



**UNITED REPUBLIC OF TANZANIA  
MINISTRY OF INDUSTRY, TRADE AND INVESTMENT  
TANZANIA INVESTMENT CENTRE  
PROCEDURE FOR OBTAINING TIC CERTIFICATE OF INCENTIVES**

Shown below is some basic information to guide you if you intend to invest in Tanzania and obtain TIC – Certificate of Incentives:

- (a) **THE TANZANIA INVESTMENT CENTRE** grants Certificates of Incentives under authority conferred upon it by Part III, Section 17 (1-8) of Tanzania Investment Act, 1997. This Act is available on request at TIC Offices and in all Government bookshops.

Enterprises engaging or intending to engage in Mining and Petroleum Sectors shall follow the approval process contained in their respective laws (**Mining Act 1998 & Petroleum Act 1980**). However, the Centre upon request shall assist all investors to obtain such permits and authorization required by other laws to set up and operate investment in Tanzania.

- (b) **INVESTMENT OPPORTUNITIES AVAILABLE IN TANZANIA MAINLAND**

Investment opportunities available in Tanzania Mainland are categorized into the following sectors:

Agriculture & Livestock, Tourism, Manufacturing, Commercial Building, Transportation, Broadcasting and Telecommunication, Natural Resources, Financial Institutions, Energy, Human Resources Development, Economic/Infrastructure.

- (c) **MINIMUM INVESTMENT**

To qualify for and obtain TIC Certificate of Incentives minimum fixed investment cost for New, Rehabilitation and Expansion Projects should be at least **US\$ 100,000** for projects, which are wholly owned by Tanzanian Citizen (s), and **US\$ 500,000** for projects, which are wholly owned by foreign investors, or if a joint venture.

(d) **THE INCENTIVES PACKAGE AVAILABLE TO HOLDERS OF TIC CERTIFICATES OF INCENTIVES ARE:**

- (i) Access to various services related to permits, licenses and approvals in the *TIC One Stop Facilitation Centre*. The following services are currently available;
- Immigration services
  - Labour Services
  - Tanzania Revenue Authority (TRA)
  - Ministry of Lands and Human Settlements services
  - Tanzania Bureau of Standards (TBS)
  - Business Registration and Licensing Authority (BRELA)
  - National Environment Management Council (NEMC)
  - Occupational, Safety and Health Authority (OSHA)
  - Tanzania Food and Drugs Authority (TFDA)
  - Tanzania Electric Supply Company Limited (TANESCO)
- (ii) The recognition of private property and protection against any non-commercial risks. Tanzania is an active member of the World Bank Foreign Investment Insurance wing, MIGA (Multilateral Investment Guarantees Agency). Likewise Tanzania is a member of The International Centre for Settlement of Investment Disputes (ICSID) also a body affiliated to the World Bank.
- (iii) Zero percent (0%) Import Duty on Project Capital Goods, Computers and Computer Accessories, Raw Materials and Replacement Parts for Agriculture, Animal Husbandry and Fishing, Human and Livestock Pharmaceuticals and Medicaments, Motor Vehicle in Completely Knocked Down (CKD) form and inputs for Manufacturing Pharmaceutical Products.
- (iv) Ten percent (10%) - Import Duty for Semi-processed/semi finished goods).
- (v) Twenty five percent (25%) - Import Duty for final consumer goods.
- (vi) VAT on taxable goods and services are eighteen percent (18%).

**NOTE:** Destination Inspection on commercial imports with FOB Value of **US\$5,000** and above is mandatory.

- (vii) Introduction of pay and refund scheme for excise duty paid on fuel purchased by eligible companies.
- (ix) 100% capital expenditure to Agricultural sectors.
- (viii) The Income Tax Laws allows 50% Capital allowances in the first year of use for Plant and Machinery used in manufacturing processes and fixed in a factory, fish farming; or providing services to tourists and in a hotel Thereafter, wear and tear rates apply to the remainder as below:

**APPLICABLE RATES FOR DEPRECIATION ALLOWANCES OF DEPRECIABLE ASSETS**

	<b>Class Depreciable assets</b>	<b>Rates</b>
<b>1*</b>	Computers and data handling equipment together with peripheral devices, automobiles, buses and minibuses with a sitting capacity of less than 30 passengers, goods vehicles with a seating capacity of less than 7 tones, construction and earth moving equipment	<b>37.5%</b>
<b>2*</b>	Buses with a seating capacity of 30 or more passengers, heavy general purpose or specialized trucks, Trailers and Trailer mounted containers, Railroad Cars, locomotives and equipment, vessels, barges, tags, and similar water transportation equipment, aircraft, other self-propelling vehicles, plants and machinery (including wind mills, Electric Generators, and Distribution Equipment) used in Manufacturing or Mining operations, Specialized Public Utility plant and Equipment, and Machinery or other Irrigation Installations and Equipment.	<b>25%</b>
<b>3*</b>	Office furniture, fixtures and equipment, any asset not included in another class.	<b>12.5</b>
<b>5**</b>	Buildings, structures, dams, water reservoirs, fences, and similar works of a Permanent nature used in Agriculture, Livestock Farming or Fishing Farming.	<b>20%</b>
<b>6**</b>	Buildings, Structures, and Similar Works of Permanent Nature other than those mentioned in	<b>5%</b>

	class 5.	
7**	Intangible assets other than those in class 4.	<b>Over useful life of the asset.</b>
8**	Plant and machinery (including windmills, electric generators and distribution equipment) used in agriculture.	<b>100%</b>
8.1	Depreciation Allowances for Mineral or petroleum Operations	
	Year of Income	Depreciation Allowance
	First Year	20% of expenditure
	Second Year	20% of expenditure
	Third Year	20% of expenditure
	Fourth year	20% of expenditure
	Fifth Year	20% of expenditure

**Note 1: \* Pools of depreciable assets calculated basing on diminishing value Method**

**Note 2: \*\* Pools of assets calculated basing on straight line method.**

(ix) **The Import Duty Exemption on Deemed Capital Goods is 75%.** The Deemed Capital Goods are Goods such as Building materials, Utility Vehicles, Equipment etc

**There is No Tax exemption on the following:**

Tiles, Furniture, Air conditioners, bedding, Crockeries, Cutleries, Electronic Equipment, Non Utility Vehicles (saloon cars, SUV, station Wagon), fridges & Freezers, PVC & HDPE Pipes, imported trailers, Cement, Steel Reinforcement Bars, Roofing Sheets, Telecommunications - except for Capital Goods for installation of Telecommunication towers, Rehabilitation and Expansion projects

(x) **There is No VAT Exemption on Deemed Capital Goods.**

(xi) **VAT Deferment granted on project capital Goods** such as Plant & Machinery. However the persons has to carry on an economic activity, keeps proper VAT records and file returns, has no Tax outstanding and VAT payable in respect of each unit of the Capital goods is twenty million Shillings or above.



**(xii) EAC Customs Management Act provides; Hotel Equipment (Import Duty – 0%)**

Any of the following goods engraved or printed or marked with the hotel logo imported by a licensed hotel for its use:

- (a) Washing machines;
- (b) Kitchen Ware;
- (c) Cookers;
- (d) Fridges and freezers
- (e) Air Conditioning Systems;
- (f) Cutlery;
- (g) Televisions;
- (h) Carpets;
- (i) Furniture;
- (j) Linen and Curtains;
- (k) Gymnasium equipment

(xiii) **Import Duty drawback** on raw materials used to produce goods for exports and deemed exports. Deemed exports cover locally produced or manufactured goods, which are sold to foreign agencies or entities operating in Tanzania, which are exempt from payment of import duties.

(xiv) Zero-rated VAT on exports

(xv) **Supplies and imports exempted from Value Added Tax** are agricultural implements, Agricultural inputs (**Pesticides, Fertilizers, Insecticides**), Livestock, basic agricultural products and foods for human consumptions (**Rice, Sorghum, Millets and Other Cereal crops, Maize flour, Wheat Flour**), Fisheries Implements, Bee-keeping implements, Dairy equipment, medicine or pharmaceuticals products, health care, education materials, fertilized eggs for incubation, preparations for a kind used in Animal feeding articles designed for people with special needs, Immovable property A sale of vacant Land, A lease, license, hire or other form of supply, to the extent that it is a supply of the right to occupy and reside in residential premises, A sale of immovable property, to the extent that the property relates to residential premises, not including: the first sale of newly constructed residential premises; or a subsequent sale if the premises have been occupied as a residence for less than two years. Educational Services, intermediary services, petroleum

products, solar panels, modules, solar charger controllers, solar inverter, solar lights, vacuum tube solar collectors and solar battery. Plant & Machinery by the local manufactures of vegetable oils, Textiles, Pharmaceuticals and skin &hides.

- (xvi) Straight line depreciation allowance on capital goods
- (xvii) **Losses are carried forward.** However Companies with perpetual unrelieved losses for 3 consecutive years are charged 0.3% of annual turnover (**Excluding Corporation Conducting Agricultural Business, Provision of Health or Education**).
- (xviii) **Corporate Tax - 30% and Newly listed company to DSE with at least 30% of its shares issued to the public for three consecutive years from date of listing – 25%**
- (xix) A corporation with newly established Plant for assembling Motor vehicles, tractors, fishing boats or out boat engine shall be taxed at reduced corporate rate of 10% for five consecutive years from the year of commencement of production
- (xx) **Withholding Tax on:** dividends (10%) and on loan interest (10%), on Rental Income (10%).
- (xxi) The right to transfer outside the country 100% of foreign exchange earned, profits and capital
- (xxii) The ease of obtaining other permits such as Residence/Work Permits, industrial license, trading license etc.
- (xxiii) Automatic permit of employing 5 foreign nationals on the project holding Certificates of Incentives
- (xxiv) Land Rent on commercial agricultural farms, Livestock ranches and forests Tshs. 200/= per acre per annum

(e) **SPECIAL INCENTIVES OFFERED IN MINING**

	<b>Import Duty</b>	<b>VAT</b>
All Capital Goods	0%	0%
Fuel	0%	0%
Corporation Tax 30%		

Capital Allowance 100%	
Depreciation Allowances for Mineral or petroleum Operations	
Year of Income	Depreciation Allowance
First Year	20% of expenditure
Second Year	20% of expenditure
Third Year	20% of expenditure
Fourth year	20% of expenditure
Fifth year	20% of expenditure

Royalty 6% is charged on Gold and other Metallic minerals, 6% on Diamond, Uranium and Gemstone, 1% on Gem (**Cut and Polished**) and 3% for other minerals (**i.e Coal, Industrial minerals and Building materials**).

(f) **THE CENTRE WILL REQUIRE THE FOLLOWING BASIC DOCUMENTS IN ORDER TO PROCESS YOUR APPLICATION:**

- (i) 1 copy of the project's Business Plan/Feasibility Study

*(The intended project should aim at foreign exchange generation and savings, import substitution, creation of employment opportunities, linkage benefits, transfer of technology, expansion of production of goods and services etc)*

*We expect your feasibility study to contain the following information, clear statement of the project objective, information regarding the investor (**profile**), details of investment costs (**foreign and local expected capital expenditure**), how the proposed investment will be financed, specific sources(s) of finance for the project, terms and conditions of the loan if applicable, sources of technology if applicable, project financial and economic analysis, financial projections at least for the next five years, market study, project capacity, production process if applicable, environmental impact assessment, expected employment generation, proposed implementation schedule, brief profile of investors, etc.*

- (ii) A dully filled TIC application forms which are issued by the Centre at a fee of US\$ 100
- (iii) Incase of expansion/rehabilitation, a copy of audited account for the past three years.

- (iv) A copy of the company's Memorandum and Articles of Association.
- (v) A certified copy of the Certificate of company Incorporation
- (vi) Evidence of sufficient finance capital available to implement the project
- (vii) Evidence of land ownership for the location of the project (depending on the project, certified lease agreement of minimum of 3 years or certified copy of title deed).
- (viii) Company Board Resolution to register the project with TIC.
- (ix) An overall covering letter to which all the above are attached.

\*\*\*\* All applications are officially submitted to TIC Registry Department, located in Tanzania Investment Centre's Office, along Shaaban Robert Street, Plot No. A & B, DAR ES SALAAM

**You are further advised to prepare yourself for a fee of US\$ 1,000 for the Certificate of Incentives in the event that you have qualified and been informed that your project shall be granted the Certificate of Incentives.**

Please be further advised that the Tanzania Investment Act, 1997 does not bar other bona fide investors from investing in the country in the event that TIC Certificate of Incentives conditions are not attainable.

### **For more Information Contact:**

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