

A Bill
for
AN ACT TO IMPOSE AND ALTER CERTAIN TAXES AND DUTIES AND TO AMEND CERTAIN WRITTEN FINANCIAL AND TAX LAWS RELATING TO COLLECTION AND MANAGEMENT OF PUBLIC REVENUES AND OTHER MATTER CONNECTED THEREWITH

ENACTED by the House of Representatives of Zanzibar

PART I
PRELIMINARY PROVISIONS

Short title and commencement.

1. This Act may be cited as the Finance (Public Revenue Management) Act, 2016 and shall come into operation immediately after being assented to by the President.

PART II
AMENDMENT OF THE TAX ADMINISTRATION AND PROCEDURES ACT, NO. 7 OF 2009

Construction. **2.** This part shall be read as one with the Tax Administration and Procedures Act, No. 7 of 2009 in this part referred to as the Principal Act.

Amendment of section 18.

3. Subsection (2) of section 18 of the Principal Act is hereby amended by deleting the word "seventh" and replacing for it the word "tenth".

Amendment of section 23.

4. Subsection (3) of section 23 of the Principal Act is amended by deleting the words "all taxable person" and replacing for them the words "certain category of business".

Amendment of section 54A..

5. Section 54A of the Principal Act is amended by inserting new subsections (3),(4),(5) (6), (7), (8), (9), (10) and (11) immediately after subsection (2) as follows:

(3) The provisions of this section shall apply to any business which run under management by another business or person.

- (4) Subject to the provisions of this section:
- (a) "managing" includes management of business, controlling or operating any business;
 - (b) "owner" in respect of goods or property includes any person other than an officer acting in his or her official capacity being or holding himself or herself out to be the owner, agent, or the person in possession of, or beneficially interested in, or having control of, or power of disposition over or control of, the goods or property.
- (5) Subject to the provisions of sub-section (3) of this section:
- (a) a person managing business in Zanzibar shall, within fourteen days from the signing date of the contract of management of the business, provide a security whether by cash or bond as may be prescribed by the Commissioner;
 - (b) the Commissioner shall have the powers to transfer such security for the purpose of enforcing the payment of any tax liability due to such person.
- (6) Where the security provided under subsection (5) does not exhaust the tax liability of any managing person, the Commissioner may, for the purpose of tax recovery, attach any security provided between the parties operating such business, if that security involves the owner of the property, and the person managing the business;
- (7) The person referred to under subsection (5) shall not be relieved of his obligations to pay tax in his managing capacity and any asset or property of the owner or a person managing business may be seized and forfeited to recover the tax liability.

(8) In implementation of sub-sections (6) and (7) of this section:

- (a) the owner shall have the duty to require any condition or security to the person managing business for the purpose of payment of tax, and if such owner fails to do so, he shall be responsible for any tax liability and his assets may be used to recover that liability;
- (b) the person managing business must fulfil the requirement under paragraph(a) of this sub-section;
- (c) the person managing business who fails to comply with the requirement under paragraph(a) of this sub-section, his business shall be regarded as the business against laws and necessary legal actions shall be taken against him.

(9) An owner of the property shall, within fourteen days from the signing date of contract between him and the person managing the business, furnish a certified copy of the contract to Commissioner; and shall notify the Commissioner within 30 days before, the termination of contract between the parties referred to under sub section (6).

(10) The owner who fails to inform the Commissioner on the termination of contract as required under subsection (9) commits an offence and shall be liable to pay the total amount of tax to be recovered and a fine as provided for under section 15 of this Act.

(11) The owner who fails to furnish the satisfied copy of the contract under sub-section (9) of this section commits an offence and shall be liable to punishment as shall be determined by the Commissioner.

Amendment
of section
56.

6. Section 56 of the Principal Act is hereby amended by:

- (a) adding a new subsection (2) immediately after subsection (1) as follows:

(2) Notwithstanding the provisions of subsection (1):

(a) the Commissioner may compound an offence committed by any person under this Act whether applied or not, by requiring him to pay the fine prescribed for such offence;

(b) a person aggrieved by the decision of the Commissioner under paragraph (a), may appeal before the Tax Appeals Board.

(b) inserting the words “and (2)” between the words “sub-section (1)” and “of this section” which appears in both sub-section (4) and sub-section (5) of this section and to be read as “sub-section (1) and (2)”; and

(c) renumbering subsections (2), (3), (4), (5) and (6) to be subsections (3), (4),(5), (6) and (7) respectively.

**PART III
AMENDMENT OF THE VALUE ADDED TAX
ACT NO. 4 OF 1998**

7. This part shall be read as one with the Value Added Tax Act, No. 4 of 1998 in this part referred to as the Principal Act. Construction.

8. Section 16 of the Principal Act is hereby amended by deleting subsections (1), (2) and (4) thereof and replacing for them the following new subsections (1), (2) and (4) as follows: Amendment of section 16.

(1) For the purpose of this Part, "input tax" means:

(a) tax paid on the supply to a taxable person 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.

(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.

(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:

- (a) a tax invoice in respect of the supply of goods or services issued under this Act;
- (b) a value added tax withholding tax receipts issued under the provisions of the Tax Administration and Procedures Act;
- (c) a custom entry duly certified by the proper authorized officer; and a receipt for the payment of tax;
- (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;

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

**PART IV
AMENDMENT OF THE FINANCE
(PUBLIC REVENUE MANAGEMENT) ACT, NO. 9 OF 2015**

9. This part shall be read as one with the Finance Act, No. 9 of 2015 in this part referred to as the Principal Act. Construction.

10. The first item under sub-section (3) of section 20 of the Principal Act is hereby amended by inserting to it the words "or its equivalent in Tanzania Shillings" between the word "USD 1" and "per person" . Amendment of section 20.

**PART V
AMENDMENT OF THE VOCATIONAL TRAINING
ACT NO. 8 OF 2006**

11. This part shall be read as one with the Vocational Training Act No. 8 of 2006 in this part referred to as the Principal Act. Construction.

12. Section 15 of the Principal Act is hereby amended by deleting sub-section (4) and substituting for it the following new sub-section as follows: Amendment of section 15.

(4) The provision of subsection (1), (2) and (3) of this section shall not apply to the following:

- (a) Government Department and any public institution which is non-profit making and mainly financed through the consolidate fund;

- (b) Local government;
- (c) Diplomatic Missions; and
- (d) The United Nations and its Agencies.

Amendment
of section
29.

13. Section 29 of the Principal Act is hereby amended by:

- (a) inserting new subsection (2) immediately after sub-section (1) as follows:

(2) An Employer shall file to the Deputy Commissioner within 30 days after the end of each six month calendar period, a six months statement as prescribed specifying:

- (a) payments made by the Employer during the period that are subject to payment of levy;
 - (b) summary of gross emoluments and levy paid separately to permanent and casual employees together with levy paid during the period; and
 - (c) any other information that the Deputy Commissioner may prescribe.
- (b) renumbering sub section (2), (3), and (4) to be (3),(4) and (5) respectively.

PART VI
AMENDMENT OF THE ZANZIBAR INVESTMENT
PROMOTION AND PROTECTION ACT NO. 11 OF 2004

Construction.

14. This part shall be read as one with the Zanzibar Investment Promotion and Protection Act, No. 11 of 2004 in this part referred to as the Principal Act.

Amendment
of section
20.

15. Section 20 of the Principal Act is hereby amended by:

- (a) re numbering section 20(1) to be 20(1)(a);
- (b) Inserting a new paragraph (b) to be 20(1)(b) as follows:

"(b) Minister responsible for Finance shall sign the certificate under paragraph (a) of this section".
- (c) Deleting subsection (2) and replacing for it the following new sub-section (2) as follows:

"(2) For the purpose of promoting investments, the Minister in consultation and agreement with the respective Minister, may negotiate and determine non-tax incentives package; provided that any agreement on tax issues shall be negotiated with the Minister responsible for Finance."

PART VII
AMENDMENT OF THE ZANZIBAR TAX APPEALS ACT,
NO. 1 OF 2006

16. This part shall be read as one with the Zanzibar Tax Appeals Act, Construction.
No. 1 of 2006 in this part referred to as the Principal Act.

17. Sub-section (1) of section 14 of the Principal Act is hereby amended Amendment
by deleting the word "Minister" replacing it by the word "Chief Justice". of section
14.

OBJECTS AND REASONS

The main object of this Bill is to amend certain written financial and tax laws relating to collection and management of public revenues and other related matter.

The Bill is divided into seven parts as follows:

Part I deals with preliminary Provisions short title and commencement.

Part II deals with various amendments under the tax administration and procedures act, No. 7 of 2009 for:

- (a) rectifying the date for submission of return to be tenth instead of seventh;
- (b) to recognize other documents used to confirm payment other than receipts depending on the category of business;
- (c) to add sub-sections under section 54 in order to set procedures for management business;
- (d) empowering commissioner to compound offence without receiving application.

Part III deals with various amendments under The Value Added Tax Act No. 4 of 1998 for amending sections 16(1),(2) and (4) to elaborate the requirements or qualifications for allowance on a credit of input tax incurred by a person as well as deduction or claims.

Part IV deals with various amendments under The Finance (Public Revenue Management) Act, No. 9 of 2015 by adding the privilege of using equivalence of Tanzania Shillings instead of using US\$ only.

Part V deals with various amendments under The Vocational Training Act No. 8 of 2006 for:

- (a) adding organizations which are exempted from income collection procedures;
- (b) requirement of filling the six month statement to the Deputy Commissioner concerning payment of levy and necessary particulars to be specified in that statement.

Part VI deals with amendments under the Zanzibar Investment Promotion and Protection Act No.11 of 2004: and provides that, the Minister (responsible for investment)in consultation and agreement with the respective Minister (Minister responsible for any matter in issue), may negotiate and determine non-tax incentives package; and further the provision provides that, any agreement on tax issues shall be negotiated with the Minister responsible for Finance.

Part VII deals with amendments under the Zanzibar Tax Appeals Act No.1 of 2006 in which the power of Appointment of Registrar and Deputy Registrar is given to the Chief Justice instead of that power previously being exercised by the Minister.

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MINISTER OF FINANCE AND PLANNING

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ZANZIBAR