

THE VALUE ADDED TAX ACT NO. 4 OF 1998

(COMPILATION OF 2021)

(This Compilation of the Value Added Tax Act No. 4 of 1998, incorporates and consolidates all amendments made to the Act since its commencement up to June, 2021. This Compilation is made only for easy reference of the Act and it shall not be used as an authority in any legal proceedings)

The Value Added Tax Act, No. 4 of 1998

ARRANGEMENT OF SECTIONS

Sections	Title
-----------------	--------------

**PART I
PRELIMINARY PROVISIONS**

1. Short title and commencement.
2. Interpretation.

**PART II
IMPOSITION OF LIABILITY TO VALUE ADDED TAX**

3. Imposition of VAT.
4. Scope of VAT.
5. Taxable supplies.
6. Time of supply.
7. Place of supply.
8. Rate of VAT.
9. Zero-rating
10. Exemptions.
11. Special Relief's.
12. Amendment of the Schedules.
13. Taxable value for prepaid airtime mobile phone.
14. Taxable value of imported goods or services.
15. [Repealed]

**PART III
INPUT TAX**

16. Tax deduction and credits.
17. Payment and repayment of tax.

**PART IV
REGISTRATION**

18. Register.
- 18A. [Repealed]
19. [Repealed]
- 19A. [Repealed]
- 19B. [Repealed]
- 19C. [Repealed]
20. [Repealed].
- 20A. [Repealed]

- 20B. [Repealed]
- 21. [Repealed]
- 22. Business carried on divisions or branches or un-incorporated bodies etc.
- 23. [Repealed]

PART V
ACCOUNTING FOR TAX AND LODGING OF RETURNS

- 24. [Repealed]
- 25. [Repealed]
- 26. [Repealed]
- 26A. Credit return
- 27. [Repealed]
- 28. [Repealed]
- 29. [Repealed]
- 29A. [Repealed]
- 30. [Repealed]

PART VI
FAILURE TO PAY VAT

- 31. [Repealed]
- 32. [Repealed]
- 33. [Repealed]
- 34. [Repealed]

PART VII
ENFORCEMENT

- 35. Security.
- 36. [Repealed]
- 37. [Repealed]
- 38. [Repealed]
- 39. [Repealed]
- 40. [Repealed]
- 41. [Repealed]
- 42. [Repealed]
- 43. [Repealed]

PART VIII
OFFENCES AND PENALTIES

- 44. [Repealed]
- 45. [Repealed]
- 46. [Repealed]
- 47. [Repealed]
- 47A. [Repealed]
- 48. [Repealed]
- 49. [Repealed]
- 50. [Repealed]

50A. [Repealed]

**PART IX
ADMINISTRATION**

51. Functions, responsibility and powers of Commissioner.

51A. [Repealed]

52. [Repealed]

53. [Repealed]

**PART X
APPEALS**

54. [Repealed]

55. [Repealed]

56. [Repealed]

**PART XI
MISCELLANEOUS**

57. [Repealed]

58. [Repealed]

59. [Repealed]

60. [Repealed]

61. Transfer of a going concern.

62. [Repealed]

63. Tax adjustments of contracts.

64. [Repealed]

65. Evidence by certificate.

66. Schemes for obtaining undue tax benefits.

67. [Repealed]

68. [Repealed]

69. [Repealed]

70. Transitional arrangements.

71. Repeals and Savings Sales Tax Act No. 4 of 1991.

72. Amendment of Hotel levy Act No. 1 of 1995.

73. Amendment of Entertainment Tax. Decree No 16 of 1962

74. [Repealed]

First Schedule

Second schedule

Third Schedule

ACT NO. 4 OF 1998

I, ASSENT

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

2ND OF JULY, 1998.

**AN ACT TO MAKE PROVISIONS FOR THE IMPOSITION
OF A TAX TO BE KNOWN AS THE VALUE ADDED TAX
(VAT) ON SUPPLIES OF GOODS AND SERVICES AND
FOR RELATED MATTERS.**

ENACTED by the House of Representatives of Zanzibar.

**PART I
PRELIMINARY PROVISIONS.**

Amended by Act No. :

6 of 1998

3 of 1999

5 of 1999

2 of 2000

8 of 2001

7 of 2002

10 of 2003

9 of 2004

13 of 2005

1 of 2006

6 of 2006

7 of 2007

9 of 2008

4 of 2009

7 of 2009

9 of 2012

10 of 2013

3 of 2014

9 of 2015

1 of 2016

6 of 2017

Amended by Legal Notices No.:

49 of 2012

20 of 2014

95 of 2015

101 of 2016

Short title and
Commencement.

*Amended by Act
No. 6 of 1998,
Sec. 12.
Interpretation.*

1. This Act may be cited as the Value Added Tax Act, 1998 and shall come into Operation on the 1st day of January, 1999. Except for the provisions of part iv, vii, viii, ix, x and section 68 which will come into operation on such date as the Minister may by notice in the Gazette appoint.
2. In this Act, unless the context requires otherwise-

“Agent” means a person who acts on behalf of another person in business:

“Authorized officer” means any officer acting under the authority of the Commissioner for the purposes of this Act;

“Board” means the Zanzibar Revenue Board;

“Business” includes any form of trade or commercial activity;

“Commissioner” means the Commissioner of the Zanzibar Revenue Board;

“Company” means a company as defined in the Companies Decree;

“Customs Laws” includes the East African Customs and Transfer Tax Management Act and any enactment relating to the Customs or to the importation, or carriage coastwise, of goods, and any subsidiary legislation made under the authority of those Acts those enactment’s;

“Due date” means the date on which returns any tax, penalty, or other amount is payable under this Act, or any other date prescribed by the Commissioner, for payment of tax, penalty or any other amount;

“Exempt supplies,” means supplies of goods or services described in the Second Schedule to this Act;

*Inserted by Act No.
3 of 1999, s.3*

“Export” has the meaning assigned to it under the First Schedule;

*Inserted by Act No.
6 of 2017 s. 17*

“financial services” means-
granting, negotiating, and dealing with loans, credit guarantees, and security for money, including management of loans, credit,

or credit guarantees by the guarantor;

transactions concerning money deposit, current accounts, payments, transfers, debts, cheques or negotiable instruments, other than debt collection or debt factoring;

transactions relating to financial derivatives, forward contracts, options to acquire financial instruments and similar arrangements;

transactions relating to shares, stocks, bonds, and other securities, but does not include custody services;

transactions involving granting or transferring ownership of an interest in a scheme whereby provision is made for the payment or granting of benefits by a benefit fund, provident fund, pension fund, retirement annuity fund, preservation fund, or similar fund;

transactions involving the provision of, or transfer of ownership of insurance contract or the provision of reinsurance in respect of such contract;

*Inserted by Act
No. 3 of 1999,
s.3*

making payment or collection of an amount of interest, principal, dividend, or other amount in respect of any share, debt, security, equity security, participatory security, credit contract, contract of life insurance, or futures contract; and

*Inserted by Act No. 6
of 2017 s. 17*

foreign exchange transaction, including the supply of foreign drafts and international money orders, but does not include supply of services of arranging for or facilitating any of the services specified under paragraphs (a) to (g).”

“Government” means the Revolutionary Government of Zanzibar;

“Government agency” means any Ministry or any Department of Government, Tribunal, Special Appointed Commission, Extra Ministerial Organization, any local Government Authority, any organization designated by an establishing statute to be an agency of the Government or any Organization whose running is funded by the government;

“Import” means to bring, or cause to be brought into Zanzibar;

“Input tax” has the meaning assigned to it under section 16;

“Minister” means the Minister responsible for Finance;

“Output tax” means the tax chargeable on a taxable supply;

“prescribed accounting period” means an accounting period which may be prescribed in section 26 or by regulations made under this Act;

“Proper officer” means any officer whose right or duty is to require the performance of, or to perform, the act referred to him;

“Public officer” includes every officer vested with responsibilities or performing duties of a public nature, whether under the immediate control of the President or not, and includes an officer under the control of a department of Government, local authority, or public corporation;

“Recipient” in relation to any supply of goods or services, means the person to whom the supply is made.

*Amended by Act
No. 2 of 2000,
s. 3*

“Tax” means the Value Added Tax imposed by this Act;

“Tax invoice” means a document issued in accordance with section 29 and Regulations made under this Act.

“Tax credit return” means a tax return referred to under section 26A of this Act;

*Inserted by Act No.
13 of 2005,
s. 13*

“Tax consultant” means a qualified accountant approved by the Commissioner to provide tax consultancy services to a taxable person;

*Inserted by Act No.
13 of 2005,
s. 13*

“Taxable Person” means a person registered or required to be registered under the provisions of this Act;

*Inserted by Act No. 7
of 2002 s.4*

“taxable turnover” means that part of the turnover of a business applicable to taxable supplies;

“taxable supplies” has the meaning assigned to it under section 5 and does not include exempt supplies;

“Taxable value” has the meaning assigned to it in section 13 and 14 of this Act and section 4 of the Tax Administration and

Procedures Act No. 7 of 2009.”

*Inserted by Act No. 9
of 2012
s. 3*

“Transfer” means supply of goods or services of Tanzania origin from Mainland Tanzania to Zanzibar or Zanzibar to Mainland Tanzania;

“Tour Operator” shall have the meaning assigned to it under the Promotion of Tourism Act, No. 9 of 1991;

*Inserted by Act No.
9 of 2008,
s. 21*

“VAT” means the Value Added Tax imposed by this Act;

“Residential building” means dwelling built or used to accommodate persons for private and not for business purposes;

*Inserted by Act
No. 6 of 2006,
s. 22*

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

PART II

IMPOSITION OF AND LIABILITY TO VALUE ADDED TAX

Imposition of VAT.

*Amended by Act No. 3 of
2021, section 19.*

3. - (1) There shall be charged in accordance with the provisions of this Act, a tax to be known as “the Value Added Tax” on the supply of goods or services in Zanzibar and on the importation of goods or services into Zanzibar from any place outside Zanzibar.

(2) Where, in respect of any taxable supply, the tax has been paid in Mainland Tanzania pursuant to the Value Added Tax law applicable in Mainland Tanzania at the same rate as the rate applicable in Zanzibar, the tax shall be deemed to have been paid on the taxable supply in accordance with the provisions of this Act and no tax shall be payable on its importation to Zanzibar.

(3) Where, in respect of any taxable supply, the tax has been paid in Mainland Tanzania at the rate lower than the rate applicable in Zanzibar under this Act, the tax different shall be deemed to have not been paid and shall be payable on its importation to Zanzibar in accordance with the provisions of this Act.

(4) Where, in respect of any taxable supply, the supply is made directly by a taxable person in Zanzibar to a recipient in Mainland Tanzania, the Commissioner shall

collect the tax on behalf of the Mainland Tanzania and remit the relevant tax to the United Republic of Tanzania Treasury according to the regulations made by the Minister.

Scope of VAT.

4. –(1) The VAT shall be charged on any supply of goods or services in Tanzania Zanzibar where it is a taxable supplies made by a taxable person in the course of or in furtherance of any business carried on by him.

(2)The VAT on a taxable supply of goods or services shall be payable by a taxable person at the end of prescribed accounting period or at any other time which the Commissioner may prescribe.

(3)The VAT on the importation of taxable goods and services from any place outside Zanzibar shall be charged and payable in accordance with this Act and the procedure applicable under the customs laws for imported goods shall apply in respect of VAT imports.

Taxable Supplies.

5. -(1) For the purpose of this Act, and unless otherwise provided in this Act or regulations made under it, “taxable supplies” means any supply of goods or services made by taxable person in the course of or furtherance of his business after the start of the VAT and includes-

- (a) the making of gifts or loans of goods;
- (b) the leasing or letting of goods on hire;
- (c) the appropriation of goods for personal use or consumption by the taxable person or by any other person;
- (d) barter trade and exchange of goods.

(1) Where a person produces goods by processing or treating the goods of another person the supply shall be regarded as a supply of goods.

(2) The supply of any form of power, heat, or ventilation shall be regarded as a supply of goods.

(3) Unless otherwise provided in this Act or regulations made under it, anything which is not supply of goods, but is done for a consideration, including the granting, assignment or surrender of all or part of any right is a supply of services.

(4) The Minister may make regulations providing for any description of transaction to be treated as :-

- (a) a supply of goods; or
- (b) a supply of services; or
- (c) neither a supply of goods nor a supply of services.

(5) Where-

(a) goods are neither supplied by a person to another person nor incorporated in other goods produced in the course of the business of the first person but are used by that person for the purpose of furtherance of his business;

(b) a person in the course of his business does anything for the purpose of or furtherance of his business which is not supply of services but, if done for a consideration, would be a supply of services; the goods or services are regarded for the purposes of this Act as being both supplies to him for the purpose of the business and supplied by him in the course of that business.

(6) The Minister may make Regulations for collection and calculation of Value Added Tax in the supply of financial services.

*Inserted by Act No. 6 of
2017 s. 18*

Time of supply.

Amended by Act No. 3 of 1999, s. 4

6. -(1) For the purpose of this Act the time goods or services are supplied shall be when –

(a) goods are removed from the premises of the supplier or from other premises where the goods are in his control to the person to whom they are supplied, or goods are made available to the person to whom they are supplied;

(b) service is rendered or performed;

Inserted by Act No. 6 of 2017 s. 19

(c) payment is received for all or part of the supply, whichever time shall be the earliest.

Inserted by Act No. 6 of 2017 s. 19

(2) Where, in respect of any supply referred to in sub-section (1), payment is received or a fiscal tax invoice is issued in respect of part of a supply in paragraph (b) or (c) of sub-section (1) shall apply to that part of the supply, and tax on it shall be paid accordingly.

Amended by Act No. 3 of 1999, s. 4

(3) Where supplies are measured by meter the time of supply shall be the date of the first meter reading following the introduction of VAT and subsequently at the time of each meter reading, except to the extent that a fiscal tax invoice is issued or payment is made in respect of the supply.

Inserted by Act No. 9 of 2004, s. 11

(4) VAT on imported goods shall be charged at the time Custom duty, tax or levy is payable in accordance with the customs laws, prescribed otherwise in the regulations made by the Minister.

(5) Notwithstanding the provisions of subsection (1), (2) and (3) of this section, the Minister may, after consultation with the Board and by order published in the Gazette, make provisions in respect of the time at which a supply is to be treated as taking place.

Place of supply.

7. - (1) This section shall apply for determining, whether goods or services are supplied in Zanzibar.

(2) Goods shall be regarded -

(a) as supplied in Zanzibar if their supply does not involve their removal from or to Zanzibar.

(b) as supplied in Zanzibar if their supply involves their installation or assembly at place in Zanzibar to which they are removed; and

(c) as supplied outside Zanzibar if their supply involves their installation or assembly at a place outside Zanzibar to which they are removed.

*Inserted by Act No.
9 of 2012, s. 4.*

(3) For the purpose of the sub-section (2) where goods, in the course of their removal from a place in Zanzibar to another place in Zanzibar, leave and re-enter Zanzibar the removal shall not be regarded as removal from Zanzibar.

(4) Services shall be regarded as supplied in Zanzibar if:-

(a) the supplier of the services has a place of business in Zanzibar; or

(b) consumption, effective use and enjoyment of that service take place in Zanzibar, irrespective of contract, payment or beneficial interest; or

(c) the supply occurs in Zanzibar, temporary or permanently, regardless where the licence, permit, certificate, concession, authorization or other document is issued; or

(d) the services are performed in Zanzibar, by any person who is in Zanzibar or outside of Zanzibar at the time the services are performed.

*Inserted by Act No.
9 of 2004, s. 12.*

(5) The Minister may, by order published in the Gazette and after consultation with the Board in relation to goods and services generally or in specific goods or services, vary the rules for determining where a supply of such goods and services is made.

<p>Rate of VAT.</p> <p><i>Amended by Act No. 12 of 2020 section 19.</i></p>	<p>8. -(1) VAT shall be charged at the rate of fifteen percent of the taxable value.</p> <p>(6) The Minister may vary the rate of tax prescribed in sub- Section (1) after consultation with the Board by order published in the Gazette.</p>
<p>Zero-rating.</p>	<p>9. -(1) A supply of goods or services is zero-rated by virtue of this section if the supply is of a description specified in the First Schedule to this Act.</p> <p>(2) Where a taxable person supplies goods or services and the supply is zero-rated no VAT shall be charged on the supply, but it shall in all other respects be treated as a taxable supply.</p>
<p>Exemptions.</p>	<p>10.-(1) A supply of goods or services is in an exempt supply if it is of a description specified in the Second Schedule to this Act.</p> <p>(2) The VAT is not chargeable on an exempt supply, and deduction or credit of input tax is not allowable on purchases made in respect of the exempt supply.</p>
<p>Special reliefs.</p> <p><i>Amended by Act No. 3 of 1999, s. 5.</i></p>	<p>11.The persons and organization listed in the Third Schedule shall be entitled to relief from VAT within the limits and conditions prescribed in that Schedule subject to procedures which may be determined by the Minister.</p>
<p>Misuse of exemption special reliefs</p>	<p>11A. Repealed by Act No. 3 of 2021</p>
<p>Amendment of the schedules.</p>	<p>12.The Minister may after consultation with the Board by order published in the Gazette, amend, vary add to or replace the Schedules to this Act.</p>
<p>Taxable value for prepaid airtime mobile phone.</p> <p><i>Amended by Act No. 9 of 2012, s. 5.</i></p>	<p>13.Notwithstanding the provisions of section 4 of the Tax Administration and Procedures Act, the taxable value for prepaid airtime mobile phone or fixed phone voucher shall be the face value of the voucher plus any premium thereon excluding the Value Added Tax.</p>
<p>Taxable value of imported goods or services.</p>	<p>14.-(1) The taxable value of imported goods shall be the “value” declared and determined in accordance with provisions of the Customs Laws, taking into account the import duty, the excise duty, and any other tax or levy payable on the goods or service, otherwise than under this Act.</p>

*Amended by Act No.9
of 2012, s. 6.*

- (6) The taxable value of imported services shall be determined in accordance with the provisions of section 4 of the Tax Administration and Procedures Act No. 7 of 2009 and the Minister shall make regulations providing for modalities of charging the tax.

15. [Repealed by Act No. 9 of 2004 s. 13]

PART III

IN PUT TAX

16.- (1) for the purpose of this Part, “in put tax” means:

Tax deduction and
Credits.

*Amended by Act No.1
of 2016 s.8*

- (a) a tax paid on the supply to a taxable person registered in Zanzibar for any taxable goods or services to be used by that taxable person for the purpose of his business; and
- (b) tax paid by a taxable person on the importation of goods or services to be used by that taxable person for the purpose of his business.

*Amended by Act No. 1
of 2016 s.8*

- (2) A taxable person shall be allowed a credit for an amount of input tax incurred by the person if-
- (a) the goods or services, on which the input tax was incurred were acquired in Zanzibar by the taxable person for the purpose of making taxable supplies;
- (b) in case of an import, the taxable person paid the value added tax imposed on the import under this Act;
- (c) value added tax withheld by an appointed withholding agent in the prescribed accounting period in which the withholding of tax occurred, so far as not previously deducted;
- (d) the value added tax of a taxable supply of services, payable by the taxable person from any place outside Zanzibar shall be the output tax and input tax of that taxable person, and such taxable person shall not be allowed an input tax credit for that supply unless he has accounted for the output tax in the same Value Added Tax return in which the input

tax credit is claimed.

Added by Act No.3 of 2021 section 21.

- (e) subject to the requirements of this section, paid tax to a taxable person in Mainland Tanzania in respect of any taxable supply pursuant to the law for the time being in force in Mainland Tanzania and then imports the taxable supply into Zanzibar.

Amended by Act No.1 of 2016 s.8.

- (3) Subject to the exceptions prescribed under this section, the input tax that may be deducted by, or credited to, a taxable person shall be:-

Inserted by Act No. 6 of 2017 s. 20.

- (a) the whole of that tax, if all the supplies effected by him in the course of his business are taxable; or

- (b) any proportion of that tax as, accordance with regulations made by the Minister is attributed to taxable supplies, if some but not all of the supplies affected by him in the course of his business are taxable.

- (4) Input tax shall not be deducted, credited or claimed unless the taxable person, at the time of lodging the return in which the deduction or credit is claimed is in a possession of the one of the following document :-

Amended by Act No. 9 of 2012,s. 7.

- (a) a fiscal tax invoice in respect of the supply of goods or services issued under this Act; or
- (b) a value added tax withholding tax receipts issued under the provisions of the Tax Administration and Procedures Act; or
- (c) a custom entry duly certified by the proper authorized officer; and a receipt for the payment of tax; or
- (d) a custom receipt and a certificate signed by the Commissioner of Customs in Zanzibar stating the amount of tax paid, in the case of goods purchased from custom auction; or
- (e) an import declaration form duly certified by an authorized officer and proof of payment made for the tax, in the case of imported taxable services; or

Amended by Act No. 10 of 2013,s. 17.

- (f) any documentary evidence of the payment of tax as the Commissioner may prescribe.

*Amended by Act No.3 of
2021 section 21(b).*

- (5) Any person who claims input tax in contravention of this section shall unless he satisfies the court to the contrary, be deemed to have fraudulently claimed the tax in contravention of section 53 of the Tax Administration and Procedures Act No. 7 of 2009
- (6) The input tax may not be deducted or credited after a period of six consecutive accounting periods immediately following the date of the relevant tax invoice or other evidence referred to in sub-section (4)
- (7) The Minister may, by regulations, determine cases in which a deduction or credit of input tax shall not be allowed and that determination shall be made by reference to-
 - (a) the goods or services supplied or the goods imported; or
 - (b) the supplier or importer, or the person supplied; or any other factors as the regulations may prescribe.
- (8) Without limiting the generality of paragraph (b) of sub-section (3) the Minister may for the purposes of that paragraph, by regulations-
 - (a) determine a proportion of supplies in any prescribed accounting period which is to be taken as consisting of taxable supplies; and
 - (b) provisionally attributed input tax in accordance with proportion so determined and adjust the attribution over two or more prescribed accounting periods.
- (9) The Minister may make regulations for or with respect to enabling a taxable person who was not registered at the time of supply or payment, to claim, as input tax, tax on the supply to him of goods or services, or paid by him on the importation of goods or services for the purposes of establishing the business for which the taxable person is registered; or in respect of tax on services

which were supplied to him for a reason directly associated with the cancellation of his registration.

Payment and re-payment of tax.

17.-(1) Any taxable person whose tax liabilities in respect of a particular prescribed accounting period are not exhausted by allowable deductions shall, by the due date prescribed under section 31 of the Tax Administration and Procedures Act remit the net amount due to the Commissioner.

Amended by Act No. 9 of 2015, s. 17.

(2) Where, in respect of a particular prescribed accounting period, a taxable person's allowable credits exceed the tax on supplies he has made for the period, the Commissioner shall, within thirty days after-

(a) the due date for lodging the return for the last prescribed accounting period in the half year; or

(b) receipt of the last outstanding tax return due for any prescribed accounting period falling within that half year;

whichever is later, remit to him the amount to which he stands in credit by reason of the excess, subject to provisions of this Act and in particular the provisions of section 35.

(3) Where a taxable person submits returns for prescribed accounting periods which would regularly result in excess credits, he may apply to the Commissioner for refunds to be made on a monthly basis.

Amended by Act No. 2 of 2000, s. 4.

(4) Where in respect of a particular prescribed accounting period shows excess credit, submitted by taxable person approved under subsection (3) of this section the Commissioner shall, within thirty days after-

(a) the due date for lodging the return for the prescribed accounting period, or

(b) date of receipt of the return,

Whichever is the later, remit to him the amount to which he stands in credit, subject to the provision of this Act and in particular the provision of section 35.

Amended by Act No. 2 of 2000, s. 4.

(5) Before making repayment under sub-section (2) and (4) the Commissioner shall reduce the amount of repayment by any sum owing to the Board by the taxable persons and accordingly by inform the taxable person, in writing.

(6) For the purpose of this section "half year" means any successive period of six calendar months commencing in the month for which a repayment return is first submitted.

(7) For the purpose of subsection (3) the phrase "would regularly result in excess credits" means for the prescribed accounting periods would exceed the total tax charged and paid on supplies.

PART IV

REGISTRATION AND DEREGISTRATION

Register.

18. The Commissioner shall maintain a register of which he shall record such particulars of the taxable persons and their business and any other information which he may require from taxable persons when applying for registration.

18A. [Repealed by Act No. 7 of 2009, s. 70(b)]

19. [Repealed by Act No. 7 of 2009, s. 70(b)]

19A. [Repealed by Act No. 7 of 2009, s. 70(b)]

19B. [Repealed by Act No. 7 of 2009, s. 70(b)]

19C. [Repealed by Act No. 7 of 2009, s. 70(b)]

20. [Repealed by Act No. 7 of 2009, s. 70(b)]

20A. [Repealed by Act No. 7 of 2009, s. 70(b)]

20B. [Repealed by Act No. 7 of 2009, s. 70(b)]

21. [Repealed by Act No. 7 of 2009, s. 70(b)]

Business carried on divisions or branches or by unincorporated Bodies etc.

22.- (1) The registration of a taxable person carrying on a business in several division or branches may, if the body corporate so requests and the Commissioner deems fit, be in the names of those divisions or branches.

- (2) The Minister may by regulations make provision for determining by what persons anything required by or under this Act to be done by a person carrying on a business, is to be done where a business is carried on in partnership or by a club, association or organization the affairs of which are managed by its members or a committee or committees of its members.
- (3) The registration under this Act of any club, association or organization may be in the name of the club, association or organization; and in determining whether goods or services are supplied to or by such club, association or organization no account shall be taken of any change in its members.
- (4) The Minister may by regulations make provisions for persons who carry on a business of a taxable person who has died or become bankrupt or has had his estate sequestrated or has become incapacitated for a limited time to be treated as taxable persons, and for securing continuity in the application of this Act in cases where persons are so treated.
- (5) In relation to a company which is a taxable person, reference in subsection (4) above to the taxable person having become bankrupt or having had his estate sequestrated or having become incapacitated shall be construed as a reference to its being in liquidation or receivership or to an administration order being in force in relation to it.

23. [Repealed by Act No. 7 of 2009, s. 70(b)]

PART V

ACCOUNTING FOR TAX AND LODGING OF RETURNS

24. [Repealed by Act No. 7 of 2009, s. 70(b)]

25. [Repealed by Act No. 7 of 2009, s. 70(b)]

26. [Repealed by Act No. 7 of 2009, s. 70(b)]

Credit return.

*Inserted by Act No.
13 of 2005, s. 21*

26A. -(1) Notwithstanding the provisions of this Act a tax credit return of more than One Million shillings or its equivalent shall not be lodged with the Commissioner unless it is certified by a Tax Consultant approved by the

Commissioner.

*Amended by Act No. 3 of
2014 Section 20.*

(6) The authorized tax consultant shall issue a taxable person with a certificate of correctness of the claim and if the claim contravenes the provisions of this Act, unless he satisfies the court to the contrary, shall be deemed to have taken steps with a view to fraudulently evade tax and upon conviction shall pay a fine of not less than One Million Shillings but not exceeding Five Million Shillings.

27. [Repealed by Act No. 7 of 2009, s. 70(b)]

28. [Repealed by Act No. 7 of 2009, s. 70(b)]

29. [Repealed by Act No. 7 of 2009, s. 70(b)]

29A. [Repealed by Act No. 7 of 2009, s. 70(b)]

30. [Repealed by Act No. 7 of 2009, s. 70(b)]

PART VI

FAILURE TO PAY VAT

31. [Repealed by Act No. 7 of 2009, s. 70(b)]

32. [Repealed by Act No. 7 of 2009, s. 70(b)]

33. [Repealed by Act No. 7 of 2009, s. 70(b)]

34. [Repealed by Act No. 7 of 2009, s. 70(b)]

PART VII

ENFORCEMENT

Security.

*Renumbered by Act
No.2 of 2000, s.6.*

35. Where the Commissioner believed there is a risk to the revenue he may, as a condition of allowing or repaying input tax, require a taxable person to produce any documents relating to the business of the taxable person; or to give security or further security of such amount and kind which the Commissioner may determine before allowing any deduction or repayment of the input tax.

*Amended by Act No. 9
of 2008, s. 25.*

(6) Where submission of the documents for verification or furnishing of a security or further security is required the Commissioner may remit the amount within thirty days from the date on which the documents were submitted or on which a security or further security was furnished.

36. [Repealed by Act No. 7 of 2009, s. 70(b)]

37. [Repealed by Act No. 7 of 2009, s. 70(b)]

38. [Repealed by Act No. 7 of 2009, s. 70(b)]

39. [Repealed by Act No. 7 of 2009, s. 70(b)]

- 40. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 41. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 42. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 43. [Repealed by Act No. 7 of 2009, s. 70(b)]

PART VIII

OFFENCES AND PENALTIES

- 44. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 45. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 46. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 47. [Repealed by Act No. 7 of 2009, s. 70(b)]

- 47A. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 48. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 49. [Repealed by Act No. 7 of 2009, s. 70(b)]
- 50. [Repealed by Act No. 7 of 2009, s. 70(b)]

- 50A.** [Repealed by Act No. 7 of 2009, s. 70(b)]

PART IX

ADMINISTRATION

Functions responsibilities
Powers of Commissioner.

*Amended by Act No. 13 of
2005, s. 23*

51.-(1) The Commissioner shall maintain a separate bank account from which repayments under part III shall be made and shall ensure that sufficient funds are in that account to make repayment to taxable person by the date prescribed in this Act.

(2) The Commissioner may, subject to any conditions or restrictions which he thinks fit, delegate to any officer or other person employed in the administration of this Act all or any of the powers, functions and duties vested in him by this Act.

(3) An officer shall, on demand, produce such document establishing his identity as may be approved by the Commissioner.

(4), (5), (6) & (7) [Repealed by Act No. 7 of 2009, s. 70(b)]

51A. [Repealed by Act No. 7 of 2009, s. 70(b)]

52. [Repealed by Act No. 7 of 2009, s. 70(b)]

53. [Repealed by Act No. 7 of 2009, s. 70(b)]

PART X

APPEALS

54. [Repealed by Act No. 1 of 2006, s. 35]

55. [Repealed by Act No. 1 of 2006, s. 35]

56. [Repealed by Act No. 1 of 2006, s. 35]

PART XI

MISCELLANEOUS

57. [Repealed by Act No. 7 of 2009, s. 70(b)]

58. [Repealed by Act No. 7 of 2009, s. 70(b)]

59. [Repealed by Act No. 7 of 2009, s. 70(b)]

60. [Repealed by Act No. 7 of 2009, s. 70(b)]

Transfer of going
Concern.

61.-(1) Where a business or a part of a business is assigned (“transferred”), for the purpose of the determining whether the transferee is liable to be registered, the taxable turnover of the business or part transferred shall be added to the turnover of any business carried on by the person to whom the business or part of the business is transferred (“the transferee”).

(2) Any liability other than criminal liability of a person transferring a business or part of business shall on and from the date of the transfer, pass to the transferee without affecting the liability of the transferor and such liability shall include the liability-

(a) to keep, preserve, or to produce records or accounts;

(b) to furnish a tax returns;

(c) to pay any tax or interest under the Act; or

(d) to comply with any requirement made in particular in respect of the business by the Commissioner where the transferee is registered.

(3) No tax shall be charged or input tax claimed in respect of the transfer where the transferee is registered.

(4) Except to the extent the Commissioner determines otherwise and upon written request of both parties any entitlement under the Act to credit or payment of input tax that immediately before the transfer took effect was vested in the transferor, shall vest in and become the entitlement of the transferee and shall cease in so far as the transferor is concerned.

(5) Any person who fails to notify the Commissioner of the fact of a transfer within thirty days after it takes effect commits an offence and upon conviction is liable to a fine not less than One Hundred Thousand shillings, but not exceeding Three Hundred Thousand shillings.

62. [Repealed by Act No. 7 of 2009, s. 70(b)]

Tax adjustments
contracts.

63. Where, after the making of a contract for the supply of goods or services and before the goods or services are supplied-

(a) there is a change in the tax charged on the supply; or

(b) tax chargeable on the supply is introduced or abolished;

then, unless the contract otherwise provides, there shall be added to or deducted from the consideration for the supply an amount equal to the tax adjustment.

64. [Repealed by Act No. 7 of 2009, s. 70(b)]

Evidence by
certificate.

65. A certificate of the Commissioner that-

(a) a person was or was not, at any date, registered;

(b) any return required under this Act to be lodged

has not been lodged or has not, on a specified date, been lodged; or

- (c) any tax shown as due in any return or assessment lodged or made under this Act has not been paid;

shall be sufficient evidence of that fact in any court of competent jurisdiction until the contrary is proved.

Schemes for obtaining undue tax benefit.

66.- (1) Notwithstanding any provisions of this Act, where the Commissioner is satisfied that any scheme that has the effect of conferring a tax benefit on any person was entered into or carried out:-

- (a) solely or mainly for the purpose of obtaining that benefit; and
- (b) by means or in a manner that would not normally be employed for bona fide business purposes, or by means of the creation of right or obligations that would not normally be created between persons dealing at arm's length;

The Commissioner may determine the liability for any tax imposed by this Act and its amount, as if the schemes had not been entered into or carried out, or in such manner as, in the circumstances of the case, he considers appropriate for the prevention or diminution of the tax benefit sought to be obtained by the scheme.

(2) A determination under subsection (1) shall be deemed to be an assessment, and the provisions of Part IV of the Tax Administration and Procedures Act, No. 7 of 2009 and any other provisions made by or under this Act in relation to assessment, shall apply accordingly.

(3) In this section “bona fide business purposes” does not include the obtaining of a benefit and “tax benefit” includes-

- (a) any avoidance or reduction in the liability of any person to pay tax;
- (b) any increase in the entitlement of any taxable

person to a refund of tax;

(c) any reduction in the consideration payable by any person in respect of any supply of goods and services or the importation of any goods; or

(d) any other avoidance or postponement of liability for the payment of any tax.

67. [Repealed by Act No. 7 of 2009, s. 70(b)]

68. [Repealed by Act No. 7 of 2009, s. 70(b)]

69. [Repealed by Act No. 7 of 2009, s. 70(b)]

Transitional arrangements.

70.- (1) The Minister may make regulations providing for the repayment in prescribed conditions and circumstances of sales by taxable persons prior to the commencement of VAT on goods still in stock on the commencement day.

(2) Subject to the regulations made under this Act, and notwithstanding the repeal of the Sales Tax Act, 1991, the sales tax and part of excise duty paid on goods in stock of a taxable person before the coming into operation of this Act, shall be deemed to be the input tax.

(3) The procedure for determining and allowing the sales tax paid on stock to be an input tax shall be provided for in the regulations to be made by the Minister.

Repeals and Savings.

71.- (1) The Sales Tax Act, 1991 is hereby repealed.

Sales Tax Act No. 4 of 1991.

(2) The repeals of the Sales Tax Act, 1991, shall not affect any right, interest, title, power established or exercisable or any capacity existing prior to the repeal or affect any duty, obligation, liability or burden of proof imposed, created or incurred prior to the repeal or affect any investigation, legal proceeding or remedy in respect of any right, interest, power, privilege, duty obligation, liability or otherwise.

Amendment of Hotel levy Act No. 1 of 1995.

72. The Hotel Levy Act, 1995 is amended by adding immediately after section 3A the following provision:

3B. No hotel levy shall, on the coming into operation of the Value Added Act, 1998, be charged on any persons who or body of persons which has been registered under Part IV of the VAT Act.

Amendment of
Entertainment Tax Decree
16 of 1962.

73. The Entertainment Tax Decree, 1962 is amended by adding immediately after section 3, the following provision:

Exemption

3A. Every person who or a body of person, which has been registered under part IV of the Value Added Tax Act, 1998, shall on the coming into operation of that Act be exempted from paying tax under this Act.

74. [Repealed by Act No. 10 of 2013, s. 18]

FIRST SCHEDULE

Section 9

ZERO - RATED SUPPLIES

<p><i>Amended by L.N No. 101 of 2021, O. 3(a).</i></p>	<p>1. For the purpose of this schedule goods are treated as zero rated if they are delivered or made available at an address outside United Republic of Tanzania as evidenced by documentary proof accepted by the Commissioner.</p>
<p><i>Amended by L.N No. 101 of 2021, O. 3(b).</i></p> <p><i>Inserted by L.N. No. 101 of 2021, O. 3(c).</i></p>	<p>2. The following supplies are specified as zero rated for the purpose of section 9:</p> <ul style="list-style-type: none">(i) Exportation of goods and services from Zanzibar to a place outside United Republic of Tanzania provided that the evidence is produced and accepted by the Commissioner.(ii) A supply of electricity services by a supplier of electricity services in Zanzibar to another supplier of electricity services in Mainland Tanzania.(iii) The supply of goods including food and beverages for consumption or duty free sale on aircraft or ships on journey to destinations outside United Republic of Tanzania.(iv) The supply of services, which comprise the handling, parking, pilotage, salvage, or towage of any foreign going ship or aircraft while in Zanzibar(v) The importation or supply of Sugar of HSC 170.

SECOND SCHEDULE

Section 10

EXEMPT SUPPLIES AND IMPORTS

Section 10

EXEMPT SUPPLIES AND IMPORTS

<p><i>Amended by L.N No. 90 2017.</i></p>	<p>1. For the purpose of this schedule:</p> <p>a. “Unprocessed” shall include simple processes of preparations or preservation such as freezing, chilling, drying, salting, smoking, striping or polishing.</p> <p>b. For the purpose of Clause 2(a)(ii) “Medicine, Drugs and medical consumables” means medicine, drugs and medical consumables listed in the National consumable listed in the National Essential Veterinary Medicines and Drugs list issued by the Ministry responsible for Agriculture and Livestock to a registered veterinary practitioner in the course of his professional work.</p> <p>c. “Land” does not include any building thereon.</p> <p>d. “Passenger transportation services” means the transportation of fare-paying passengers and their personal effects by road, water, or air, but does not include passenger transport services provided by registered tour operators or their agents.</p>
<p><i>Amended by L.N No. 49 of 2012.</i></p> <p><i>Inserted by L.N. 2014</i></p>	<p>2. The following supplies are specified as exempt supplies for the purpose of section 10.</p> <p>(a) Food, crops and livestock supplies.</p> <p>(i) Livestock - live cattle, swine, sheep, goats, game, poultry and other animals of a kind generally used for human consumption.</p> <p>(ii) Animal products - unprocessed edible</p>

<p><i>Amended by L.N NO.60 of 2020</i></p> <p><i>Amended by L.N No. 101 of 2021, O.4 (a).</i></p> <p><i>Amended by L.N No. 90 of 2017.</i></p>	<p>meat and offal of cattle, sheep, goats, game and poultry (including eggs), except- pate, fatty livers of geese or ducks and any other product prescribed by the Minister by regulation.</p> <p>(iii) Medicines - drugs, medical consumables and equipment listed in the National Essential Drugs, Medical consumables and Equipment list issued by the Ministry responsible for Health or in the regulations made by the Minister responsible for Health.</p> <p>(iv) Dairy products -locally produced milk and milk related products produced by local manufacturers using locally or imported produced milk.</p> <p>(v) Fish - all unprocessed fish, except shellfish and live ornamental or pet fish.</p> <p>(vi) Agricultural products - unprocessed vegetables, fruits and nuts, bulbs, tubers, maize, wheat and other cereals, meal flours, cloves, cashew-nuts, sugarcane seeds and plant therefore.</p> <p>(vii) Locally produced unprocessed solar sea salt</p> <p>(viii) Palm Oil HS Code 15119090.</p> <p>(b) Pesticides, fertilizers etc.</p> <p>Fertilizers, pesticides, insecticides, fungicides, rodenticides, herbicides, ant-sprouting products, and plants growth regulators, and similar products, which are especially for use in agricultural purposes.</p> <p>(c) Health supplies.</p> <p>(i) Health and medical services by a registered medical practitioner, optician, dentist, hospital or clinic.</p>
--	---

<p><i>Amended by L.N No. 90 of 2017.</i></p> <p><i>Amended by L.N No. 20 of 2014.</i></p>	<ul style="list-style-type: none"> (ii) Medicines – drugs, Medical Consumables and Equipment listed in the National Essential Drugs, Medical Consumables and Equipment Listed by the Ministry responsible for Health or in Regulations made by the Minister responsible for Health. (iii) The supply of articles designed for use by the blind or disabled. (d) Educational supplies. <ul style="list-style-type: none"> (i) Education services provided by an educational establishment registered by the Government. (ii) The supply of educational equipment by an educational establishment registered by the Government. (e) Veterinary supplies. <ul style="list-style-type: none"> (i) Veterinary services by a registered veterinary practitioner. (ii) Medicines, Drugs and medical consumables in the National Essential Veterinary Medicines and Drugs list issued by the Ministry responsible for Agriculture and Livestock to a registered veterinary practitioner in the course of his professional work. (f) Books and newspapers. <ul style="list-style-type: none"> 1. Books, booklets, maps and charts. 2. Newspapers, journals, magazines and periodicals. (g) Passenger Transportation services. <p>The supply of passenger transportation services; other than transportation services organized, rendered or provided by tour operators or their agents.</p> (h) Land.
---	--

	<ul style="list-style-type: none"> (i) The sale or lease of an interest in land. (ii) lease, license, hire, or any other form of supply, to the extent that it is a supply of the right to occupy and reside in residential buildings. (iii) A sale of residential premises other than a sale by a person engaging in the business of constructing and selling of residential premises. <p>(i) Water.</p> <p>The supply of water other than bottled or canned or similarly presented drinking water.</p> <p>(j) Funeral services.</p> <ul style="list-style-type: none"> (a) The transportation and disposal of human remains. (b) The arrangements for disposal of human remains. <p>(k) Crude Oil Petroleum Products.</p> <p>Petrol, crude oil, gas oil, fuel oil liquefied petroleum gas, industrial diesel oil, aviation kerosene, aviation spirit and illuminating kerosene.</p> <p>(l) Agriculture and Livestock implements.</p> <p>Tractors for agriculture use, feeder's harrows, ploughs, spades, shovels, mattocks, picks, forks, rakes, axes, seeders, planters, manure spreaders and machinery and equipment solely to be used for spreading or spraying any of the items exempted under clause 2(b) of this schedule.</p> <p>(m) Postal Supplies.</p> <p>The supply of Postage Stamps.</p> <p>(n) Computers.</p>
--	--

The supply or importation of computers, printers and other accessories connected hereto.

(o) **Packing materials.**

The supply of packing material to a registered milk processor or manufacturer.

(p) **Financial services.**

- (i) Insurance premiums for aircraft.
- (ii) Life insurance or medical insurance.
- (iii) Insurance for workers compensation

(q) **Solar Power equipment.**

The supply or importation of solar power equipment.

(r) **Unprocessed Seaweeds**

(s) **Fishing Implements**

NO	Implements	HSC
1.	Fishing nets	5608.11.00
2.	Floats for fishing nets	7020.00.10
3.	Outboard engine	8407.21.00
4.	Fishing vessels of length over all 18 meters	89-02.00.00
5.	Fish hooks	9507.20.00

Amended by L.N No. 60 of 2020.

(t) **Construction Materials**

NO.	Implements	HSC
1.	Corrugate Iron Sheets	72104100
	Corrugate Iron Sheets	72104900
	Iron Bars	7227-7228
	Portland Cement	25232900

Amended by L.N No. 101 of 2021, O.4 (b).

THIRD SCHEDULE

Amended by
L.N No. 20 of 2014

(Section 11) SPECIAL RELIEF

- (a) For the purpose of this schedule:
- i. “ Approved enterprises” shall have the meaning assigned to it under the Zanzibar Investment Promotion and Protection Act No. 11 of 2004.
 - ii. “Domestic enterprise” shall have the meaning assigned to it under the Zanzibar Investment Promotion and Protection Act No. 11 of 2004.
- (b) The following supplies are specified as special relief for the purpose of section

THIRD SCHEDULE Replaced by L.N No. 20 of 2014 <i>(Made under section 11)</i> SPECIAL RELIEFS	
Relieved Person/Organisation	Rate of Relief %
(a) The supply to or importation of goods or services by diplomats or a diplomatic mission that is accredited by the United Republic of Tanzania for the official purposes of that mission, where the foreign country provides reciprocal treatment to diplomats and the diplomatic mission of Tanzania in that country.	100
(b) The supply or importation of goods or services under a technical aid or donor-funded agreement, which provides for relief from taxation in the United Republic of Tanzania.	100
(c) Travellers’ Personal Effects - Imported goods in respect of which relief of duty is available under customs laws.	100
(d) The supply or importation of goods or services for the use by the President of Zanzibar.	100
(e) The importation of goods by the Government or its agencies to be used in the performance of their functions.	100
(f) The supply to a registered medical practitioner, optician, dentist, hospital or clinic, or to a patient, of equipment designed solely for medical or prosthetic use.	100
(g) The supply to a registered veterinary practitioner of equipment designed solely for veterinary use.	100
(h) The supply of raw and packing materials to a registered manufacturer of pharmaceutical products.	100
(i) The Importation by or supply to a registered licensed prospecting company of goods, which if imported would be eligible for relief from	100

	duty under custom laws, and services for exclusive use in prospecting activities.	
(j)	The importation or supply of goods to any non-profit making community based, charitable, registered religious organization, educational or other organization, which are intended to be used solely for; i. Relieving persons from the effects of natural calamities, hazards or disasters; or ii. The development of government approved projects to health, education, water supply and infrastructure.	100
(k)	The importation by or supply to a charitable organization holding Agreement with the Revolutionary Government of Zanzibar for goods or services specified in that agreement providing for relief from taxation.	75 (Amended by LN No. 95 of 2015)
(l)	The importation by or supply to any non-profit making community based, religious organization, charitable, educational or other organization or institution of goods or services to be used solely for the advancement of community, educational or similar project related to that organization or institution and not for sale or commercial use.	75 (Amended by LN No. 95 of 2015)
(m)	The importation by or supply of goods or services to any institution holding a special Agreement with the Revolutionary Government of Zanzibar or established under an agreement providing for relief from taxation.	75 (Amended by LN No. 95 of 2015)
(n)	Importation by or supply of such description and quantities of capital goods, to an approved enterprise or domestic enterprise for use solely by such approved or domestic enterprise for the purpose for which such approved enterprise or domestic enterprise was approved by the Zanzibar Investment Promotion Authority.	80 (Amended by LN No. 20 of 2014)
(o)	The importation by or supply to the Bank of Tanzania of goods or services which are solely to be used by the Bank of Tanzania for performing its statutory functions.	45 (Amended by LN No. 20 of 2014)

Passed in the House of Representatives on 10th day of February, 1998.
{ KHAMIS JUMA CHANDE }
CLERK OF THE HOUSE OF REPRESENTATIVES