



THE FINANCE ACT, 2006

ARRANGEMENT OF SECTIONS

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ACT NO. 6 OF 2006

I ASSENT

Amani Abeid Karume
{ **AMANI ABEID KARUME** }
PRESIDENT OF ZANZIBAR
AND

CHAIRMAN OF THE REVOLUTIONARY COUNCIL

4th SEPTEMBER, 2006

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

ENACTED by the House of Representatives of Zanzibar 2006.

**PART I
PRELIMINARY PROVISION**

Short title
and
commencement.

1. This Act may be cited as the Finance (Public Revenue Management) Act 2006 and shall come into operation immediately after being assented to by the President.

**PART II
AMENDMENT OF THE PORT SERVICE CHARGES
ACT, NO. 2 OF 1999**

Construction.

2. This part shall be read as one with the Port Service Charge Act, No.2 of 1999 in this part referred to as the "Principal Act".

Amendment
of section 2.

3. Section 2 of the Principal Act is hereby amended by deleting the definition of the word "Appeal Tribunal" and substituting for it the following definition:-



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

Amendment
of section 3.

4. Section 3(1) of the Principal Act is hereby amended by deleting the phrase "and any exemption granted under Section 5" appearing between the words "section 4" and "there".

Amendment
of Section 6.

5. Section 6 of the Principal Act is hereby amended:-

- (a) by inserting the words "in consultation with the Commissioner" between the words "Minister" and "may" appearing in subsection (1);
- (b) by inserting subsection (4) immediately after subsection (3) as follows :-

"(4) Subject to the provisions of this section the Minister may in consultation with the Commissioner cancel the appointment of any agent".

**PART III
AMENDMENT OF THE HOTEL LEVY
ACT, NO.1 OF 1995**

Construction.

6. This part shall be read as one with the Hotel Levy Act, No.1 of 1995 in this part referred to as the "Principal Act".

Amendment
of section 2.

7. Section 2 of the Principal Act is hereby amended:-

- (a) By inserting new interpretation as follows:-

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

- (b) By deleting the word "court" and its interpretation;



- (c) By replacing the word "owner" by the word "operator" in its stead.

Amendment
of Section 3.

8. Section 3 of the Principal Act is hereby deleted and substituted by new section 3 as follows:-

Imposition
and payment
of levy.

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, whichever 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.

Amendment
of section 3B.

9. The Principal Act is hereby amended by deleting section 3B and replace by the following section:-



"Exemption to pay VAT. 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."

Amendment of section 5C.

10. Section 5C (1) of the Principal Act is hereby amended by inserting the words "within thirty days of ceasing to be liable" between the words "shall" and "give".

Amendment of section 9.

11. Section 9 of the Principal Act is hereby amended by inserting subsection (7) immediately after subsection (6) as follow:-

"(7) Any person who removes, causes to be removed, attempts to remove or assists in removing any seal or lock or prevent any authorized officer to exercise his power under subsection (4) of section 9 of this Act, commits an offence and upon conviction shall be liable to a fine not exceeding two Million Shillings or imprisonment for a term not exceeding two years or both fine and imprisonment."

**PART IV
AMENDMENT OF THE STAMP DUTY
ACT, NO. 6 OF 1996**

Construction.

12. This part shall be read as one with the Stamp Duty Act, No.6 of 1996 in this part referred to as the "Principal Act".

Amendment of section 3.

13. section 3 of the Principal Act is hereby amended by adding subsection 5 as follows:-

"(5) Notwithstanding the provisions of this Act, the Minister may, by Order published in the Gazette, categorise particular types of business for which a specific rate other than the rate specified under this Act, shall be applicable as stamp duty"



Amendment
of section 8.

14. Section 8 of the Principal Act is hereby amended by deleting the words "Zanzibar Investment Promotion Act, 1986 or the Free Economic Zone Act 1992" appearing in subsection 3 and substituting for them the words "Zanzibar Investment Promotion and Protection Act, 2004".

Amendment
of section 28.

15. Section 28 of the Principal Act is hereby amended by inserting subsection (6) immediately after subsection (5) as follows:-

"(6) Any person who removes, causes to be removed, attempts to remove or assists in removing any seal or lock or prevent any authorized officer to exercise his power under subsection (3) of section 28 of this Act, commits an offence and upon conviction is liable to a fine not exceeding two Million Shillings or imprisonment for a term not exceeding two years or both such fine and imprisonment."

**PART V
AMENDMENT OF THE PETROLEUM LEVY
ACT, NO. 7 OF 2001**

Construction.

16. This part shall be read as one with the Petroleum Levy Act, No.7 of 2001 in this part referred to as the "Principal Act".

Amendment
of section 2.

17. Section 2 of the Principal Act is hereby amended by deleting the definition of the words "Appeal Tribunal" and substituting for them the following definition:-

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

Amendment
of section 6C.

18. Section 6C of the Principal Act is hereby amended by inserting the words "within thirty days of ceasing to be liable" between the words "shall" and "give".



Amendment
of section 13.

19. Section 13 of the Principal Act is hereby amended by inserting subsection (7) immediately after subsection (6) as follows:-

"(7) Any person who removes, causes to be removed, attempts to remove or assists in removing any seal or lock or prevent any authorized officer to exercise his power under subsection (2) of section 13 of this Act, commits an offence and upon conviction is liable to a fine not exceeding two Million Shillings or imprisonment for a term not exceeding two years or both such fine and imprisonment."

Amendment
of section 14.

20. Section 14 of the Principal Act is hereby deleted.

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

Construction.

21. 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 2.

22. Section 2 of the Principal Act is hereby amended by deleting the definition of the words "Appeal Tribunal" and substituting for it the following definition:-

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

Addition of a
new section 11A.

23. The Principal Act is hereby amended by adding a new section 11A immediately after section 11 as follows:-

Misuse of exemption and special relief. 11A.(1) Notwithstanding the provisions of any other laws or regulations, no person is allowed to use goods referred to under section 11 of this Act for any other purpose other than for which it is intended.

(2) Any person who contravenes the provisions of this section commits an offence and upon conviction is liable to pay a fine of two



millions shillings or to imprisonment for a term of two years or both such fine and imprisonment and the court shall order the payment of the whole of the tax in respect of the exemption or relief.

Amendment of section 19.

24. Section 19 of the Principal Act is hereby amended as follows:-

- (a) by deleting sub sections (5), (6) and (7);
- (b) by renumbering sub sections (8) and (9) to be sub section (5) and (6) respectively.

Amendment of section 26.

25. Section 26 of the Principal Act is hereby amended by inserting a new subsection (9) immediately after subsection (8) as follows:-

"(9) Subject to this Act, it shall be lawful for the Commissioner to determine an average exchange rate for the purpose of preparation and lodging of returns under this Act".

Amendment of section 34.

26. Section 34(1)(b) of the Principal Act is hereby deleted and replaced as follows:-

"a taxable person fails to appeal to the Zanzibar Tax Appeals Board as provided for under the Zanzibar Tax Appeals Act, 2006".

Amendment of section 43.

27. Section 43 (2) of the Principal Act is hereby amended by deleting the words "Part X" and substituting for them the words "Act No.1 of 2006".

Amendment of section 47.

28. Section 47 (1) of the Principal Act is hereby amended by deleting the phrase "two million shillings" and substituting for them the following phrase "twenty five percent of the evaded amount or Five Hundred Thousand Shillings whichever is greater, or be imprisoned for a term not exceeding two years or both such fine and imprisonment"



Amendment
of section 48.

29. Section 48(1) of the Principal Act is hereby amended by deleting the words "Attorney General" and substituting for them the words "Director of Public Prosecutions".

Amendment
of section 51.

30. Section 51 of the Principal Act is hereby amended by inserting subsection (7) immediately after subsection (6) as follow:-

**PART VII
AMENDMENT OF ZANZIBAR SOCIAL SECURITY FUND
ACT, NO. 2 OF 2005**

Construction.

31. This Part shall be read as one with the Zanzibar Social Security Fund Act, No. 2 of 2005 in this Part referred to as the "Principal Act".

Amendment
of section 31.

32. Section 31 of the Principal Act is hereby amended by adding new section 2A immediately after subsection 2 as follows:-

2A. Where any member has served the Government prior to the establishment of the Fund and attains a pensionable age while he/she is a member of the Fund, he/she shall be entitled to receive his/her benefit both from the Fund in accordance with this Act and from the Government for the period prior to the establishment of the Fund.

Provided that for the purpose of calculating the benefit from the government under this section for a member or non-member Government employee, the base for such calculations shall be the last basic salary before the consolidation of salary and allowances.

PASSED in the House of Representatives on the 2nd day of August, 2006.


{ **KHAMIS JUMA CHANDE** }
CLERK OF THE HOUSE OF REPRESENTATIVES