

Tanzania

Rank: #65

Tanzania is responsible for 0.11% of the world's corporate tax abuse risks.

CTHI Value: 50

Haven Score: 47.8



How much scope for corporate tax abuse the jurisdictions' tax and financial systems allow. 0 means no scope, 100 means unrestrained scope.

Global Scale Weight: 0.01%



How much of the financial activity conducted by multinational corporations around the world is hosted by the jurisdiction.

The jurisdiction's CTHI value (Corporate Tax Haven Index value) is a measure of how intensely the jurisdiction enables multinational corporations to abuse corporate tax. The jurisdiction is ranked on the index by its CTHI value.

A jurisdiction's CTHI Value is calculated by first grading its tax and financial systems with a Haven Score out of 100 where a zero means the jurisdiction's laws allow no scope for corporate tax abuse and a 100 means they allow unrestrained scope. The jurisdiction's Haven Score is then combined with its Global Scale Weight, ie the volume of financial activity conducted in the country by multinational corporations, to calculate how much corporate financial activity the jurisdiction puts at risk of corporate tax abuse.

A higher CTHI value does not mean a jurisdiction has more aggressive tax laws, but rather that the jurisdiction's laws and its position in the global economy combine to create a greater risk of corporate tax abuse by multinational corporations.

Haven Score breakdown



47.8

LOWEST AVAILABLE CORPORATE INCOME TAX

Haven Indicator 1: LACIT ▲



14

This indicator identifies the lowest available corporate income tax rate (LACIT) for any large for-profit company that is tax resident in a country. It takes the statutory corporate income tax rate only as a starting point to analyse legal gaps and loopholes that result in lower accessible rates. The scoring of Haven Indicator 1 is computed by scaling that LACIT rate against the spillover risk reference rate of 35% (the highest available corporate income tax rate in a democracy).

ID 505 — Statutory corporate income tax rate ▲

Question: Statutory-CIT-Rate: What is the statutory CIT rate reported by the OECD (or alternatively by IBFD or KPMG)?

Answer: 30 %

Sources:

- <https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html>
- IBFD 2020d [↗](#)
- KPMG 2020 [↗](#)

ID 506 — Corporate income tax rate: Correction for size of company ▲

Question: CIT-Rate-Correction-Size: What is the deviating CIT rate, if any, applicable to the largest companies in the jurisdiction?

Answer: Not applicable

ID 507 — Corporate income tax rate: Correction for sectoral exemptions ▲

Question: CIT-Rate-Correction-Sector: What is the lowest deviating CIT rate, if any, applicable to companies in jurisdictions exempting a broad range of sectors (at least four full and/or eight partial exemptions)?

Answer: Not applicable

ID 541 — Corporate income tax rate: Correction for subnational regions ▲

Question: CIT-Rate-Correction-Regions: What is the lowest deviating CIT rate, if any, applicable in the political subdivision/subnational region with the lowest CIT rate?

Answer: Not applicable

ID 542 — Corporate income tax rate: Adjustment for retention or distribution ▲

Question: CIT-Rate-Adjustment-Retention: What is the lowest deviating CIT rate, if any, applicable to distributed or retained profits?

Answer: Not applicable

ID 543 — Corporate income tax rate: Adjustment for specific type of company ▲

Question: CIT-Rate-Adjustment-Type: What is the lowest deviating CIT rate, if any, applicable to specific types of companies?

Answer: Not applicable

ID 544 — Corporate income tax rate: Adjustment for territorial tax base ▲

Question: CIT-Rate-Adjustment-Territorial: What is the lowest deviating CIT rate, if any, applicable to active business income from foreign sources?

Answer: Not applicable

ID 545 — Corporate Income Tax Rate: Adjustment for tax rulings ▲

Question: CIT-Rate-Adjustment-Rulings: What is the lowest deviating CIT rate, if any, derived from documented cross-border unilateral tax rulings issued by the authorities in the jurisdiction?

Answer: Not applicable

ID 587 — Corporate tax residency scope ▲

Question: Corporate tax residency scope: Do the domestic rules for corporate tax residency include as tax resident at least all locally incorporated companies?

Answer: INC & MNG: Yes, all locally incorporated companies are considered tax residents, and in addition some foreign-incorporated companies are considered tax resident (e.g. those with effective management and control in the jurisdiction).

Notes:

- Tanzania considers tax residents those companies that are incorporated in its territory or those which management and control of its affairs are exercised in the country (IBFD 2020d; 1.2.1.; PWC 2020a)

Sources:

- [IBFD 2020d](#)
- [PWC 2020a](#)
- <https://taxsummaries.pwc.com/tanzania/corporate/corporate-residence>

LOOPHOLES AND GAPS

Haven Indicator 2: Foreign Investment Income ▲

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This indicator assesses whether a country includes worldwide capital income in its corporate income tax base and if its domestic law grants unilateral tax credits for foreign tax paid on certain foreign capital income.

ID 555 — Double taxation relief, dividends, related parties ▲

Question: *Legal Person, Resident, Related Party: Dividends

Answer: Credit.

Notes:

- Tanzania implements the credit method for the relief of corporate taxes paid for foreign dividends income (IBFD 2020d; 6.1.4.).

Sources:

- [IBFD 2020d](#)
- <https://www.tra.go.tz/tax%20laws/Income%20Tax%20Act%20Revised%20Edition%202008.pdf>

ID 554 — Double taxation relief, royalties ▲

Question: Legal Person, Resident: Royalties

Answer: Credit.

Notes:

- Tanzania implements the credit method for the relief of corporate taxes paid for foreign portfolio income (IBFD 2020d; 6.1.4.).

Sources:

- [IBFD 2020d](#)
- <https://www.tra.go.tz/tax%20laws/Income%20Tax%20Act%20Revised%20Edition%202008.pdf>

ID 553 — Double taxation relief, interest ▲

Question: *Legal Person, Resident: Interest

Answer: Credit.

Notes:

- Tanzania implements the credit method for the relief of corporate taxes paid for foreign portfolio income (IBFD 2020d; 6.1.4.).

Sources:

- [IBFD 2020d](#)
- <https://www.tra.go.tz/tax%20laws/Income%20Tax%20Act%20Revised%20Edition%202008.pdf>

ID 552 — Double taxation relief, dividends, independent parties ▲

Question: *Legal Person, Resident, Independent Party: Dividends

Answer: Credit.

Notes:

- Tanzania implements the credit method for the relief of corporate taxes paid for foreign portfolio income (IBFD 2020d; 6.1.4.).

Sources:

- [IBFD 2020d](#)
- <https://www.tra.go.tz/tax%20laws/Income%20Tax%20Act%20Revised%20Edition%202008.pdf>

Haven Indicator 3: Loss Utilisation ▲

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This indicator measures whether a jurisdiction provides loss carry backward and/or unrestricted loss carry forward for ordinary and trading losses. Capital losses fall outside the scope of this indicator.

ID 509 — Loss carry backward ▲

Question: Loss Carry Backward: Does the jurisdiction allow loss carry backward?

Answer: Yes

Notes:

- In Tanzania, loss carry-backward is not allowed in principle. However, losses on long-term contracts may be carry-backward for the preceding financial year (IBFD 2020d: 1.5.1.).

Sources:

- [IBFD 2020d](#)

ID 510 — Loss carry forward ▲

Question: Loss Carry Forward: Does the jurisdiction restrict loss carry forward independent of change of ownership?

Answer: No, unrestricted loss carry forward is available.

Notes:

- In Tanzania, losses may be carried forward indefinitely (IBFD 2020d: 1.5.1.). However, from July 2020, unutilized losses for 4 previous consecutive years of income are only deductible to a maximum of 70% of the income of the year before deducting the losses. Notwithstanding the above, this limit will not apply to companies of the agricultural business or providing health or education services.

Sources:

- [IBFD 2020d](#)

Haven Indicator 4: Capital Gains Taxation ▲

57

This indicator measures the extent to which a jurisdiction taxes corporate capital gains arising from the disposal of domestic and/or foreign securities (i.e. shares and bonds). As such, it assesses the lowest available tax levied on corporate capital gains, applicable for large for-profit corporations which are tax resident in the jurisdiction, irrespective of whether the capital gains are taxed as part of corporate income tax or as part of another type of tax, such as wealth tax or an independent capital gains tax.

ID 513 — Domestic securities capital gains taxation ▲

Question: Domestic Securities Capital Gains Taxation: What is the lowest available capital gains tax rate arising from disposal of domestic securities applicable for large "for profit" companies which are tax resident in the jurisdiction?

Answer: 0 %

Notes:

- Shares and securities listed on the Dar es Salaam Stock Exchange are exempt from capital gains tax in Tanzania. Also units from approved collective investment schemes are exempt (IBFD 2020d: 1.4.). It appears that all companies listed in the Dar es Salaam Stock Exchange are locally incorporated (including subsidiaries of multinational companies such as Vodafone or Swissport) (dse.co.tz). For this reason, we consider that the exemption only concerns capital gains derived from domestic securities.

Sources:

- [IBFD 2020d](#)
- <https://www.dse.co.tz/listed-companies>

ID 514 — Foreign securities capital gains taxation ▲

Question: Foreign Securities Capital Gains Taxation: What is the lowest available capital gains tax rate arising from disposal of foreign securities applicable for large "for profit" companies which are tax resident in the jurisdiction?

Answer: 30 %

Notes:

- Foreign capital gains form part of the normal taxable foreign business income of a resident company. However, foreign-source income is computed separately from any other income that has its source in Tanzania and foreign losses can only be set off on a worldwide basis (IBFD 2020d: 6.1.1.). The applicable rate is in this case the standard CIT rate of 30% (IBFD 2020d: 1.6.1.).

Sources:

- [IBFD 2020d](#)

Haven Indicator 5: Broad Exemptions ▲

19

This indicator measures the availability of broad exemptions from corporate income tax (CIT). It covers exemptions applicable to companies engaged in specific activities or sectors.

ID 524 — Real estate investment sector tax exemption (passive) ▲

Question: Real Estate Investment (passive): Are there any (partial) tax exemptions applicable to collective investment companies investing in real estate?

Answer: None: No, there are no specific exemptions.

Sources:

- [IBFD 2019d](#); [PWC 2020a](#)

ID 525 — Financial investment sector tax exemption (passive) ▲

Question: Other Investment (passive): Are there any (partial) tax exemptions applicable to collective investment companies investing in assets other than real estate?

Answer: Partial: Yes, there are partial tax exemptions.

Notes:

- Although no specific exemptions are available for investment funds (IBFD 2019d), one out of three main income flows of investment funds (dividends, interests and capital gains) is partially exempt in Slovakia. Indeed, while the statutory corporate income tax rate is at 25.77% (see ID 505), capital gains upon disposal of domestic securities are taxed at 21% (see IDs 513 and 514). Thus, we consider that investment funds are partially exempt.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 526 — Extractive sector tax exemption ▲

Question: Extractives (active): Are there any (partial) tax exemptions applicable to companies active in the extractives sector (oil, gas, mining)?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 527 — Agriculture and farming sector tax exemption ▲

Question: Agriculture and farming (active): Are there any (partial) tax exemptions applicable to companies active in the agricultural and farming sector?

Answer: None: No, there are no specific exemptions.

Notes:

- [Disregarded] Tanzania grants tax incentives in the in agriculture by means of "generous capital deductions" (PWC 2020a). Because such incentives are cost-based, we disregard them for the purposes of this indicator.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 528 — Manufacturing sector tax exemption ▲

Question: Manufacturing (active): Are there any (partial) tax exemptions applicable to companies active in the manufacturing sector?

Answer: None: No, there are no specific exemptions.

Notes:

- Tanzania grants tax incentives for manufacturing by means of "generous capital deductions" (PWC 2020a). Because such incentives are cost-based, we disregard them for the purposes of this indicator.
- Tax incentives by way of generous capital deduction provisions are given for specific sectors, namely agriculture, manufacturing, and tourism.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 529 — Construction sector tax exemption ▲

Question: Construction (active): Are there any (partial) tax exemptions applicable to companies active in the construction sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 530 — Infrastructure sector tax exemption ▲

Question: Infrastructures (active): Are there any (partial) tax exemptions applicable to companies active in the infrastructures sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 531 — Transportation and storage sector tax exemption ▲

Question: Transportation and storage (active): Are there any (partial) tax exemptions applicable to companies active in the transportation and storage sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 532 — Distribution sector tax exemption ▲

Question: Distribution (active): Are there any (partial) tax exemptions applicable to companies active in the distribution sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 533 — Accommodation, food and recreation sector tax exemption ▲

Question: Accommodation, food and recreation (active): Are there any (partial) tax exemptions applicable to companies active in the accommodation, food and recreation sector?

Answer: Partial: Yes, there are partial tax exemptions.

Notes:

- In Tanzania, companies that pay the gaming tax pursuant to the Gaming Act (2003, as amended) are otherwise exempt from corporate income tax (IBFD 2020d : 1.3.2.). Thus, we consider that companies engaged in the gaming business are subject to an alternative regime. Under such

act, casino operators are subject to a reduced 18% rate or 25% for internet-based casinos (IBFD 2020d: 3.2.). The standard corporate income tax rate is 30% of net income. Thus, we consider that these gaming undertakings are partially exempt activities included in the "accommodation, food & recreation" sector.

- Otherwise, Tanzania grants tax incentives for tourism activities by means of "generous capital deductions" (PWC 2020a). Because such incentives are cost-based, we disregard them for the purposes of this indicator.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)
- <https://www.fiu.go.tz/GamingAct.pdf>

ID 534 — Information and telecom sector tax exemption ▲

Question: Information and telecom (active): Are there any (partial) tax exemptions applicable to companies active in the information and telecom sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 535 — IT services sector tax exemption ▲

Question: IT services (active): Are there any (partial) tax exemptions applicable to companies active in the IT services sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 536 — Banking and insurance sector tax exemption ▲

Question: Banking and insurance (active): Are there any (partial) tax exemptions applicable to companies active in the banking and insurance sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 537 — Professional and technical services sector tax exemption ▲

Question: Professional and technical services (active): Are there any (partial) tax exemptions applicable to companies active in the professional and technical services sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 538 — Business services sector tax exemption ▲

Question: Business services (active): Are there any (partial) tax exemptions applicable to companies active in the business services sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

Haven Indicator 6: Economic Zones and Tax Holidays ▲

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This indicator measures whether and to what extent time-bound or geographically confined tax incentives are available in a country. It measures if these incentives offer partial or full exemptions from corporate income tax (CIT) and/or capital gains tax (CGT). This includes temporary tax holidays and special tax incentives (temporary or permanent) given to companies located in designated economic zones.

ID 540 — Tax holidays, non-economic zones, full exemption ▲

Question: NonEZ-Temporary-Full: How many temporary (tax holidays) and full tax exemptions are offered to companies established anywhere in the jurisdiction (except in economic zones or non-autonomous regions)?

Answer: 0

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 539 — Tax holidays, non-economic zones, partial exemption ▲

Question: NonEZ-Temporary-Partial: How many temporary (tax holidays) and partial tax exemptions are offered to companies established anywhere in the jurisdiction (except in economic zones or non-autonomous regions)?

Answer: 3

Notes:

- (1). A 25% CIT rate applies to the income of companies listed on the Dar es Salaam Stock Exchange during the first 3 years of listing if they issue at least 30% of shares to the public. (IBFD 2020d: 1.6.1) (2). A tax rate of 10% applies to the Income of companies assembling motor vehicles, tractors, fishing boats and out boats engine during a first 5-year period under the condition that they have a performance agreement with the national authority (government). (Id) (3). Manufacturers of sanitary towels are taxed at a reduced rate of 25% from 2019/20 to 2020/21 (IBFD 2020d: 1.6.1.; PWC 2020a).

Sources:

- IBFD 2019d; PWC 2020a [↗](#)

ID 504 — Permanent, economic zones, full exemption ▲

Question: EZ-Permanent-Full: How many permanent and full tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 0

Sources:

- [IBFD 2019d; PWC 2020a](#)

ID 503 — Permanent, economic zones, partial exemption ▲

Question: EZ-Permanent-Partial: How many permanent and partial tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 0

Sources:

- [IBFD 2019d; PWC 2020a](#)

ID 502 — Tax holidays, economic zones, full exemption ▲

Question: EZ-Temporary-Full: How many temporary (tax holidays) and full tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 2

Notes:

- (1). Exemption from CIT for an initial period of 10 years for Export Processing Zone companies (IBFD 2020d: 1.7.3). (2). According to the Zanzibar Investment Promotion Authority, approved investors having operations in the island of Zanzibar may be granted a corporate tax exemption for up to 5 years (zanzibarinvest.org; accessed 18/09/2020).

Sources:

- [IBFD 2019d; PWC 2020a](#)
- <https://www.zanzibarinvest.org/index.php/en/free-economic-zone-2/incentives-economic>

ID 501 — Tax holidays, economic zones, partial exemption ▲

Question: EZ-Temporary-Partial: How many temporary (tax holidays) and partial tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 1

Notes:

- Under the Zanzibar Investment Promotion and Protection Authority Act of 2018, approved investors may be granted a 50% exemption from CIT "during operation" of an approved investment (Sixth Schedule, Part 2). Approved investments are granted for a period of one year, after which the investor company has the option to renew the license, by submitting all necessary documents (First Schedule, section 6). Although there is no indication of an overall time limit for approved investments that are periodically renewed, we consider that this incentive a partial, temporary, exemption to corporate income tax.

Sources:

- [IBFD 2019d; PWC 2020a](#)
- <https://www.zanzibarinvest.org/index.php/en/downloads>

Haven Indicator 7: Patent Boxes ▲

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This indicator measures whether a jurisdiction offers preferential tax treatment for income related to intellectual property rights (e.g. patent boxes) and whether the Organisation for Economic Co-operation and Development (OECD) nexus approach constraints are applicable to the patent box.

ID 515 — Patent box ▲

Question: Patent Box: Does the jurisdiction offer preferential tax treatment for income related to intellectual property?

Answer: No, there is no exemption or a lower CIT for IP-income.

Notes:

- There is no patent box regime in Tanzania (IBFD 2020d: 1.3.3.1., 3.1.2.3.).

Sources:

- [IBFD 2020d](#)

Haven Indicator 8: Fictional Interest Deduction ▲

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This indicator measures whether a jurisdiction offers fictional interest deduction to lower the corporate income tax. Because the deduction is given even though no actual interest was paid, the interest deduction is referred to as "fictional" or "nominal". Fictional interest deduction allows a company with a capital structure with high equity (i.e. mostly financed by issuing shares instead of borrowing money) to deduct a certain sum of fictitious financial costs from its tax base.

ID 516 — Fictional interest deduction ▲

Question: Fictional Interest Deduction: Does the jurisdiction offer a scheme that allows deducting from the corporate income tax base a notional return on equity?

Answer: No

Sources:

- [IBFD 2020d](#)

This indicator considers whether a country requires all available types of company with limited liability (except for small companies) to keep accounts according to the international standard and to file their accounts with a government authority and to make them accessible online for free or at a low cost.

ID 188 — Compliance with international standard on keeping accounting records ▲

Question: *Is there an obligation to keep accounting data?

Answer: Yes

Notes:

- The Companies Act obliges companies to keep proper accounts (including the underlying documentation) for a period of six years (2002 Accounting Act: Articles 151-153). Since 2004, Tanzania adopted IFRS standards; Small companies (with capital investment of less than TZS 800,000,000 and less than 100 employees) can choose between full IFRS Standards and Small and Medium Enterprises IFRS Standards (ifrs.org).
- DATA WARNING: Tanzania has not been reviewed by the Global Forum yet.

Sources:

- [http://rita.go.tz/eng/laws/History%20Laws/Companies%20Ordinance,%201921%20\(cap.%20212\).pdf](http://rita.go.tz/eng/laws/History%20Laws/Companies%20Ordinance,%201921%20(cap.%20212).pdf)
- 2002 Companies Act: Articles 151-153 [↗](#)
- <https://www.iasplus.com/en/binary/africa/1005tanzaniaifrsforsmes.pdf>
- <https://www.wipo.int/edocs/lexdocs/laws/en/tz/tz015en.pdf>
- <https://www.ifrs.org/-/media/feature/around-the-world/jurisdiction-profiles/tanzania-ifrs-profile.pdf>
- <https://www.lloydsbanktrade.com/en/market-potential/tanzania/accounting>
- https://www.nordeatrade.com/dk/explore-new-market/tanzania/accounting?vider_sticky=oui

ID 189 — Submission of annual accounts to a government authority ▲

Question: *Are annual accounts submitted to a public authority?

Answer: No, annual accounts are not always required to be submitted to a public authority.

Notes:

- According to Article 167 of the Tanzanian Company Act, the directors of companies should deliver to the Registrar a copy of the annual accounts. However, according to section 167 of the act: "A private company exempt in relation to an accounting period from the requirement to appoint an auditor pursuant to section 171 shall also be exempt from the requirement to deliver copies of the accounts and Directors' Report to the Registrar" (2002 Company Act: Articles 167-168).

Sources:

- 2002 Company Act: Articles 167-168 [↗](#)
- <https://www.wipo.int/edocs/lexdocs/laws/en/tz/tz015en.pdf>
- <https://www.lloydsbanktrade.com/en/market-potential/tanzania/accounting>

ID 201 — Online availability of annual accounts / financial statements ▲

Question: *Are annual accounts available on a public online record (up to 10 €/US\$/GBP)?

Answer: Not applicable

Notes:

- Companies are not required to submit accounts to public authorities [ID189].

Sources:

- <https://ors.brela.go.tz/ors/start?returnUrl=%2fbrela%2fprod%2fors>

Haven Indicator 10: Public Country By Country Reporting (CBCR) ▲

This indicator measures whether the companies listed on the stock exchanges or involved in certain sectors (eg extractives) or incorporated in a given jurisdiction are required to publish publicly worldwide financial reporting data on a country-by-country reporting basis.

ID 318 — Public country-by-country reporting standard ▲

Question: *CBCR: Are companies listed on the national stock exchange or incorporated in the jurisdiction required to comply with a worldwide country-by-country reporting standard?

Answer: No public country-by-country reporting at all.

Sources:

- Email communication with PWYP International, 19.02.2019 & 05.08.2019 [↗](#)
- Meinzer & Trautvetter 2018 [↗](#)
- Freymeyer 2019 [↗](#)
- Email communication with Eurodad, 09.09.2020 [↗](#)

Haven Indicator 11: Robust Local Filing of Country By Country Reporting (CBCR) ▲

This indicator assesses whether a jurisdiction, going beyond the OECD standard, ensures its own access to the country-by-country reports of any relevant foreign multinational enterprises with domestic operations. Access is ensured if the jurisdiction requires country-by-country reports to be filed locally by the local subsidiary or branch of a foreign multinational enterprise whenever the jurisdiction does not obtain these reports through the automatic exchange of information for whatever reason.

ID 419 — Robust local filing of country-by-country reporting ▲

Question: *CBCR: Is there a local filing requirement of a global country-by-country reporting file (according to OECD's BEPS Action 13) by large corporate groups (with a worldwide turnover higher than 750 million Euro) and local subsidiaries of foreign groups?

Answer: No.

Notes:

- Tanzania is not a member of the Inclusive Framework (oecd.org) and does not have country-by-country (CbC) legislation in force (IBFD 2019d).

Sources:

- [IBFD 2019d](#)
- <https://www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf>
- <https://wts.com/wts.com/insights/tp-documentation/country-sheets/wts-country-tp-guide--tanzania.pdf>

Haven Indicator 12: Unilateral Cross-Border Tax Rulings 95

This indicator measures whether and to what extent a country publishes online unilateral cross-border tax rulings; and for countries with extractive industries, whether extractive industries contracts are published.

ID 363 — Tax rulings availability ▲

Question: *Tax Rulings: Are unilateral cross-border tax rulings (e.g. advance tax rulings, advance tax decisions) available in laws or regulation, or in administrative practice?

Answer: Yes

Notes:

- According to Tanzania's Ministry of Finance, both unilateral cross-border tax ruling and bilateral / multilateral advance pricing agreements are available (TJN-Survey 2017). This is confirmed by the IBFD (2020d).

Sources:

- [TJN-Survey 2017](#)
- [IBFD 2020d](#)

ID 421 — Tax rulings disclosure ▲

Question: *Tax Rulings: Are all unilateral crossborder tax rulings (e.g. advance tax rulings, advance tax decisions) published online for free, either anonymised or not?

Answer: NONE OR SOME: None or only some of the unilateral crossborder tax rulings are published online.

Notes:

- According to Tanzania's Ministry of Finance, unilateral crossborder tax rulings (e.g. advance tax rulings, advance tax decisions) are not published online for free (TJN Survey-2017). Indeed no evidence was found for an online publication as of October 2020.

Sources:

- [TJN-Survey 2017](#)
- [IBFD 2020d](#)

ID 561 — Mining contracts disclosure in law ▲

Question: *Mining contracts in law: Are all extractive industries mining contracts required by law to be disclosed?

Answer: Yes

Notes:

- According to the Tanzania Extractive Industries (Transparency and Accountability) Act (2015) 16(1) "In order to ensure transparency and accountability in extractive industries, the Committee shall cause the minister to publish- (a) in the website or through a media which is widely accessible all concessions, contracts and licenses relating to extractive sector companies'."

Sources:

- [Section 16\(1\), Tanzania Extractive Industries \(Transparency and Accountability\) Act \(2015\)](#)
- [Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=4>

ID 562 — Mining contracts disclosure in practice ▲

Question: *Mining contracts in practice: Are all extractive industries mining contracts published online in practice?

Answer: No, contracts are not available online.

Notes:

- Tanzania does not publish mining contracts online (NRGI Policy Tracker 2020).

Sources:

- [Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=41>

ID 563 — Petroleum contracts disclosure in law ▲

Question: *Petroleum contracts in law: Are all extractive industries petroleum contracts required by law to be disclosed?

Answer: Yes

Notes:

- According to the Tanzania Extractive Industries (Transparency and Accountability) Act (2015) 16(1) "In order to ensure transparency and accountability in extractive industries, the Committee shall cause the minister to publish- (a) in the website or through a media which is widely accessible all concessions, contracts and licenses relating to extractive sector companies'."

Sources:

- [Section 16\(1\), Tanzania Extractive Industries \(Transparency and Accountability\) Act \(2015\)](#)
- <http://www.teiti.or.tz/wp-content/uploads/2014/03/The-Tanzania-Extractive-Industries-Transparency-Accountability-Act-2015.pdf>
- [Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=0>

ID 564 — Petroleum contracts disclosure in practice ▲

Question: *Petroleum contracts in practice: Are all extractive industries petroleum contracts published online in practice?

Answer: No, contracts are not available online.

Notes:

- Tanzania does not publish any petroleum contracts online (NRGI Policy Tracker 2020).

Sources:

- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020 [↗](#)
- <https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxvQZBWzr-ohY/edit#gid=9>

Haven Indicator 13: Reporting of Tax Avoidance Schemes ▲

100

This indicator assesses two components of mandatory reporting to tackle tax avoidance schemes: (i) the reporting of tax avoidance schemes, in which we assess whether a country requires both taxpayers and tax advisers to report tax avoidance schemes they have used; and (ii) the reporting of uncertain tax positions, in which we assess whether a country requires taxpayers and tax advisers to report uncertain tax positions for which reserves have been created in annual corporate accounts.

ID 403 — Taxpayers' mandatory reporting of tax avoidance schemes ▲

Question: *Taxpayers reporting schemes: Are taxpayers required to report at least annually on certain tax avoidance schemes they have used?

Answer: No.

Sources:

- IBFD 2020d [↗](#)

ID 404 — Tax advisers' mandatory reporting of tax avoidance schemes ▲

Question: *Tax advisers reporting schemes: Are tax advisers (who help companies and individuals to prepare tax returns) required to report at least annually on certain tax avoidance schemes they have sold/marketed (if applicable)?

Answer: No.

Sources:

- IBFD 2020d [↗](#)

ID 405 — Taxpayers' mandatory reporting of uncertain tax positions ▲

Question: *Taxpayers reporting uncertain tax positions: Are taxpayers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts?

Answer: No.

Sources:

- IBFD 2020d [↗](#)

ID 406 — Tax advisers' mandatory reporting of uncertain tax positions ▲

Question: *Tax advisers reporting uncertain tax positions: Are tax advisers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts of the companies they advised?

Answer: No.

Sources:

- IBFD 2020d [↗](#)

Haven Indicator 14: Tax Court Transparency ▲

100

This indicator assesses the openness of a jurisdiction's judicial system in tax matters by analysing the public online availability of verdicts, judgements, and sentences.

ID 409 — Criminal tax courts' publication of decisions ▲

Question: *Is the full text of judgements / verdicts issued by criminal tax courts published online for free, or for a cost of up to 10 €/US\$/GBP??

Answer: No, full text of verdicts is not always online (up to 10€/US\$/GBP)?

Notes:

- Judgments from High Courts and Court of Appeal are available at the website of the Tanzania Legal Information Institute (tanzlii.org). However, decisions from the resident magistrate courts, the district courts, and the primary courts are not available online.

Sources:

- <https://tanzlii.org/>
- https://www.nyulawglobal.org/globalex/Tanzania1.html#_Judicial_System_of_Mainland%20Tanzani

ID 410 — Civil tax courts' publication of decisions ▲

Question: *Is the full text of judgements / verdicts issued by civil tax courts published online for free, or for a cost of up to 10 €/US\$/GBP?

Answer: No, full text of verdicts is not always online (up to 10€/US\$/GBP)?

Notes:

- Judgments from High Courts and Court of Appeal are available at the website of the Tanzania Legal Information Institute (tanzlii.org). However, decisions from the resident magistrate courts, the district courts, and the primary courts are not available online.

Sources:

- <https://tanzlii.org/>
- https://www.nyulawglobal.org/globalex/Tanzania1.html#_Judicial_System_of_Mainland%20Tanzani

ANTI-AVOIDANCE

Haven Indicator 15: Deduction Limitation of Interest Payments ▲

100

This indicator assesses a country's limitations on the deduction of interest expenses from the corporate income tax base. It focuses on limits placed on interest paid to non-resident group affiliates ("intra-group interest payments"), including by means of a fixed ratio rule.

ID 517 — Outbound intra-group interest deduction limitation ▲

Question: Outbound intra-group interest deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base interest paid to non-resident group affiliates?

Answer: NO: No deduction limitation for intra-group interest payments.

Notes:

- Tanzania has thin capitalisation rule based on a 7:3 debt/equity ratio (IBFD 2020d: 7.3). However, its implementation is limited. Tanzania Income Tax Act, Art. 11: "(2) The total amount of interest that an exempt-controlled resident entity may deduct under section 11(2) for a year of income shall not exceed the sum of (a) all interest derived by the entity during the year of income that is to be included in calculating the entity's total income for the year of income; plus (b) 70 percent of the entity's total income for the year of income calculated without including any interest derived or deducting any interest incurred by the entity... (4) In this section, an entity is an exempt-controlled resident entity for a year of income if it is resident and at any time during the year of income 25 percent or more of the underlying ownership of the entity is held by entities exempt under the Second Schedule, approved retirement funds, charitable organisations, non-resident persons or associates of such entities or persons" (tra.go.tz). Thus, we consider the existing thin capitalisation rule as insufficient.

Sources:

- IBFD 2020d [↗](#)
- <https://www.tra.go.tz/tax%20laws/Income%20Tax%20Act%20Revised%20Edition%202008.pdf>

ID 518 — Group ratio rule (as part of fixed ratio interest deduction limitation) ▲

Question: Group ratio rule: Does the jurisdiction apply a group ratio rule opt-in alongside fixed ratio limitations on interest deduction?

Answer: Not applicable

Notes:

- Since Tanzania's interest deduction limitation is insufficient, we consider that a group ratio carve-out is inapplicable.

Sources:

- IBFD 2020d [↗](#)

ID 519 — Financial undertaking exclusion (as part of fixed ratio interest deduction limitation) ▲

Question: Financial undertaking exclusion: Does the jurisdiction apply a financial undertaking exclusion alongside fixed ratio limitations on interest deduction?

Answer: Not applicable

Notes:

- Since Tanzania's interest deduction limitation is insufficient, we consider that a financial undertaking exclusion is not applicable.

Sources:

- IBFD 2020d [↗](#)

Haven Indicator 16: Deduction Limitation of Royalty Payments ▲

50

This indicator measures whether or to what extent a jurisdiction disallows or restricts the deduction of royalties paid to non-resident group affiliates ("intra-group royalty payments") from the corporate income tax base.

ID 520 — Outbound intra-group royalty deduction limitation ▲

Question: Outbound intra-group royalty deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base royalties paid to non-resident group affiliates?

Answer: YES, RESTRICTED TIGHT: Deduction limitation/disallowance applies with respect to certain intra-group royalty payments irrespective of countries complying with OECD NEXUS rules.

Notes:

- In principle, royalties are deductible (IBFD 2020d: 1.3.3.1). However, for the purpose of calculating the taxable income of a company conducting extractive activities, no deductions for royalty payments are allowed in Tanzania (IBFD 2020d: 3.1.2.3; tra.go.tz). Given that the extractive industry in Tanzania (including mining, energy consumption and diamonds) constitutes a significant portion of its economic activities (eiti.org), we consider this policy as 'restricted tight' limitation.

Sources:

- IBFD 2020d [↗](#)
- <https://www.tra.go.tz/tax%20laws/Income%20Tax%20Act%20Revised%20Edition%202008.pdf>
- <https://eiti.org/tanzania>

Haven Indicator 17: Deduction Limitation of Service Payments ▲

100

This indicator measures whether or to what extent a jurisdiction restricts or disallows the deduction of intra-group services payments (management fees, technical fees, consulting services fees) paid to non-resident group affiliates from the corporate income tax base.

ID 521 — Outbound intra-group services deduction limitation ▲

Question: Outbound intra-group services deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base payments for management, technical, legal or accounting services paid to non-resident group affiliates?

Answer: No, there is no deduction restriction beyond transfer pricing rules, the arm's length principle or other generic rules.

Notes:

- In Tanzania, there is no deduction limitation for intra-group service payments beyond the arm's length principle (IBFD 2020d: 1.3.3.1; 7.2).

Sources:

- IBFD 2020d [↗](#)

Haven Indicator 18: Withholding Taxes on Dividend Payments ▲

86

This indicator measures the extent to which a jurisdiction levies withholding taxes on outbound dividends. It assesses the lowest available unilateral withholding tax rate on outbound dividend payments.

ID 508 — Dividend-related party payment ▲

Question: Dividend-Related Party Payment: What is the (lowest) applicable unilateral cross-border withholding tax rate for outgoing dividend payments to a related party?

Answer: 5 %

Notes:

- Tanzania levies a 5 per cent withholding tax on dividend payments by Tanzanian resident listed companies to non-resident companies. Otherwise, non-resident companies are subject to 10 per cent dividends withholding tax (IBFD 2020d: 6.3.1). On 1 July 2018, the Tanzanian government abolished withholding tax exemption for dividend payments by companies established in Tanzania export processing zones during their first 10-year to non-resident companies. The preferential regime was available for the first 10 year period of companies (IBFD 2018d).

Sources:

- IBFD 2020d [↗](#)
- IBFD 2018d [↗](#)

Haven Indicator 19: Controlled Foreign Company Rules ▲

75

This indicator assesses whether countries apply robust non-transactional controlled foreign company (CFC) rules. CFC rules are a type of specific anti-avoidance rules that target particular taxpayers or transactions. Like other types of specific anti-avoidance rules, CFC rules are more effective than general anti-avoidance rules in capturing the specific type of tax avoidance on which they focus.

ID 522 — Controlled Foreign Company (CFC) rules ▲

Question: CFC-Rules: Does the jurisdiction apply robust non-transactional CFC rules?

Answer: NO, TRANSACTIONAL: While there are CFC rules, these are only transactional type of rules which allow attribution of profit to the CFC according to the arm's length principle, e.g. OECD Transfer Pricing Guidelines.

Notes:

- Tanzania has CFC rules (IBFD 2020d: 7.4). According to Tanzanian Income Tax Act Art. 73(1): "Controlled foreign trusts and corporations and their members shall be taxed in accordance with Subdivisions B and C of Part IV as modified by this Division." Subdivision B is for trusts, subdivision C is for corporations. Both are subject to the rules governing amounts used in calculating the income tax base under Division II of Part III (Art. 52(6) and 53(4)), which must be arm's length according to Art. 33.

Sources:

- IBFD 2020d [↗](#)
- <https://www.tra.go.tz/tax%20laws/Income%20Tax%20Act%20Revised%20Edition%202008.pdf>

DOUBLE TAX TREATY AGGRESSIVENESS

Haven Indicator 20: Treaty Aggressiveness ▲

4

This indicator analyses the aggressiveness of a jurisdiction in their double tax agreements with other countries, as revealed by the withholding tax rates that apply to the payment of dividends, interests and royalties.

ID 571 — Aggregate tax treaty aggressiveness ▲

Question: Aggregate-Aggressiveness: What is the scaled value of all negative differentials between the assessed jurisdiction's treaty withholding rates on all three payment types (dividend, interest and royalty) and those of its treaty partner jurisdiction.

Answer: 3.86765634507368

Global Scale Weight breakdown

 0.01%

Inward foreign direct investment (US\$)

\$ 6,996,319,442

Outward foreign direct investment (US\$)

\$ 2,074,379,223

Sum of inward and outward foreign direct investment (US\$)

\$ 9,070,698,665

Global total of sum of inward and outward foreign direct investment (US\$)

\$ 94,690,323,833,261

Global scale weight (share of jurisdiction's inward and outward foreign direct investment on the global total)

0.00958%