

TANZANIA ASSOCIATION OF TOUR OPERATORS

2007/08 GENERAL TAX CHANGES

- Reduction of the income tax rate in the first marginal tax bracket for individuals from 18.5% to 15%. The purpose is to provide Tax relief on minimum wage employees.
- All specific excise duty rates have been increased by around 7%. The affected goods include all carbonated drinks (sodas), beer, spirits, petroleum oils and cigarettes.
- The requirement that excisable goods be marked “FOR EXPORT” has been repealed.
- Excise revenue collected on goods produced and taxed in Tanzania mainland and consumed in Zanzibar will be transferred automatically to Zanzibar.
- Import duty has been removed from textile fabric and felts, energy saving bulbs and inputs for manufacture of solar equipment.
- The duty on filter materials has been reduced from 25% to 10%.
- The duty on bolts, nuts and screws has been reduced from 25% to 10%.
- The duty on wheat has been reduced from 35% to 10%.
- Customs clearance procedures have changed with a view to decreasing congestion:
 - Clearance of goods for identified tax compliant traders to be on a fast track basis 40% will be cleared directly through the Green Channel;
 - 40% of the goods will be cleared on the basis of normal risk assessment followed by post clearance audits; and
 - Only 20% will be subject to inspection before clearance from the port.
- 75% of the goods imported by investors registered with the Tanzania Investment Centre will be cleared directly through the green channel.
- Various fees charged by the Ministry of Natural Resources and Tourism raised by 500%: (Hunting Block Fee US \$ 10,000 – 50,000 and Trophy fee from 2,500 – 15,000).

SECTORAL ANALYSIS

Poverty and inequality

- No import duty on medical equipment for use in licensed hospitals.
- No import duty on energy saving bulbs.
- No import duty on inputs for use in the manufacture of solar equipment.

- Import duty on wheat reduced from 35% to 10%, for the next two years.
- Import duty on Dar Rapid Transit buses reduced from 25% to 10%.
- Import duty on millstones and grindstones for milling, grinding or pulping reduced from 25% to 0%.
- All specific excise duty rates have been increased by around 7%. The affected goods include all carbonated drinks (sodas), beer, spirits, petroleum oils and cigarettes.

Petroleum

- The fuel levy has increased from TShs. 100 per litre to TShs. 200 per litre.
- Special relief provided to a registered licensed exploration, prospecting, mineral assaying, drilling or mining company has been extended to cover prospecting and exploration of petroleum gas.
- All excise duty rates on petroleum products have been increased by around 7%.

Transport

- Motor vehicles of an engine capacity of less than 1500 cc will now attract Tshs. 80,000 per annum, while those above this but not exceeding 5,000 cc will attract a rate of Tshs. 230,000 per annum.

Vehicles exceeding 5,000 cc will attract a rate of Tshs. 100,000 annum.

ICT

- Import duty has been removed for cordless line telephone handsets and for cellular wireless networks.

Health & Safety

- Fire extinguishers are to be exempt rated.

NB: This information is issued to members as general guidance on the interpretation of the 2007 Finance Bill which is the reflection of the 2007/08 Government Budget. Economically, the country projects to register a GDP with growth rate of above 6% propelled mostly by 3 sectors – Tourism, Construction and Transport.

The Association accepts no responsibility for any action taken or not taken as a result of the information contained in this document. Members are advised refer to the Finance Bill and seek clarification from individual Financial/Tax Consultants.

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