



**AN ACT TO REPEAL THE ZANZIBAR INVESTMENT PROMOTION AND
PROTECTION AUTHORITY ACT, NO. 14 OF 2018 AND ENACT THE ZANZIBAR
INVESTMENT ACT AND PROVIDE FOR OTHER MATTERS
CONNECTED THEREWITH**

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ACT NO. 10 OF 2023

I ASSENT


{DR. HUSSEIN ALI MWINYI}
PRESIDENT OF ZANZIBAR AND CHAIRMAN OF
THE REVOLUTIONARY COUNCIL

.....1 February....., 2024

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ENACTED by the House of Representatives of Zanzibar.

**PART ONE
PRELIMINARY PROVISIONS**

Short title and
commence-
ment.

1. This Act may be cited as the Zanzibar Investment Act, 2023 and shall come into operation upon being assented to by the President.

Application.

2. This Act shall apply to investment that fulfills criteria prescribed in accordance with the provisions of this Act, except the investment in:

- (a) oil and gas up-streams;
- (b) public private partnership;
- (c) joint venture with the Government;
- (d) investment agreements with the Government; or
- (e) hazardous chemicals, firearms, weapons or explosives.



Interpre-
tation.

3. In this Act, unless the context otherwise requires:

“Abandoned Investment” means any investment that has been inactive in relation to its investment activities for a period of three consecutive years;

“Authority” means the Zanzibar Investment Promotion Authority established under the provisions of section 4(1) of this Act;

“Approved Investment” means an investment approved under the provisions of this Act;

“Board” means the Board of Directors of the Authority established under the provisions of section 9(1) of this Act;

“buyer” means a person who has purchased and has full ownership of real estate property for residential purpose within a real estate investment approved by the Authority;

“capital” means all cash contribution, plant, machinery, equipment, building and other business assets other than the value of business assets which are not consumed in the regular operations of the business and have a life of more than twelve months;

“Certificate of Investment” means a certificate issued to an Investor by the Authority after fulfillment of the requirements of this Act;

“construction goods” means plant, machinery, equipment, building materials, vehicles and all related goods which are necessary for construction of the project during implementation period;

“Company” has the meaning as ascribed to it under the Companies Act, No. 15 of 2013;

“Customs territory” means the geographical area of the United Republic of Tanzania and any other member State of the East African Community but does not include Special Economic Zone;

“developer” means the investor who is engaged in developing property or infrastructure for the purpose of selling or renting such property under the provisions of this Act;



“Diaspora” has the meaning as ascribed to it under the Diaspora Affairs Act, No. 4 of 2020;

“Executive Director” means the Executive Director of the Authority appointed in accordance with the provisions of section 15(1) of this Act;

“Foreign Investor” means a company incorporated under the laws of Zanzibar in which more than fifty percent of its shares are owned by a foreigner;

“Government” means the Revolutionary Government of Zanzibar;

“implementation period” means the period of time stipulated in the Certificate of Investment or any other period approved by the Authority for planning, designing, installing, developing, establishing, constructing, completing or any other activity relating with Approved Investment which covers the period from the date of project approval to the period before project opening or operation;

“investment” means capital by an investor including the creation or acquisition of business assets by or for a business enterprise and shall include expansion, restructuring, improvement or rehabilitation of a business enterprise;

“Investor” means an investor who has been granted a Certificate of Investment in accordance with the provisions of this Act;

“land” has the meaning as ascribed to it under the Land Tenure Act, No. 12 of 1992;

“Land Bank for Investment” means an area designated by the President to be reserved area for the investment activities which includes small islands;

“Local Investor” means a company incorporated under the laws of Zanzibar in which more than fifty percent of its shares are owned by a Tanzanian;

“Minister” means the Minister responsible for investment;

“One Stop Centre” means a center as prescribed under the provisions of section 8(1) of this Act;



“pre-operational goods” shall include computer, furniture, spare part, vehicle, utensil, fixture and fittings and all related goods necessary for commencement of operation of any project during implementation period;

“President” means the President of Zanzibar and Chairman of the Revolutionary Council;

“Special Economic Zones” means an area as stipulated under section 39(1) and (2) of this Act;

“Strategic Investment” means an Approved Investment which qualifies the criteria specified under the provisions of section 25 of this Act.

PART TWO

ESTABLISHMENT OF THE AUTHORITY

Establis-
hment of the
Authority.

4.-(1) There is established an Authority to be known as the Zanzibar Investment Promotion Authority and its acronym shall be “ZIPA”.

(2) The Authority shall be a body corporate with perpetual succession with a common seal and shall, by its corporate name, be capable of:

- (a) suing or being sued;
- (b) acquiring, holding, purchasing or disposing of any movable or immovable property;
- (c) entering into any contract or transaction;
- (d) borrowing, lending or receiving grants of any sum of money from any financial institution in accordance with the provisions of the Public Finance Management Act, No. 12 of 2016; and
- (e) performing or doing any act or thing which the body corporate may, by law, be entitled to perform or do.

Seal and
logo of the
Authority.

5.-(1) There shall be a common seal and logo of the Authority in a shape and size as may be determined by the Board.

(2) The application of the seal and logo of the Authority on any document shall be authenticated by the signature of the Executive Director or any other officer of the Authority authorized in writing by the Executive Director.



(3) Any document purporting to be an instrument issued by the Authority shall be sealed with a seal of the Authority and authenticated in accordance with the provisions of subsection (2) of this section.

Functions
of the
Authority.

6.-(1) The functions of the Authority shall be, to:

- (a) create the best enabling environment for promotion, facilitation and protection for investment;
- (b) enhance investment competitiveness;
- (c) promote Zanzibar to be an attractive destination for investment and business;
- (d) determine investment opportunities available in the country and the modalities of accessing them in liaison with relevant authorities;
- (e) initiate and undertake necessary researches and apply the results of such researches after approval from relevant authorities;
- (f) periodically, monitor and evaluate the progress of Approved Investment;
- (g) ensure the incentives granted to the Investor are directed to the project and adhere to the investor's submitted business plan;
- (h) establish, coordinate and enhance national, regional and international collaboration to ensure smooth running of investment activities in the country;
- (i) administer, control and manage the Special Economic Zones;
- (j) maintain a register developed under this Act;
- (k) liaise micro, small and medium enterprises with investment opportunities;
- (l) issue guidelines for corporate social responsibility;
- (m) determine and propose charges, rents and fees for any service provided by the Authority;
- (n) set criteria and capital threshold for investment project approvals;



- (o) advise the Government on:
 - (i) appropriate policies and strategies relating to investment;
 - (ii) the design and implement the investment incentives schemes and monitor its outcome; and
 - (iii) investments which are significant to the economy of the country; and
- (p) perform any other function which is relating with the functions of the Authority.

(2) The Authority may appoint a representative in any country for the purpose of implementing any of its functions conferred under this Act.

Powers of the
Authority.

7. The Authority shall have powers to:

- (a) issue, modify or cancel the Certificate of Investment issued under this Act;
- (b) issue order, directives, guidance or circular on investment and other related matter;
- (c) request information from any person where the Authority has reason to believe that, the person is capable to provide information, document or evidence that may assist the Authority in the performance of its functions;
- (d) investigate any claim against the Investor or Approved Investment;
- (e) provide land lease and grant title deed to Investors within Special Economic Zones;
- (f) enter into any investment project with a notice or otherwise for the purpose of exercising its functions; and
- (g) invest inside or outside of Zanzibar.

One Stop
Centre.

8.-(1) The Authority shall function as a One Stop Centre for the purpose of facilitating the performance of its functions.



(2) The composition, functions and other provisions relating with One Stop Center shall be prescribed in the regulations.

PART THREE

MANAGEMENT AND ADMINISTRATION OF THE AUTHORITY

Establish-
ment and
composition
of the Board.

9.-(1) There shall be a Board of Directors of the Authority which shall compose of:

- (a) Chairperson who shall be appointed by the President;
- (b) Executive Director;
- (c) one member from:
 - (i) Ministry responsible for Finance;
 - (ii) Ministry responsible for Trade;
 - (iii) Commission for Lands;
 - (iv) Zanzibar National Chamber of Commerce; and
 - (v) Tanzania Revenue Authority.

(2) The member mentioned under subsection (1)(c) of this section, shall be appointed by the Minister in consultation with respective institutions based on gender.

(3) A person shall qualify to be appointed as a member under subsection (1)(c) of this section, if that person has:

- (a) at least first degree in the field of economics, business administration, management, finance, entrepreneurship or law from the institution recognized by the Government;
- (b) working experience of at least seven years; and
- (c) high level of integrity.

Qualifi-
cations
of the
Chairperson.

10. A person shall qualify to be appointed as Chairperson of the Board, if that person has:

- (a) at least first degree in any field related to investment from the institution recognized by the Government;



- (b) working experience of at least seven years in the managerial position; and
- (c) high level of integrity.

Secretary of
the Board.

11.-(1) The Board shall appoint staff of the Authority to be a Secretary of the Board.

(2) The staff of the Authority shall qualify to be appointed as a Secretary of the Board, if that staff has:

- (a) at least first degree in the field of law or corporate secretary from the institution recognized by the Government;
- (b) working experience of at least five years in public service; and
- (c) good communication skills.

(3) The Secretary of the Board shall be accountable to the Board and in consultation with the Chairperson shall:

- (a) prepare agenda of meetings of the Board;
- (b) take accurate minutes of the meetings of the Board;
- (c) maintain the correct and sufficient records of the Board;
- (d) give proper notification of the meetings of the Board to the members; and
- (e) perform any other function as directed by the Board in accordance with the laws.

Functions of
the Board.

12. The functions of the Board shall be to:

- (a) formulate, monitor, control and supervise the implementation of the policies and strategies of the Authority;
- (b) advise the Minister and other relevant Government institutions on matters related to investment policy and administration;
- (c) determine the strategies and policies governing the operations of the Authority;



- (d) submit quarterly and annual performance reports to the Minister; and
- (e) perform any other function that is related with the functions of the Board.

Powers of the Board.

13.-(1) The powers of the Board shall be to:

- (a) direct the Executive Director to furnish to it any information, report or any other document which the Board considers necessary for performance of its functions;
- (b) give lawful instructions to the Executive Director relating to management, performance and operational policies of the Authority;
- (c) approve:
 - (i) organizational structure of the Authority in accordance with the provisions of the Public Service Act, No. 2 of 2011;
 - (ii) registration and cancellation of Certificate of Investment;
 - (iii) the annual budget of the Authority;
 - (iv) Financial Regulations, Staff Regulations and Work Plan of the Authority;
- (d) employ the staff of the Authority in accordance with the provisions of the Public Service Act, No. 2 of 2011;
- (e) hear appeal against the staff of the Authority; and
- (f) supervise the disciplinary matters for the staff of Authority in accordance with the provisions of the Public Service Act, No. 2 of 2011 and Staff Regulations of the Authority.

(2) The Board may issue general instructions for the guidance of the Authority.

Proceedings of the Board.

14. The provisions relating to the proceedings of the Board shall be prescribed in the First Schedule of this Act.

Appointment of the Executive Director.

15.-(1) There shall be an Executive Director of the Authority who shall be appointed by the President.



(2) The Executive Director shall be the Chief Executive Officer of the Authority and shall be accountable for supervision of the day to day execution of the functions of Authority.

Qualifications of the Executive Director.

16. A person shall qualify to be appointed as an Executive Director, if that person has:

- (a) at least a first degree in the field of economics, business administration, finance, management, international relations, entrepreneurship or law from the institution recognized by the Government;
- (b) working experience of at least seven years; and
- (c) high level of integrity.

Delegation of the power and functions of the Executive Director.

17. The Executive Director may, in writing, delegate any of his powers or functions to any officer of the Authority except:

- (a) issuance and revocation of land lease in Special Economic Zones;
- (b) issuance, amendment and cancellation of Certificate of Investment;
- (c) power to compound an offence;
- (d) issuance of guidelines or instructions on investment; or
- (e) submission of application for incentives prescribed under this Act to relevant authorities.

Departments, divisions and units of the Authority.

18.-(1) The Authority shall establish departments, divisions or units as may deem necessary in accordance with the provisions of the Public Service Act, No. 2 of 2011.

(2) The heads of departments, divisions and units shall be appointed by the Board based on their related qualifications and experience.

(3) The heads of departments and units shall be accountable to the Executive Director.

(4) The heads of divisions shall be accountable to the heads of departments.

Staff of the Authority.

19. There shall be the staff of the Authority to be employed in accordance with the provisions of the Public Service Act, No. 2 of 2011.



PART FOUR

INVESTMENT, CERTIFICATE OF INVESTMENT AND INCENTIVES

Intention to
invest.

20.-(1) Any foreigner or Diaspora who intends to invest or do business in Zanzibar shall be required to apply for a Certificate of Investment to the Authority.

(2) Any Tanzanian who intends to invest or do business in Zanzibar may apply for a Certificate of Investment to the Authority.

Procedures for
application of
Certificate of
Investment.

21. The procedures for application, conditions, issuance, fees, validity, renewal and amendment of Certificate of Investment shall be prescribed in the regulations.

Suspension
and
cancellation
of Certificate
of
Investment.

22.-(1) The Authority may suspend the Certificate of Investment issued under this Act, if it has reasonable ground to believe that:

- (a) the Certificate of Investment is obtained by fraud or misleading;
- (b) the Investor is in the process of exiting the business;
- (c) the Investor fails to commence implementation of the investment project within one year from the date of obtaining of all required legal documents;
- (d) a project is abandoned;
- (e) the Investor applies for incentives conferred under this Act, for the purposes other than those for which the incentives were conferred;
- (f) the Investor fails without reasonable cause to commence investment operations within the time stipulated in the Certificate of Investment;
or
- (g) the Investor fails to comply with any of the obligations imposed under this Act.

(2) Subject to the provisions of subsection (1) of this section, the Authority shall give notice of at least thirty days to the Investor to show cause why his Certificate of Investment should not be cancelled.



(3) Where the Investor gives the Authority the satisfactory explanations, the Authority shall lift the suspension and guide the Investor as it deemed appropriate.

(4) The Authority shall cancel the Certificate of Investment where the Investor:

- (a) fails to comply with the provisions of subsection (2) of this section;
- (b) provides unsatisfactory explanations to the Authority; or
- (c) withdraws the Approved Investment.

Consequences of cancellation of Certificate of Investment.

23. Where the Authority cancels the Certificate of Investment issued under this Act:

- (a) the investment relating with the Certificate of Investment shall cease to be an Approved Investment;
- (b) the land lease agreement relating with Certificate of Investment shall be revoked automatically; and
- (c) the incentives under section 26 of this Act shall cease and any taxes exempted shall become payable effectively.

Investment capital threshold.

24. The application for Certificate of Investment shall be considered where it meets the criteria prescribed under Part One of the Second Schedule of this Act.

Strategic investment status.

25.-(1) The Investor may apply for Strategic Investment status to his Approved Investment to the Authority after fulfilling the criteria prescribed under Part Two of the Second Schedule of this Act.

(2) The status applied under subsection (1) of this section, shall be restricted to a single Approved Investment.

(3) The condition specified under subsection (1) of this section, shall be realized within a period of three years from the date of issuance of the status.

Investment incentives.

26. The Investor shall, in addition to the incentives provided under the tax laws in Zanzibar and Tanzania laws applicable in Zanzibar, be entitled to investment incentives as prescribed in the Schedules relating with incentives under this Act.

Acquisition of land.

27.-(1) The Authority shall, subject to the conditions stipulated under this Act, grant land lease to the Investor in the Special Economic Zone.



(2) Where the Investor requires land outside Special Economic Zones, the Authority shall facilitate acquisition of that land lease through Minister responsible for lands.

(3) Subject to the provisions of subsection (2) of this section, the Investor shall pay the occupier of the land for which he is granted a lease pursuant to this section a fairly and timely compensation for any improvement made on or benefit arising from that land.

(4) The compensation referred to under subsection (3) of this section, shall be paid before the land lease is granted.

High
technology
investment.

28. The Authority shall provide special incentives to attract high technology investment for national agenda which shall be prescribed in the regulations.

Investments
in the Blue
Economy
Sector.

29. The Authority shall provide special incentives to attract blue economy investments projects for national agenda which shall be prescribed in the regulations.

Abandoned
Investment.

30.-(1) The Approved Investment shall be deemed to be abandoned if:

- (a) the Investor or person properly designated by him is not physically in the possession of the investment for the period of three consecutive years; or
- (b) there is no any progress after expiration of the period of three years given by the Authority for the implementation of that investment.

(2) Notwithstanding the provisions of any other law, where the Authority is satisfied that, the investment is abandoned, the Authority may:

- (a) cancel the Certificate of Investment relating with such investment;
- (b) declare the project abandoned by a notice published in the Official Gazette;
- (c) take custody of the abandoned investment or property;
- (d) cease all facilitation service for that investment; and
- (e) auction the abandoned investment, where practical to do so.

(3) Subject to the provisions of subsection (2) of this section, the Investor whose investment has been abandoned shall not be compensated.



PART FIVE RIGHTS AND OBLIGATIONS OF AUTHORITY AND INVESTORS

Rights of
overseeing
Investment.

31. The Authority shall have rights to adopt all necessary measures in overseeing investments to ensure that, all investment activities are carried out in accordance with the intended objectives of this Act.

Obligations
of the
Investor.

32. The investor shall:

- (a) comply with the laws of Zanzibar and laws of Tanzania applied in Zanzibar;
- (b) submit timely the information required by the Government institutions dealing with investment to ensure smooth implementation of their functions;
- (c) carryout investment activities in a way which shall protect consumers, environment, gender equality and develop skills of its employees;
- (d) comply the guidelines and directives of local content and corporate social responsibility from the respective sector;
- (e) submit to Authority quarterly and annual reports in respect of implementation and progress of their investment;
- (f) implement the investment activities in accordance with the business plan and implementation plan approved by the Authority;
- (g) allow officers of the Authority to perform their functions and their responsibilities in accordance with the provisions of this Act; and
- (h) register foreign loan with the Central Bank of Tanzania.

Local content
and corporate
social respon-
sibility.

33. The Investor shall adhere to the enviroment, social and governance guidelines issued under the provisions of this Act.

Right of
repatriation
of profit,
proceeds and
salaries.

34.-(1) The Foreign Investor may, after paying taxation and all liabilities, transfer out of Zanzibar in convertible foreign currency at the prevailing official rate of exchange:



- (a) the dividends arising from or out of his Approved Investment;
- (b) the principal and interest of any foreign loan registered in Zanzibar contracted with respect to the Approved Investment; and
- (c) the proceeds on liquidation or sale of the Approved Investment.

(2) Expatriate employed by Investor may remit, in convertible foreign currency, salaries and other payments accruing from his employment in accordance with the relevant prevailing laws.

Government
guarantee for
the protection
of Approved
Investment.

35.-(1) Investment, interest in or right over a property forming part of investment made under this Act, shall not be seized by the Government, except for the public interest.

(2) Where the Government seizes interest in or right over a property forming part of investment under subsection (1) of this section, the Investor shall be fairly and timely compensated.

(3) The Government shall not take any arbitrary measures or decisions that adversely affect the Investors rights or the ability to operate in Zanzibar without a legitimate and justifiable reasons.

Protection of
Intellectual
property
right.

36. The Investor's intellectual property rights related to the Approved Investment shall be protected in accordance with the relevant laws.

Employment
for
Tanzanians.

37. The Investor shall employ Tanzanians by giving priority to Zanzibaris in the field that Tanzanians or Zanzibaris have the qualifications.

Employment
for
expatriate.

38.-(1) The Investor may employ expatriates up to ten percent of total employees for a period of eight years unless provided otherwise by the relevant laws.

(2) Investor shall not employ an expatriate except where there is no Tanzanian or Zanzibaris with the required qualifications in that post.

(3) Subject to the provisions of subsection (1) of this section, the authority may, after receipt of the application from the Investor, extend the number of expatriate and the period of staying after consultation with relevant authorities.



PART SIX

DESIGNATION OF SPECIAL ECONOMIC ZONES

Designation
of Special
Economic
Zones.

39.-(1) There shall be Special Economic Zones that include Free Ports Zones, Free Economic Zones, Land Bank for Investment, Export Processing Zones, Digital Free Zones, Industrial Zones, Small Islands Zones, Free Trade Zones, Logistic Zones and Convention Centers.

(2) The President may, by a notice published in the Gazette, designate any area of Zanzibar to be a Special Economic Zone and define their demarcations, incentives and regulators whether public or private.

(3) Notwithstanding the provisions of subsection (2) of this section, the Authority shall have exclusive regulatory jurisdiction and management of the Special Economic Zones except specified otherwise under the provisions of subsection (2) of this section.

Purposes
of Special
Economic
Zones.

40. The purposes of Special Economic Zones are to:

- (a) provide favorable operating conditions and guarantee stable business sites to the Investors including:
 - (i) development of integrated infrastructure facilities;
 - (ii) creation of incentives for economic and business activities; and
 - (iii) removal of impediments to investments and business activities;
- (b) expedite technological development of special skills and boost production for export;
- (c) ensure the availability of lands for investment; and
- (d) attract international services.

Functions of
the Authority
in Special
Economic
Zones.

41. The Authority shall, in relation to Special Economic Zones:

- (a) promulgate policies and all necessary guidelines for the effective investment activities;



- (b) designate geographically defined areas which are suitable for investment development subject to the land policy and laws of Zanzibar;
- (c) prescribe different categories of Special Economic Zones;
- (d) prescribe the types of service and business that may be located therein;
- (e) grant, review and revoke licenses to develop, operate and maintain investment activities in the Special Economic Zones; and
- (f) monitor and regulate investment activities in the Special Economic Zones.

PART SEVEN FINANCIAL PROVISIONS

Source of
funds and
resources
of the
Authority.

42.-(1) The funds and resources of the Authority shall consist of:

- (a) such sums as may be appropriated by the House of Representatives;
- (b) moneys received for the services rendered by the Authority;
- (c) such lawful grants, gifts, donation, contributions or loans as the Authority may receive from any person or institution;
- (d) income from investment made by the Authority; and
- (e) any other money that may vest or legally acquired by the Authority whether in the course of its operations or otherwise.

(2) All financial transactions of the Authority shall be made and governed in accordance with the provisions of the Public Finance Management Act, No. 12 of 2016.

(3) The Authority shall retain one hundred percent (100%) of moneys collected by it.

Budget
of the
Authority.

43.-(1) The Executive Director shall, in respect of every financial year, prepare and submit to the Board for deliberation and recommendation on detailed estimates of the income and expenditure for the Authority for the next financial year.



(2) Upon deliberation and recommendation by the Board, the budget of the Authority shall be dealt in the same manner as part of the budget of the Ministry.

(3) The estimates of income and expenditure of the Authority shall be prepared subject to the provisions of the Public Finance Management Act, No. 12 of 2016 and any other directives as may, from time to time, be issued by the Government.

(4) The Executive Director shall ensure that, all payments made by the Authority's funds are correctly made and properly authorized and adequate control is maintained over its property and over the incurring of liabilities by the Authority.

Accounts
and audit.

44.-(1) The Authority shall keep accounts and records of its transactions and ensure that, all moneys received and paid by the Authority are properly accounted for, authorized and adequate control is maintained over its property and incurring of liability.

(2) The annual financial statements of the Authority shall be audited in accordance with the provisions of the Public Finance Management Act, No. 12 of 2016 and any other relevant financial laws.

Bank
account.

45.-(1) The investor shall open a bank account in Tanzanian Shillings or foreign currency at any bank in Zanzibar and transact all investment activities through such account.

(2) The Investor shall open an account at any bank outside Zanzibar after obtaining the written approval from the Authority.

PART EIGHT OFFENCES AND PENALTIES

Offences
and penalty.

46. An Investor who:

- (a) provides false or misleading information to the Authority;
- (b) refuses or neglects to provide information which the Authority may require for the purpose of implementation of the provisions of this Act;
- (c) obstructs any officer of the Authority to exercise his lawful duty conferred under this Act; or
- (d) opens bank account outside Tanzania in relation to the Approved Investment without written approval from the Authority,



commits an offence and shall, upon conviction, be liable to pay a fine of not less than Fifty Thousand United States Dollars or equivalent in Tanzanian Shillings or imprisonment for a term of not less than two years or both such fine and imprisonment.

General
penalty.

47. Any person who contravenes any provisions of this Act, where no specific penalty is provided for such offence, commits an offence and shall, upon conviction, be liable to pay a fine of not less than Ten Thousand United States Dollars or equivalent in Tanzanian Shillings or imprisonment for a term of not less than one year or both such fine and imprisonment.

Compound
offence.

48.-(1) The Executive Director may compound an offence committed by an Investor under this Act or its regulations by requiring him to pay a fine of not less than half of the fine prescribed for such offence, provided that, the Investor:

- (a) admits that he committed an offence and shall take due care not to repeat; and
- (b) pays all his default payment under this Act.

(2) The procedures relating to compounding offence shall be prescribed in the regulations.

(3) The compounding of offence under subsection (1) of this section, shall not be regarded as conviction for the alleged offence and provided that the default payment is paid in full, no prosecution for the alleged offence shall be instituted or maintained.

PART NINE MISCELLANEOUS PROVISIONS

Recognition
of Bilateral
agreements.

49. Subject to the provisions of respective laws, the relevant authority shall adhere to bilateral and multilateral agreements relating to investment where the United Republic of Tanzania has ratified or is part to it.

Confident-
iality.

50. Notwithstanding the provisions of any other Act, the information furnished by the Investor shall remain confidential to the Authority and shall not be revealed except:

- (a) for the purpose of administering the provisions of this Act;
- (b) by written consent from the respective Investor;
- (c) where is required to do so by law; or
- (d) where is required by the order of the court.



Qualifications and Incentives to the Buyer.

51. The buyer who qualifies the criteria prescribed in the regulations shall be entitled to incentives prescribed under Part Four of the Fifth Schedule of this Act.

Real Estate.

52. The Authority shall promote and approve a real estate projects in accordance with the procedures prescribed in the regulations.

Register.

53.-(1) There shall be a register which shall contain all particulars of the Certificate of Investment and any other information of the Investors as the Authority deems appropriate.

(2) The Register shall be in the custody of the Executive Director.

(3) Where the Investor intends to change his particulars shall, in writing and within fourteen days from the date of such changes, notify the Executive Director.

(4) The Executive Director shall, within seven working days from the date of receipt of the notification of the change and after the Investor pay the fees prescribed under the regulations, change the particulars in accordance with the notification received from the Investor.

Management Company.

54.-(1) An Approved Investment may be managed by the Management Company after obtaining written approval and paying the fees prescribed in the regulations.

(2) The Management Company authorized to manage the Approved Investment shall be facilitated to obtain work and residence permits and not be entitled to obtain Certificate of Investment and incentives granted under this Act.

(3) The procedures for application of management of Approved Investment shall be prescribed in the regulations.

(4) For the purpose of this section, the Management Company means the company incorporated in Zanzibar for the sole purpose of managing and operating of a particular Approved Investment

Transfer of Approved Investment.

55.-(1) The Investor who intends to transfer or dispose investment or shares in the company, interest or rights in investment wholly or in part, shall seek written approval from the Authority before concluding such transaction and after paying the fees prescribed in the regulations.

(2) The procedures for application for transfer or dispose of the Approved Investment shall be prescribed in the regulations.



Electronic services.

56. Notwithstanding the provisions of this Act or its regulations, the Authority shall, by electronic means:

- (a) authorize an application for processing and determination of issuance of Certificate of Investment, permit and license;
- (b) authorize payment of any prescribed fee; or
- (c) direct the performance of any act which is required to be done under this Act or regulations.

Disputes Settlement.

57.-(1) Where a dispute arises between an Investor and the Authority or the Government in respect of investment, such dispute shall be settled amicably.

(2) The dispute between an Investor and the Authority or Government which is not settled through negotiations may be submitted for arbitration in accordance with:

- (a) the procedures prescribed under the laws governing Arbitration in Zanzibar;
- (b) the rules of procedure for arbitration of the International Centre for the Settlement of Investment Disputes; or
- (c) the signed framework of any bilateral or multilateral agreement on investment protection to which the United Republic of Tanzania and the country of which the Investor is a national.

Fees and charges.

58. The fees and charges imposed under this Act shall be prescribed in the regulations.

Amendment of Schedules.

59.-(1) Subject to the approval of the Revolutionary Council of Zanzibar, the Minister may amend, vary or add any Schedule relating with incentives provided under this Act.

(2) Notwithstanding with the provisions of subsection (1) of this section, the Minister may amend any Schedule other than Schedule referred to under subsection (1) of this section for proper implementation of the provisions of this Act.

Review and appeal.

60.-(1) The Investor who has been aggrieved by the decision made by the Authority may, within seven days from the date of the decision, submit his grievances to the Board for review.



(2) Where the Investor is not satisfied with the decisions made under subsection (1) of this section, may, within seven days from the date of the decision, appeal to the Minister.

(3) The Minister shall make determination of the application for appeal in accordance with the procedures prescribed in the regulations.

Regulations. **61.** The Minister may make regulations for the better implementation of provisions of this Act.

Repeal and savings. **62.-(1)** The Zanzibar Investment Promotion and Protection Authority Act, No. 14 of 2018 is hereby repealed.

(2) Notwithstanding the provisions under subsection (1) of this section, anything done under the repealed Act, shall continue and be deemed to be done or purported under the provisions of this Act.



FIRST SCHEDULE

PROCEEDINGS OF THE BOARD [Under section 14]

Vice Chairperson of the Board.	1. The members of the Board shall elect one member among them to be Vice Chairperson of the Board.
Meetings of the Board.	<p>2.-(1) The Board shall ordinarily meet once after every three months and may convene extra ordinary meeting, where a need arises.</p> <p>(2) All meetings of the Board shall be presided by the Chairperson, in his absence, the Vice Chairperson shall preside the meeting and where the Chairperson and Vice Chairperson are absent, the members present in the meeting shall elect one member among them to preside the meeting.</p>
Quorum.	3. The quorum of all meetings of the Board shall be more than half of the total number of its members.
Decisions of the Board.	4. The decisions of the Board shall be made by consensus, where there is no such consensus, the decision shall be made by majority vote and where there is an equal vote, the Chairperson shall have the casting vote.
Tenure of members.	5. Save for ex-officio members, the Chairperson and other members of the Board shall hold office for a period of three years from the date of their appointment and may be re-appointed for another term only.
Procedures of the meetings.	6. Subject to the provisions of this Act, the Board shall regulate its own procedures of its meetings.
Co-opted member.	7. The Board may co-opt any person to attend in any deliberation of the meeting of the Board as an expert but the co-opted member shall have no right to vote.
Disclosure of interest.	8.-(1) The member of the Board who has a direct or indirect personal interest in a matter being considered or about to be considered by the Board shall, as soon as possible after the relevant facts have come to his knowledge, disclose the nature of his interest at the beginning of the meeting of the Board.



(2) A disclosure of interest under subsection (1) of this section, shall be recorded in the minutes of the meeting and the member making such disclosure shall not:

- (a) be present during the deliberations of the Board for the making of the determination; or
- (b) influence any other member in making the determination.

Cessation of membership.

9. The member shall cease to hold an office upon occurrence of one of the following:

- (a) resignation;
- (b) if he is absent without reasonable excuse for three consecutive meetings of the Board;
- (c) if he became incapacitated to perform his duties by reason of physical or mental health;
- (d) if he is terminated by the Minister where he does not meet expectations of the Authority;
- (e) if he is convicted to imprisonment for a term of six months or more; or
- (f) death.

Allowance of the members.

10. The Chairperson and other members of the Board shall be entitled to be paid such allowance in accordance with the provisions of the Public Service Act, No. 2 of 2011 and other relevant laws.

Committees of the Board.

11.-(1) The Board may establish committee for a purpose of carrying out specific functions as may deem necessary.

(2) The members of the committee shall be either among the members of the Board or other members appointed by the Board.



SECOND SCHEDULE

INVESTMENT CAPITAL THRESHOLD [Under section 24 and 25]

PART ONE INVESTMENT CAPITAL THRESHOLD

1. The application for Certificate of Investment shall be considered if hundred percent of the Company's shares are owned by:
 - (a) Tanzanian and investing capital is not less than One Hundred Thousand United States Dollars;
 - (b) Diaspora and investing capital is not less than Two Hundred Thousand United States Dollars;
 - (c) Foreign Investor or jointly owned with Tanzanian and investing capital is not less than Two Million and Five Hundred Thousand United States Dollars for Hotels and Real Estate investment projects; or
 - (d) Foreign Investor or jointly owned with Tanzanian and investing capital is not less than Five Hundred Thousand United States Dollars for other sectors of investment projects.

PART TWO CRITERIA FOR STRATEGIC INVESTMENT STATUS

2. The Approved Investment in Unguja shall be granted a status of Strategic Investment if the Investor has invested:
 - (a) Fifty Million United States Dollars for Foreign Investor or Tanzanian and contributes at least thirty percent of the capital invested in the form of equity;
 - (b) Ten Million United States Dollars and creates at least five hundred direct employment for Tanzanians in sectors other than hotels;
 - (c) in small islands under the provisions of this Act.



3. The Approved Investment in Pemba shall be granted a status of Strategic Investment if the Investor has invested:
- (a) Five Million United State Dollars for Foreign Investors or Tanzanian and contributes at least thirty percent of this investment in the form of equity;
 - (b) Two Million United States Dollars and creates at least one hundred direct employment to Tanzanians in sectors other than hotels;
 - (c) in small islands under the provisions of this Act.



THIRD SCHEDULE

INCENTIVES FOR INVESTORS OUTSIDE SPECIAL ECONOMIC ZONES [Under section 26]

PART ONE INCENTIVES DURING IMPLEMENTATION PERIOD

1. The Investor who is investing outside Special Economic Zones, may be granted the following incentives:
 - (a) Seventy Five percent exemptions on duties and taxes on importation of construction goods or pre-operational goods and any other goods of capital nature;
 - (b) One Hundred percent exemption on duties and taxes on local purchases of construction goods or pre-operational Goods and any other goods of capital nature;
 - (c) Fifty percent of income tax exemption on interest for capital borrowed from foreign banks;
 - (d) maximum of one year grace period on payment of land lease starting from the date of the land lease;
 - (e) One Hundred percent of foreign ownership is allowed;
 - (f) engagement of foreign contractors is allowed, provided that, all construction machineries and equipment shall be under temporary importation schemes; and
 - (g) one year grace period on payment of marina lease starting from the date of the land lease.



PART TWO INCENTIVES DURING OPERATION

2. The Investor who is investing outside Special Economic Zones, may be granted the following incentives;
- (a) by application, One Hundred percent exemption of Corporate Income Tax for the first five years;
 - (b) One Hundred percent exemption Accelerated Depreciation of plant and Machinery for five years;
 - (c) One Hundred percent allowance on Research and development expenditure for five years; and
 - (d) One Hundred percent retention of all profit after tax;

PART THREE MANUFACTURING SECTOR

3. Without prejudice to the provisions of Part One and Two of this Schedule, the Investor who is investing in manufacturing sector may further be granted the following incentives:
- (a) One Hundred percent exemption from payment of any tax on all goods produced for exports;
 - (b) One Hundred percent exemptions from paying of levy, fees or any other charges for raw materials and industrial inputs procured from Tanzania Mainland;
 - (c) One Hundred percent exemption from payment of import duty, VAT and other similar taxes on raw materials and other packaging materials;
 - (d) import duty remission on importation of raw materials and industrial input provided under the East African Community Customs laws subject to applications made by the United Republic of Tanzania; and
 - (e) One Hundred percent exemption of Income Tax on interest on registered borrowed capital for the period of five years from the year of operation,



FOURTH SCHEDULE

INCENTIVES FOR STRATEGIC INVESTMENT [Under Section 26]

PART ONE INCENTIVES DURING IMPLEMENTATION PERIOD OF PROJECT

1. The Investor who has been granted Strategic Investment status may be granted the following incentives:
 - (a) upon application, One Hundred percent of duties and taxes on importation and local purchases of construction goods or pre-operational goods and materials and any other goods of capital nature;
 - (b) One Hundred percent exemption of Income Tax on interest for capital borrowed from foreign banks;
 - (c) maximum of five years grace period on payment of land lease starting from the date of the land lease;
 - (d) One Hundred percent of foreign ownership is allowed;
 - (e) engagement of foreign contractors is allowed, provided that all construction machineries and equipment shall be under temporary importation schemes;
 - (f) five years grace period on payment of marina lease starting from the date of the land lease; and
 - (g) One Hundred percent exemption of Value Added Tax for construction services for Pemba and small islands in Zanzibar.



PART TWO INCENTIVES DURING OPERATION

2. The Investor who has been granted Strategic Investment status may, where appropriate, be granted the following incentives during operation of the Approved investment:
- (a) by application, One Hundred percent exemption of corporate income tax for the first five years and Fifty percent exemption for the next ten years;
 - (b) One Hundred percent allowance of branch profit tax on repatriated profit;
 - (c) One Hundred percent exemption on accelerated depreciation of plant and machinery for five years;
 - (d) One Hundred percent exemption on research and development expenditure for five years; and
 - (e) One Hundred percent retention of all profit after paying all relevant taxes.

PART THREE MANUFACTURING SECTOR

3. Without prejudice to the provisions of Part One and Two of this Schedule, the Investor who has been granted status of Strategic Investment investing in manufacturing sector may further be granted the following incentives:
- (a) One Hundred percent exemption from payment of any tax on all goods produced for exports;
 - (b) One Hundred percent exemptions from paying of levies, fees or any other charges for raw materials and industrial inputs procured from Tanzania Mainland;
 - (c) One Hundred percent exemption from payment of import duty, excise duty and VAT on importation of heavy machines and equipment;
 - (d) One Hundred percent exemption from payment of VAT on local purchases of heavy machineries or equipment required during production phase;



- (e) One Hundred percent exemption from payment of import duty, VAT and other similar taxes on raw materials and packaging materials during project operations;
- (f) import duty remission on importation of raw materials and industrial input provided under the East African Community Customs laws subject to application by the United Republic of Tanzania; and
- (g) One Hundred percent exemption of Income Tax on interest on registered borrowed capital for the period of ten years from the year of operation.



FIFTH SCHEDULE

INCENTIVES FOR INVESTORS IN SPECIAL ECONOMIC ZONES [Under section 26]

PART ONE DEVELOPER IN SPECIAL ECONOMIC ZONES

1. The Developer in Special Economic Zone may be granted the following incentives:

- (a) Seventy Five percent exemption from payment of taxes and duties for machinery, equipment, heavy duty vehicles, building and construction materials and any other goods of capital nature to be used for purposes of development of the Special Economic Zones infrastructure;
- (b) exemption from payment of corporate tax for an initial period of ten years;
- (c) exemption from payment of withholding tax on rent, dividends and interest for the first ten years;
- (d) exemption from payment of property tax for the first ten years;
- (e) remission of customs duty, Value Added Tax and any other tax payable in respect of importation of one administrative vehicle, ambulance, firefighting equipment and fire fighting vehicle and up to two buses for employees' transportation to and from the Special Economic Zones;
- (f) exemption from payment of stamp duty on any instrument executed in or outside the Special Economic Zones relating to transfer or lease of any movable or immovable property situated within the Special Economic Zones or any document, Certificate of Investment, instrument, report or any record relating to any activity, action, operation, project, undertaking or venture in the Special Economic Zones;



PART TWO

OPERATORS IN SPECIAL ECONOMIC ZONES

2. The investors whose primary markets are within the customs territory shall be entitled to:
- (a) remission on customs duties, Value Added Tax and any other tax charged on raw materials and goods of capital nature related to the production in the Special Economic Zones;
 - (b) exemption from payment of withholding tax on interest on foreign sourced loan from financial institutions;
 - (c) remission on custom duty, Value Added Tax and any other tax payable in respect of importation of one administrative vehicle, one ambulance, firefighting equipment and firefighting vehicle and up to two buses for employees' transportation into and from the Special Economic Zones;
 - (d) exemption from pre-shipment or destination inspection requirements;
 - (e) on site customs inspection of goods within Special Economic Zones;
 - (f) access to competitive, modern and reliable services available within the Special Economic Zones;
 - (g) One Hundred percent market access of goods and services subject to customs requirement on import into the customs territory as stipulated under the East African Community Customs laws; and
 - (h) subject to conditions and procedures for foreign exchange and payment of tax where appropriate, unconditional transfer through any authorized dealer bank in freely convertible currency of:
 - (i) net profits or dividends attributable to the investment;
 - (ii) payments in respect of loan servicing where a foreign loan has been obtained;
 - (iii) royalties, fees and charges in respect of any technology transfer agreement;



- (iv) the remittance of proceeds in the event of sale or liquidation of the licensed business or any interest attributable to the licensed business; and
- (v) payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the licensed business.

PART THREE OPERATORS IN EXPORT PROCESSING ZONE

3. Investors producing for export markets in non-manufacturing or processing sectors shall be entitled to:
- (a) subject to applicable conditions and procedures, accessing the export credit guarantee scheme;
 - (b) remission of custom duty, excise duty, Value Added Tax and any other tax charged on raw materials, packaging materials and goods of capital nature related to the production in the Export Processing Zone;
 - (c) exemption from payment of corporate income tax for initial period of ten years;
 - (d) exemption from payment of withholding tax on rent, dividends and interests for the first ten years;
 - (e) exemption from payment of all taxes and levies imposed by the Local Government Authorities for products produced in the Export Processing Zones for a period of ten years;
 - (f) exemption from pre-shipment or destination inspection requirements;
 - (g) on site customs inspection of goods in the Export Processing Zones;
 - (h) remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, ambulance, firefighting equipment and firefighting vehicle and up to two buses for employees' transportation to and from the Export Processing Zones;
 - (i) treatment of goods destined into Export Processing Zones as transit goods;



- (j) access to competitive, modern and reliable services available within the Export Processing Zones;
 - (k) subject to applicable conditions and procedures for foreign exchange and payment of tax, whenever appropriate, unconditional transfer through any authorized dealer bank in freely convertible currency of:
 - (i) net profits or dividends attributable to the investment;
 - (ii) payments in respect of loan servicing where a foreign loan has been obtained;
 - (iii) royalties, fees and charges in respect of any technology transfer agreement;
 - (iv) the remittance of proceeds in the event of sale or liquidation of the business enterprises or any interest attributable to the investment and;
 - (v) payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the business enterprise;
 - (l) Twenty percent of total turnover is allowed to be sold to the local market and is subject to the payment of all taxes;
 - (m) One Hundred percent foreign ownership is allowed; and
 - (n) no limit to the duration that goods may be stored in the Export Processing Zones.
4. For the purpose of this section, the Investor licensed primarily for export markets whose exports are more than Eighty percent of total annual production.



PART FOUR
DEVELOPER AND BUYER IN REAL ESTATE PROJECTS

5. Developer investing in Real Estate projects may be granted the following incentives:

- (a) One Hundred percent exemption on withholding tax on payment of interest;
- (b) One Hundred percent exemption on stamp duty per purchase contract;
- (c) land lease agreement is thirty three years; and
- (d) marina lease agreement is thirty three years.

6. Buyer of property in Real Estate Project of the value not less than One Hundred Thousands United States Dollars may be granted the following incentives:

- (a) resident permits for the buyer, spouse and his four children who are under twenty years old;
- (b) Fifty percent exemption on stamp duty;
- (c) One Hundred percent foreign ownership is allowed; and
- (d) One Hundred percent repatriation of sales proceeds after tax.

PASSED by the House of Representatives of Zanzibar on 4th December, 2023.

(RAYA ISSA MSELLEM)

Clerk of the House of Representatives of Zanzibar.