

THE HOTEL LEVY ACT

NO. 1 OF 1995

(PRINCIPAL LEGISLATION)

(COMPILATION OF 2025)

(This Compilation of the Hotel Levy Act No. 1 of 1995, incorporates and consolidates all amendments made to the Act since its commencement up to June, 2025. This Compilation is made only for easy reference of the Act)

THE HOTEL LEVY ACT, 1995
ARRANGEMENT OF SECTIONS

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Schedule

ACT NO.1 OF 1995

I ASSENT

**SALMIN AMOUR
PRESIDENT OF ZANZIBAR
AND
CHAIRMAN OF THE REVOLUTIONARY COUNCIL**

9th MARCH 1995

**AN ACT TO CONSOLIDATE AND RATIONALISE THE LAW
RELATING TO THE IMPOSITION AND COLLECTION OF HOTEL
LEVY AND SALES TAX ON TOURIST SERVICES AND TO
PROVIDE PROCEDURES FOR BETTER MANAGEMENT OF
THESE TAXES AND MATTERS RELATED THERETO**

ENACTED by the House of Representatives of Zanzibar

**PART I
PRELIMINARY PROVISIONS**

Amended by Acts No:

10 of 1995

5 of 1997

6 of 1998

3 of 1999

7 of 2002

10 of 2003

9 of 2004

13 of 2005

1 of 2006

6 of 2006

7 of 2007

9 of 2008

7 of 2009

9 of 2012

10 of 2013

Inserted schedule by L.N No.:

33 of 2013

Short title and
Commencement.

1. This Act may be cited as the Hotel Levy Act, 1995 and shall come into operation on such date as the Minister may by notice in the Gazette appoint.

Interpretation.

2. In this Act, unless the context otherwise requires:

"Act" means the Hotel Levy Act, 1995;

*Inserted by Act
No. 9 of 2008,
section 9*

"Board" means the Zanzibar Revenue Board as established under the Zanzibar Revenue Board Act No. 7 of 1996;

*Inserted by Act
No. 7 of 2007,
section 5*

"Business" includes any activity carried on with a view to profit or gain;

*Amended by Act
No. 6 of 1998,
section 3*

"Commissioner" means the Commissioner for Zanzibar Revenue Board or any person to whom the Commissioner has delegated all or any of the functions under this Act.

*Amended by Act
No. 6 of 2006,
section 7*

"Defaulter" means a taxpayer who fails to make payment of the hotel levy, penalty of any other sum of money payable under the provisions of this Act within the time and prescribed manner;

"Guest" means any person who in return for a payment of a sum of money (whether such sum is paid by such person or any other person) occupies accommodation or receives food and other services provided by a hotel, guesthouse or restaurant as the case may be;

"Guest House" or Restaurant" means an establishment providing accommodation, food, beverages, or any other services to a guest or visitor on payment of money and carried on with a view to profit or gain;

*Amended by Act
No. 9 of 2012,
section 16*

"Hotel" means any establishment intended for the reception of guest or visitors who may choose to stay therein, and carried on with a view to profit or gain, but does not include;

*Inserted by
Act No. 10 of 1995,
section 11.*

(a) any Government rest house;

(b) any establishment or class of establishment exempted under the provisions of this Act by the Minister;

"Hotel Levy" or "Levy" means the sum of money payable in accordance with the provisions of this Act;

"Minister means the Minister for Finance;

" Operator" means the owner of a hotel, guest house, or restaurant and includes any person in charge of the management of the establishment and any employee or other person responsible for the collection from the guests of the charge due from them in respect of the services rendered to them;

"Prescribed" means prescribed under the regulations made under this Act or under any order passed in accordance with the provisions of this Act;

"Regulations" means the rules of procedure prescribed under section 69 of The Tax Administration and Procedures Act No.7 of 2009;

"Tour Operator" means person or an establishment engaged in the business of providing Tour Operation services to a guest or clients on payment of money and carried on with a view to profit or gain;

"Tour Operating services" include providing transport, travel bookings, sea-sports like diving, surfing, or fishing, and entertainment or any kind of tourist services to make the stay of the guest or client comfortable.

*Inserted by
Act No. 4 of 2019,
section 8.*

“Tourist Vessel” means a sea going vessel that has been designed to provide board and loading for payment.

*Inserted by Act
No. 6 of 2006,
section 7*

“Zanzibar Tax Appeals Board” means the Zanzibar Tax Appeals Board established under Act No. 1 of 2006.

Imposition of Hotel Levy.

Amended by Act, No. 3 of 2021 section 12.

3. -(1) Subject to the provisions of this Act, there shall be imposed and collected a levy to be known as hotel levy to:

(a) an operator of hotel, restaurant and other tourism services at the rate of twelve percent of the taxable value of chargeable services;

(b) an owner of residential house rented for hotel arrangements through online platforms business or otherwise at the rate of fifteen percent of the rental value.

(2) For the purpose of this section, the chargeable services include hotel, guest house, restaurant, tourist vessel, tour operating services or any other establishment providing to a guest accommodation, whether with or without beverages, food or other tourist services.

Inserted by Act No. 5 of 2025 section 14.

(3) There shall be deductible amount from hotel levy due in respect of the amount of tax payable by a person outside Zanzibar

(4) The Minister may after consultation with the Commissioner by order published in the gazette, amend, vary, add to or replace the Schedule to this Act.

Authorization of late payment.

Inserted by Act No. 13 of 2005, section 3

3A. (1) Where any person registered under this Act by reasons beyond his control is unable to pay any tax, interest or penalty within the time specified under this Act shall, within 30 days of such reasons notify the Commissioner in writing.

(2) If the Commissioner is satisfied that such person is unable to pay the tax, penalty or interest within the prescribed period shall, subject to any other conditions that may be specified under this Act or Regulations, authorize late payment of such tax, interest or penalty to any other date and he shall notify the person in writing of his decision.

Exemption to pay VAT.

Inserted by Act No. 6 of 2006, section. 9

3B. No Value Added Tax shall be charged or collected by any persons or body of persons who have been registered under the Hotel Levy Act No. 1 of 1995 in respect of any services referred to under subsection (1)(a), (b) and (c) of section 3 of this Act.

3C. [Repealed by Act No. 7 of 2009, s. 72]

Determination
of charges.

*Amended by
Act No. 5 of
1997, section 8*

4. - (1) For the purposes of this Act, "charges" means the payment or payment deemed by subsection (2) of this section in settlement of the consideration agreed to be paid by the visitor or guest to the taxpayer.

(2) Where in any case the taxpayer accepts from any visitor or guest a payment by way of **complimentary or any sum of money less than the normal charges** as settlement for the services rendered, taxpayer shall be deemed to have received from the visitor or guest the **normal charges**.

(3) For the purpose of this section, "normal charges" means the sum of money which the taxpayer would normally require to be paid for the services so rendered.

4A. [Repealed by Act No. 7 of 2009, s. 72]

5. [Repealed by Act No. 7 of 2009, s. 72]

5A. [Repealed by Act No. 7 of 2009, s. 72]

5B. [Repealed by Act No. 7 of 2009, s. 72]

5C. [Repealed by Act No. 7 of 2009, s. 72]

5D. [Repealed by Act No. 7 of 2009, s. 72]

6. [Repealed by Act No. 7 of 2009, s. 72]

7. [Repealed by Act No. 7 of 2009, s. 72]

8. [Repealed by Act No. 7 of 2009, s. 72]

8A. [Repealed by Act No. 7 of 2009, s. 72]

8B. [Repealed by Act No. 7 of 2009, s. 72]

9. [Repealed by Act No. 7 of 2009, s. 72]

9A. [Repealed by Act No. 7 of 2009, s. 72]

10. [Repealed by Act No. 7 of 2009, s. 72]

11. [Repealed by Act No. 7 of 2009, s. 72]

12. [Repealed by Act No. 7 of 2009, s. 72]

13. [Repealed by Act No. 7 of 2009, s. 72]

Regulations.

*Inserted by Act
No. 10 of 2013,
section 6*

*Exemptions
Inserted by Act
No.9 of 2008 s. 12*

14. The Minister shall make regulations for carrying out or giving effect to this Act.

15 (1). Notwithstanding the provisions of this Act, persons and organizations listed in the First Schedule to this Act, shall be exempted from payment of tax subject to the procedures which may be determined by the Minister.

(2) For the purpose of this section, the Minister shall prescribe in the First Schedule persons and organizations entitled to exemption under this Act and may, by order published in the Gazette, vary, add to, or replace that Schedule.

Repeal.

16. (1) The following provisions of law relating to the charge of Hotel Levy are hereby repealed: -

(a) Section 22 of the Promotions of Tourism Act, 1991;

(b) the entry relating to "services on tour operation, hotels and restaurants" included in the Second Schedule to the Sales Tax Act, 1991 by section 10(c) (i) of the Finance Act, 1993.

*Inserted by legal
Notice No. 33 of
2013.*

(2) Notwithstanding the repeal under subsections (1), anything done under the said provisions of law, which is in force on the effective date, shall be deemed to have been made under the Provisions of this Act.

SCHEDULE.

Repealed by Act

No. 3 of 2021 sec. 13. The Schedule of the Act is hereby repealed.

Passed in the House of Representatives on the **18th day of January 1995**

**KHAMIS JUMA CHANDE
CLERK OF THE HOUSE OF REPRESENTATIVES**