



TAX ALERT

THE WRITTEN LAWS (FINANCIAL PROVISIONS) (AMENDMENTS) ACT 2022, BILL NO. 13 OF 2022

September 2022

INTRODUCTION

The Government through the Ministry of Finance on September 16, 2022, proposed in the Parliament a bill to amend a certain provisions of tax laws that will address strategic investments and promote local fertilizer production as well as its usage. The proposed bill awaits assent by the president upon which such amendments proposed by the bill will update relevant tax laws that will have an impact on the strategic and special strategic investments that are approved by the National Investment Steering Committee.

What will be the amended?

This Bill proposes amendment to five laws, namely the Excise (Management and Tariff) Act, Cap. 147, Income Tax Act CAP 332, the Mining Act, Cap. 123, the Road and Fuel Tolls Act, Cap. 220 and the Value Added Tax Act, Cap. 148.

THE HIGHLIGHTS

- Strategic Investments to now enjoy fuel toll exemptions;
- Excise duty remission on goods to be used for implementation of strategic investments;
- Zero rating of locally manufactured fertilizers
- Phosphate miners will now pay a royalty of 1% instead of 3%

IN AN EFFORT TO IMPROVE THE BUSINESS ENVIRONMENT AND FOSTER ECONOMIC GROWTH THROUGH INCREASING INVESTMENT.

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Focus of the Amendments

The amendments propose to include strategic investments approved by the National Investment Steering Committee within the scope of areas for which the Minister may grant exemption under the Acts.

The amendments will broaden the scope of strategic investments or special strategic investment as approved by the National Investment Steering Committee and published in the Gazette by the Minister of Finance, where they will enjoy the tax incentives introduced by the Finance Act 2022 which include;

- Exemption from paying fuel toll;
- Excise duty remission on goods to be used for implementation of strategic investments;
- Value Added Tax ("VAT"); and
- Income tax

Other proposed changes

Mining Act, Cap 123

- Reduced royalty from 3% to 1% for miners of phosphates ore solely and directly used in the manufacturing of fertilizers;

The Excise (Management and Tariff) Act Cap 147

- Importers of wines of fresh grapes will cough additional excised duty of TZS 5,600/liter from 2,466.45/liter

Value Added Tax Act, 148

- Zero rating of locally manufactured fertilizer;
- VAT exemption of locally manufactured sisal bags; and
- VAT exemption on importation of wire of other alloy steels imported for manufacture of gas cylinder

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