

VALUE ADDED TAX ACT,

(CAP. 148)

REGULATIONS

(Made under section 6(5)(b))

THE VALUE ADDED TAX (EXEMPTION MONITORING
PROCEDURES) REGULATIONS, 2018

PART 1
PRELIMINARY REGULATIONS

Citation

1. These Regulations may be cited as the Value Added Tax (Exemption Monitoring Procedures) Regulations, 2018.

Application

2. These Regulations shall apply to value added tax exemptions granted under section 6 of the Act.

Interpretation

Cap. 148

Cap. 399

3. In these Regulations, unless the context requires otherwise:
“Act” means the Value Added Tax Act;
“applicant” includes ministries, local government, Government agencies or institutions that apply for tax exemption under these Regulations;
“Commissioner General” has the meaning ascribed to it under the Tanzania Revenue Authority Act;
“Government funded project” has the meaning ascribed to it under section 6 of the Act;
“tax” means value added tax;
“Technical Committee” means the Technical Committee established under section 6 of the Act;
“Minister” means the Minister responsible for finance;

PART II
PROCEDURE FOR GRANTING AND PROCESSING TAX EXEMPTION

Procedure for
application of
tax exemption

4.-(1) An application for tax exemption under section 6 of the Act with respect to a project funded by –

- (a) Government; or
- (b) concessional loan or grant through an agreement between the Government of the United Republic of Tanzania and another Government, donor or lender:

Provided that, such agreement provides for value added tax exemption on such goods or services, shall be made to the Minister in writing in a format as prescribed in the Schedule to these Regulations.

(2) Subject to sub regulation (1), the application shall be made within a period of not less than thirty days before the commencement of the project and accompanied with the following:

- (a) agreement with the Government which was approved by the Minister and binds the Government to grant tax exemption;
- (b) contract between Government entity and contractors or sub contractors with respect to Government funded project which was approved by the Minister;
- (c) quotations, proforma invoices, bill of quantities for all goods and services to be exempted for the project;
- (d) tentative description of the place of procurement of goods or services;
- (e) tentative analysis showing exact quantities, value of goods and services to be exempted with the corresponding amount of tax sought to be exempted;
- (f) list of contractors and sub contractors who will execute the project;
- (g) physical address of where the project shall take place;
- (h) written confirmation from the Attorney General to signify that the contract was properly vetted and verified;
- (i) written confirmation from the Ministry or Government entity executing the project to the effect that the quoted values are tax exclusive;
- (j) written confirmation to certify that the agreement was awarded according to the Public Procurement Act;
- (k) any other information as may be required by the Minister.

(3) The information referred to in sub regulation (2) shall be submitted to the Minister through the parent Ministry of the applicant which owns or executes the project.

(4) An application made under this regulation shall not be granted until verified by the Technical Committee.

(5) Pursuant to sub regulation (4), the Technical Committee, in conducting verification exercise, may request any additional information from the applicant or respective ministry or government entity for review purposes.

(6) The Technical Committee after reviewing and verifying the applications made under this regulation shall accordingly advise the Minister to either approve or dis approve the application.

(7) In the event the Minister refuses to accept the advice of the Technical Committee, he shall register his refusal by giving reasons thereof for

Cap. 410

the Technical Committee's consideration.

(8) Where the Minister approves an application made under this regulation, he shall proceed to issue an Order in the *Government Gazette* as required under section 6 (2) of the Act.

Procedure for
processing tax
exemption by
the
Commissioner
General

5.-(1) The applicant, who has been issued with an Order under regulation 4(8) of these Regulations, shall apply to the Commissioner General, for tax exemption through a format as prescribed in the Forms specified in the Schedule to these Regulations.

(2) Notwithstanding sub regulation (1), in the case of importation of goods, the application shall be made directly to the Commissioner for Customs and Excise in the prescribed Form ITX 265.01.E specified in the Schedule.

(3) The application made under this regulation, shall be accompanied with the following:

- (a) a copy of published Order by the Minister issued under section 6 of the Act exempting the applicant from paying tax;
- (b) in case of locally procured goods or services, proforma invoice from the supplier of goods or services; or
- (c) in case of importation of goods, single bill of entries and bill of lading.

(4) The Commissioner General shall, within a period of thirty days from the date he receives the application, verify the application and communicate his decision to the applicant.

(5) Subject to sub regulation (4), upon approval of the application, the Commissioner shall allow the tax exemption, in the event the Commissioner General refuses to allow the application, he shall give reasons for his refusal to the applicant.

PART II

PROCEDURE FOR MONITORING GRANTED TAX EXEMPTIONS

Monitoring of
granted tax
exemptions

6.-(1) For purposes of carrying out effective monitoring of tax exemption granted under section 6 of the Act, the applicant shall, subject to subregulation (2) submit to the Commissioner General a report of utilisation of the granted tax exemption in the format as prescribed in the Schedule and a copy thereof to the Minister.

(2) The report referred in sub regulation (1) shall be submitted to both the Commissioner General and the Minister within a period of thirty days after a lapse of every;

- (a) six months for a twelve months projects; and
- (b) twelve months for projects with a maximum period of more than one year,

from the date of approval of the tax exemption by the Commissioner General.

(3) In the event the applicant fails to submit the report referred in this regulation, the Commissioner General shall immediately stop approving any further tax exemption until the applicant properly accounts for all of its previous utilized tax exemption.

(4) Where the applicant fails to account for its granted tax exemption, the Commissioner General shall proceed to charge and demand the respective taxes unaccounted for against the applicant in due course.

(5) The Technical Committee shall advise the Minister on effective ways of monitoring granted tax exemptions after verifying applicants' reports on utilization of tax exemptions.

(6) The Commissioner General shall –

(a) maintain a separate register for the tax exemptions granted under section 6 of the Act;

(b) conduct tentative surveillance to ensure effective monitoring of utilization of granted tax exemption; and

(c) report outcome to the Technical Committee.

(7) The Technical Committee and the Commissioner General shall work in collaboration to ensure compliance of tax laws and correct advice is eventually delivered to the Minister.

PART IV GENERAL REGULATIONS

Procedure for
dispute
settlement
Cap. 438

6.-(1) Any applicant who is aggrieved by any decision or demand issued by the Commissioner General may lodge an objection to the Commissioner General in a manner as provided for under the Tax Administration Act, provided that:

(a) the requirement to pay the amount provided under section 51(5) of the Tax Administration Act shall not apply; and

(b) the applicant may lodge such objection electronically or through ordinary written document as the Commissioner General may direct.

(2) A person aggrieved with the decision of the Commissioner General on objection may appeal to the Tax Revenue Appeals Board in the manner provided for under the Tax Revenue Appeals Act.

Cap. 408

Revenue
accounting

7. The Commissioner General shall account for all taxes collected on account of default by the applicants discovered through the monitoring exercise to the Minister annually.

Offences

8. Any person or applicant who contravenes these Regulations commits an offence and on conviction shall be liable to a fine equal to hundred percent of the tax shortfall or evaded or to imprisonment for a term not exceeding seven years or to both such fine and imprisonment.

SCHEDULE

(Under regulation 4(1))

Form No. ITX 264.01.E

APPLICATION FOR TAX EXEMPTION

Complete In duplicate

To: Permanent Secretary,
Ministry for Finance and Planning,
Treasury Square,
18 Jakaya Kikwete Road,
P. O. Box 2802,
DODOMA

Date:

**APPLICATION FOR FOR VAT EXEMPTION TO PROJECTS FUNDED BY GOVERNMENT,
FOREIGN GOVERNMENT, DONOR OR LENDER HAVING AGREEMENT WITH THE
GOVERNMENT OF THE UNITED REPUBLIC**

M/S.....

(Name of the Organisation)

hereby apply for value added tax exemption on supply of goods/services pursuant to the provision of section 6 of the Value Added Tax Act, 2014 as detailed below:

Type of financing

(Government fund/Donor/Concessional loan/Other Government)

Name of the Financier.....

Brief details of the project

Project cost excluding value added tax (in foreign exchange and Tshs.)

Implementing Ministry/ Government entity

Name of contractor

Name of sub-contractor and type of contract

1)

2)

3)

Tenure of the contract

Description of goods/services	Unit	Quantity	Value exclusive of VAT (in shillings)	VAT Amount	Supplier
Total					

NB:In case the space provided above is not sufficient please attach the list of additional items in the same format.

Declaration

WE DO CERTIFY that the above information/data are correct. We undertake not to sell, transfer or dispose of in any way the said goods unless and until value added tax is fully paid.

.....
Name of Authorized Officer Signature Date and Official Stamp

Application For Utilization Of VAT exemption

(Under Regulation 5(1))

**TANZANIA REVENUE AUTHORITY
VALUE ADDED TAX FORM**

Complete In Quadruplicate

Serial No.....

Government Notice number.....

To:
.....
.....
.....
.....

TIN:

VRN:

**APPLICATION FOR UTILIZATION OF VAT EXEMPTION GRANTED TO
PROJECTS FUNDED BY FOREIGN GOVERNMENT, DONOR OR LENDER HAVING
AGREEMENT WITH THE GOVERNMENT OF THE UNITED REPUBLIC**

PART A: (To be completed by applicant)

The (name of the Organisation).....

is applying for VAT relief on supplies of goods/services as detailed below:

Details of the goods/services		Value exclusive of VAT (in shs.)	VAT Amount	Supplier
Description	Quantity			

NB: In case the space provided above is not sufficient please attach the list of additional items in the same format.

The goods/services are to be used by the (Name of the project or undertaking)

.....
.....

Which is a project/undertaking pursuant to (Government project/binding agreement/grant/concessional loan

.....

dated.....for (state the use of the

goods/services).....

.....

.....

Declaration

WE DO CERTIFY that the above information/data are correct. We undertake not to sell, transfer or dispose of in any way the said goods unless and until VAT is fully paid.

.....

Name of Authorized Officer

Signature

Date and official stamp

PART B: (To be completed by the recommending Organisation/Ministry).

This is to certify that (Name of project/undertaking)..... is

project/ undertaking which is under our Ministry/Organisation

(name).....under the

agreement/lisence/Grant/concessional loan.....

.....

We do confirm that the above goods/services are project materials/services and we request that they be supplied free of VAT.

.....

Full name of endorsing executive

Date

signature and stamp

Permanent Secretary/Chief Executive Officer

PRECAUTION NOTE:

- (i) This Authority is only valid when tendered in its original form.
- (ii) Payment for goods and services should be made strictly by recipient's cheque(s).

FOR OFFICIAL USE

(a) Recommendation(s) by the Verifying Officer:

.....
.....
.....
.....
.....

.....
.....
.....
.....
.....
.....
Name and signature of the verifying Officer **Date** **Signature of verifying officer**

(b) Commissioner General's Decision

Approval has been/not been granted for VAT exemption

to:.....
.....
.....

.....
.....
.....
Name of approving officer **Date** **Signature and stamp**

NOTE: This authority is valid for 30 days from the date of approval

Distribution: Original – Supplier of goods/services -**To be retained for your record/ Verification by TRA**

Duplicate – Applicant

Triplicate– TRA Office

Quadruplicate– recommending Ministry/ Organisation.

Exemption Utilization Report

(Under Regulation 6(1))

TANZANIA REVENUE AUTHORITY

REPORT OF UTILIZATION OF VALUE ADDED TAX EXEMPTION

TO.....

Part A: Details

TITLE OF THE PROJECT:

PROJECT FINANCIER

GOVERNMENT ORDER NUMBER.....DATE OF ISSUANCE

DATE OF COMMENCEMENT.....

TENURE OF THE PROJECT:

REPORTING PERIOD:

FROM..... TO:

Part B: Description of goods or services granted under the Government Notice no.


S. No	Description	Unit	Supplier	Quantity	Value excluding VAT	VAT	

Part C: Description of goods or services utilized for the period commencing to

S. No	Description	Unit	Supplier	Quantity exempted	Quantity utilized to date	Value of goods or services, excluding VAT, utilized to date	VAT goods or services utilized to date	Balance of goods or services exempted

.....
Name of endorsing executive Signature and official stamp of Date
the Ministry exempted from Tax
Copy to: Permanent Secretary
Ministry responsible for Finance

Dodoma,
..... 23/21 2018


PHILIP I. MPANGO
Miniser for Finance and Planning