

THE FINANCE BILL, 1992

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THE UNITED REPUBLIC OF TANZANIA



No. 14 OF 1992

I ASSENT,

Maman

President

5/1/93

An Act to impose and alter certain taxes and to amend certain written laws relating to the collection and management of public revenues

[.....]

ENACTED by the Parliament of the United Republic of Tanzania.

PART I

PRELIMINARY PROVISIONS

- 1. This Act may be cited as the Finance Act, 1992.
- 2. The provisions of the various Parts of this Act shall each come into operation on such date as is specified in the respective Parts.

Short title
Commencement

PART II

AMENDMENT OF THE AIRPORT SERVICE CHARGE ACT, 1962

- 3. This Part shall be read as one with the Airport Service Charge Act 1962, and shall be deemed to have come into operation on the 19th day of June, 1992.

Construction and commencement

- 4. Section 3 of the Airport Service Charge Act, 1962, is hereby amended by deleting subsections (2) and (3) and substituting for them, respectively, the following subsections:

Amendment of section 3

“(2) A passenger embarking on an aircraft at an airport within the United Republic who intends to travel to a destination within the United Republic shall pay in local currency an airport-service charge of one thousand shillings.

(3) Any passenger embarking on an aircraft at an airport within the United Republic who intends to travel to a destination outside the United Republic shall, whether or not a resident of the United Republic, pay in foreign convertible currency an airport service charge equivalent to twenty United States dollars."

PART III

AMENDMENT OF THE COMPANIES ORDINANCE

Construc-
tion and
com-
mence-
ment Cap.
212

5. This Part shall be read as one with the Companies Ordinance, and shall be deemed to have come into operation on the first day of July, 1992.

Amend-
ment of
Eight
Schedule

6. The Eighth Schedule to the Companies Ordinance is hereby amended by

- (a) deleting from Item I all matters relating to the imposition and specification of Tax on Capital;
- (b) numbering the entry setting out registration fees for new companies as "(1)";
- (c) deleting all matter occurring under Item I after the specification of fees and substituting for that matter the following:

"(2) For registration of existing company, except such companies as are by this Ordinance exempted, the same as is charged for registering a new company.

(3) For registering any document by this Ordinance required to be delivered, sent or forwarded to the Registrar other than the memorandum or the abstract required to be delivered to the Registrar by a receiver or manager to be sent to the Registrar by the liquidator in a winding up in the United Republic Shs. 5001-.

(4) For making a record of any fact by this Ordinance required or authorised to be recorded by the Registrar Shs. 5001-."

PART IV

AMENDMENT OF THE CUSTOMS TARIFF ACT, 1976

Construc-
tion and
com-
mence-
ment
Acts, 1976
No. 12

7. This Part shall be read as one with the Customs Tariff Act, 1976, in this Part referred to as "the principal Act", and shall be deemed to have come into operation on the, 19th day of June, 1992.

8. Section 3 of the principal Act is hereby amended by deleting sub-section (3) and substituting for it the following:

Amend-
ment of
Section 3

'(3) The interpretation of the First Schedule to this Act shall be governed by the principles set out at the beginning of the Schedule and titled "GENERAL RULES FOR THE INTERPRETATION OF THE HARMONIZED CUSTOMS TARIFF."

9. Section 4 of the principal Act is hereby amended in subsection (1) by deleting paragraph (a) and substituting for it the following:

Amend-
ment of
section 4

"(a) in respect of the goods specified in the First Schedule to this Act which are imported into Tanzania, import duties at rates specified in the fifth column of that Schedule, and."

10. The principal Act is hereby amended by adding immediately after section 4 the following new sections:

Addition
of new
4A, 413,
4C and 4D

"Registra-
tion of re-
gistered
dealers

4A.-(1) Where the Commissioner-General is satisfied that-

- (a) a person is engaged in manufacturing a scheduled article and uses, for the purpose of such manufacture, any other scheduled article, whether manufactured locally or imported;
- (b) any body corporate is engaged in the import of a scheduled article, and that it is convenient so to do, the Commissioner-General may, subject to such terms and conditions as he may determine register such person or, as the case may be; body corporate, as a registered dealer in respect of such scheduled products as the Commissioner may specify.

(2) Where any person is registered as a registered dealer in respect of any scheduled article-

- (a) it shall be lawful for any person otherwise liable to pay duties under this Act to sell to the registered dealer the scheduled article in respect of which he is so registered free of custom duties and such person shall not be liable to pay duties on such article imported by the registered dealer;
- (b) the registered dealer may acquire the article in respect of which he is registered as a registered dealer from customs control without payment of import duties under this Act.

(3) A person registered under this Act shall be deemed to have been registered for the purposes of the Sales Tax Act, 1976.

Applica-
tion
registra-
tion

4B- (1) Every application for registration as registered dealer shall be as is prescribed in the Sales Tax Regulations, 1969 and shall be submitted to the Commissioner-General.

G.N. 1969
No. 152

(2) Upon registration of any person as a registered dealer the Commissioner-General shall issue- such person with a certificate of registration as are prescribed in the Sales Tax Regulations, 1969.

G.N. 1969
No. 152

Applica-
tion of
certain
provisio
n of
Sales
Tax Act

4C. The provisions of section 18 of the Sales Tax Act, 1976, and of the Sales Tax Regulations, 1969, on returns, forms and records shall apply *mutatis mutandis* in relation to returns, forms and records relating to the affairs of registered dealers in scheduled articles under this Act.

Defini-Act
tions

4D. In sections 4A and 413-

Acts 1976
No. 12

"the Act" means the Customs Tariff Act, - 1976.

"goods" means goods which are locally produced or imported which are subject to further processing in an industry;

"industry" means any industry with an industrial license, business licence and is situated in a registered plot;

"registered dealer" means any person registered as a registered dealer under section 4A;

"registered dealer certificate" means certificate granted to a registered dealer upon satisfaction by the Commissioner-General that the conditions of section 4A of this Act and regulation 8 of the Sales Tax Regulations, 1969 have been fulfilled."

Repeal
and re-
placement
of section
7A

11. Section 7A of the principal Act is hereby repealed and replaced by the following:

"Payment
of duty in-
stalments

7A Where the Minister directs the payment of any suspended duty or import duty by way of installments, the duty shall be payable and be paid by instalments within a period of not more than twelve months and interest shall be charged on the amount paid. by instalments at the prevailing rate of interest chargeable by the Central Bank on the Government advances."

12. Save for the amendment Of the First Schedule specified by section D, the First Schedule to the principal Act is hereby amended generally-

General
Amend-
ment of
the First
Schedule

(a) by deleting the prevailing rates of import duty in relation to all entries appearing under the columns headed "Tariff No." and "Tariff Heading" and substituting for them,, in each case-

- (i) if the prevailing rate is a figure of up to 20%, the rate 01 10.%;
- (ii) if the prevailing rate is 30% or 40% , the rate of 20%;
- (iii) if the prevailing rate is 60%, the rate of 40%;

(b) by substituting the entry "Free" for, the prevailing rates of import duty in relation to raw materials and spares for industries, agricultural equipment, motor vehicles of a load carrying capacity of not less than three tonnes and buses of a carrying capacity of not less than twenty-five passengers, agricultural inputs, livestock, pharmaceutical inputs and hospital equipment and accessories.

13. The First Schedule to the principal Act is hereby amended in Chapter 27 by substituting for the entries under the columns headed "Tariff Heading" and "Import Duty" in respect of Tariff Nos. 27. 10 and 27.17G, the following respective entries:-

Specific
amend-
ment of
the First
Schedule

<i>Tariff NO.</i>	<i>Tariff Heading</i>	<i>Import Duty</i>
27.10	Petroleum oils and obtained from bituminous minerals	20%
	G. Lubricants:	
	(1) Lubricating oil:	20%
	(2) Lubricating grease	20%

14. Notwithstanding the amendment of the First Schedule by section 12 and 13, the First Schedule is hereby repealed and replaced by the following:

Repeal
and re-
placement
of First
Schedule

"FIRST SCHEDULE

HARMONIZED CUSTOMS TARIFF"

(The Schedule is published separately in book form)

PART V

AMENDMENT OF THE EXCISE TARIFF ORDINANCE

Construc-
tion, and
com-
mence-
ment Cap
332

15. This Part shall be read as one with the Excise Tariff Ordinance in this Part referred to as "the Ordinance", and shall be deemed to come into operation on the 19th day of June, 1992

Addition
of new
section
6A, 6C
6D and
6E

16. The Ordinance is hereby amended by adding immediately after section 6A the following new sections;

Registra-
tion of the
dealers

6B. -(1) Where the Commission is satisfied that-

- (a) a person is engaged in manufacturing scheduled articles and uses, for the purpose such manufacture any other Scheduled article, whether manufactured locally or imported;
- (b) any body corporate is engaged the delivery of a scheduled article, and that is convenient so to do the Commissioner may, subject to such conditions as he may determine, register such person or, as the case may be, body corporate, as registers dealer in respect of such scheduled products as the Commission may specify.

(2) Where any person is registered as a registered dealer in respect of any scheduled article-

- (a) it shall be lawful for any person otherwise liable to pay tax under this act, to sell to the registered dealer the schedule article in respect be liable to pay duties due on such article imported by the registered dealer;
- (b) the, registered dealer may acquire the article in respect of which he is registered as a registered dealer from Customs control without payment of tax under this act.

Applica-
tion for
registra-
tion G.N.
1969 No.
152

6C.- Every application for registration as a registered dealer shall be as is prescribed in the Sales Tax Regulations, 1969 and shall be submitted to the Commissioner.

G.N. 1985
No. 152

(2) Upon registration of any person as a registered dealer the Commissioner shall in sales issue such person with a certificate of registration as are prescribed in the Sales Tax Regulations, 1969.

Applica-
tion of
certain
provisions
of the
Sides; Tax
Act

6D. The provisions of sections of section 18 of the Sales Tax Act, 1976 and the provisions on returns, forms, and records of the Sales Tax Regulations, 1969 shall apply *mutatis mutandis* to this Act."

Definition 6E. In sections 6B and 6C-

I "the Act" means the Excise Tariff Ordinance,

"goods", means goods which are locally produced or imported which are,, subject to further processing in an industry.

"industry" means any industry with an industry licence, business licence and is situated in a registered plot;

"registered dealer" means any person registered as a registered dealer under section 6A of the Ordinance;

"registered dealer certificate" means a certificate granted to a registered dealer upon satisfaction by the Commissioner that the condition of section 6B of this Act, and regulation, 8 of the Sales Tax Regulations have been fulfilled.

G.N. 1969
No. 152

17.--(1) Save for the specific amendments provided otherwise in this Act, the First Schedule to the Excise Tariff Ordinance is hereby amended generally by deleting the prevailing and voloren rates of excise duty in relation to all entries appearing under the columns headed "Item" and "Goods" and substituting for them, in each case-

- (a) if the prevailing rate is a figure between 0 and 20% the rate "Free";
- (b) if the prevailing rate is a figure between. 25% or above the rate of 20%.

(2) The First Schedule to the Excise Tariff Ordinance is hereby amended in entries relating to locally manufactured sugar, soap, textiles and cement by substituting for the prevailing rate of excise duty in respect of each of them under the column headed "Rate of Excise Duly" the rate "Free"

Amend-
ment of
Eight
Schedule

PART VI

REPEAL OF THE FOREIGN TRAVEL LEVY ACT, 1979

18. This Part shall be read as one with the Foreign Travel Act, 1979, and shall be deemed to have come into operation on the 19th day of June, 1992.

19., The Foreign Travel Levy Act, 1979, is hereby repealed.

Construc-
tion and
com-
mence-
ment Act,
1979
Repeal of
Acts, 1979

PART VII

AMENDMENT OF THE, INCOME TAX ACT, 1973

20.-41) This Part shall be read as one with the Income Tax Act, 1973, and except for section 28(2), shall be deemed to have come into operation on the first day of July, 1992.

Construc-
tion and
com-
mence-
ment

(2) Section 28(2) shall come into operation on the first day of January, 1993.

Amend-
ment of
section 3

21. Section 3 of the Income Tax Act, 1973, is hereby amended-

(1) by deleting paragraph (a) of subsection (1) and substituting the following-

"(a) in the case of a resident person, upon all the income of such person which accrued worldwide, and";

(2) by deleting in paragraph (b) the words "two hundred and fifty thousand shillings" and substituting for them the words "one hundred and fifty thousand shillings";

(3) by deleting paragraph (c) and substituting the following-

"(c) any pension or amount received under a pension scheme or a pension fund, other than any pension payable to an employee who has retired from the service of the Government or a parastatal organization, any annuity or a trust scheme which is approved or established by or under any written law"-

(4) by deleting paragraph (e) and substituting the following-

"(e) any amount deemed to be the income of any person under this Act, other than any amount payable by way of pension to any person who has retired from the service of the Government or a parastatal organization,"

Amend-
ment of
section 4

22. Section 4 is hereby amended:

(a) by deleting paragraph (a);

(b) by renumbering paragraphs (h), (c), (d) and (e) as paragraphs (a), (b), (c) and (d) respectively.

Amend-
ment of
section 8

23. Section 8 of the Income Tax Act, 1973 is hereby amended-

(1) by deleting subsection (1);

(2) by renumbering subsections (2), (3), (4) and (5) as subsections (1), (2), (4) and (5) respectively;

(3) by deleting in the new subsection (3) the phrases "total pensions and", "other than commuted pension" and "Pension or"

24. Section 33 of the Income Tax Act, 1973 is hereby amended by adding immediately after subsection (2) the following subsection (2A)-

Amend-
ment of
section 33

"(2A) Tax upon the income of resident or a person having a permanent establishment in the United Republic which consists of any dividend shall be charged for any year of
• income, at the appropriate resident rates for such year of income and shall not be charged to. tax under subsection (1) of this section."

25. Section 34 of the Income Tax Act, 1973 is hereby amended in subsection (2) by deleting paragraph (b) and substituting for it the following-

Amend-
ment of
section 34

(b) any interest on a loan or deposit, other than a loan from a deposit with a co-operative society,"

26. Section 42 of the Income Tax Act, 1973 is hereby amended by deleting subsection (1) and substituting the following-

Amend-
ment of
section 42

"(1) If any resident person chargeable to tax for any year of income on income accrued in or derived from another country to which section 43 does not apply proves to the satisfaction of the Commissioner that he has paid tax in such country for such year of income in respect of the same income, he shall be entitled to relief by way of credit from the tax so charged on such income."

27. Section 58 of the Income Tax Act, 1973 is hereby amended in subsection (4) by deleting the word "individual" appearing in paragraphs (a) and (b) and substituting in each case the word "person"

Amend-
ment of
section 58

28. The Third Schedule to the Income Tax Act, 1973 is hereby, amended-

Amend-
ment of
Schedule

(13 in Head A by deleting the table of rates of tax payable by individuals and substituting for it the following new table:-

<i>Monthly Income</i>	<i>Rate Payable</i>
Where such income does not exceed Shs. 3,250/-	NIL
Where such income exceeds Shs. 3,250/- but does not exceed Shs. 5,000/-	5 % of the amount in excess of Shs. 3,250/-.
Where such income exceeds Shs. 5,000/- but does not exceed Shs. 10,000/-	Shs. 87/50 plus 12 1/2-% of the amount in excess of Shs. 5,000/-
Where such income exceeds Shs. 10,000/- but does not exceed Shs. 15,000/-	Shs. 712/50 plus 15% of the amount in excess of Shs. 10,000/-.

<i>Monthly Income</i>	<i>Rate. Payable</i>
Where such income exceeds Shs. 15,000/- but does not exceed Shs. 20,000/-	Shs. 1,462/50 plus 20% of the amount in excess of Shs. 15,000/-.
Where such income exceeds Shs. 20,000/- but does not exceed Shs. 25,000/-	Shs. 2,462/- plus 25% of the amount in excess of Shs. 20,000/-
Where such income exceeds Shs. 25,000/-	As. 3,712/50.-Plus 30% of the amount in excess of Shs. 25,000/-.

(2) by deleting paragraph 3 of Head Band substituting the following-

"3.-(I) The corporation rate of tax shall be seven shillings in each twenty shillings save in the case of-

- (a) the total income of a non-resident corporation, other than a joint venture corporation, having a permanent establishment in the United Republic when the rate shall be eight shillings in each twenty shillings; and
- (b) that part of the total income of a corporation which relates to income derived from the mining of specified minerals when the rate shall be four -shillings and fifty cents in respect of each twenty shillings of such part of to total income:

Provided that the rate shall be seven shillings in each twenty shillings or such part of the total income from the fifth year, and in each subsequent year, after the first year in which such corporation in liable or would, but for the provisions of subsection (4) of section 16 of this Act become liable to pay corporation tax.

(2), For the purposes of this paragraph a joint venture corporation means any association incorporated between a corporate foreign investor and a corporate investor for the purpose of making an investment jointly in a commercial enterprise;

(3) in paragraph 4 by deleting the word "twenty percent" in sub-paragraph .(e) and substituting for them the words "fifteen percent";

(4) 'in paragraph 5 by deleting sub-paragraphs (a) and (b) and substituting the following-

"(a) in respect of any dividend, twenty percent of the amount payable;

(b) in respect of any interest, ten per cent of the amount payable."

PART VIII

AMENDMENT OF THE PORT SERVICE CHARGE, 1973

29. This Part shall be read as one with the Port Service Charge Act, 1973, and shall be deemed to have come into operation on the nineteenth day of June, 1992.

Constuc-
tion and
com-
mence-
ment
Acts, 1973
No. 11

30. Section 3 of the Port Service Charge Act, 1973, is amended by deleting the whole of subsection (1) and substituting for it the following:

Amend-
ment of
section 3

"(1) Subject to the provisions of section 4 and to any exemption granted under sections, there shall be paid by every passenger on each occasion on which he embarks on a ship, other than a ferry, at a port in Mainland Tanzania for a journey to a destination within or outside the United Republic, a port service charge of three hundred shillings in the case of a resident or five US Dollars or its equivalent in convertible currency in any other case."

PART IX

AMENDMENT OF THE PUBLIC CORPORATIONS ACT, 1992

31. This Part shall be read as one with the Public Corporations Act, 1992.

Construc-
tion and
Com-
mence-
ment, Act,
1992 No. 2

32. The Public Corporations Act, 1992, is hereby amended by adding immediately after section 17 the following new sections:

Addition
of new
sections
17A 17B,
and 17C

"Estab-
lishment
of Com-
mission

17A.-(1) There is hereby established a commission to be known as the Presidential Parastatal Sector Reform Commission.

(2) The Commission shall be an autonomous organ of the Government.

(3) The President shall, upon advice of the Minister, appoint not more than nine and not less than seven members, one of whom shall be appointed as Chairman of the Commission.

(4) In appointing the members to the Commission, regard shall be had of the need to appoint persons with adequate knowledge and experience on business affairs, legal affairs, management of Government or public affairs and financial matters.

(5) Any member appointed under this section, may hold office for such period as the President shall, at the time of appointment, direct and if no such direction is given, for a period of three years from the date of his appointment and shall be eligible for reappointment.

"Func-
tions of
the Com-
mission

17B.- (1) The commission shall, subject to the provisions of the Public Corporations Act, 1992, be an advisory body to the Government.

(2) Without prejudice to the generality of subsection (1) the functions of the commission shall be-

- (a) to develop operating policies and procedures on how to implement the reforms decided by the Government;
- (b) to review specific policies and legislation pertaining to the parastatal sector;
- (c) to prepare an up to date list of all operating parastatals;
- (d) to review and where necessary undertake detailed analysis of individual parastatals so as to determine priority, sensitively, viability and the price of each share;
- (e) undertake financial analysis of the parastatals to be , amalgamated or restructured; and
- (f) to give recommendations as to what action to be taken on each parastatal after consultation with all relevant authorities, and to oversee implementation of agreed action."

"Staff and,
other mat-
ters con-
cerning
the com-
mission

17C.- (1) Subject to any written law and to regulations made by the Minister, there shall be appointed to the Commission staff, advisors, consultants or other persons of such appropriate professional competence or experience in business affairs; legal affairs and financial matters may be necessary for the efficient discharge of the functions of the Commission.

(2) The procedure and other matters pertaining to the regulation and-functioning of the Commission shall be such as may be prescribed in regulations made by the Minister in that behalf.",

PART X

REPEAL OF THE RESIDENCE TAX ACT, 1990

33. This Part shall be read as one with the Resident Tax Act, 1990, and shall be deemed to have come into operation on the first day of July, 1992. Construction and commencement Act, 1990 No. 18
34. The Residence Tax Act, 1990, is hereby repealed. Repeal

PART XI

AMENDMENT OF THE ROADS TOLLS ACT, 1985

35. This Part shall be read as one with the Roads Tolls Act, 1985 and shall be deemed to have come into operation on the nineteenth day of June, 1992. Construction and commencement Acts, 1985 No. 13
36. The Second Schedule to the Roads Tolls Act, 1985, is hereby deleted and replaced by the following:- Amendment of Second Schedule

SECOND SCHEDULE

Section 4(5)

TOLLS AT FUEL FILLING POINTS

<i>Fuel</i>	<i>Rate of Toll</i>
1. Super or Regular Petrol	Shs. 10.00 per litre
2. Diesel	Shs. 10.00 per litre."

PART XII

AMENDMENT OF THE SALES TAX ACT, 1976

37. This Part shall be read as one with the Sales Tax Act, 1976, and shall be deemed to have come into operation on the nineteenth day of June, 1992. Construction and commencement Acts 1976 No. 13

Amend-
ment of
the First
Schedule

38.—(1) Save for the amendments specified in the other provisions of this Part, the First Schedule to the principal Act is hereby amended generally—

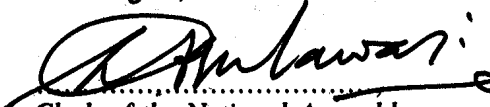
- (a) by deleting the prevailing rates of sales tax in relation to all entries appearing under the columns headed "Tariff No." and "Tariff Heading" and substituting for them, in each case—
 - (i) if the prevailing rate is 20%, the rate of 10%;
 - (ii) if the prevailing rate is 30%, the rate of 20%;
 - (iii) if the prevailing rate is 40%, the rate of 30%;
- (b) by substituting the entry "Free" for the prevailing rates of sales tax in relation to raw materials and spares for industries, agricultural equipment, motor vehicles of a load carrying capacity of not less than three tonnes and buses of a carrying capacity of not less than twenty-five passengers, agricultural and livestock inputs, pharmaceutical inputs, hospital equipment and accessories and locally produced wheat flour.

(2) Notwithstanding subsection (1), the First Schedule to the principal Act is hereby amended in respect of entries relating to tyres and tubes locally manufactured, by deleting the prevailing rate of sales tax and substituting for it the rate of 10%.

Amend-
ment of
section 6

39. Section 6 of the Sales Tax Act, 1976, is hereby amended in subsection (3) by deleting the words "will be levied with an interest at a rate to be determined by the Minister" and substituting for them the words "shall be paid within a period of not more than twelve months and interest shall be charged on the amount paid by instalments at the prevailing rate chargeable by the Central Bank on Government advances."

Passed in the National Assembly on 14th August, 1992.


Clerk of the National Assembly