

19 July 2022



New Tax Regulations Promulgated

- TAA (General) Regulations amended
- Provisions on licensing of tax consultants stipulated
- Applicant tax consultants may take an examination
- Tax consultants must be Tanzanians
- Only registered tax consultants to represent taxpayers before the Commissioner
- Requirement for registration of storage facilities clarified
- VAT electronic service supplier Regulations issued
- Income tax electronic service supplier Regulations published
- Non-resident suppliers of electronic services must register for VAT and income tax

Following the enactment of the Finance Act, 2022 (the Finance Act), the Minister for Finance on 1 July 2022 issued three sets of Tax Regulations. These Regulations are the Tax Administration (General) (Amendment) Regulations, 2022 (the TAA Regulations); the Value Added Tax (Registration of Non-Resident Electronic Service Suppliers) Regulations, 2022 (the VAT Regulations); and the Income Tax (Registration of Non-Resident Electronic Service Providers) Regulations, 2022 (the Income Tax Regulations). The issued Regulations are meant to provide more details and guidance on how to implement the provisions of the Finance Act.

Regarding licensing of tax consultants, the TAA Regulations are amended to entrust the Commissioner General (the Commissioner) with powers to issue licences to tax consultants upon application. Individuals who may apply to be licensed as tax consultants are, among others, required to be citizens of Tanzania; holders of a first degree in taxation, customs, finance accountancy, financial management, commerce, law, etc.; have not been found guilty of gross professional misconduct; and have not been convicted of a criminal offence involving a penalty of more than five years imprisonment.

Further to the foregoing, upon submitting an application, an applicant may be required to take an examination at an approved institution authorized by the Commissioner. It is important to note that, the TAA Regulations prohibit individuals not licensed to assist, represent or act on behalf of taxpayers in the course of dealing with the Commissioner or complying with tax law procedures. Also, any act done by a person other than a tax consultant, on behalf of a taxpayer, is regarded to be void and will not have legal effect.

The TAA Regulations require foreign tax consultants who intend to practice in the country to do the same under local tax consultants. The TAA Regulations further make it an offence for any person to act, take the title or name as a practicing tax consultant, and such a person shall be liable to a fine of TZS 5M or imprisonment for 6 months.

Apart from the above, the TAA Regulations oblige a person who intends to establish a business storage facility to register the same with the Commissioner. On such registration, the Commissioner is required to capture a number of details, including storage facility number, name and address of the owner, TIN of the owner, and details of nature of goods kept. Also, every change of particulars as registered should be disclosed to the Commissioner within 30 days from the date of such change.

For further information on legal updates please contact:

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LEGAL UPDATE

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Based on the amendments vide the Finance Act which empower the Minister to make Regulations regarding registration of non-resident persons for VAT purposes, the VAT Regulations were issued to guide the Commissioner in registration of non-resident electronic service suppliers. The VAT Regulations have categorized the electronic services rendered through the internet or any other electronic means in different groups, namely for websites, web-hosting or remote programs and equipment; for software and updating; for images, texts or information; access to database; for self-education packages; music, films and games including gaming activities; and political, cultural, artistic, sporting, scientific and other broadcasts and events including broadcast television.

Under the VAT Regulations, a non-resident person who supplies electronic services to an unregistered person in Tanzania is required to apply for registration as a taxable person regardless of registration threshold. On the manner of submitting returns and remittance of taxes, the VAT Regulations oblige a registered non-resident to pay tax and file a return on or before the seventh day of the month following the month to which the return relates. Further, the person registered under the VAT Regulations is not allowed to claim input tax. It is worth noting that, failure to comply with the VAT Regulations is an offence punishable under the Tax Administration Act (the TAA).

Following the introduction of tax on income realized through digital market place via the Finance Act, specific Income Tax Regulations have been issued to guide the administration of income tax levied on non-resident electronic service providers. The scope of electronic services liable to tax is the same as provided for under the VAT Regulations above.

Further to the foregoing, non-resident suppliers of electronic services are required to apply to the Commissioner for registration. Regarding source of payment, the Income Tax Regulations provide that a payment for electronic services is deemed to have a source in Tanzania if the recipient of such services is in Tanzania. Moreover, there is an obligation to file a return and pay tax in respect of electronic services rendered in the tax period. Lastly, it is also an offence punishable under the TAA for a person registered under the Income Tax Regulations not to comply with the said Regulations.

To read the Tax Administration (General) (Amendment) Regulations, 2022 [click here](#)

To read the Value Added Tax (Registration of Non-Resident Electronic Service Suppliers) Regulations, 2022 [click here](#)

To read the Income Tax (Registration of Non-Resident Electronic Service Suppliers) Regulations, 2022 [click here](#)

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