



# THE FINANCE (PUBLIC REVENUE MANAGEMENT) ACT, 2016

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ACT NO. 1 OF 2016  
I ASSENT

*Alhamin*

{ DR ALI MOHAMED SHEIN }  
PRESIDENT OF ZANZIBAR AND CHAIRMAN OF THE  
REVOLUTIONARY COUNCIL

*15<sup>th</sup> June*, 2016

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 ONE  
PRELIMINARY PROVISIONS

Short title  
and  
commence-  
ment.

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 TWO  
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) and (10) immediately after subsection (2) as follows:

(3) The provisions of this section shall apply to any business which runs 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 date of signing the contract of management of the business, provide a sufficient 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; and failure to comply with that requirement, his business shall be regarded as the business operating against laws and necessary legal actions shall be taken against him.

(9) An owner of the property shall, within fourteen days from the date of signing 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 termination of the contract between the parties.

(10) The owner who fails to furnish the certified copy of the contract or to inform the Commissioner on the termination of contract as required under subsection (9), commits an offence and upon conviction 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.

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 sub-sections (3), (4), (5), (6) and (7) respectively.

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

Construction. **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.

Amendment of section 16. **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:

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

- (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”.

“(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 one of the following documents:

- (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 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 case of imported taxable services; or
- (f) any documentary evidence of the payment of tax as the Commissioner may prescribe.

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

Construction. **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.



Amendment  
of section  
20.

**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".

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

Construction.

**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.

Amendment  
of section  
15.

**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:

“(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 Governments;
- (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 sections (2), (3), and (4) to be (3),(4) and (5) respectively”.

**PART SIX**  
**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) renumbering 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 made in consultation with the Minister responsible for Finance."



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

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

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

**Passed** by the House of Representatives of Zanzibar on 26<sup>th</sup> May, 2016.

**RAYA ISSA MSELLÈM**  
**CLERK OF THE HOUSE OF REPRESENTATIVES**  
**ZANZIBAR**