

*Empower the economic  
growth of Tanzania  
through your contribution  
as a diaspora.*

**“Together We Build Our  
Nation”**

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**TANZANIA REVENUE AUTHORITY**

ISO 9001: 2008 CERTIFIED

**TAX RIGHTS AND  
OBLIGATIONS TO  
TANZANIAN DIASPORA**

March, 2013

## 1.0 Introduction

Diaspora, from the historical background of it, has been used to refer to the group of Jews who dispersed beyond the frontiers of, and who earned their living outside Israel. In the case of Tanzanian diaspora, these are citizens or non citizens who have their origin in Tanzania but currently living and working or doing business in foreign countries.

These individuals have shown interest in supporting their relatives or group of Tanzanians back home in investing in the national economy. It is therefore important that the Tanzanian diaspora should know their tax rights and obligations before they send goods or donations to Tanzania.

## 2.0 Donation to Charitable Organizations and NGOs

Tanzanian diaspora can donate goods to charitable /religious organizations or NGOs that are working in support or provision of social services. Such donations will be exempted from import duty, excise duty and VAT on importation provided that the goods are for sole use of the intended group (beneficiary) and that they should never be diverted from the intended use.

Technically, the recipients are exempted from paying tax but it is the government which pays that tax on behalf of the charitable organization through a Treasury Voucher and Cheque (TVC) system.

## 3.0 Processing of Tax Exemption

Recipients of donations from the diaspora are required to follow the normal customs procedure of clearing goods through a registered Customs Clearing and Forwarding Agent. The agent will apply for the tax exemption to the Commissioner for Customs & Excise if exemption for such goods is provided for in the tax laws. The Commissioner will issue an assessment of the taxes and duties involved and submit it to the Treasury which will in turn issue a cheque for the exempted taxes. As soon as the

Commissioner receives the cheque for the exempted tax / duty from the Treasury, he will release the goods to the owner.

This clearance process is fast under the Custom's automated system of ASYCUDA++/ASYSCAN where data related to import transactions are electronically keyed in and submitted to the system for processing. Under this automated system, import documents can be lodged even ten days before the arrival of goods and this speeds up the process of documentation and finally examination of goods as soon as they land.

## 4.0 Do all goods qualify for tax exemption?

Not all donations in terms of goods sent by Tanzanian diaspora to recipients in Tanzania are exempted from tax. Unless the goods are specifically exempted under the East African Community Customs Management Act 2004, through the Government Notice (GN) Nos. 197 and 200 of 2001 and through item 10 of the 3rd schedule to the VAT Act; all other imported goods are taxed at the standard VAT of 18% or at the normal Customs Duty rates currently in force. However capital goods such as plant and machinery to any person and charitable organizations are relieved from VAT.

All final consumable goods are charged 25% import duty while semi finished goods are levied 10% import duty. Raw materials, capital goods and agricultural/ irrigation equipment are charged 0% import duty. Goods will be exempted from duty if they are to be used solely by a religious organization for:-

- Advancement of religion; and in case of NGOs goods will be exempted from duty if they are to be used for the:-
- Execution of the organization's functions and for relieving persons from the effects of natural calamities, hazard or disaster.
- Development, maintenance or renovation by the organization of projects relating to health, education, training, water supply, infrastructure

or any other projects relating to advancement of the community.

## 4.1 Exclusion from Exemption

Non Governmental Organizations (NGOs) will not be exempted from VAT on importation of consumables such as foodstuffs, beverages and spare parts as well as motor vehicles and motor cycles.

## 5.0 Checklist for Exemptions Approval for NGOs

- Certificate of registration of the Organization from the Registrar of Societies.
- Bill of Lading or Airway Bill
- Invoice or Packing list of the goods
- Donation Certificate (if it is available)
- Letter from the District Commissioner to confirm the existence of the charitable organization or NGO in the recipient's area.

## 6.0 Tanzanians Changing Residence

Tanzanian changing residence from outside Tanzania to within shall on their first arrival shall be exempted from duties and VAT on their personal effects. These include:-

- Wearing apparel for personal use.
- Household effects which were being used by the person.
- One motor vehicle with less than 13 passengers sitting capacity.

This exemption is available to any person who is over 18 years old. Furthermore, the personal effects must be the property of the person claiming the exemption. For a motor vehicle to qualify for exemption, it must be owned by the owner for at least twelve months excluding the period of the voyage.

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