

January 2018



National Assembly has commenced

The National Assembly session has commenced in Dodoma and will continue until 9 February 2018. The activities scheduled to take place include swearing of newly elected MPs and question and answer sessions.

The National Assembly is also expected to deliberate and may pass two bills which were tabled for first reading in the previous session namely the Written Laws (Miscellaneous Amendments) (No. 5) Bill, 2017 and the Public Service Social Security Fund Bill, 2017.

It is also expected that 16 Parliamentary Standing Committees will table their reports before the National Assembly during this session.

New Mining Regulations now operational

On 10 January 2018, new mining regulations were published. The following regulations are now in force:

- i. The Mining (Local Content) Regulations, 2018
- ii. The Executive Agency (Geological Survey Agency) (Disestablishment) Order, 2018
- iii. The Mining (Mineral Rights) Regulations, 2018
- iv. The Executive Agency (Tanzania Mineral Audit Agency) (Disestablishment) Order, 2018
- v. The Mining (Mineral Beneficiation) Regulations, 2018
- vi. The Mining (Audit and Inspection of Records) Regulations, 2018
- vii. The Mining (Geological Survey) Regulations, 2018
- viii. The Mining (Radioactive Minerals) Regulations, 2018
- ix. The Mining (Minerals and Mineral Concentrates Trading) Regulations, 2018

To read more about the regulations click here and here.

Nation mourns retired Court of Appeal justice

President John Magufuli has led Tanzanians in mourning the death of former Court of Appeal Justice Robert Kisanga.

In his condolence message to the Chief Justice, President Magufuli described Justice Kisanga as a person who will be remembered for his immense contributions to the nation characterised by commitment, patriotism, hardworking, and cooperation with others.

Describing the Justice Kisanga, Tanzania Retired Judges Association (Tarja) chairman Thomas Mihayo said Judge Kisanga was respected locally and abroad, inside and outside the Judiciary, that led former President Benjamin Mkapa to appoint him to lead the Constitutional Commission on Union matters.

Around the World

Ghana to make its climate policies legally binding

Ghana is considering enshrining its climate policies into law so as to send the right message to development agencies that the country is committed to climate mitigation and adaptation efforts. Peter Dery, Head of Climate Change and Sustainable Development Unit of the Ministry of Environment warned that until regulations are turned into laws their enforcement would face more challenges. The Readiness Programme was rolled out in June 2015 and comprised a series of workshops on climate policies and procedures.

S. Africa's Cape Town considering legal action over water crisis

The City of Cape Town is considering legal action to compel the national government to come to its rescue as a depeening water crisis is gripping the city, opposition Democratic Alliance (DA) Mmusi Maimane. "This is not a finger pointing exercise. It is about ensuring that the Constitution is given effect to and that the rights of citizens and ratepayers are fought for and protected," Maimane said at the launch of the "Defeat Day Zero" campaign in Cape Town. Cape Town, a drought-stricken city administered by the DA, is expected to become the first metropolis in the world to run out of water on April 12, known as Day Zero. Maimane said Day Zero has become "a very real possibility" as dam levels are currently at 27.2 percent as of now with 17.2 percent usable water left.



January 2018

Tanzania Law Society (TLS) vice president Godwin Ngwilimi said Justice Kisanga will be remembered for verdicts he made on Ole Pumbun's case in the late 1980s, because it was the ruling which set the foundation for individuals to sue the government without seeking its permission.

Former chairman of the Commission for Human Rights and Good Governance (CHRGG), Bahame Nyanduga, described Justice Kisanga as the person who made CHRGG a strong institution.

"Being the first CHRGG chairman, he formulated regulations and ensured their implementation something that has made CHRGG a strong institution today," he said.

According to him, Justice Kisanga investigated human rights violations in Serengeti District, Mara Region in the first human rights violations that set precedence on how human rights violations issues would be dealt by the commission.

For her part, Legal and Human Rights Centre (LHRC) executive director Hellen Kijo-Bisimba described him as the person who ensured that human rights violations were fought in the country.

Justice Kisanga died aged 85 years and is survived by a widow and two children and five grandsons and granddaughters.

Government bans cotton contract farming

Prime Minister Kassim Majaliwa has banned contract farming, saying it is exploitative.

"From now on the crop will be sold in auctions. Enough is enough. Cotton buyers have been setting prices to exploit farmers and that must stop immediately," he told residents of Hunyari in Bunda District, Mara. According to a statement by the Prime Minister's Office, the government has formulated strategies of improving production of major crops including cotton whose cultivation, input distribution and marketing will be streamlined.

He also directed extension officers to serve farmers accordingly to ensure modern farming methods are observed.

He called upon herders to destock. "It is wrong for animals to graze on farms of other people," he warned.

He warned that the government would take tough legal action against pastoralists who graze their livestock on farms as they provoke farmers and cause conflicts.

Banks, telcos get deadline on tax collection system

Some banks and telecommunication companies risk losing their licences if they will not have subscribed to the electronic tax collection system by 31 January 2018.

Finance and Planning minister Philip Mpango issued the ultimatum during a meeting with the heads of at least 20 financial institutions.

He said the government last year enacted tax administration laws and regulations that required all banks and telecommunication companies to have joined the electronic tax collection system by 31 December 2017, but only 27 banks had so far done so.

"I have already met with at least 20 banks to establish why they have not joined the system as required by law and discovered that the majority of the banks fear that the system will expose them to cybercrime," said Dr Mpango.

Around the World

These are the US states where cannabis is legal

The United States is gradually becoming the land of the red, white, and green. On 1 January, it became legal to smoke marijuana without a doctor's letter in nine states and use medical marijuana in 29 states. Support for the drug reached new highs in 2017. A Gallup poll showed that 64% of Americans favor legalisation, and even a majority of Republicans back it. The booming industry was expected to post nearly USD 10B in sales in 2017. Here are some of the states where you can legally light up: Nevada, California, Massachusetts, Maine, Colorado and Alaska.

Could Iceland's equal pay law work in the US?

The New Year ushered in a new wage policy in Iceland, where it is now illegal for companies to pay men more than women for the same job. The policy requires companies with more than 25 employees to certify that they pay equally, regardless of gender or ethnicity. This move has drawn international attention, especially from the United States, where women still make substantially less than men.

One in three people with legal problems in UK develop health issues

Almost one-third of those with legal problems in the UK report developing a stress related or physical illness as a result of their experience, according to a new international survey comparing people's perceptions of justice around the world. In the UK, 31% of respondents with a legal problem over the past two years said they had become ill, the same figure as Canada and 1% higher than in the United States. Of the 45 countries surveyed, Ethiopia came out highest in this category at 41%.



January 2018

He added that some banks also felt that the time given was too short and that they needed to have emergency funds for implementation.

However, Dr Mpango directed TRA Commissioner General, Charles Kichere to take legal action against "defiant" banks, including fining them.

In another development, Dr Mpango said non-performing loans stood at 12 per cent of all loans issued last year, but added that things were looking up in the banking sub-sector.

He urged banks to ensure their survival by lending to the right people and institutions.

Dr Mpango spoke after the Bank of Tanzania closed five banks for failing to meet the capital threshold of TZS 2B in contravention of the Banking and Financial Institutions Act, 2006 and its regulations. The affected banks are Covenant Bank for Women (Tanzania) Limited, Efatha Bank Limited, Njombe Community Bank Limited, Kagera Farmers Cooperative Bank Limited and Meru Community Bank Limited.

Non performing loans have been on the rise in Tanzania with many large banks having been affected.

Special Parliamentary Committee commences probe on oil and gas agreements

The Speaker of the National Assembly, vide Speaker's Circular No. 6 of 2017 has formed a Special Advisory Committee to probe any flaws in the law and policies governing the gas subsector and recommend how the nation can benefit from revenues accruing from the gas subsector.

In its preambular statements, the Circular makes reference to the Natural Wealth and Resources Contracts (Review and Re-negotiation of Unconscionable Terms) Act, 2017 (Unconscionable Terms Act). This Act empowers the National Assembly to review all agreements entered by the Government on the extraction of natural resources. In doing so, the National Assembly has powers to evaluate whether or not such agreements contain unconscionable terms.

Phase-out of plastic bags timely

Tanzania has a deadly addiction to plastic bags, with disastrous consequences. Plastic bags make quite a havoc blocking drainage systems, which causes flooding, leading to outbreaks of waterborne diseases including typhoid and cholera.

Recently a parliamentary oversight committee has demanded an immediate ban on the importation of plastic bags in a bid to rid the country of the items, whose local production has long been outlawed.

The government banned the production and distribution of plastic bags in the country a year ago, a move whose effectiveness has however been hindered by imports of the items.

The demand, by the Parliamentary Standing Committee on Industries, Trade and Environment, follows the oversight committee's meeting recently with officials from the Vice President's Office (Union and the Environment) and the Industries, Trade and Investment ministry.

Around the World

Brexit bill proceeds to upper house of UK Parliament

The UK House of Commons voted 324-295 to pass the European Union (Withdrawal) Bill, also known as as the "Brexit" bill, after concluding its third and final reading of the bill. This is the primary bill that the parliament must pass to successfully accomplish UK's withdrawal from the EU, and, among other things, repeals the European Communities Act of 1972 (ECA), transfers four decades of EU-derived domestic legislation and direct EU legislation into UK statutes so as to continue their legal effect in the UK post exit, preserves any rights, powers, liabilities, obligations, restrictions, remedies and procedures guaranteed by the ECA, and eliminates the precedential effect of any judgments or orders put forth by the EU courts.

Lawmakers call on Trump to drop bid for legal immigration cuts

Lawmakers in both parties said that the immigration debate should focus narrowly on efforts to legalise young immigrants known as "dreamers" and beef up border security, suggesting that President Trump's demands to slash legal immigration levels are likely to sink a deal. Democrats have voiced fierce opposition to a White House plan, released late last week, that featured a path to citizenship for 1.8 million dreamers in exchange for USD 25B for his border wall and sharp cuts to family immigration visas.



January 2018

Statistics from the government show that the production of plastic bags by all 41 factories based in Tanzania stood at just 73 tonnes in 2016 but the recorded importation of the materials through various entry points was a staggering 1,375 tonnes.

The committee also directed the government to conduct an assessment to ascertain if local factories fully complied with the orders given in 2016 when the government first announced that it was phasing out the popular "shopping" bags.

Zanzibar has since 2016 effected a total ban on the items and nobody – even a foreign tourist – is allowed to enter the territory with the bags.

Presenting a draft ban to the Parliamentary Committee on Industries, Trade and Environment in 2016, Luhaga Mpina advised producers of plastic in the country to adopt new technologies of making biodegradable bags.

Other African countries that have banned such bags include Botswana, which began over a decade ago by imposing tough levies, Eritrea in 2005, Mauritania in 2013, Cameroon in 2014 and Morocco in 2016.

Others are Rwanda, which banned plastic bags in 2008 as part of its 'Vision 2020', Uganda in 2007 and Kenya last year.

Ban imposed on registration of foreign ships in Tanzania

Tanzanian President John Magufuli put a temporary ban on the registration of foreign ships in the country and ordered over 400 vessels to be investigated for allegations of involvement in criminal activity.

The ban came after at least five foreign-owned ships flying Tanzania's flag were seized in various parts of the world carrying illegal consignments of weapons and narcotics. The maritime authority in the Indian Ocean archipelago of Zanzibar has in previous years been accused of allowing Iranian and North Korean vessels to use the Tanzanian flag to circumvent United Nations sanctions.

Reflagging ships masks their ownership, which could make it easier for criminal networks and sanctioned nations to obtain insurance and financing for the cargoes, as well as find buyers for the shipments without attracting attention from the U.N. and other international authorities. "I want you to conduct a thorough investigation to vet all the 470 ships that fly the Tanzanian flag," Magufuli told security forces. "We cannot allow the image of our country to continue being undermined by some people for their own interests."

Amendments to land law to hurt economy: private sector

The private sector has written a letter to the government calling for immediate withdrawal of amendments of the Land Act No 4 of 1999 due to lack of thorough participation of all stakeholders. The private sector feels that there are some clauses inserted in the amendments, which if left to pass in the new law could be detrimental to the economy.

In particular, the private sector is concerned by the introduction of sections 120A, 120B and 120C to the Land Act No 4 of 1999 that say that bank loans taken by using undeveloped or underdeveloped land as collateral should only be used to develop that specific piece of land. Failure to do so will result in the revocation of the right of occupancy by the President.

Around the World

Israeli bill strengthens East Jerusalem occupation

Israeli legislators have approved a bill that makes it more difficult to divide Jerusalem. The bill passed early last month stipulates that two-thirds support is needed in the Israeli parliament, the Knesset, before Israel can relinquish control over any portion of the holy city to a foreign entity, according to local media. The bill is widely seen as intended to make it more difficult to give up part of Jerusalem to the Palestinian Authority, which wants the city's eastern half to be the capital of an independent Palestinian state.

Donald Trump issues legal threat to Steve Bannon after book revelations

Donald Trump's lawyers threatened legal action against his former righthand man Steve Bannon, marking a fresh escalation after a day of turmoil that left the White House reeling. A cease and desist letter accuses Bannon of violating a non-disclosure agreement by speaking about his time on Trump's election campaign to Michael Wolff, whose new book has caused shockwaves in Washington. Trump's hopes of turning the page on a chaotic 2017 were dashed by extracts from Fire and Fury: Inside the Trump White House by Wolff, first made public by the Guardian. It triggered an ugly and unprecedented war of words between Trump and Bannon.



January 2018

The new sections also say the money obtained from loans whose security is land cannot be spent in investments outside the country and that no foreign bank can be given land as collateral in loans advanced to its customers.

The private sector is also concerned by the amendments that compel local banks and financial institutions in Tanzania to provide details as to how their customers have utilised the funds they have disbursed to them.

The law is largely seen as a big stumble block for people from getting access to credit in Tanzania. It is to be seen if the coming parliament session will pass it or not.

Makonda extends ultimatum to car dealers

Car dealers in Dar es Salaam have six more months to move to a single site in the city's Kigamboni area, regional commissioner Paul Makonda said.

Last year, Mr Makonda said all car dealers should relocate to Kigamboni by February, this year, as part of the regional administration's plans to establish a one-stop centre for motor vehicle traders and their customers.

The decision is aimed at streamlining the business, which is currently scattered in various parts of Dar es Salaam.

Dealers will be provided with licences only if they confirm their willingness to move to Kigamboni, where real estate firm Property International Limited has secured 2,100 acres of land for the centre.

Mr Makonda told car yard owners that the deadline had now been extended to September, adding that he did not expect to see their premises scattered all over the city by October.

"I don't expect to find a car yard anywhere in Dar es Salaam by October except in Kigamboni. Anyone who will not relocate within that time will be deemed to be conducting the business illegally because that is the only explanation for reluctance to relocate," he said.

Mr Makonda added that a number of car dealers had heeded the directive and were currently setting up their yards in Kigamboni, ready to relocate.

With a specific place having been set aside for car dealers, he said customers from neighbouring countries would now be coming to Kigamboni to buy cars instead of going abroad.

Traders who wish to buy space on which to build permanent premises in the designated area will be allowed to pay in instalments for up to six years, while those who opt to rent will be offered discounts of between 25 and 30 per cent. Chicago General Traders director Salim Chicago said the centre would save customers the inconvenience of having to move from one place to another in search of a bargain or cars of their choice.

Mr Makonda said last year that services related to the car business would also be offered at the centre, and Tanzania Revenue Authority was among agencies that would open offices in the area.

There have however been no directives issued on how those car dealers who have heavily invested in showrooms would be compensated.

Around the World

EU drafting law to restrain Chinese takeovers

A draft EU law to restrain Chinese acquisitions of European firms and technologies is progressing, according to a deputy German minister. Matthias Machnig has said the initiative has found support in European capitals. Matthias Machnig, deputy secretary in Germany's Economics Ministry, said that EU nations urgently needed a "legislative tool" to examine strategic takeovers and stake-holding by foreign states and, if necessary, powers to intervene. Germany, together with France and Italy, had launched the legislative initiative, which also had European Commission approval and is now subject to consultations within the EU Council of Ministers and the European Parliament, Machnig said.

With Roman law doctrine, India moves to stub out tobacco industry rights

The Indian government is pushing the Supreme Court to apply a rarely used doctrine that would strip the USD 11B tobacco industry's legal right to trade, an effort aimed at deterring tobacco companies from challenging tough new regulations. New Delhi has for the first time asked the top court to classify tobacco as "res extra commercium", a Latin phrase meaning "outside commerce,". If applied, the doctrine - which harkens back to Roman law - would have far reaching implications: in denying an industry's legal standing to trade, it gives authorities more leeway to impose restrictions.



January 2018

Hunting firms for 'grilling' over poaching allegations

The minister in Dodoma said that all the firms are duly licensed, adding however that there were also suggestions of the likelihood of their being associated with poaching. He gave the directors and whoever are their partners seven days to appear in person at the ministry's headquarters in Dodoma. "They will respond to allegations the anti-poaching team has against them and will therefore explain why action shouldn't be taken against them," he said. "Any of the directors or their partners failing to counter the evidence submitted by the task force will be handed over to law-enforcement authorities for further action," he added. He gave some of the accusations the task force has against the six firms as poaching, multiple uses of their hunting licences, giving false information when applying for hunting blocks, and engaging in corruption and tax avoidance. Kigwangalla also ordered one of the ministry's employees to appear before the task for the same purposes and applied to the other "suspects".

The minister has meanwhile also formed a six-strong team to look into reports broadcast by a UK television station indicating that, even as Tanzanian authorities have sworn to put up a spirited fight against poaching, there was an incident in which an elephant was killed by poachers near a warders' hut. Former Dar es Salaam Special Zone Police Commander Suleiman Kova will head the team, with three other members coming from the Natural Resource and Tourism ministry and the rest from UNDP.

Last year, a South African conservationist working in the country was shot dead in Dar es Salaam when being driven from the airport to the Masaki suburb. Wayne Lotter was stopped and then fatally shot in what is believed to be a deliberate move to get him out of the way. He had worked in Tanzania for many years, exposing wildlife poachers and traffickers, and had reportedly received a number of death threats before he was finally gunned down. Lotter played a pivotal role in the founding and funding of National and Transnational Serious Crimes Investigation Unit which investigated, arrested and prosecuted some of the arguably most slippery and notorious of poachers in the country.

Pensions: Fears of double taxation of benefits

A recent analytical position taking by TLS experts who have poured over the bills relating to the creation of a private sector social security fund (where NSSF will provide the service) and a public sector version has a number of penetrating issues. The crucial aspect for this overview is that of taxation of benefits provided. One aspect of TLS experts' complaints is that the bill simply says it will be put to taxation but doesn't appear to show under what tax code that relates. It would imply that there is a special provision for taxation of such benefits, or alternatively, when it is left vague it means that income tax law applies as it stands.

That is where the shoe pinches, as benefits are savings to which an input is given. According to the TLS experts, pensions are strictly also a broad investment upon which the relevant agency made a profit, and has also taken into account its own costs, with interest. It is evident that benefits arising from contributions from workers in private and public sector entities aren't just raw funds collected from some unspecified untaxed sources. The funds are proceeds from wages and salaries for which taxation has already occurred, and the worker is obliged to surrender a portion of that income so as to smooth out transition, the shift from a state of employment to one of unemployment, and in actual fact to one of unemployability.

For further information on the current issue of the Legal Digest, please contact:

FAyaz Bhojani

Managing Partner M: +255 784 322751 E: fbhojani@fbattorneys.co.tz

Feizin Amlani

Head, Corporate Affairs M: +255 688 253509 E: famlani@fbattorneys.co.tz

FB Attorneys

8th floor, Amani Place, Ohio Street P. O. Box 19813 Dar es Salaam, Tanzania T: +255 22 2135994/5 E: info@fbattorneys.co.tz W: www.fbattorneys.co.tz

Click here to subscribe to our weekly Q&A with FB Attorneys

About FB Attorneys

FB Attorneys is an all service law firm based out of Dar es Salaam, Tanzania.

We cover all aspects of the law and specialise in all corporate and commercial matters including Mining, Oil & Gas, Tax, Litigation, Competition, Banking & Intellectual Property law.

FB Attorneys has been ranked as a tier 1 law firm by the IFLR 1000 in the Energy & Infrastructure and Financial & Corporate sectors, tier 1 by Legal 500 and band 2 by Chambers and Partners General Business Law.

Disclaimer

Information found in the Legal Digest and any attachments are confidential and may be privileged or otherwise protected from disclosure, and intended solely for the use of the individual or entity to whom it is addressed to. If you are not the intended recipient, please notify the sender immediately and delete this message and any attachment from your system. Any views or opinions expressed in the message or its attachments are not necessarily those of FB ATTORNEYS.

© FB Attorneys 2018. All rights reserved.







