



## ARRANGEMENT OF SECTIONS

### Sections

### Title

#### PART I

##### **PRELIMINARY PROVISIONS**

1. Short title and commencement.
2. Interpretation.

#### PART II

##### **IMPOSITION OF LIABILITY TO VALUE ADDED TAX**

3. Imposition of VAT.
4. Scope of VAT.
5. Taxable supplies.
6. Time of supply.
7. Place of supply.
8. Rate of VAT.
9. Zero-rating
10. Exemptions.
11. Special Reliefs.
12. Amendment of the Schedules.
13. Taxable value.
14. Taxable value of imported goods or services.
15. Taxable value for gaming.

#### PART III

##### **INPUT TAX**

16. Tax deduction and credits.
17. Payment and repayment of tax.

#### PART IV

##### **REGISTRATION**

18. Register.
19. Registration.
20. Registration Certificates and Identification Number.
21. Cancellation of registration.
22. Business in division, branches, etc. By unincorporated bodies etc.
23. Changes in business circumstances.



## **PART V**

### **ACCOUNTING FOR TAX AND LODGING OF RETURNS**

24. Accounting for Tax.
25. Records and accounts.
26. Tax returns.
27. Late lodgment of returns.
28. Penalty on overdue tax.
29. Tax invoices and receipts.
30. Special methods of accounting.

## **PART VI**

### **FAILURE TO PAY VAT**

31. Recovery, penalties and interest.
32. Attachment.
33. Requirement to make early payment.
34. Recovery of debts by distress.

## **PART VII**

### **ENFORCEMENT**

35. Security.
36. Taking of samples.
37. Furnishing of information and production of documents.
38. Access to official information.
39. Power to enter, inspect, etc.
40. Obstruction of an officer.
41. Impersonation of an officer.
42. Limitation of liability of officers and staff.
43. Assessment of tax.

## **PART VIII**

### **OFFENCES AND PENALTIES**

44. Failure to register.
45. Failure to pay tax or lodge returns.
46. False returns and statements.
47. Fraudulent evasion or recovery..
48. Compounding of offences.
49. Detention of goods.
50. Offence by bodies Corporate.



## **PART IX**

### **ADMINISTRATION**

- 51. Functions, responsibility and powers of Commissioner and Deputy Commissioner.
- 52. Protection of officers by police and powers of arrest.
- 53. Powers in respect of imported and exported goods.

## **PART X**

### **APPEALS**

- 54. Tax Appeals Tribunal.
- 55. Appeals to Tribunal.
- 56. Determination of appeals.

## **PART XI**

### **MISCELLANEOUS**

- 57. Tax shown on an invoice.
- 58. Agents.
- 59. VAT Representatives.
- 60. Supplies by bankrupt or deceased etc.
- 61. Transfer of a going concern.
- 62. Advertised prices to include VAT.
- 63. Tax adjustments of contracts.
- 64. Priority of VAT debts in bankruptcy.
- 65. Evidence by certificate.
- 66. Schemes for obtaining undue tax benefits.
- 67. Service of notices.
- 68. Regulations.
- 69. Repayments and remissions.
- 70. Transitional arrangements.
- 71. Repeals and Savings Sales Tax Act No 4 of 1991.
- 72. Amendment of Hotel levy Act No 1 of 1995.
- 73. Amendment of Entertainment Tax. Decree No 16 of 1962
- 74. Amendment of Stamp Duty Act No 6 of 1996

#### **First Schedule**

---

#### **Second schedule**

---

#### **Third Schedule**

---



ACT NO. 4 OF 1998

I, ASSENT

*[Signature]*  
DR. SALMEN AMOUR  
PRESIDENT OF ZANZIBAR  
AND CHAIRMAN OF THE  
REVOLUTIONARY COUNCIL

*2nd July*, 1998.

AN ACT TO MAKE PROVISIONS FOR THE IMPOSITION  
OF A TAX TO BE KNOWN AS THE VALUE ADDED TAX  
(VAT) ON SUPPLIES OF GOODS AND SERVICES AND  
FOR RELATED MATTERS.

ENACTED by the House of Representatives of Zanzibar.

PART I

PRELIMINARY PROVISIONS.

- Short title and Commencement. 1. This Act may be cited as the Value Added Tax Act, 1998 and shall come into operation on the 1st day of July, 1998, except for the provisions of part IV, VII, VIII, IX, X and XI which will come into operation immediately after being assented to by the President.
- Interpretation. 2. In this Act, unless the context requires otherwise-  
"agent" means a person who acts on behalf of another person in business;  
"Appeals Tribunal" means the Value Added Tax Appeals Tribunal established under section 54 of this Act;  
"authorized officer" means any officer acting under the authority of the Commissioner for the purposes of this Act;  
"Board" means the Zanzibar Revenue Board;  
"business" includes any form of trade or commercial activity;  
"Certificate of registration" means a certificate issued under section 20 of this Act;  
"Deputy Commissioner" means a person appointed as such under Section 51 of this Act;  
"Commissioner" means the commissioner of the Zanzibar Revenue Board;  
"Company" means a company as defined in the Companies Ordinance;  
"Customs Laws" includes the East African Customs and Transfer Tax Management Act and any enactment relating to the Customs or to the importation, or carriage coastwise, of goods, and any subsidiary legislation made under the authority of those Acts those enactment's:





**"due date"** means the date on which returns any tax, penalty, or other amount is payable under this Act, or any other date prescribed by the Deputy Commissioner, for payment of tax, penalty or any other amount;

**"exempt supplies"** means supplies of goods or services described in the Second Schedule to this Act;

**"Government"** means the Revolutionary Government of Zanzibar

**"Government agency"** means any Ministry or Department of Government

**"import"** mean to bring, or cause to be brought into Zanzibar;

**"input tax"** has the meaning assigned to it under section 16;

**"Minister"** means the Minister responsible for Finance;

**"output tax"** means the tax chargeable on a taxable supply;

**"prescribed accounting period"** means an accounting period which may be prescribed in section 26 or by regulations made under this Act;

**"proper officer"** means any officer whose right or duty is to require the performance of, or to perform, the act referred to him;

**"public officer"** includes every officer vested with responsibilities or performing duties of a public nature, whether under the immediate control of the President or not, and includes an officer under the control of a department of Government, local authority, or public corporation;

**"recipient"** in relation to any supply of goods or services, means the person to whom the supply is made.

**"residential buildings"** means dwelling built or used to accommodate persons for private and not business purposes;

**"Tax"** means the Value Added Tax imposed by this Act;

**"tax invoice"** means a document issued in accordance with section 29 and Regulations made under this Act.

**"Taxable Person"** is a person registered or required to be registered under the provisions of this Act;

**"taxable turnover"** means that part of the turnover of a business applicable to taxable supplies;

**"taxable supplies"** has the meaning assigned to it under section 5 and does not include exempt supplies;

**"taxable value"** means the value of supply as determined in accordance with Section 13, 14 or 15 of this Act;

**"Transfer"** means supply of goods or services of Tanzania origin from Mainland Tanzania to Zanzibar or Zanzibar to Mainland Tanzania .

**"VAT"** means the Value Added Tax imposed by this Act.

**"Residential building"** means dwelling built or used to accommodate persons for private and not for business purposes;

## PART II

### IMPOSITION OF AND LIABILITY TO VALUE ADDED TAX

Imposition  
of VAT

3. (1) There shall be charged in accordance with the provisions of this Act, a tax to be known as the Value Added Tax, on the supply of goods and services in Zanzibar and on the importation of goods or services from any place outside Zanzibar on and after the 1st day of July, 1998.

(2) Where in respect of any taxable supply, the tax has been paid in Mainland Tanzania pursuant to the law/the time being in force in Mainland Tanzania at the same rate as the rate applicable in Zanzibar the tax shall be deemed to have been paid on the taxable supply in accordance with the provisions of this Act and no tax shall be payable on its importation to Zanzibar ..



(3) Where in respect of any taxable supply, the tax has been paid in Mainland Tanzania as the rate lower than the rate applicable in Zanzibar under this Act, the tax difference shall be deemed to have not been paid and shall be payable on its importation to Zanzibar Tanzania in accordance with the provisions of this Act.

**Scope of  
VAT**

4. (1) The VAT shall be charged on any supply of goods or services in Tanzania Zanzibar where it is a taxable supplies made by a taxable person in the course of or in furtherance of any business carried on by him.

(2) The VAT on a taxable supply of goods or services shall be payable by a taxable person at the end of prescribed accounting period or at any other time which the Deputy Commissioner may prescribe.

(3) The VAT on the importation of taxable goods and services from any place outside Zanzibar shall be charged and payable in accordance with this Act and the procedure applicable under the customs laws for imported goods shall apply in respect of VAT imports.

**Taxable  
Supplies**

5. (1) For the purpose of this Act, and unless otherwise provided in this Act or regulations made under it, "taxable supplies" means any supply of goods or services made by taxable person in the course of or furtherance of his business after the start of the VAT and includes-

- (a) the making of gifts or loans of goods;
- (b) the leasing or letting of goods on hire;
- (c) the appropriation of goods for personal use or consumption by the taxable person or by any other person;
- (d) barter trade and exchange of goods.

(2) Where a person produces goods by processing or treating the goods of another person the supply shall be regarded as a supply of goods.

(3) The supply of any form of power, heat, or ventilation shall be regarded as a supply of goods.

(4) Unless otherwise provided in this Act or regulations made under it, anything which is not supply of goods, but is done for a consideration, including the granting, assignment or surrender of all or part of any right is a supply of services.

(5) The Minister may make regulations providing for any description of transaction to be treated as :-

- (a) a supply of goods; or
- (b) a supply of services; or
- (c) neither a supply of goods nor a supply of services.

(6) Where-

- (a) goods are neither supplied by a person to another person nor incorporated in other goods produced in the course of the business of the first person but are used by that person for the purpose of furtherance of his business;
- (b) a person in the course of his business does anything for the purpose of or furtherance of his business which is not supply of services but, if done for a consideration, would be a supply of services; the goods or services are regarded for the purposes of this Act as being both supplies to him for the purpose of the business and supplied by him in the course of that business.





Time of  
supply

6. (1) For the purpose of this Act the time goods or services are supplied shall be when -

- (a) goods are removed from the premises of the supplier or from other premises where the goods are under his control, or goods are made available to the person to whom they are supplied; or when services are rendered or performed; or
- (b) a tax invoice is issued in respect of the supply; or
- (c) payment is received for all or part of the supply,

whichever time shall be the earliest.

(2) Where, in respect of any supply referred to in sub-section (1), payment is received or a tax invoice is issued in respect of part of a supply paragraph (b) or (c) of sub-section (1) shall apply to that part of the supply, and tax on it shall be paid accordingly.

(3) Where supplies are measured by meter the time of supply shall be the date of the first meter reading following the introduction of VAT and subsequently at the time of each meter reading, except to the extent that a tax invoice is issued or payment is made in respect of the supply.

(4) VAT on imported goods shall be charged at the time Custom duty, tax or levy is payable in accordance with the customs laws.

Place of  
supply

7. (1) This section shall apply for determining, whether goods or services are supplied in Zanzibar.

(2) Goods shall be regarded -

- (a) as supplied in Zanzibar if their supply does not involve their removal from or to Zanzibar.
- (b) as supplied in Zanzibar if their supply involves their installation or assembly at place in Zanzibar to which they are removed; and
- (c) as supplied outside Zanzibar if their supply involves their installation or assembly at a place outside Zanzibar to which they are removed.

(3) For the purpose of the sub-section (2) where goods, in the course of their removal from a place in Zanzibar to another place in Zanzibar, leave and re-enter Zanzibar the removal shall not be regarded as removal from Zanzibar

(4) Services shall be regarded as supplied in Zanzibar if the supplier of the service-

- (a) has a place of a business in Zanzibar and no place of business elsewhere;
- (b) has no place of business in Zanzibar or elsewhere but his usual place of residence is in Zanzibar; or
- (c) has places of business in Zanzibar and elsewhere but the place of business most concerned with the supply of the services is the place of business in Zanzibar.

Rate of VAT

8. -(1) VAT shall be charged at the rate of twenty percent of the taxable value.

(2) The Minister may vary the rate of tax prescribed in Sub- Section (1) after consultation with the Board by order published in the Gazette



Zero-rating	<p>9-. (1) A supply of goods or services is zero-rated by virtue of this section if the supply is of a description specified in the First Schedule to this Act.</p> <p>(2) Where a taxable person supplies goods or services and the supply is zero-rated no VAT shall be charged on the supply, but it shall in all other respects be treated as a taxable supply.</p>
Exemptions	<p>10-. (1) A supply of goods or services is in an exempt supply if it is of a description specified in the Second Schedule to this Act.</p> <p>(2) The VAT is not chargeable on an exempt supply, and deduction or credit of input tax is not allowable on purchases made in respect of the exempt supply.</p>
Special relief's	<p>11. The persons and organization listed in the Third Schedule shall be entitled to relief from VAT within the limits and conditions prescribed in that Schedule.</p>
Amendment of the schedule	<p>12. The Minister may after consultation with the Board by order published in the Gazette, amend, vary add to or replace the Schedules to this Act.</p>
Taxable Value	<p>13. (1) Subject to the provision of this Act, the value on which VAT shall be chargeable on a taxable supply shall be-</p> <ul style="list-style-type: none"><li>(a) where a supply is for a monetary consideration the amount of the consideration excluding the VAT; or</li><li>(b) Where the supply is not for a monetary consideration, or is only partly for such a consideration, the open market value excluding the VAT; or</li><li>(c) Where the supply is not the only matter to which the consideration in monetary terms relates, the supply shall be deemed to be for that part of consideration which is properly attributed to it.</li></ul> <p>(2) For the purposes of paragraph (b) of sub-section (1) the "open market value" of a supply means the value which such goods or services would fetch in the ordinary course of business between the supplier and recipient or any other person concerned in the transaction completely independent of each other, and shall be determined on the following assumptions, that is to say:-</p> <ul style="list-style-type: none"><li>(a) that the supply shall be treated as having been delivered to the recipient at the supplier's place of business;</li><li>(b) that the recipient will bear freight, insurance and other costs, charges and expenses incidental to the supply and the delivery of the goods to him;</li><li>(c) that the supplier will bear any duty or tax chargeable in Mainland Tanzania other than the tax payable under this Act; and</li><li>(d) that the value covers the right to use the patent, design or trade mark in respect of the supply.</li></ul>





(3) For the purpose of subsection (2) -

(a) a supply in the open market between a supplier and recipient independent of each other pre - supposes-

(i) that the value is the sole consideration, and

(ii) that the value is not influenced by any commercial, financial or other relationship whether by contract or otherwise, between the supplier or any person associated in any business with him and the recipient, or any person associated in any business with him (other than the relationship created by the transaction of the supply in question), and

(iii) that no part of the proceeds of any subsequent re-supply, use or disposal of the goods will accrue, either directly or indirectly, to the supplier or any person associated in any business with him.

(4) For the purpose of this section two persons shall be deemed to be associated in business with one another if whether directly or indirectly, either of them has any interest in any business or property of the other, or both have a common interest in any business or property, or some other third person has an interest in any business or property of both of them.

(5) Where in the opinion of the Deputy Commissioner, by reason of any fraudulent act or omission of any importer, supplier or a recipient, the taxable value of any supply is not the same as the taxable value of a similar supply, the Deputy Commissioner may, if he considers it reasonable to do so, assess the taxable value of the supply in accordance with such principles as he may consider reasonable.

Taxable value  
of imported  
goods or  
services

14. (1) The taxable value of imported goods shall be the "value" declared and determined in accordance with provisions of the Customs Laws, taking into account the import duty, the excise duty, and any other tax or levy payable on the goods or service, otherwise than under this Act.

(2) The taxable value of imported services shall be determine in accordance with the provisions of section 13 and the Minister shall make regulations providing for modalities of charging the tax.

Taxable value  
for gaming

15. Where games are played, involving granting of rewards to the winners, the Minister after consultation with the Board may make regulations providing for modalities of charging VAT on such rewards.



### **PART III**

#### **IN PUT TAX**

Tax deduction  
and credits

- 16-. (1) The amount of any tax in this Part referred to as "input tax" which is:-
- (a) payable in respect of the supply of goods or services supplied to a taxable person on or to be carried on by him and for which the taxable person is registered; and
  - (b) paid by taxable person or on the importation, during a prescribed accounting period, of any goods or services used or to be used for the purposes of a business carried on or to be carried on by him, and for which the taxable person is registered, May so far as not previously deducted and subject to the exceptions contained in or prescribed under this section, be deducted from his tax liability or otherwise credited to him in respect of that prescribed accounting period or later prescribed accounting period.
- (2) Where a taxable person in Zanzibar pays tax to a taxable person in Mainland Tanzania in respect of any taxable supply pursuant to the law for the time being in force in Mainland Tanzania and then imports the taxable supply into Zanzibar to the tax paid by him in Mainland Tanzania in respect of those supplies shall, subject to the requirements of this section, be credited as input tax.
- (3) Subject to the exceptions prescribed under this section, the input tax that may be deducted by, or credited to, a taxable person shall be:-
- (a) the whole of that tax, if all the supplies effected by him in the course of his business are taxable; or
  - (b) any proportion of that tax as, accordance with regulations made by the Minister is attributed to taxable supplies, if some but not all of the supplies affected by him in the course of his business are taxable.
- (4) Input tax shall not be deducted, credited or claimed unless the taxable person, at the time of lodging the return in which the deduction or credit is claimed, is in possession of a tax invoice, or other evidence satisfactory to the Deputy Commissioner, relating to the goods or services in respect of which the tax is claimed or, in the case of imported goods such documentary evidence of the payment of tax as the Deputy Commissioner may prescribe, and a person claiming input tax in contravention of this section shall; unless he satisfies the court to the contrary: be deemed to have taken step for made fraudulent recovery of tax in contravention of section 47.
- (5) The input tax may not be deducted or credited after a period of one year from the date of the relevant tax invoice or other evidence referred to in sub-section (4)
- (6) The Minister may, by regulations, determined cases in which a deduction or credited of input tax shall not be allowed and that determination shall be made by reference to-
- (a) the goods or services supplied or the goods imported; or
  - (b) the supplier or importer, or the person supplied; or any other factors as the regulations may prescribe.



(7) Without limiting the generality of paragraph (b) of sub-section (3) the Minister may for the purposes of that paragraph, by regulations-

(a) determine a proportion of supplies in any prescribed accounting period which is to be taken as consisting of taxable supplies; and

(b) provisionally attributed input tax in accordance with proportion so determined and adjust the attribution over two or more prescribed accounting periods.

(8) The Minister may make regulations for or with respect to enabling a taxable person who was not registered at the time of supply or payment, to claim, as input tax, tax on the supply to him of goods or services, or paid by him on the importation of goods or services for the purposes of establishing the business for which the taxable person is registered; or in respect of tax on services which were supplied to him for a reason directly associated with the cancellation of his registration.

payment and  
re-payment of tax

17. (1) Any taxable person whose tax liabilities in respect of particular prescribed accounting period are not exhausted by allowable deductions shall, within the time allowed for lodging his tax return for that period, remit the net amount due to the Commissioner.

(2) Where, in respect of a particular prescribed accounting period, a taxable person's allowable credits exceed the tax on supplies he has made for the period, the Commissioner shall, within thirty days after-

(a) the due date for lodging the return for the last prescribed accounting period in the half year or

(b) receipt of the last outstanding tax return due for any prescribed accounting period falling within that half year;

whichever is later, remit to him the amount to which he stands in credit by reason of the excess, subject to provisions of this Act and in particular the provisions of section 35.

(3) Where a taxable person submits returns for prescribed accounting periods which regularly results in excess credits, he may apply to the Deputy Commissioner for refunds to be made on a monthly basis.

(4) Where in respect of a particular prescribed accounting period shows excess credit, submitted by taxable person approved under subsection (3) of this section the Commissioner shall, within thirty days after-

(a) the due date for lodging the return for the prescribed accounting period, or

(b) date of receipt of the return,

whichever is the later, remit to him the amount to which he stands in credit, subject to the provision of this Act and in particular the provision of section 35.

(5) Before making repayment under sub-section (2) and (4) the Commissioner shall reduce the amount of repayment by any sum owing to the Board by the taxable persons and accordingly by inform the taxable person, in writing.

(6) For the purpose of this section "half year" means any successive period of six calendar months commencing in the month for which a repayment return is first submitted.





(7) For the purpose of subsection (3)" regularly results in excess credits" means that over a six month period the total input tax credit for the prescribed accounting periods exceeds the total tax charged and paid on supplies.

#### **PART IV**

##### **REGISTRATION AND DEREGISTRATION**

<b>Register</b>	<b>18.</b> The Deputy Commissioner shall maintain a register of in which he shall record such particulars of the taxable persons and their business and any other information which he may require from taxable persons when applying for registration.
<b>Registration</b>	<p><b>19.</b> (1) Any person whose taxable turnover exceeds or any person who has reasons to believe will exceed the turnover prescribed in regulations made under this section, shall on and after the Minister by notice published in the Gazette,, make application to be registered within thirty days of becoming liable to make such application.</p> <p>(2) An application for registration shall be made in the manner and form prescribed in the regulations.</p> <p>(3) Subject to this Part, the Deputy Commissioner shall register every applicant for registration who is eligible to be registered under sub-section (1).</p> <p>(4) Where Deputy Commissioner is satisfied that there is good reason to do so, on grounds of national economic interest or for the protection of revenue, he may register any person, whether or not an application to be registered has been made, regardless of the taxable turnover of the person.</p>
<b>Registration certificate and Identification numbers</b>	<p><b>20.</b> (1) The Deputy Commissioner shall issue a taxable person registered under this Act with a certificate of registration.</p> <p>(2) A certificate of registration issued under this section shall state the name and principal place of business of the taxable person, the date on which the registration takes effect and his taxpayer identification number and his VAT registration number.</p> <p>(3) A taxable person shall show his taxpayer identification number and his VAT registration number in any return, notice of appeal or other document used for the purpose of this Act; and display his certificate of registration in a conspicuous position at his principal place of business.</p> <p>(4) The Deputy Commissioner shall provide on request sufficient copies of the certificate of registration, clearly marked "copy ", for a copy to be displayed at all premises which are part of the business for which the taxable person is registered.</p>
<b>Cancellation of registration</b>	<p><b>21.</b> (1) Any person who ceases to be liable to be registered under this Act shall notify the Deputy Commissioner in writing within thirty days of ceasing to be liable, and a person failing to do so commits an offense and upon conviction is liable to a fine not less than fifty thousand shillings but not exceeding two hundred thousands shillings.</p>



(2) If the Deputy Commissioner is satisfied that a person is no longer required to be registered he shall, subject to any other conditions prescribed in this Part or in regulations, including the payment of all VAT due under this Act and on stock, cancel the registration with effect from the date of the notification or from any other date which may be determined by the Deputy Commissioner shall notify the person in writing of the date on which the cancellation of the registration takes effect.

(3) Where a person ceases to be taxable, any goods then part of the assets of a business carried on by him shall be deemed to be supplied by him in the course of or furtherance of his business immediately before he ceases to be a taxable person, unless:-

- (a) the business is transferred as a going concern to another taxable person; or
- (b) the VAT on the deemed supply does not exceed five thousand shillings.

Business carried on divisions or branches or by unincorporated Bodies etc.

22. (1) The registration of a taxable person carrying on a business in several division or branches may, if the body corporate so requests and the Deputy Commissioner deems fit, be in the names of those divisions or branches.

(2) The Minister may by regulations make provision for determining by what persons anything required by or under this Act to be done by a person carrying on a business, is to be done where a business is carried on in partnership or by a club, association or organization the affairs of which are managed by its members or a committee or committees of its members.

(3) The registration under this Act of any club, association or organization may be in the name of the club, association or organization; and in determining whether goods or services are supplied to or by such club, association or organization no account shall be taken of any change in its members.

(4) The Minister may by regulations make provisions for persons who carry on a business of a taxable person who has died or become bankrupt or has had his estate sequestrated or has become incapacitated for a limited time to be treated as taxable persons, and for securing continuity in the application of this Act in cases where persons are so treated.

(5) In relation to a company which is a taxable person, reference in subsection (4) above to the taxable person having become bankrupt or having had his estate sequestrated or having become incapacitated shall be construed as a reference to its being in liquidation or receivership or to an administration order being in force in relation to it.

Changes in business circumstances

23. (1) The Minister shall prescribe in regulations the circumstances in which a taxable person shall notify the Deputy Commissioner of changes in his business activities.

(2) Notification under sub-section (1) shall be made by the taxable person within thirty days of the changes in his business activities..





## **PART V**

### **ACCOUNTING FOR TAX AND LODGING OF RETURNS**

Accounting for tax	<p>24. Unless otherwise provided under this Act, a taxable person shall record each supply made and account for tax on it at the time of supply.</p>
Records and Accounts	<p>25. (1) A taxable person shall keep such records relating to his business as the Minister may by regulations published in the Gazette prescribe.</p> <p>(2) A taxable person shall keep such records required under sub-section (1) for a period of five years or such longer period which the Deputy Commissioner may require in writing, in a particular case.</p> <p>(3) Taxable person who fails to keep any records required by or under this Act, or who fails to retain them for the time so required commits an offence and upon conviction is liable to a fine not less than five hundred thousand shillings but not exceeding One Million shillings or to imprisonment for a term not less than six months, or to both such fine and imprisonment.</p>
Tax returns	<p>26. (1) Every taxable person shall, in respect of each prescribed accounting period, lodge with the Deputy Commissioner a tax return in a form approved by the Deputy Commissioner containing any information which the forms requires in relation to the supply by and to him of goods or services, the importation of goods tax deductions or credits and any other matter concerning his business.</p> <p>(2) For the purposes of this Act, the prescribed accounting period for a taxable person shall be the calendar month containing the effective date of registration and each calendar month after that, unless the Deputy Commissioner, by notice in writing, determines another prescribed accounting period for the taxable person.</p> <p>(3) The returns shall be lodged by the last working day of the month after the end of the prescribed accounting period to which it relates or within such other time as the Deputy Commissioner may in a particular case determine by notice in writing.</p> <p>(4) The Minister may prescribe in regulations published in the Gazette other procedures for the completion and lodging of returns.</p>
Late lodgment of returns	<p>27. (1) A taxable person who fails to submit a return or a pay tax within the time allowed by or under this Act, shall pay a penalty of fifty thousand shilling or one percent of the tax shown as payable in respect of prescribed accounting period covered by the return, whichever is the greater and a further penalty of one hundred thousand shillings or two percent of the tax shown as payable in respect of the prescribed accounting period covered by the return, whichever is the greater, shall be payable for each month or part month thereafter.</p> <p>(2) A penalty prescribed by this section is payable immediately on receipt of a notice in writing issued by Deputy Commissioner.</p> <p>(3) The imposition or payment of a penalty under this section does not affect any liability of the person to pay any interest or penalty elsewhere prescribed in this Act.</p>





**Interest on  
over-due Tax**

28. (1) Where any amount of tax, including any penalties imposed under section 27, remains unpaid after the due date prescribed in this Act or its regulations, interest at the rate prescribed in sub-section (2) shall be payable to the Deputy Commissioner on the amount for the time being due and unpaid.

(2) The rate of interest to be charged under sub-section (1) shall be the commercial bank lending rate of Central Bank together with a further five percent per annum.

(3) The interest payable under this section shall, while it remains unpaid, attract interest as if it formed part of the tax unpaid.

(4) The interest payable under this section shall be compounded at the end of each prescribed accounting period, or part of that period, of the taxable person, during which the tax, and any interest due, remains unpaid, unless the Minister prescribes otherwise in regulations.

(5) Where any tax due to be repaid to a taxable person by the Commissioner under this Act remains un-refunded after the due date, in accordance with the provisions of Section 17(2), and (4) of this Act the Commissioner shall pay interest to the taxable person at the commercial bank lending rate for the time being determined by the Central Bank.

**Tax  
invoices and  
receipt**

29. (1) A taxable person supplying goods or services to another taxable person shall provide him with an invoice (known for the purposes of this Act as a "tax invoice") containing such information about the supply, supplier, the recipient, and the VAT as the Minister may by regulation published in the Gazette prescribe.

(2) Where any supply is made to a non registered person, the taxable person shall issue a receipt or similar document for the supply made.

(3) A taxable person who fails to issue a tax invoice or a receipt in accordance with sub-section (1) or (2) commits an offence and upon conviction is liable to a fine not less than two hundred thousand shillings but not exceeding five hundred thousand shillings or to a terms of imprisonment not exceeding twelve months, or to both such fine and imprisonment.

**Special  
methods  
of accounting**

30. (1) The Minister may make regulations providing for special methods of accounting for VAT by retailers or other suppliers of goods or services or any description of goods or services as he may deem fit.

(2) Regulations made under this section may also make provision for-

(a) treating tax chargeable in one prescribed accounting period as chargeable in another period;

(b) the adjustment of account in cases where tax has become chargeable by reference to a consideration is reduced or no consideration becomes payable and in any other circumstances as may be prescribed.

(c) the rounding - off of figures in tax returns; and

(d) the correction of errors



## **PART VI**

### **FAILURE TO PAY VAT**

Recovery of Tax penalties and interest	<p>31. Any tax or interest or penalty payable under this Act, may be recovered as, Civil debt in the court of a District Magistrate at the instant of the Commissioner.</p>
Attachment	<p>32. (1) Where any tax or interest due from a taxable person remains unpaid, the Deputy Commissioner may, by notice in writing, require any other person:-</p> <ul style="list-style-type: none"><li>(a) from whom any money is due, or is accruing or may become due, to the taxable person; or</li><li>(b) who holds, money on account of some person for or on account or for payment to, the taxable person; or</li><li>(c) having authority from any person to pay money to pay money to the taxable person;</li></ul> <p>to pay that money, or of much as is sufficient to discharge the tax or interest due from the taxable supplier, in the manner directed by the Deputy Commissioner as and when it would, but for the notice, be or become payable to the supplier</p> <p>(2) Upon service of a notice under this section, the money necessary to discharge the tax or interest due from the supplier is a debt due to the Board shall be recoverable at the suit of the Commissioner, or any officer authorized by him, in any court of a District Magistrate; and all claim by the taxable person to such money shall be thereby extinguished.</p> <p>3) A person on whom a notice under this section has been served and who fails to comply with the notice commits an offense and upon conviction is liable to a fine not exceeding one hundred thousand shillings or ten percent of the amount demanded by the notice, whichever is the greater.</p>
Requirement to make early payment	<p>33. (1) Where the Deputy commissioner has reasons to believe that any tax or interest due under this Act from a taxable person may not be paid within the time allowed by or under this Act by reason of any loss, transfer or disposition by the supplier of his assets, the Deputy Commissioner may, by notice in writing to him, require payment of the money immediately.</p> <p>(2) Upon service of a notice under this section, the provisions of this Act shall apply as though the time allowed by or under this Act for payment by the taxable person of the tax or interest concerned had expired.</p>
Recovery of debts by distress	<p>34 (1) Subject to Section 55 (2), if-</p> <ul style="list-style-type: none"><li>(a) after an appeal any tax or interest due from a taxable person remains unpaid or</li><li>(b) a taxable person fails to appeal to appeals Tribunal within fourteen days after the Deputy Commissioner notifies him of the tax or interest due from him; or</li><li>(c) a taxable person refuses without any cause to pay the tax assessed by the Deputy Commissioner an authorized officer may under warrant by the Deputy Commissioner levy distress upon the goods and chattels of that taxable person,"</li></ul> <p>(2) The officer executing the warrant, with a police officer or any other assistant whom he may, at any time between sunrise and sunset, break open any premises of the taxable person.</p>





(3) The goods and chattels on which distress has been levied under this section shall be kept for ten days either at the premises at which distress was levied or at any other place which the officer executing the warrant may consider appropriate, at the cost of the taxable person.

(4) If the taxable person does not pay the amount due under this Act together with the costs under sub-section (3), within the period of ten days mentioned in that sub-section, the goods and chattels shall be sold by public auction.

(5) The proceeds of a sale under subsection (4) shall be applied towards payment of those costs and any further costs of or incidental, to the sale, and the surplus, if any, shall be applied towards payment of the amount due the balance, if any, shall be paid to the taxable person, after deduction of any further tax or interest by then due from him.

(6) A taxable person on whose goods and chattels distress has been levied or to be levied, or any other person, who fraudulently removes and takes away any such goods and chattels to prevent the Deputy Commissioner from distraining them or completing the distress so levied, or assists in the same, commits an offence and upon conviction is liable to a fine not exceeding two hundred thousand shillings or three times the value of the goods taken away, whichever is the greater, or imprisonment for a term not less than three months but not exceeding twelve months; or to both the fine and imprisonment.

#### **PART VII**

#### **ENFORCEMENT**

Security

35. Where the Deputy Commissioner believes there is a risk to the revenue he may, as a condition of allowing or repaying input tax, require a taxable person to produce any documents relating to the input tax that were supplied to the taxable person; or to give security or further security of such amount and kind which the Deputy Commissioner may determine before allowing any deduction or repayment of the input tax.

Taking of  
samples

36. (1) Where an authorized officer has reason to believe that it is necessary to do so for the protection of the revenue, he may take from goods in the possession of any person who supplies goods or services such samples as may reasonably be necessary to determine how the goods or the materials from which they are made ought to be or to have been dealt with for taxation purposes.

(2) No sample shall be taken under this section without the issue by an authorized officer of a receipt to the person from whom it was taken, and every sample shall be disposed of and accounted for in the manner which the Deputy Commissioner may direct.

(3) Where a sample taken under this section is not returned, within a reasonable time and in the same condition as when sampled, to the person from whom it was taken, the Deputy Commissioner shall refund him, by way of compensation, a sum equal to the costs of the sample to him or any larger sum which the Deputy Commissioner may determine.





37. -(1) Every person who is concerned in whatever capacity in the supply of goods or services in the course of furtherance of a business or to whom that supply is made, and person who is concerned in whatever capacity in the importation of goods from a place outside Zanzibar in the course of furtherance of a business shall.-

(a) furnish to the Deputy Commissioner, within such time and in such form as he may reasonably be required, and information relating to the goods or services or to the supply or importation as the Deputy Commissioner may reasonably specify; and

(b) upon demand made by an authorized officer, produce or cause to be produced for inspection by that person:-

(i) at the principal place of business of the person upon whom the demand is made or at any other place as the authorized officer may reasonably require, and

(ii) at such time which the authorized office may reasonably require any documents relating to the goods or services or to the supply or importation.

(2) Where, by virtue of sub-section (1), an authorized officer has power to require the production of any documents from any person as is referred to in that sub-section, he shall have the like power to require production of the documents concerned from any other person who appears to the authorized person to be in possession of them; but where that other person claims a lien on any document produced by him, the production shall be without prejudice to the lien.

(3) For the purposes of this section, the documents relating to the supply of goods or services, or to the importation of goods, shall be taken to include any profit and loss account and balance sheet or any other book of account, and any correspondence or other writing, relating to the business in the course of which the goods or service or supplied or imported.

(4) An authorized officer may take copies of or make extracts from, any document produced under sub-section (1) or (2).

(5) Where it appears to the authorized officer to be necessary he may, at a reasonable time and for a reasonable period, remove any document produced under sub-section (1) or (2) and shall provide a receipt for any document so removed, and where a lien is claimed on a document produced under sub-section (3) above the removal of the document under this subsection shall not be regarded as breaking the lien.

(6) Where a document removed by an authorized officer under subsection (5) above is reasonably required for the proper conduct of a business he shall, as soon as practicable, provided a copy of the document, free of charge, to the person by whom it was produced or caused to be produced.

(7) Where any information or document is electronically stored, sub -sections (1) and (2) shall be deemed to empower the authorized officer, for the purpose of exercising the power conferred by the provisions in relation to it:-

(a) to view the information or document and to copy or take extract from it by electronic means; or

(b) to require that it be reproduced in hard copy, or copied on to computer diskette or reduced to some other portable form suitable for removal and capable of reproducing the information or document for viewing.



(8) Where any document, computer diskettes or other things remove under the power conferred by this section are lost or damaged, the Deputy Commissioner shall be liable to compensate the respective owner for any expenses reasonably incurred by him in replacing or repairing them.

Access to  
official  
information

38. Notwithstanding any provisions of other existing law, where the Deputy Commissioner considers it necessary for the performance of his functions under this Act, he may by notice in writing require any public officer-

- (a) to permit an authorized officer to examine all registers, books, accounts, documents or records in the possession or control of the public office and to take any notes and extracts which may be considered necessary by the Deputy Commissioner; and;
- (b) to supply any information to the authorized officer.

Power to  
enter  
inspect etc.

39.- (1) For the purpose of exercising any power conferred on him by or under this Act, an authorized officer may, at any reasonable time, enter any premises which he has reason to believe are used for or in connection with the carrying on of a business, including any premises used only for the storage of goods or documents, and shall have full and free access in it to open any packaging, take stock of any goods and do all such things as are reasonably necessary for the performance of his duties.

(2) Where a magistrate is satisfied on sworn information that there is reason to suspect that any premises contain goods in respect of which supply tax has been evaded, or tax deductions or credits have been wrongly made, or contain documents or other evidence of an offence against this Act, he may issue a warrant authorizing an authorized officer to enter and search those premises, and the authorized officer executing the warrant may-

- (a) take with him any person who appears to him to be necessary for its due execution; or
- (b) search, seize and remove any goods, documents or other things found on the premises which he has reason to believe to be evidence for the purpose of proceedings in connection with that offence or for the assessment of any tax; and
- (c) search or cause to be searched any person found on the premises whom he has reason to believe has committed that offence or to be in possession of the goods, documents or others.

Provided that no person shall be searched by a person of the opposite sex.

(3) The authorized officer shall provide to the person apparently in charge of anything taken in execution of a warrant under this section a receipt for it.

(4) The authorized officer may seal off, lock up or in any other physical manner prevent access to any premises for the purpose of the exercise of any power under this section or for the safeguarding of evidence from being tampered with.

(5) The provisions of section 37 relating to documents and to the electronic storage of documents shall apply in respect of the exercise by an authorized officer of a power conferred under this section.





Obstruction  
of an officer

40. Any person who:-

(a) fails to comply with any requirement made of him under section 37, 38 or 39; or

(b) assaults, obstructs, hinders or resists an officer in the exercise or performance of any of his powers or duties under this Act, commits an offence and upon conviction is liable to a fine not less than five hundred thousand shillings but not exceeding One million Shillings or to imprisonment for a term not less than six months but not exceeding two years, or to both the such and imprisonment.

Impersonation  
of an officer

41. Any person who impersonates an officer commits an offence and upon conviction is liable to a fine not less than five hundred thousand shillings but not exceeding one million Shillings or to imprisonment for a term of not less than six months but not exceeding five years, or to both the fine and imprisonment.

Limitation of  
liability of  
officers  
and staff

42. Notwithstanding the provisions of any other law, no action or other proceeding shall lie or be instituted against any member or officer of the Board for or in respects of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of this functions and powers conferred by or under this Act.

Assessment  
of Tax

43. (1) Where, in the opinion of the Deputy Commissioner, a taxable person has failed to pay any of the tax payable by him by reason of:-

(a) his failure to keep proper books of account, records or documents as required under this Act, or the incorrectness or inadequacy of the books, records or document; or

(b) his failure to make, or delay in making, any return required under this Act or the incorrectness or inadequacy of any returns;  
the Deputy Commissioner may assess the tax due and any interest payable on that tax and that interest shall be due for payment within one month of the date of the assessment, unless a longer period is allowed by the Deputy Commissioner or elsewhere in this Act.

(2) Notice of an assessment shall be sent to the taxable person concerned; and the notice shall inform him of his rights of appeal under Part X.

(3) Subject to any rights of appeal conferred by this Act or any other law, the assessment of the Deputy Commissioner is conclusive as to the amount of tax payable, the time when it was due and ought to have been paid. The amount of any interest payable on it and all other matters incidental to it.

(4) Notwithstanding the foregoing provisions of this section, an assessment based on the incorrectness or inadequacy of a return shall be void and of no effect if it is not made within one year after the Deputy commissioner first had reason to believe it was incorrect or inadequate.

(5) On sufficient cause shown to the Deputy Commissioner within the appeal period, or within any further time which the Deputy Commissioner may allow, the Deputy Commissioner may make a revised assessment of tax and interest due from any taxable person, and that assessment shall for all purposes rescind and replace any assessment formerly made in respect of the same liability.





## **PART VIII**

### **OFFENCES AND PENALTIES**

Failure to  
register, etc.

44. (1) Any person who-  
(a) being required to apply for registration under this Act fails to do so within thirty days after becoming liable to apply; or  
(b) contravenes and term or condition of his registration; or  
(c) holds himself out as being a taxable person when he is not;  
commits an offence and upon conviction is liable to a fine not less than two hundred thousand shillings but not exceeding five hundred thousand shillings or to imprisonment for a term not less than two months but not exceeding twelve months, or to both such fine and imprisonment.

(2) Notwithstanding any penalties which may be imposed on a person failing to apply for registration, or on any arrears of tax due to be paid, the person shall be liable to pay interest on the arrears in accordance with section 28.

(3) A taxable person who fails to notify the Deputy Commissioner of any change in business circumstances under section 23 within thirty days of becoming liable to do so, commits an offence and upon conviction is liable to a fine not less than one hundred thousand shillings, but not exceeding three hundred thousand shillings.

Failure to  
pay tax or  
lodge return

45. Any taxable person who fails to submit a return or pay tax by the due date commits an offence and upon conviction is liable to pay a fine not less than two hundred thousand shillings or but not exceeding five hundred thousand shillings to imprisonment for a term not less than two months but not more than two years or to both such fine and imprisonment.

False returns  
and statements

46. Any person who, in purported compliance with any requirement under this Act, knowingly makes a return or other declaration, furnishes any document or information or makes any statement, whether in writing or otherwise, that is false in any material particular commits an offence and upon conviction is liable to a fine not less than five hundred thousand shillings but not exceeding one million shillings or to imprisonment for a term not less than six months but not exceeding two years or to both such fine and imprisonment.

Fraudulent  
evasion or  
recovery

47. (1) Any person who is concerned in, fraud or takes steps with a view to, fraudulently evade tax, commits an offence and upon conviction shall pay the tax which would have been paid had the offence not been committed and in addition shall pay a fine of two million shillings or be imprisoned for a term of two years.

(2) Any person who deals in or accepts the supply or importation of any goods, or the supply of any services, and having reason to believe that the proper tax has not been or will not be paid or that any deduction or credit has been paid or will falsely be claimed in relation to it, commits an offence and upon conviction is liable to a fine not exceeding one million shillings or six times the amount of the tax evaded; whichever is greater or to imprisonment for a term not less than six months but not exceeding three years, or to both such fine and imprisonment.

(3) Any goods which are the subject of an offence under this section shall, if the court convicts and so orders, be forfeited.



**Compounding  
of offences**

48. (1) If a person alleged to have committed an offence under this Act agrees in writing to pay a fine determined by the Deputy Commissioner, which does not exceed the maximum fine provided by this Act for the offence the Deputy Commissioner may compound the offence and impose the fine, provided that, if criminal proceedings have been instituted against the alleged offender such offence, the power conferred by this sub-section shall not be exercised without the written consent of the Attorney General.

(2) Any person who accepts a fine under sub-section (1) shall be provided by the Deputy Commissioner with a certificate setting out the nature of the offence, the date or period of its occurrence, the fine paid and any conditions to the compounding agreement.

(3) If the fine imposed under sub-section (1) is not paid on demand the Deputy Commissioner may institute court proceedings or may take steps for recovery of the fine in any manner permitted by this Act for the recovery of unpaid tax.

(4) The imposition of a fine under sub-section (1) shall not be regarded as conviction for the alleged offence and, provided the fine is paid in full, no prosecution for the alleged offence shall be instituted or maintained.

(5) Nothing in this section shall in any way affect liability for the payment of tax or interest due under this Act.

**Detention  
of goods**

49. (1) Where there is reason to believe that VAT has been fraudulently evaded or claimed or deducted the goods concerned may be taken from the possession of any person involved in the suspected offence and detained by the Deputy Commissioner pending the outcome of his inquiries or the completion of offence proceedings.

(2) A receipt listing all item detained shall be provided.

(3) A person from whom the goods are taken under subsection (1) may appeal against the detention or continuing detention to an Appeals Tribunal.

**Offence  
by body  
corporate**

50. Where any offence under this Act or any regulations made under it has been committed by a body of persons whether corporate or unincorporated, any person who, at the time of the commission of the offence, was concerned with the management of the affairs of the body of person as director, partner, agent or an officer, shall be guilty of the offence.



## **PART IX**

### **ADMINISTRATION**

Functions  
responsibilities  
Powers of  
Commissioner  
and Deputy  
Commissioner

**51.** (1) There shall be appointed by the President of Zanzibar a Deputy Commissioner of Value Added Tax and such other officer as may be necessary for carrying out the purpose of this Act.

(2) The Deputy Commissioner shall be responsible to the Commissioner for Administration, collection, repayment, and accounting for VAT penalties and all other sum payable under this Act; and subject to the direction and control of the Commissioner, may exercise and perform the powers and functions conferred on him by or under this Act.

(3) The Commissioner shall maintain a separate bank account from which repayments under part III shall be made and shall ensure that sufficient funds are in that account to make repayment to taxable person by the date prescribed in this Act.

(4) The Deputy Commissioner may, subject to any conditions or restrictions which he thinks fit, delegate to any officer or other person employed in the administration of this Act all or any of the powers, functions and duties vested in him by this Act.

(5) An officer shall, on demand, produce such document establishing his identity as may be approved by the Commissioner.

Protection of  
officers by police  
and powers  
of arrest

**52.** (1) For the purpose of this Act an officer shall have the right to request the protection of a police officer if he has reason to believe that protection to be necessary for the proper and safe performance of his duties.

(2) An officer may arrest an individual he has reason to believe to have committed an offence under section 41, 46, or 47 or whom the officer believes may abscond before he is charged or stands trial or may destroy or temper with evidence of an offence.

Power in respect  
of imported and  
export goods

**53.** Notwithstanding the provision of this Act, an authorized officer may exercise all the powers exercised by the officer in-charge of Customs Laws in respect of imported and export goods.





## **PART X**

### **APPEALS**

#### **Tax Appeals Tribunal**

**54.** (1) For the purpose of hearing and determining appeals as provided for in this part, there shall be an Appeals Tribunal, consisting of three persons appointed by the Minister.

(2) A member of the Appeals Tribunal shall, subject to subsection (3) hold office for a period of four years from the date of his appointment but shall be eligible for re-appointment for further term.

(3) The Minister may at any time remove a member from office or a member may resign his office by giving one month notice to that effect in writing to the Minister.

(4) The Minister may appoint deputy members of the Appeals Tribunal, who shall have and may perform the functions of a member during the member's illness or absence.

(5) There shall be a Registrar of the Appeals Tribunal, who shall have the functions which may be conferred on him by regulations made under subsection(6).

(6) The Minister may, by regulation-

(a) prescribe the requisite qualifications or experience for appointment as a member of the Appeals Tribunal;

(b) regulate the organization, administration and procedure of the Appeals Tribunal; and

(c) empower the Appeals Tribunal to summon and compel the attendance of witness, to require the production of documents, to award costs and to do and require all other matters and things which may be necessary, in the opinion of the Minister, for the due performance of its functions.

(7) Subject to any regulations made under this Act, the Appeals Tribunal may regulate its own procedure.

(8) A member of the Appeals Tribunal shall be entitled to receive such allowances as the Minister may determine.



Appeals to  
Tribunal

**55.** (1) Any person aggrieved by a decision or determination made by the Deputy Commissioner under this Act, in respect of-

- (a) the registration or cancellation of registration of, or a refusal to register a taxable person;
- (b) the tax assessed to be payable on any supply of goods or services or the importation of any goods;
- (c) the amount of any input tax that may be credited to any taxable person;
- (d) the apportionment or disallowance of input tax;
- (e) the detention of goods under section 49;
- (f) any matter prescribed by the Minister, by regulation, to be a matter against which an appeal shall lie under this section; may, in the manner and within such time which the Minister may, by regulation published in the Gazette prescribe, appeal to the Appeals Tribunal.

(2) No appeal shall be heard unless-

- (a) any and all tax returns required under this Act to be made by the appellant at the time the appeal is lodged have by that time been made; and
- (b) where the appeal is against an assessment of the Deputy Commissioner or otherwise involves a dispute over an amount of tax of interest allegedly due and unpaid by the appellant;
  - (i) If part of the assessment is disputed, the whole of the undisputed amount, or
  - (ii) If the whole of the amount assessed is disputed, half the amount disputed;

is deposited with the Appeals Tribunal.

(3) The Appeals Tribunal may waive the requirements of paragraph (b) of subsection (2) on the provision of such security by the appellant where it considers acceptable or may, in cases of hardship, waive the requirement absolutely or on the terms which it thinks fit.

Determination  
of appeals

**56.** (1) The Appeals Tribunal, having regards to the provision of this Act to the circumstances of the case, shall hear and determine the appeal and may confirm, reverse or vary the decision of the Deputy Commissioner, as justice may require.

(2) Where no appeal against the decision of the Appeal Tribunal conferred under subsection (4) is lodged, the decision of the Appeal Tribunal shall be binding on the parties to the Appeal.

(3) Any interest shall be paid by the Board, at the interest rate prescribed in section 28(5), in respect of the whole or part of any month during which a deposit was lodged by the applicant as a condition of the hearing of the appeal, to the extent to which that deposit exceeded any amount recovered against the appellant.



(4) Where any of parties to the appeal is aggrieved by the decision of the Appeal Tribunal, such party may appeal to High Court within fourteen days from the date on which the decision of the Appeal Tribunal was made.

## **PART XI**

### **MISCELLANEOUS**

**Tax shown  
on an invoice**

**57.** Any amount shown on an invoice, or similar document, as VAT chargeable on a supply of goods or services shall be recoverable as VAT due from the person issuing the invoice, regardless as whether-

- (a) the invoice is a tax invoice as prescribed in the Act;
- (b) tax is chargeable in respect of the supply to which the invoice relates;
- (c) the person issuing the invoice is a taxable person.

**Agents**

**58.** (1) Where goods are imported from a place outside Zanzibar by a taxable person who supplies them as agent for a person who is not a taxable person the goods may be treated for the purposes of this Act as imported and supplied by the taxable person as principal.

(2) For the purposes of subsection (1) a person who is not resident in Zanzibar, and whose place or principal place of business is outside Zanzibar, may be treated as not being a taxable person if as a result he will not be required to be registered under this Act.

(3) Where goods or services are supplied through an agent who acts in his own name the Deputy Commissioner may, if he thinks fit, treat the supply both as supply to the agent and as supply by the agent.

**VAT  
representative**

**59.** (1) Where a taxable person does not have a business establishment in Zanzibar, or, in the case of an individual or partnership, does not have a usual place or residence in Zanzibar., the Deputy Commissioner may request the taxable person to appoint another person resident in Zanzibar, to act on his behalf in matters relating to tax.

(2) If the Deputy Commissioner accepts the appointment of a tax representative, any liability of the taxable person under the Act other than any liability subsisting before his appointment including any liability-

(a) to keep and preserve, or to produce, any records or accounts;

(b) to furnish a tax return; or

(c) to pay any tax or interest under the Act; or

(d) to comply with any requirement made in particular in respect of the business by the Deputy Commissioner.

Shall, on and from his appointment, and without affecting the liability of the taxable person, subsist to the like extent and severally against the representative until such time as the Deputy Commissioner accepts appointment.





Supplies by  
bankrupt or  
deceased etc.

**60.** (1) Where, by reason of death, bankruptcy, winding-up or other legal process in respect of a taxable person whether individual or corporate, the property or control of a business carried on by the taxable person and in respect of which the taxable person is registered is vested in another person the provisions of this Act and any regulations made under it shall, on such vesting and for as long as that other person is in control apply to him as if he were the taxable person.

(2) A person carrying on or controlling the business of a taxable person in the circumstances referred to in sub-section(1) shall notify the Deputy Commissioner in writing of that fact, giving full particulars of the circumstances in which control of the business concerned passed from the taxable person to him.

(3) Notice under sub-section (2) shall be given within thirty days after control is acquired by the person giving the notice.

(4) A person who fails to give notice as required by this Section commits an offence and upon conviction is liable to a fine not less than one hundred thousand shillings but not exceeding three hundred thousand shillings.

Transfer of  
going concern

**61.** (1) Where a business or a part of a business is assigned ("transferred"), for the purpose of the determining whether the transferee is liable to be registered, the taxable turnover of the business or part transferred shall be added to the turnover of any business carried on by the person to whom the business or part of the business is transferred ("the transferee).

(2) Any liability other than criminal liability of a person transferring a business or part of business shall on and from the date of the transfer, pass to the transferee without affecting the liability of the transferor and such liability shall include the liability-

(a) to keep, preserve, or to produce records or accounts;

(b) to furnish a tax returns;

(c) to pay any tax or interest under the Act; or

(d) to comply with any requirement made in particular in respect of the business by the Deputy Commissioner where the transferee is registered.

(3) No tax shall be charged or input tax claimed in respect of the transfer where the transferee is registered.

(4) Except to the extent the Deputy Commissioner determines otherwise and upon written request of both parties any entitlement under the Act to credit or payment of input tax that immediately before the transfer took effect was vested in the transferor, shall vest in and become the entitlement of the transferee and shall cease in so far as the transferor is concerned.

(5) Any person who fails to notify the Deputy Commissioner of the fact of a transfer within thirty days after it takes effect commits an offence and upon conviction is liable to a fine not less than one hundred thousand shillings, but not exceeding three hundred thousand shillings.



Advertised  
prices to  
include VAT

**62.** (1) Any person making or publishing an advertisement in respect of the supply of any goods or services shall, if the advertisement mentions the price at which such goods or services may be obtained, state the price inclusive of tax.

(2) In this section, "advertisement" includes any label attached to the goods and any sign displayed in connection with the goods or services and any quotation of their price.

Tax adjustments  
contracts

**63.** Where, after the making of a contract for the supply of goods or services and before the goods or services are supplied-

(a) there is a change in the tax charged on the supply or

(b) tax chargeable on the supply is introduced or abolished;  
then, unless the contract otherwise provides, there shall be added to or deducted from the consideration for the supply an amount equal to the tax adjustment.

Priority of VAT  
debts in bankrupt

**64.** Where an individual has been declared bankrupt, any tax, fines or interest due under this Act shall have priority over the debts proven against the bankrupt.

Evidence by  
certificate

**65.** A certificate of the Deputy Commissioner that-

(a) a person was or was not, at any date, registered;

(b) any return required under this Act to be lodged has not been lodged or has not, on a specified date, been lodged; or

(c) any tax shown as due in any return or assessment lodged or made under this Act has not been paid;  
shall be sufficient evidence of that fact in any court of competent jurisdiction until the contrary is proved.

Schemes for  
obtaining undue  
tax benefit

**66.** (1) Notwithstanding any provisions of this Act, where the Deputy Commissioner is satisfied that any scheme that has the effect of conferring a tax benefit on any person was entered into or carried out:-

(a) solely or mainly for the purpose of obtaining that benefit; and

(b) by means or in a manner that would not normally be employed for bona fide business purposes, or by means of the creation of right or obligations that would not normally be created between persons dealing at arm's length;

The Deputy Commissioner may determine the liability for any tax imposed by this Act and its amount, as if the schemes had not been entered into or carried out, or in such manner as, in the circumstances of the case, he considers appropriate for the prevention or diminution of the tax benefit sought to be obtained by the scheme.

(2) A determination under subsection (1) shall be deemed to be an assessment, and the provisions of section 43 and any other provisions made by or under this Act in relation to assessment, shall apply accordingly.





(3) In this section "bona fide business purposes" does not include the obtaining of a benefit and "tax benefit" includes-

- (a) any avoidance or reduction in the liability of any person to pay tax;
- (b) any increase in the entitlement of any taxable person to a refund of tax;
- (c) any reduction in the consideration payable by any person in respect of any supply of goods and services or the importation of any goods; or
- (d) any other avoidance or postponement of liability for the payment of any tax.

**Service of  
notice**

67. (1) Any notice, notification, requirement or demand to be served on, given to, or made of any person for the purposes of this Act may be served, given, or made by sending it by post or leaving it on the premises addressed to that person or his VAT representative the last or usual residence or place of business, of that person or representative, or in the case of a company to its registered office.

(2) Delivery by post shall be deemed to have been made ten days after the date of posting.

**Regulations**

68. The Minister may make regulations where he is required or permitted by the Act, and where it is necessary or expedient to make regulations for carrying out or giving effect to this Act.

**Repayments  
and remission**

69. Where any VAT not due to the Commissioner under this Act is paid to him, or VAT due is not charged and paid by a taxable person because of misunderstanding arising from incorrect or misleading advice by an officer, the Commissioner may repay or remit the VAT.

**Transitional  
arrangements**

70. (1) The Minister may make regulations providing for the repayment in prescribed conditions and circumstances of sales by taxable persons prior to the commencement of VAT on goods still in stock on the commencement day.

(2) Subject to the regulations made under this Act, and notwithstanding the repeal of the Sales Tax Act, 1991, the sales tax paid on goods in stock of a taxable person before the coming into operation of this Act, shall be deemed to be the input tax.

(3) The procedure for determining and allowing the sales tax paid on stock to be an input tax shall be provided for in the regulations to be made by the Minister.

**Repeals and  
Saving Sales  
Tax Act  
No 4 of 1991**

71. (1) That Sales Tax Act, 1991 is hereby repealed.

(2) The repeals of the Sales Tax Act, 1991, shall not affect any right, interest, title, power established or exercisable or any capacity existing prior to the repeal or affect any duty, obligation, liability or burden of proof imposed, created or incurred prior to the repeal or affect any investigation, legal proceeding or remedy in respect of any right, interest, power, privilege, duty obligation, liability or otherwise.





Amendment of  
Hotel levy Act  
No 1 of 1995

72. The Hotel Levy Act, 1995 is amended by adding immediately after section 3A the following provision:

3B. No hotel levy shall, on the coming into operation of the Value Added Tax Act, 1998, be charged on any persons who or body of persons which has been registered under Part IV of the VAT Act.

Amendment of  
Entertainment  
Tax Decree No 16  
of 1962

73. The Entertainment Tax Decree, 1962 is amended by adding immediately after section 3, the following provision:

3A. Every person who or a body of person which has been registered under part IV of the Value Added Tax Act, 1998, shall on the coming into operation of that Act be exempted from paying tax under this Act.

Amendment of  
Stamp Duty  
Act No 6 of 1996

74. The Stamp Duty Act No 6 of 1996 is amended by adding sub-section (3) immediately after sub-section (2) of section 3, the following provision :

(3). Every person who or a body of person which has been registered under part IV of the Value Added Tax Act, 1998, shall on the coming into operation of that Act be exempted from paying tax under sub-section (2) of this section.

### **FIRST SCHEDULE**

#### **Section 9**

#### **ZERO - RATED SUPPLIES**

1. Exportation of goods and taxable services from Zanzibar, provided evidence of exportation is produced to the satisfaction of the Deputy Commissioner.

2. The supply of goods, including food and beverages, for consumption or duty free sale on aircraft or ships on journeys to destinations outside Zanzibar.

3. For the purpose of this schedule, goods or services are rated as exported from Zanzibar if-

(a) in the case of goods, they are delivered to or made available at an address outside Zanzibar as evidence by documentary proof acceptable by the Deputy Commissioner.

(b) in case of services, the service is supplied for use or consumption outside Zanzibar as evidence by documentary proof acceptable by the Deputy Commissioner.

**Note:** The Supply of goods and or services from Zanzibar to Mainland Tanzania are not eligible to zero rating under this schedule.



## **SECOND SCHEDULE**

### **Section 10**

#### **EXEMPT SUPPLIES AND IMPORTS**

##### **1. Food and livestock supplies**

- (1) Livestock - live cattle, swine, sheep, goats, game, poultry and other animals of a kind generally used for human consumption.
- (2) Animal products - unprocessed edible meat and offal of cattle, swine, sheep, goats, game and poultry (including eggs), except-pate, fatty livers of geese or ducks and any other product prescribed by the Minister by regulation.
- (3) Dairy products - cow's or goat's milk.
- (4) Fish - all unprocessed fish, except selfish, and ornamental fish.
- (5) Agricultural products - fresh edible vegetables, fruits and nuts and the bulbs, tubers, seeds and plants thereof; maize, wheat, and other cereals; meal and flours.

Notes: 1. For the purposes of this item goods shall be regarded as "unprocessed" if they have undergone only simple processes of preparations or preservation such as freezing, chilling, drying, salting, smoking, stripping or polishing.

2. None of the above can be exempted when they are supplied in the course of catering by a restaurant, cafeteria, canteen or like establishment.

##### **2. Pesticides, fertilizers etc.**

The supply of fertilizers, pesticides, insecticides, fungicides, rodenticides, herbicides, anti-sprouting products, and plants growth regulators, and similar products, which are necessary for use in agricultural purposes.

##### **3. Health supplies**

- (1) The supply of health and medical services by a registered medical practitioner, optician, dentist, hospital or clinic.
- (2) The supply of medicines and drugs listed in the National Essential Drugs List issued by the Ministry of Health or in Regulations made by the Minister.
- (3) The supply of articles designed for use by the blind or disabled.



#### **4. Education supplies**

Educational services provided by an establishment registered the Government.

#### **5. Veterinary supplies**

- (1) The supply of veterinary services by a registered veterinary practitioner.
- (2) The supply of medicines and drugs by a registered veterinary practitioner in the course of his professional work.

The supply to registered veterinary practitioner of equipment designed solely for veterinary use.

#### **6. Books and newspapers**

- (1) Books, booklets, maps and charts.
- (2) Newspaper, journals, magazines and periodicals.

#### **7. Transport services**

- (1) Transportation of person, by any means of conveyance, but not including taxi, Cabs, rental cars, boats or Aircharterers

#### **8. Housing and land**

- (1) The sale or lease of an interest in land.
  - (2) The sale of used or lease of residential buildings.
- Notes:** For the purposes of this item "land" does not include any building thereon.

#### **9. Financial and insurance services**

- (1) The provision of insurance services.
- (2) The issue, transfer, receipt of or other dealing with money (including foreign exchange) or any note or order for the payment of money.

#### **10. Water**

The supply of water, except bottled or canned or similarly presented drinking water.

#### **11. Funeral services**

- (1) The transportation and disposal of human remains.
- (2) The arrangements for disposal of the remains.

#### **12. Religious goods and services**

The supply of religious goods and services.





### THIRD SCHEDULE

(Section 11)

#### SPECIAL RELIEFS

- inted*
1. Supplies to or importation of goods or services by diplomats or a diplomatic mission that is accredited by the Republic of Tanzania for the official purposes of that mission, where the foreign country provides reciprocal treatment to diplomats and the diplomatic mission of Tanzania in that country.
  2. Supplies of importation of goods or services under a technical aid agreement as far as that agreement provides for relief from Tanzania taxation.
  3. Travelers' Personal Effects - Imported goods in respect of which relief of duty is available under Customs Laws.
  4. Supplies or importation of goods or services for the use by the President of Zanzibar.
  5. Supplies to or importation of goods or services by the Government or its agencies to be used in the performance of their statutory functions.
  - (6) The supply to a registered medical practitioner, optician, dentist, hospital or clinic, or to a patient, of equipment designed solely for medical or prosthetic use.

Passed in the House of Representatives on the 10<sup>th</sup> day of February, 1998.

*K. Chande*  
( KHAMIS JUMA CHANDE )  
CLERK OF THE HOUSE  
OF  
REPRESENTATIVES.