

11 July 2018



TRA issues Tax Amnesty guidelines

- Provides for 100% remission of interest and penalties
- Provided principal tax is paid
- Amnesty ends 30 June 2019
- Must await gazette
- Taxpayers at objection, Board, Tribunal, Court of Appeal eligible

Following requests by the business community to H.E. President John Magufuli to intervene in pending tax disputes, the Government tabled in Parliament an amendment to section 70 of the Tax Administration Act (TAA). The amendment now allows the Minister for Finance and Planning (Minister), by regulations or order published in the Gazette, to prescribe eligibility, duration and procedure of accessing the remission provided for under section 70 of the TAA. The Minister called it a Tax Amnesty when presenting his budget speech.

Efficiently and without delay, the Tanzania Revenue Authority (TRA) has, today, issued guidelines on the Tax Amnesty, whereby 100% remission of the interest and penalties will be granted to eligible persons provided the principal tax is paid. The TRA has further stated that such amnesty only applies to statutes that are overseen by the TRA. The East African Community Customs Management Act, 2004, and other non-tax statutes are not covered in this amnesty.

Those who can benefit from the amnesty must meet the following criteria:

- Taxpayers who have filed their tax returns and taxes due from such returns have not been paid in full or such taxes have not been paid at all
- Taxpayers who have not filed tax returns but have outstanding tax liabilities
- Taxpayers who were doing business without being registered and issued with Taxpayers Identification Number (TIN), VAT Registration Number (VRN) or any other registration under tax laws administered by the TRA
- Taxpayers who have filed tax objections with the Commissioner General of the TRA and such objections are still pending before the TRA and not before the Tax Courts
- Taxpayers who have preferred appeals which are still pending before the Tax Courts
- Taxpayers who have outstanding tax debts but not those related to tax crimes, money laundering, human trafficking or any illegal activity

For further information on legal updates please contact:

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LEGAL UPDATE

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The Tax Amnesty guidelines further elaborate that the taxpayer will be entitled to 100% interest and penalties remission if such taxpayer, in person or his legal representative, will present an application for remission by filling a special form No.ITX207.01.E which is available on the TRA website. This form should be accompanied with the following information:

- (a) Explanations showing the outstanding amount of tax due and an undertaking accepting to pay the principal tax voluntarily
- (b) An undertaking, in writing, to pay the full amount of tax due without interest and penalties within the financial year 2018/2019 i.e on or before 30 June 2019, and
- (c) For tax liabilities which are at an objection stage, an undertaking to pay the tax assessed and be ready to withdraw the objection before the TRA or withdraw the appeal filed before the Tax Revenue Appeals Board, Tribunal or Court of Appeal.

It should be noted that the amnesty will only be granted to taxpayers whose applications will meet the criteria and accepted by the TRA. Where TRA accepts the application for remission of interest and penalties, the Commissioner General of TRA and taxpayer will sign an Agreement outlining the following issues:

- Identifying the whole tax debt (liability)
- Interest and penalties remitted

The TRA states in the guidelines that taxpayers should take advantage of this amnesty that provides the 100% remission on interest and penalties but warns taxpayers that, providing wrong information is an offence, and will result in the person not being granted the amnesty.

For the TRA guidelines to come into force, taxpayers will now have to wait for the Minister to Gazette regulations or an order along the lines above. This gazette is expected any time from now.

This is welcome news to many businesses and is likely to have a good effect on the wider economy.

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