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Newsletter

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Public Notice

Tanzania Revenue Authority has recently issued a public notice (herein “the notice”) to the general public of an amnesty on accumulated interest and penalties on tax arrears. The much awaited notice follows the 2018/19 budget speech by the Honourable Minister for Finance and Planning in response to the business community’s concerns over the burden of accumulated tax arrears that include penalties and interest.

SUMMARY

- *The TRA’s Public Notice on the Amnesty is dated 11 July 2018*
- *The amnesty takes effect on 1st July 2018*
- *The amendments grants powers to the Commissioner to waive 100% interest and penalties*
- *An application is to be made for the amnesty to take effect by 30th November 2018*
- *Tax payer is to commit to pay the principal tax liability by 30th June 2019*

The notice informs the public of amendment in the Tax Administration (Remission of Interest and Penalty) Order, 2018 that grants Ministerial powers to the Commissioner General to waive 100% of the accumulated penalties and interests on outstanding taxes. It also goes further to provide the scope of the amnesty, eligibility of the amnesty, the conditions for the amnesty as well as the coverage period.

The amnesty requires taxpayers to make a commitment to pay the principal tax liability in instalments or otherwise by 30th June, 2019 but the deadline for the application of the waiver to be on 30th November, 2018.

What does the statute say regarding application of waiver of penalties and interests?

Prior to these amendments, The Tax Administration Act, 2015 under section 70 provided discretionary powers to the Commissioner to waive 100% of penalties and only 50% of interest upon application, where the taxpayer has shown good cause.

Good cause is not defined by the Act and it has been an uphill task getting waiver of interest and penalties.

What taxes does the tax amnesty cover?

According to the Notice, the tax amnesty covers all taxes that TRA is mandated to administer and/collect as per the laws governing TRA’s establishment. These include but not limited to:

- Pay As You Earn (PAYE)
- Corporation Tax
- Withholding Tax (WHT)
- Value Added Tax (VAT)
- Stamp Duty
- Excise Duty (local)

SUMMARY

- Domestic taxes governed by local tax laws to be eligible for relief
- No limit to how far back the amnesty will cover
- Amnesty to cover taxes under disputes i.e. objection under the Commissioner and TRAB
- An application is to be made for the amnesty to take effect by 30th November 2018
- Tax payer is to commit to pay the principal tax liability by 30th June 2019

What taxes are not covered under the tax amnesty?

According to the Notice, the following taxes are not covered under the tax amnesty:

- Taxes not governed by TRA
 - Customs Duties
 - Excise Duties (on imports)
- Non tax revenues TRA is mandated to collect
 - Gaming taxes
 - Property taxes
 - Advertising fees

Who are eligible for the amnesty?

Tax payers who would be eligible for a full waiver of interests and penalties on all outstanding tax arrears are as follows:

- Those taxpayers who are up to date with their tax filings but are yet to pay wholly or partly their tax dues;
- Those taxpayers yet to file a tax return in respect of an eligible tax and are yet to pay wholly or partly their tax dues;
- Taxpayers who are carrying out business without being registered with TRA and issued with Taxpayer Identification Number (TIN);
- Taxpayers who have triggered VAT registration but yet to be registered with VAT;
- Taxpayers currently under the objection stage but yet to reach the Tanzania Revenue Appeals Board (TRAB);
- Taxpayers currently under appeal with TRAB but yet to be decided;
- In cases of taxes under dispute/appeal above, the taxpayer is required to commit that they will not proceed with the objection before making the amnesty application

The tax amnesty application is to be made in writing by 30th November 2018 with a commitment to pay the principal amount. Taxpayers are allowed to apply to pay in instalments the principal tax and they have up to 30th June 2019 to do so



Who is not eligible for the amnesty?

Taxpayers who are not eligible for the amnesty are as follows:

- Taxpayer who may be eligible but has paid eligible tax prior to the amnesty;
- Taxpayer who is under tax audit or investigation;
- Taxpayer whose assessment results from an offence involving willful or fraudulent omission or commission under a tax law;
- Taxpayer convicted of fraud by a court in respect of an eligible tax;
- Taxpayers who has been convicted of a transnational organized crime, including money laundering, human trafficking, poaching, economic sabotage, corruption, drug trafficking or involvement in terrorism;
- Taxpayers whose assessment is a result of a failure to use the Electronic Fiscal Devices (EFD) or other offence which has been compounded;

How to take advantage of the amnesty

Taxpayers can be able to take advantage of this amnesty by:

- Confirming to the Commissioner General in writing to pay the principal tax
- Submit a dully completed application form **ITX207.01.E**
- Commitment to pay the principal tax arrears by 30th June, 2019

OUR RECOMMENDATION

We recommend that taxpayers review their compliance with Tanzania Revenue Authority from the date of registration and endeavour pay all the outstanding taxes prior to the expiry of the notice grace period. This includes taxes currently under the objection whereas the taxpayer can apply to pay the taxes not in dispute and waive the penalties and interests thereon.

We would also encourage all taxpayers who are liable to register for TIN and/or VAT Registration Numbers (VRN) but have not yet done so to utilize this opportunity by registering and paying all the taxes that ought to be paid before the elapse of the amnesty.

Feel free to contact Basil & Alred should you require any clarification or assistance with respect to the above.

Talk to Us

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