

- d) **Timely payment of taxes:** It is the obligation of the taxpayer conducting tourism services to pay tax on or before the due date.
- e) **Issuance and demand of fiscal receipts/ tax invoices:** suppliers of tourist services have the obligation to issue fiscal receipts and the receiver of the service has an obligation to demand a fiscal receipts.
- f) **Cooperation with TRA:** Every taxpayer has a duty to cooperate adequately with TRA officials where need be by or producing relevant information or documents as and when required.

8.0 Is there any VAT exemption regarding to tourist services?

No! There is no VAT exemption to tourism services. The Finance Act, 2016 deleted item 21 to the schedule of VAT Act, which were initially exempt under this sector and now are subject to VAT with effect from 1st July, 2016. However, investors under Tourism Sector do enjoy tax exemption on import duty provided under East Africa Customs Management Act (EACCMA) during importation of special designed vehicles for tourist's transportation.

9.0 What are the consequences to tourism service suppliers who fail to comply with the tax laws?

Any supplier of tourism services who contravene the law will be subjected to punishment in respect of offence committed; such offences are covered under Tax Administration Act, Cap 438.

The Act provides for penalties and interests to be imposed to the tourism service suppliers when fails to comply with the VAT law accordingly.

“Together We Build Our Nation”

*Whenever you render service issue
a receipt
Whenever you pay for service
demand a receipt*

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VALUE ADDED TAX ON TOURISM SERVICES



1.0 INTRODUCTION

This leaflet briefly explains the imposition of Value Added Tax on tourism services in Tanzania. This leaflet is for information only and not a substitute to the law.

2.0 Why VAT on Tourism Services?

In order to broaden tax base, the Government of the United Republic Tanzania decided to charge VAT on all tourism services with effect from 1st July, 2016. Tourism is among the fastest growing sectors in Tanzania and investment prospects are quite high. According to statistics more holiday (Tourism in Tanzania) makers are visiting the country due to peculiar tourist's attraction and favorable investment environment.

3.0 What are services in the context of VAT law?

Service means anything that is not goods, immovable property or money such services includes:-

- a) Provision of information or advice;
- b) A grant, assignment, termination, or surrender of a right;
- c) The making available of a facility, opportunity, or advantage;
- d) An entry into an agreement to refrain from or tolerate an activity, a situation, or the doing of an act, and
- e) An issue, transfer, or surrender of a license, permit, certificate, concession, authorization or similar right.

4.0 What are the tourist services?

Tourist services are services relating to tourism business that include:-

- a) Tourist guiding
- b) Game driving
- c) Water safaris
- d) Animal or bird watching
- e) Park fees
- f) Ground transport

5.0 What is supply?

Supply means any kind of supply whatsoever. Therefore supply of tourism services involves services related to tourism sector.

6.0 Who are the taxable persons for tourism services?

Taxable person means a registered person or a person who is required to be registered for Value Added Tax under VAT Act, Cap, 148. Therefore taxable persons who supply tourism services are required to be registered for VAT purposes irrespective of their turnover as stipulated by section 29 of VAT Act.

7.0 What are the rights and obligations of supplier of tourist services?

The rights of a supplier of tourism services are as stipulated in the Taxpayers' Charter that include:-

- a) **Impartial treatment:** the taxpayer has a right to an impartial application of tax laws when fulfilling his/her obligation
- b) **Privacy and confidentiality:** Taxpayer

has a right to privacy and confidentiality for private and business information supplied to TRA unless the law states otherwise

- c) **Presumption of Honesty:** Right to be presumed honest unless evidenced to the contrary exist
- d) **Objection of tax decisions:** A person who is aggrieved by a tax decision made by the CG may object the decisions by filling an objection to the CG.
- e) **Tax relief and exemption under tax law:** Taxpayer has the right to plan his/her tax affairs so as to obtain relief and exemption allowed under the tax laws. Hence TRA has to apply the tax laws in consistent manner to all taxpayers including tourism sector.

7.1 What are the obligation of supplier of tourist services?

Obligation of taxpayer under supply of tourism services are also the same as those enshrined in Taxpayers' Charter which include:-

- a) **Registration:** any person conducting economic activities and is eligible to register for tax purpose must register in accordance to the law.
- b) **Filing of return:** any person registered for tax purposes must file a tax return within a period prescribed in the respective laws/Act.
- c) **Accuracy of Returns:** Taxpayer has the obligation to file correct and accurate returns