

6 March 2020



## Powers of TRA to Issue Agency Notices Limited

- Only applies to mining companies in which GoT has shares

The Minister for Finance and Planning on 28 February 2020 issued the Tax Administration (General) (Amendment) Regulations, 2020 (the Regulations) vide Government Notice No. 169. The Regulations are specifically meant to restrict the powers of the Commissioner General of the Tanzania Revenue Authority (CG) in issuing Agency Notices to bank accounts held by mining companies in which the Government of Tanzania (GoT) has shares and has executed an agreement with the said companies.

The said restrictions have been introduced through amendment to the Tax Administration (General) Regulations, 2016 (the 2016 Regulations). The amendment adds subregulation 3 to regulation 91 which reads as follows:

*“(3) Subregulation (1) shall not apply to bank accounts held in banks in the United Republic by mining companies in which the Government of the United Republic has shares and has concluded an agreement with the company unless there is a Court decree issued to the Commissioner General after final completion of judicial proceedings.”*

The implication of the above quoted provision is to restrict the application of regulation 91(1) of the 2016 Regulations to the bankers of mining companies in which the GoT holds shares and has concluded an agreement with such companies. However, the restriction does not apply where there is a Court decree providing otherwise.

It should be noted that the powers of the CG to issue Agency Notices emanate from the provisions of section 67 of the Tax Administration Act, 2015 (the TAA). The TAA allows the CG to recover tax from third party debtors and guarantors by way of Agency Notice.

Based on the above amendment it implies that from the date of the Regulations, the CG is precluded to issue Agency Notices against the referred mining companies. The move will be welcomed by the mining companies.

To read the Regulations [click here](#).

For further information on legal updates please contact:

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