hold a personal TIN.
<i>social security contributions</i>	<ul style="list-style-type: none"> • All employers must contribute to a social security fund on an employee-by-employee basis. • Employers and employees from the private sector may contribute to one of the following three funds: <ul style="list-style-type: none"> ▪ National Social Security Fund ("NSSF"); ▪ Parastatals Pensions Fund ("PPF"); and ▪ Public Service Pension Fund ("PSPF").
<i>Workers Compensation Fund</i>	<ul style="list-style-type: none"> • Every employer is obliged to register with the Workers Compensation Fund.
industry-specific licences	<ul style="list-style-type: none"> • Industry-specific licences may also be required.



incentives	<ul style="list-style-type: none"> The Tanzania Investment Act provides for the issuance of “certificates of incentives” by the TIC to qualifying investors. A business enterprise holding and investment certificate is entitled to incentives under the Income Tax Act, the Customs Tariff Act and the VAT Act, including exemption from customs duties and VAT on capital goods.
exchange control regulation	<ul style="list-style-type: none"> Foreign exchange is regulated under the Foreign Exchange Act, but a liberal exchange control regime applies in Tanzania. Subject to the payment of applicable taxes and the submission of supporting documents to a commercial bank, the repatriation of foreign currency from the country is not restricted.
types of entities available for foreign investment	<ul style="list-style-type: none"> Agency contracts; branch of a foreign company; company limited by guarantee (private or public); company limited by shares (private or public); cooperative societies; partnership/limited liability partnerships; trusts – generally for charitable purposes; and unlimited company (private or public).
private limited liability company	
minimum number of shareholders	<ul style="list-style-type: none"> A minimum of two shareholders is required, with a maximum of 50. All shareholders may be foreign entities or individuals, but there are certain specific sectors, such as banking, insurance, telecommunications, radio and TV and those dealing in gemstones and precious stones, where minimum local participation is prescribed by industry legislation. Recent legislation has introduced mandatory listing of shares of telecommunication and mining companies, where 25% (telecommunication) and 30% (mining) must be listed for sale of shares to local Tanzanians.
minimum share capital	<ul style="list-style-type: none"> The Companies Act does not prescribe a minimum share capital. However, the prescribed fees at the time of company registration refers to a minimum share capital TZS20 000, which is the lowest threshold for calculating registration fees.
directors	<ul style="list-style-type: none"> A company must have at least two directors. All directors may be foreign/non-resident, except in the case of insurance companies, where one third of the members of the board of directors must be Tanzanian citizens and “unaffiliated directors”. In the case of banks, while there is no obligatory local directorship, all directors and senior management must have prior approval of the Bank of Tanzania.
company secretary	<ul style="list-style-type: none"> A company must have a company secretary (firm or individual). The company secretary does not need to be a Tanzanian resident but, in practice, this is recommended, as the secretary needs to be present in the country to sign documents or take required actions.
auditor	<ul style="list-style-type: none"> A company must appoint an auditor.

registered address	<ul style="list-style-type: none"> A company shall, at all times, have a registered office to which all communications and notices may be addressed. It may use the address of its accountants or lawyers as a registered address.
shelf companies	<ul style="list-style-type: none"> There are no shelf companies available for purchase in Tanzania.
registration process	<ul style="list-style-type: none"> Companies are registered with the Business Registrations and Licensing Agency and registration takes between three to five working days once all the required documents have been submitted.
tax	
tax system	<ul style="list-style-type: none"> A Tanzanian resident is taxed on worldwide income, irrespective of source. Non-residents are taxable on income with a source in Tanzania.
Corporate residence	<ul style="list-style-type: none"> A company is tax resident if it is incorporated or formed under the laws of Tanzania or if the management and control of its affairs are exercised in Tanzania.
corporate tax rate	<ul style="list-style-type: none"> The corporate tax rate applicable to resident companies is 30%. A reduced corporate tax rate of 25% applies for three consecutive years for companies newly listed on the Dar es Salaam Stock Exchange. To qualify, at least 30% of the company's shares must be issued to the public. Specific tax rates are applicable to some mining companies that have entered into agreements with the government but recent legislation has prohibited preferential tax treatment for companies in the natural resource wealth industry.
capital gains tax (“CGT”)	<ul style="list-style-type: none"> There is no specific CGT. Gains derived on the realisation of most assets (and liabilities), including shares, will be included (or losses deducted) as part of normal income and subject to the standard corporate tax rate of 30%.



withholding tax ("WHT") rates	payment to	WHT rate (%)	
		residents	non-residents
	branch profits	N/A	10%
	dividends	5% (listed companies) 5% (at least 25% shareholder) 10 % (other dividends)	0% (export processing zones) 5% (listed companies) 10% (other)
	interest	10%	10% (bank deposits) 0% (if paid by strategic investors to a non-resident bank)
	royalties	15%	15%
	management, consulting and technical service fees	5%	15%
double tax agreements ("DTAs")	<ul style="list-style-type: none"> DTAs are in force with Canada, Denmark, Finland, Italy, India, Norway, Sweden, South Africa and Zambia. 		
losses	<ul style="list-style-type: none"> There is no limit on the carry forward period for tax losses. However, tax losses in the agricultural, mining and petroleum sectors are ring-fenced. 		
transfer pricing	<ul style="list-style-type: none"> Transfer pricing rules are in place in Tanzania. If transactions between "associates" are not entered into on arm's length terms, the Commissioner can re-characterise the source and type of any income, loss, amount or payment; or apportion and allocate expenditure based on comparative revenues of the businesses. The definition of an associate includes the situation where an entity, whether alone or with an associate(s), controls or may benefit from 50% or more of the rights to income or capital or voting power of another entity. 		
thin capitalisation	<ul style="list-style-type: none"> Thin capitalisation rules are in place in Tanzania. The total amount of interest that an "exempt-controlled resident entity" may deduct for a year of income shall not exceed the sum of interest equivalent to a debt-to-equity ratio of 7:3. An exempt-controlled resident entity includes a resident entity of which 25% or more of the underlying ownership of the entity is held by a non-resident. 		

employee taxes	<ul style="list-style-type: none">The income tax rates applicable to resident individuals are:<table><tr><th>annual chargeable income (TZS)</th><th>tax rate</th></tr><tr><td>up to 2 040 000</td><td>0%</td></tr><tr><td>2 040 001-4 320 000</td><td>11%</td></tr><tr><td>4 320 001-6 480 000</td><td>20%</td></tr><tr><td>6 480 001-8 640 000</td><td>25%</td></tr><tr><td>above 8 640 000</td><td>30%</td></tr></table>These rates do not, however, apply to all types of income.Non-resident individuals are subject to tax at a rate of 15% on employment income.	annual chargeable income (TZS)	tax rate	up to 2 040 000	0%	2 040 001-4 320 000	11%	4 320 001-6 480 000	20%	6 480 001-8 640 000	25%	above 8 640 000	30%
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6 480 001-8 640 000	25%												
above 8 640 000	30%												
social security contributions	<ul style="list-style-type: none">The total statutory contribution is 20% of employees' gross salaries. Employers are obliged to contribute 10% and 10% is deducted from employees' salaries.Expatriates may apply for exemption from contributing if an employee is contributing to a similar state scheme (any scheme run by the government of that country and which provides similar benefits).												
payroll taxes	<ul style="list-style-type: none">A skills and development levy imposed under the Vocational Education and Training Act is payable by any company employing four or more employees. In both mainland Tanzania and Zanzibar, the levy is payable at the rate of 4.5%, with effect from 1 July 2016 (5% for the period immediately prior) of gross emoluments.												
stamp duty	<ul style="list-style-type: none">Stamp duty is levied on a wide range of instruments and documents under the Stamp Duty Act. The person who makes, draws up or executes the instrument or document is liable to pay the duty.												
VAT													
<i>taxable supplies</i>	<ul style="list-style-type: none">VAT is payable on taxable supplies of goods or services in mainland Tanzania and on the importation of goods or services from any place outside mainland Tanzania.												
<i>VAT rate</i>	<ul style="list-style-type: none">18%												
<i>registration threshold</i>	<ul style="list-style-type: none">A person shall, in respect of any month, be registered for VAT from the first day of that month if there are reasonable grounds to expect that the person's turnover in the 12 months period commencing at the beginning of the previous month will be equal to or greater than the registration threshold (currently TZS100-million per annum).												
<i>reverse VAT on imported services</i>	<ul style="list-style-type: none">18% reverse VAT is only levied on imported services if the taxpayer has exempt supplies of 10% or more of total supplies.The output tax is declared on the value of any taxable services received, but the same amount of tax is treated as input tax, which is recoverable subject to the normal rules. If a business is "fully taxable", the company is entitled to recover this input tax in full, so the net effect is nil.												



trade marks	
international conventions, treaties and arrangements	<ul style="list-style-type: none"> • African Regional Intellectual Property Organization • Nice Union • Paris Convention • The Harare Protocol • Trade-Related Aspects of Intellectual Property Rights • World Intellectual Property Organization
classification	<ul style="list-style-type: none"> • The international classification of goods and services applies. A separate application is required for each class of goods and/or services.
categories of trade marks	<ul style="list-style-type: none"> • Provision is made for: <ul style="list-style-type: none"> ▪ service marks; ▪ series marks; ▪ colour or combination of colours marks; ▪ associated marks; ▪ certification marks; ▪ three-dimensional marks, upon providing proof of registration from other countries; and ▪ collective marks.
filing requirements	<ul style="list-style-type: none"> • Name, address and occupation of the applicant; • payment of official fee; • signed Power of Attorney; • 10 prints of the mark, except for word marks in ordinary type; • priority document (if applicable), with verified English translation; • a verified English translation if the proposed trade mark is in a language other than English; and • specification of the goods and services for which registration is to be registered in accordance with the NICE classification current edition.
procedure	<ul style="list-style-type: none"> • Applications are examined as to formalities, inherent registrability and conflict with prior existing registrations/applications. • Accepted applications are advertised.
oppositions	<ul style="list-style-type: none"> • Opposition may be lodged within 60 days following the date of advertisement of the trade mark application. • Extension of the opposition period is possible at the discretion of the Registrar.
duration and renewal	<ul style="list-style-type: none"> • A trade mark registration is effective for an initial period of seven years from the filing date, thereafter, renewable for further periods of ten years. • Upon renewal, registrant must submit a statement confirming use of the trade mark within the three years preceding the renewal.

For more information or assistance please contact:

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