

THE HOTEL LEVY ACT

NO. 1 OF 1995

(PRINCIPAL LEGISLATION)

(THE REVISED EDITION OF 2010)

(This edition of the Hotel Levy Act No. 1 of 1995, incorporates and consolidates all amendments made in the Act since its commencement up to October, 2009 for easy reference of the Act)

**IDDI PANDU HASSAN
ATTORNEY GENERAL**

**ZANZIBAR
OCTOBER, 2010**

THE HOTEL LEVY ACT, 1995

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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
10 of 2008
7 of 2009

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:

Inserted by Act No. 10 of 2008, s. 9

"Act" means the Hotel Levy Act, 1995;

"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, s.5

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

Amended by Act No. 6 of 1998, s. 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.

"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;

"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;

- (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;

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

" 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;

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

"Regulations" means the rules of procedure prescribed under section 14 of this Act;

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

"Tour Operator" means person or 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;

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

"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.

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

**Imposition and
payment of
levy**

*Amended by Act
No. 6 of 2006,
s. 8*

3. (1) Subject to this Act, there shall be charged, levied and collected on payments made by any person for services referred to under subsection (1)(a), (b) and (c) of this section, hotel levy, restaurant levy or tour operator levy at the rate of 15 percent thereof as follows:-

- (a) Hotel levy shall be payable to the operator of a hotel, guest house or restaurant providing accommodation, food and other services to a guest or visitor on consideration.
- (b) Restaurant levy shall be payable to the operator of restaurant providing food and other services to a guest, visitor or customer.
- (c) Tour operator levy shall be payable to the operator of an establishment providing tourism services other than hotel and restaurant.

Provided that for the purposes of this section, payment shall be deemed to have been made when:-

- (i) a tax invoice is issued;
- (ii) Payment is received for all or part of the services; or
- (iii) Service is rendered or performed by the operator, which ever act shall be the earliest.

(2) No stamp duty shall be charged on any person or body of persons who have been registered under this Act in respect of services referred to under subsection (1)(a), (b) and (c) of this section.

(3) Without prejudice to the provisions of subsection (2) of this section, it shall be lawful for the Commissioner to determine hotel Levy, restaurant levy or tour operator levy, at a specific rate for a particular taxpayer or a class of taxpayers taking into account the class of the hotel or guest house, restaurant or any establishment offering services to guests or tourists as designated by the Commission for

Tourism under any law or regulations governing tourism in Zanzibar, due to absence or defective accounts maintained by the taxpayer or for any other reason to be recorded in writing by the Commissioner.

(4) The operator of hotel, guest house or restaurant or any establishment providing tour operating services shall as an agent of Zanzibar Revenue Board, collect the levy payable under this Act from all persons liable to pay the same and remit it to the Commissioner in the manner and time as prescribed in the Regulations.

(5) For the purposes of this Act, if an operator fails to collect levy payable pursuant to this Act, the operator shall nevertheless be deemed to have collected the levy.

**Authorization
of late
payment.**

*Inserted by Act
No. 13 of 2005,
s. 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,
s. 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
5 of 1997,
s. 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]

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

Exemptions

*Inserted by Act
No. 10 of 2008,
s. 12*

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.

(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.

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

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