

22 December 2022



New Investment Act in force

- Reduces the investment capital for locals
- Act now in Kiswahili language
- Introduces an integrated electronic system
- Stipulates duration and cancellation of certificates of incentives
- Removes an automatic immigration quota incentive
- Right to International arbitration retained
- Increases fine for non-compliance with the Act
- Repeals the 1997 Act

In a bid to promote the use of Kiswahili language in the Government's official business and in line with the law, on 2 December 2022, the Parliament of Tanzania passed the new Tanzania Investment Act, 2022 (the new Investment Act) in Kiswahili. This follows the amendments introduced to the Interpretation of Laws Act, Cap. 1 in 2021 which expressly require the language of the laws of the United Republic of Tanzania to be Kiswahili.

Under the new Investment Act, the minimum investment capital for locally owned businesses has been reduced to a minimum of USD 50,000 from the previous USD 100,000 under the Tanzania Investment Act, 1997 (Repealed Act).

The new Investment Act requires Tanzania Investment Centre (the Centre) to create an integrated electronic system as a means of promoting investment in Tanzania. The said system will be accessed by all essential Government regulatory bodies which are responsible to issue various permits, consents, approvals and licences relevant to a respective investor. This is to speed up and synchronize approval processes and further increase efficiency.

Additionally, under the new Investment Act, fiscal incentive certificates expire after a period of 5 years from the date of their issuance with the non-fiscal incentive certificates now available throughout the life of the project. Further, the expired fiscal incentive certificates can be renewed for another period upon submission of an application by the investor together with sufficient reasons thereof.

Moreover, the new Investment Act provides for circumstances that shall result in cancellation of the issued certificates of incentives. Such circumstances include obtaining the certificate by fraud or false information; breaching the conditions of the certificate by the holder; transferring the certificate to another investor or investment without prior consent of the Centre; failure to commence operations within the first two years of issuance of a certificate without satisfactory reasons; and failure to submit annual performance reports of the project for two consecutive years. This move is in a bid to attract serious investors who will stick to their investment plans as per their application to the Centre.

Apart from the above, the new Investment Act removes the automatic immigration quota incentive which was expressly provided for under section 24 of the repealed Act where every business enterprise granted a certificate of incentives was entitled to an initial automatic immigrant quota of up to 5 persons during the startup period. However, a similar immigration quota incentive is provided for on discretionary basis under

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section 19 of the Non-Citizens (Employment Regulation) Act Cap. 436 which extends up to 10 non-citizens which can continue to be enjoyed.

Regarding settlement of disputes, the new Investment Act has retained the same position as provided for under section 23 of the Repealed Act which provides that where a dispute between a foreign investor and the Centre/Government is not settled through negotiations, the dispute may be submitted to arbitration in accordance with arbitration laws of Tanzania for investors; rules of procedure for arbitration of International Centre for the settlement of Investment Disputes (ICSID); or within the framework of any bilateral or multilateral agreement on investment protection agreed to by the Government of Tanzania and the Government of the country where the investor originates (BITs). The retention of the right to international arbitration is vital in creating a stable and friendlier environment for foreign investors in the country.

To read the Tanzania Investment Act, 1997 [click here](#)

To read the Tanzania Investment Act, 2022 (Sheria ya Uwekezaji Tanzania) [click here](#)

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