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Mining Local Content Regulations Amended

- An indigenous Tanzanian company must now have a minimum 20% equity owned by Tanzanians, compared to 51% before the amendment
- Increases response time frame for Commission to revert
- Removes automatic approval of Local Content Plan if Commission fails to respond
- Bank ownership restriction reduced

In a bid to boost the mining sector and increase response time frames for the Mining Commission (Commission), newly appointed Minister for Minerals, Hon. Dotto Biteko has issued the Mining (Local Content) (Amendments) Regulations 2019 that are to be read together with the Mining (Local Content) Regulations 2018. The new Regulations came into force vide Government Notice No 139 dated 8 February 2019.

To allow better compliance and provide more flexibility, the 2019 Regulations now require that an indigenous Tanzanian company must have a minimum 20% equity owned by Tanzanians compared to 51% before the amendment.

The 2019 Regulations also increase time frames for the Local Content Committee (Committee) and Commission to respond as follows:

- The Committee now has 60 working days (as opposed to 25 working days before) to review, assess and revert to the Commission on the Local Content Plan
- The Commission now has 30 working days after approval (as opposed to 7 working days before) to communicate its decision

A surprising and unwelcome change for applicants by the 2019 Regulations, which previously brought about efficiency in the Commission, is the deletion of the deemed approval provision which stated that where the Commission fails to notify the applicant of its approval or otherwise of the revised Local Content Plan, the revised Local Content Plan shall be deemed to have been approved upon expiry of 50 working days of the submission. With the deletion of the deemed approval, the applicant must now await until a decision is made on its Local Content Plan with no time limit to make such a decision by the Commission.

Further, the requirement for a contractor, subcontractor, licensee or other allied entity to maintain a bank account with an indigenous Tanzanian bank has now been changed by the deletion of the word indigenous. Hence, such entities now must maintain a bank account with a Tanzanian bank which is defined as one with a minimum of 20% Tanzanian shareholding, as opposed to 100% shareholding requirement before the amendment. This is a welcome move for many banks who are not 100% Tanzanian owned.

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