

THE UNITED REPUBLIC OF TANZANIA



No. 10 OF 1993

I ASSENT,

President

11/10/93

**An Act to impose and alter certain taxes and duties 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 (No. 2) Act, 1993.
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  
Com-  
mence-  
ment

**PART II**

**AMENDMENT OF THE BUSINESS LICENSING ACT, 1972**

3. This Part shall be read as one with the Business Licensing Act, 1972, and shall be deemed to have come into operation on the 1st day of July, 1993.

Construc-  
tion and  
com-  
mence-  
ment  
Acts, 1972  
No. 25

Amend-  
ment of  
Schedule

4. The Schedule to the Business Licensing Act, 1972, is hereby amended by substituting save where the expression "same" appears, for the entries in Column 2 and Column 3 respectively the licence fees specified in relation to the following businesses described in Column 1:

"Column 1 Description of Business	Column 2 Licence Fees		Column 3 Fees for subsidiary Licence	
	Shs.	Cts.	Shs.	Cts.
(a) (i) (same)	(same)		(same)	
(a) (ii) (same)	(same)		(same)	
(b) (same)	(same)		(same)	
(c) (same)	400,000.00		400,000.00	
(d) Insurance business	400,000.00		200,000.00	
Business of building society or of an investment society or company.	(same)		(same)	
(e) (same)	(same)		(same)	
(f) (same)	40,000 + 1% of Turnover or 300,000 which ever is the lesser amount		48,000.00	
(g) (same)	400,000.00		400,000.00	
(h) (same)	400,000.00		400,000.00	
(i) (same)	48,000.00		48,000.00	
(ii) (same)	48,000.00		48,000.00	
(iii) (same)	48,000.00		48,000.00	
(iv) (same)	48,000.00		48,000.00	
(v) (same)	24,000.00		24,000.00	
(i) (same)	50,000.00 plus 800/- per bedroom with liquor licence		50,000.00 plus 800/- per bedroom liquor licence	
(ii) (same)	50,000.00 plus 800/- per bedroom		50,000.00 plus 800/- per bedroom	
(iii) (same)	16,000.00 plus 400/- for each bedroom		16,000.00 plus 400/- per bedroom	
(j) (same)	12,000.00		12,000.00	
(k) (same)	36,000.00		36,000.00	
(l) (same)	(same)		(same)	
(m) (same)	400,000.00		200,000.00	
(n) (same)	40,000.00		40,000.00	
(o) (same)	(same)		(same)	
(i) (same)	(same)		(same)	
(ii) (same)	(same)		(same)	
(iii) (same)	(same)		(same)	
(p) (same)	(same)		(same)	
(same)	350,000.00		350,000.00	
(same)	(same)		(same)	
(same)	(same)		(same)	
(same)	(same)		(same)	
(same)	(same)		(same)	
(same)	(same)		(same)	

No. 10

Finance (No. 2)

1993 3

"Column 1 Description of Business	Column 2 Licence Fees		Column 3 Fees for subsidiary Licence	
	Shs.	Cts.	Shs.	Cts.
(same)	(same)		(same)	
(q) (same)	16,000.00		(same)	
	plus 1% of the value of all contracts of calendar year of 400,000.00			
(r) (same)	16,000.000 + 1%		(same)	
	of turnover or 300,000.00 which- ever is the lesser amount			
(s) (same)	(same)		(same)	
(t) (same)	(same)		(same)	
(u) (same)	(same)		(same)	
(v) (same)	6,000.00		6,000.00	
(w) (same)	(same)		(same)	
(x) (same)	(same)		(same)"	

## PART III

## AMENDMENT OF THE CAR BENEFIT TAX, 1991

5. This Part shall be read as one with the Car Benefit Tax Act, 1991, and shall be deemed to have come into operation on the 1st day of July, 1993.

Construc-  
tion and  
com-  
mence-  
ment  
Acts, 1991  
No. 19

6. Section 3 of Car Benefit Tax Act, 1991, is hereby amended by deleting the words "eighty thousand shillings" and substituting for them the words "one hundred thousand shillings".

Amend-  
ment of  
section 3

## PART IV

## AMENDMENT OF THE CUSTOMS TARIFF ACT, 1976

7. This Part shall be read as one with the Customs Tariff Act, 1976, in this Act referred to as "the principal Act", and shall be deemed to have come into operation on the 18th day of June, 1993.

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

8. Save for the amendment of the First Schedule specified by section 9, 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 column headed "Import duty", except for entries in relation to which the rate of import duty is 40%, and substituting for them in each case—
- (i) if the prevailing rate is "10%", the rate "20%";
  - (ii) if the prevailing rate is "20%", the rate "30%",
- (b) by deleting the entry "Free" wherever it appears in the column headed "Import Duty" and substituting for it the rate "5%".

Specific  
amend-  
ment of  
the First  
Schedule

9. The First Schedule to the principal Act is hereby amended in Chapters 27, 40 and 82 by substituting for the entries under the column headed "Import Duty" the following respective entries:—

"Tariff No.	Tariff Heading	Import Duty
2710.00.71 .....	(same) .....	40%
4011.10.00 .....	(same) .....	30%
4011.20.00 .....	(same) .....	30%
4011.30.00 .....	(same) .....	30%
4011.40.00 .....	(same) .....	30%
4011.50.00 .....	(same) .....	30%
4011.81.90 .....	(same) .....	30%
4011.99.90 .....	(same) .....	30%
8212.10.00 .....	(same) .....	40%
8212.20.00 .....	(same) .....	40%
8212.90.00 .....	(same) .....	40%

#### PART V

#### AMENDMENT OF THE EXCISE TARIFF ORDINANCE

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

10. This Part shall be read as one with the Excise Tariff Ordinance and shall be deemed to have come into operation on the 18th day of June, 1993.

Amend-  
ment of  
Schedule  
to Cap.  
332

11. The Schedule to the Excise Tariff Ordinance is hereby amended by deleting item 9 and substituting for it the following—

#### "9. Petroleum oils and petroleum products:

A. Partly refined petroleum ..... *Free*

B. Motor spirit, gasoline etc:

(1) Motor Spirit Premium (MSP)  
per litre ..... *Shs. 10.1590*

(2) Motor Spirit Regular (MSR)  
per litre ..... *Shs. 7.8659*

- C. Kerosene Lamp Oil and White Spirit:
- (1) Aviation Kerosene  
per litre ..... Shs. 8.0311
  - (2) Other ..... Shs. 8.7145
- D. Gas Oil ..... per litre Shs. 7.1772
- E. Residual fuel oils e.g. marine furnace etc:
- (1) Furnace Oils per litre ..... Shs. 7.1839
  - (2) Residual Oils per litre ..... Shs. 11.2614
- F. Lubricants:
- (1) Lubricating Oil ..... per cu.m. Shs. 500
  - (2) Lubricating grease per kg. .... Shs. 75
- G. Petroleum gases (LPG) per Shs. 7.1875

## PART VI

## AMENDMENT OF THE BANKING AND FINANCIAL INSTITUTIONS ACT, 1991

12. This Part shall be read as one with the and Banking and Financial Institutions Act, 1991, and shall be deemed to have come into operation on the 1st day of July, 1993.

13. Sections 12 and 13 of the Banking and Financial Institutions Act, 1991, are each hereby repealed and replaced by the following.

Constitution  
commence-  
ment

Replace-  
ment of  
Sections  
12 and 13

"Minimum  
Capital  
require-  
ments

12.—(1) Every bank and every other financial institution shall maintain unimpaired capital at least equal to the minimum requirements specified in section 13.

(2) In this Part, for the purposes of determining capital requirements

"core capital" means permanent shareholders equity in the form of issued and fully paid in shares of common stock plus all disclosed reserves, less goodwill or any other intangible assets;

"disclosed reserves" includes all reserves created or increased through share premiums, premiums, retained profits (after deducting all expenses, provisions taxation, and dividends), and general reserves, if such disclosed reserves are permanent and unencumbered and thus able to absorb losses;

"off balance sheet exposure" means all items not shown on the balance sheet but which constitute credit risk or the equivalent of credit risk as determined by the Bank. Such risk include guarantees, acceptances, performance bonds, letters of credit, interest and exchange rate related items, and other off balance sheet items deemed to constitute credit risk by the Bank;

“supplementary capital” means general provisions which are held against future, presently unidentified losses and are freely available to meet losses which subsequently materialise, and any other form of capital as may be determined and announced from time to time by the Bank;

“total assets” means the amount required to be submitted under such heading in each monthly balance sheet submitted to the Bank;

“total risk weighted assets” means total assets as adjusted in relating to the riskiness of the different categories of assets as may be prescribed by the Bank;

“total capital” means the sum of core capital and supplementary capital.

13.—(1) Every bank shall—

(a) commence operations with a minimum core capital of not less than 1,000,000,000 (one billion) shillings or such higher amount as the Minister may, by order published in the Gazette, prescribe, and shall maintain this minimum amount at all times. This minimum amount of core capital may be reduced by the Bank in order to promote the establishment of regional unit banks and for this purpose, the initial core capital of regional unit banks.

Provided that no such bank shall establish a branch or any banking unit in a region if its core capital is less than the minimum core capital required to be maintained by banks established in that region.

(b) at all times maintain core capital at not less than 6% (six percentum) of its total risk weighted assets and off balance sheet exposure.

(c) at all times maintain total at not less than 8% (eight percentum) of its total risk weighted assets and off balance sheet exposure”

(2) Every financial institution shall—

(a) commence operations with a minimum core capital of not less than 500,000,000 shillings or such higher amount as the Minister may, prescribe, and shall maintain this minimum amount at all times. This minimum amount of core capital may be reduced by the Bank in order to promote the establishment of regional based financial institutions and for this purpose, the Bank shall prescribe the minimum amount of the initial core capital of regional based financial institutions:



Provided that no such financial institutions shall establish a branch or any deposit-taking unit in a region if its core capital is less than the minimum core capital required to be maintained by financial institutions established in that region.

- (b) at all times maintain core capital at not less than 8% (eight percentum) of its total risk weighted assets and off balance sheet exposure."

## PART VII

### AMENDMENT OF THE INCOME TAX ACT, 1973

14. This Part shall be read as one with the Income Tax Act, 1973, in this Act referred to as "the principal Act", and shall be deemed to have come into operation on the 1st day of July, 1993.

Construction and commencement Acts, 1993 No. 33

15. Section 2 of the principal Act is hereby amended in subsection (1) in the definition "parastatal" by—

Amendment of section 2

- (a) deleting paragraph (c); and
- (b) renumbering paragraph (d) as (c) and (e) as (d).

16. Section 13 of the principal Act is hereby amended by deleting subsection (1), and (1A), and substituting for them the following:

Amendment of section 13

"(1) Where in any year of income any person sells any interest held by him in any premises in the United Republic, the difference between—

- (a) the value of consideration for which such interest is sold, and
- (b) so much of the adjusted cost to such person of such interest as has not been claimed as deductions in respect of the capital expenditure in relation to such interest under the second Schedule,

shall be deemed to be the capital gains income of such person accrued in or derived from the United Republic in the year of income in which the sale takes place and shall be chargeable to tax at the capital gains rate.

(1A) No interest under subsection (1) of this section held by any person in any premises shall be transferred or registered without a certificate of clearance issued by the Commissioner in that behalf certifying that capital gains tax has been paid or is not payable.

(1B) For the purposes of this section, the expression "adjusted cost" for inflation and devaluation at the inflation and exchange rates applicable at the time of the sale; and"

Amend-  
ment of  
section 34  
(2B)

17. Section 34 of the principal Act is hereby amended by deleting subsection (2B) and substituting for that subsection with the following—

“(2B) Every person shall upon payment of any amount to any person in respect of any fee, charge or like consideration for goods supplied or services rendered, which is chargeable to tax, deduct from that amount tax at a rate of two percent of the gross amount payable.

(2C) The requirement under subsection (2B) shall only apply to payments made by the Government agency, local government authority parastatal organization and companies.”

Amend-  
ment of  
second

18. The Second Schedule to the principal Act is hereby amended in paragraph 5(1) (a) (iv) by deleting item (d) and substituting for that item the following new item—

“(d) on their arrival into any part of the United Republic.”.

## PART VIII

### AMENDMENT OF THE LAND ORDINANCE

Construc-  
tion and  
commence-  
ment  
Cap. 113

19. This Part shall be read as one with the Land Ordinance, and shall be deemed to have come into operation on the 18th day of June, 1993.

20. Section 24 is hereby amended in sub-section (3) by deleting the whole of that subsection and substituting for it the following:

“(3) This section shall apply to any case notwithstanding the fact that the annual rent of the right of occupancy is or exceeds four hundred shillings”.

## PART IX

### AMENDMENT OF THE DEFENCE FORCES (SERVICE PENSIONS AND GRATUITIES) REGULATIONS, 1968

Construc-  
tion and  
commence-  
ment  
G.N. 1968  
No. 52

21. This Part shall be read as one with the Defence Forces (Service Pensions and Gratuities) Regulations, 1968, and shall be deemed to have come into the operation on the 18th day of June, 1993.

Amend-  
ment of  
regulation

22. Regulation 11 of the Defence Forces (Service Pensions and Gratuities) Regulations, 1968 are hereby amended in sub-paragraph (b) of paragraph (1) by deleting the words “eighteen thousand” and substituting for them the words “thirty six thousand.....”.



**PART X**

## AMENDMENT OF THE PENSIONS REGULATIONS

23. *Ibis* Part shall be read as one with the Pensions Regulations and shall be deemed to have come into operation on the 18th day of June, 1993.

Construc-  
tion and  
com-  
mence  
ment

24. Regulation 23 of the Pensions Regulations is hereby amended in sub-paragraph (c) of paragraph (1) by deleting the words "eighteen thousand" and substituting for them the words "thirty six thousand.."

Amend-  
ment of  
regulation  
23

**PART XI**

## AMENDMENT OF THE POLITICAL LEADERS' PENSIONS ACT, 1981

25. This Part shall be read as one with the Political Leaders' Pensions Act, 1981, and shall be deemed to have come into operation on the 18th day of June, 1993.

Construc-  
tion and  
com-  
mence  
Acts, No.  
14 of 1981

26. Section 11 of the Act is amended in sub-paragraph (c) by deleting the words "eighteen thousand" and substituting for them the words "thirty six thousand..."

Amend-  
ment of  
section 11

**PART XII**

## AMENDMENT OF THE UNIFIED TEACHING SERVICE

## (PENSIONS AND GRATUITIES)

## REGULATIONS, 1965

27. this Part shall be read as one with the Unified Teaching Service (Pensions and Gratuities) Regulations, 1965 and shall be deemed to have come into operation on the 18th day of June, 1993.

Construc-  
tion and  
com-  
mence  
G.N. 1965  
No. 304

28- Regulation 13 of the Unified Teaching Service (Pensions and Gratuities) Regulations, 1965 is hereby amended in subparagraph (c) of paragraph (1) by deleting the words "eighteen thousand" and substituting for them the words "thirty six thousand imported, be the value declared and determined in accordance with the provisions of the Customs Act taking into account the import duty and the excise duty payable on the article;"

Amend-  
ment  
regulat-  
ion 13

Amend-  
ment of  
regulation  
13

29. Regulation 13 of the Unified Teaching Service (Pensions and Gratuities) Regulations, 1965 is hereby amended in subparagraph (c) of paragraph (1) by deleting the words "eighteen thousand" and substituting for them the words "thirty six thousand....."

### PART XIII

#### MISCELLANEOUS TAX EXEMPTIONS AND REMISSIONS (REVOCATION) ACT, 1992

Construc-  
tion and  
commence-  
ment

30. This Part shall be read as one with the Miscellaneous Tax Exemptions and Remissions (Revocation) Act, 1992, and shall be deemed to have come into operation on 18th day of June, 1993.

Amend-  
ment of  
section 3

31. Section 3 of the Miscellaneous Act, is hereby amended by adding immediately after paragraph (c) the following:—

(d) apply to the Government of the United Republic, any local authority within Mainland Tanzania and in relation to Income Tax and Customs Duty, to the Revolutionary Government of Zanzibar.

### PART XIV

#### AMENDEMENT OF THE ROADS TOLLS ACT, 1985

Construc-  
tion and  
commence-  
ment  
Acts, 1985  
No. 13

32. This Part shall be read as one with the Roads Tolls Act, 1985, and shall be deemed to have come into operation on 18th June, 1993.

Amend-  
ment of  
the sec-  
ond  
Schedule

33. The Second Schedule to the Roads Tolls Act, 1985, is hereby deleted and replaced by the following:—

#### SECOND SCHEDULE

##### Section 4(5)

##### TOOLS AT FUEL FILLING POINTS

<i>Fuel</i>	<i>Rate of Toll</i>
1. Super or Regular Petrol	Shs. 25.00 per litre.
2. Diesel	Shs. 25.00 per litre.

## PART XV

## AMENDMENT OF THE VIDEO BUSINESS REGULATION TAX ACT, 1988

34. This part shall be read as one with the Video Business Regulation Tax Act, 1988 and shall be deemed to have come into operation on the first day of July, 1993.

Construction and Commencement Acts, 1988 No. 10

35. The Schedule to the Video Business Regulation Act, 1988, is hereby amended by the deleting the whole of item C and substituting for that item, the following new item C  
"C. SATELLITE DISH ANTENNA

Amendment of the Schedule

Fees for ownership of a registered  
Satellite Dish Antenna per annum Shs. 150,000/-

## PART XVI

## AMENDMENT OF THE SALES TAX ACT, 1976

36. This Part shall be read as one with the Sales Tax Act, 1976, in this Part referred to as the "principal Act" and shall be deemed to have come into operation on the 18th day of June, 1993.

Construction and commencement Acts, 1976 No. 13

37. Section 22 of the principal Act is hereby amended in subsection by deleting paragraph (a) and substituting for it the following:—

Amendment of section 22

"(a) in respect of a scheduled article imported, be the value declared and determined in accordance with the provisions of the Customs Act, taking into account the import duty and the excise duty payable on the article;"

38. —(1) Save as provided in subsection (2) of this section, the First Schedule to the principal Act is hereby amended generally by deleting the prevailing rates of sales tax in relating to all articles and substituting for them, in each case—

Amendment of First Schedule

- (a) if the prevailing rate is 10%, the rate "25%";
- (b) if the prevailing rate is 20%, the rate "30%".

(2) Notwithstanding the provisions of subsection (1), the First Schedule to the principal Act is amended in respect of entry concerning "aluminium circles", by deleting the prevailing rate in relation to it and substituting for it the rate "25%".

39. The Second Schedule to the principal Act is hereby amended by deleting the sales tax rates relating to electricity, international telephone calls and catering and substituting for them—

Amendment of the second schedule

- (a) in relation to electricity the rate of "5%",
- (b) in relation to local telephone calls, the rate "15%", and
- (c) in relation to catering services, the rate "15%"

## PART XVII

## AMENDMENT OF THE STAMP DUTY ACT, 1972

Construc-  
tion and  
com-  
mence-  
ment Acts  
1972 No.  
20

40. This Part shall be read as one with the Stamp Duty Act, 1972 and shall come into operation on 1st day of July, 1993.

Amend-  
ment of  
Section 41

41. Section 41 of the principal Act is hereby amended—

- (a) in subsection (1) by deleting the phrase "fifty shillings" wherever it appears in that subsection and substituting for it the phrase, "five hundred shillings";
- (b) by adding immediately after subsection (3) the following subsection:—  
Without prejudice to "(4) the provisions of subsection (1) of this section—
  - (a) any person carrying on business in any premises licenced for the carrying on of such business shall upon receiving any sum of money in any transaction relation to the business issue a receipt for such sum whether or not such receipt is required to be stamped in accordance with the provisions of this Act;
  - (b) every person who pays any money to any person carrying on business in any premises licenced to carry on such business shall be entitled to receive a receipt for any money so paid whether or not such receipt is required to be stamped in accordance with the provisions of the Act.

Passed in the National Assembly on the twenty third day of August, 1993.

  
G. F. MLAWA  
Clerk of the National Assembly