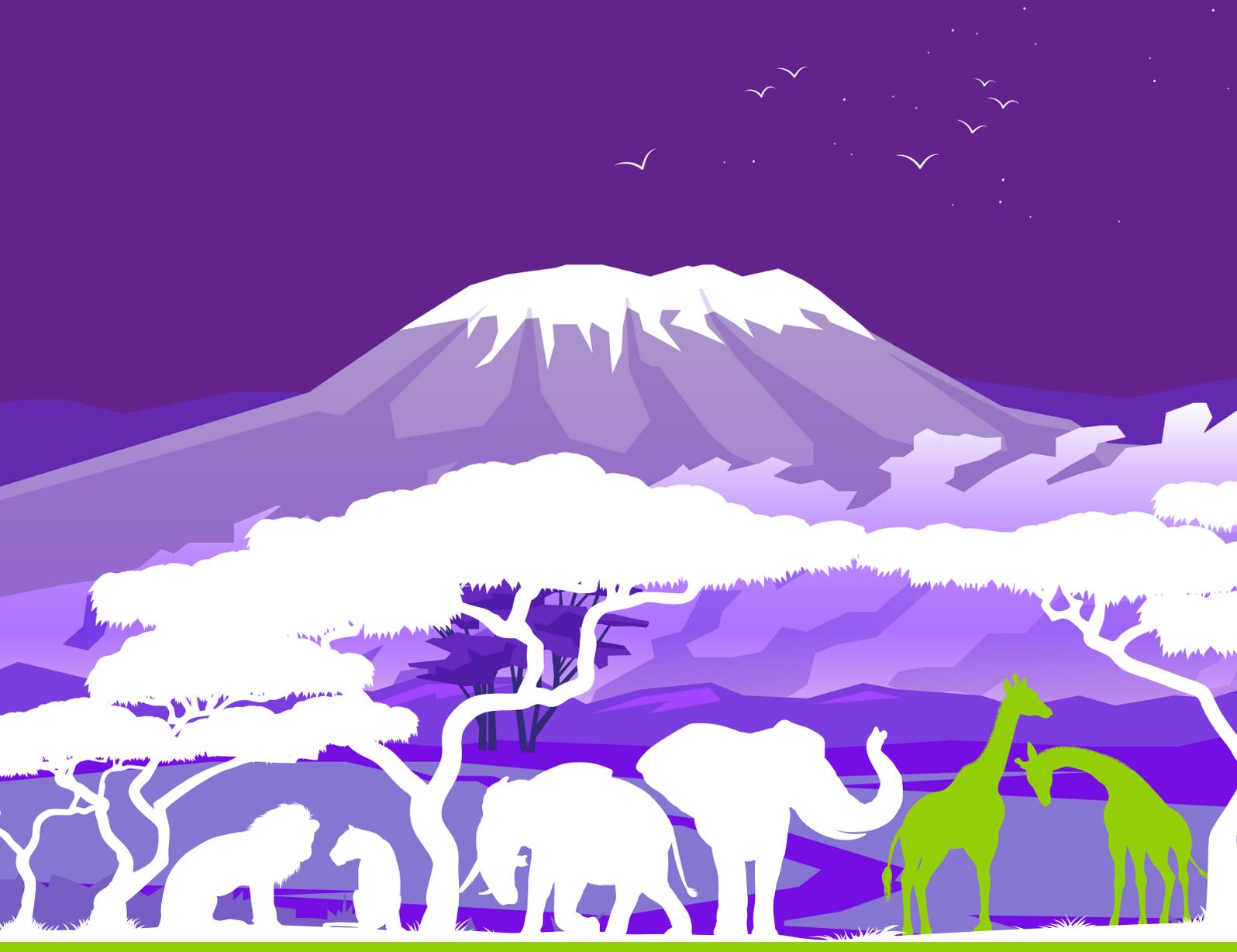


GLOBAL  
EMPLOYER  
GUIDE

**TANZANIA**





## Basic Country Facts

### Full name

- United Republic of Tanzania

### Capital

- Dodoma

### Main Languages

- Swahili
- English

### Population

- 56.32 million

### Monetary unit

- Tanzanian shilling

### Internet domain

- .tz

### International dialing code

- +255

### Currency

- Tanzanian shilling



# STATUTORY LABOR REQUIREMENTS

## Probation Period

- There is no explicit provision in the Employment and Labor Relations Act 2004 about probation period.
- However, this act implicitly requires a probationary period of 6 months by saying that a worker with less than 6 months of employment may not bring an unfair termination claim against the employer.

## Annual Leave

- A worker is entitled to 28 days paid annual leave, inclusive of any public holidays that may fall during the period of leave.

## Public Holidays

- New Year's Day (1st January)
- Revolution Day (12th January)
- Karume Day (7th February)
- Good Friday (10th April)
- Easter Monday (13th April)
- Union Day (26th April)
- Labor Day (1st May)
- Eid al-Fitr
- Saba Saba Day (7th July)
- Nane Nane Day (8th August)
- Nyerere Day (14th October)
- Prophet's Birthday
- Tanzania Independence Day (9th December)
- Christmas Day (25th December)
- Boxing Day (26th December)



## Maternity Leave

- Female workers are entitled to at least twelve weeks (84 days) of fully paid maternity leave or 100 consecutive days (in case of multiple births) within a leave cycle of 36 months
- A worker is entitled to 84 days paid maternity leave within a leave cycle if the newborn dies within a year of birth.

## Paternity Leave

- Employment and Labor Relations Act 2004 provides for paid paternity leave of at least 3 days (in a leave cycle of 12 months) for a new father if this leave is taken within the 7 days of the birth of a child.
- The employer may require reasonable proof of birth of child prior to paying for paternity leave.

## Sick Leave

- In accordance with Employment and Labor Relation Act 2004, every worker certified by a medical practitioner is entitled to paid sick leave (sickness benefit) for a period of 126 days in a leave cycle of 36 months.



## Work Hours

- According to the law, your normal working hours per day are 8 hours and these should not be more than 48 hours per week.
- By including the lunch and prayer time in hours of work, working hours should not be greater than 9 hours a day.

## Overtime

- Overtime is compensated at 150% of the salary for anything over 48 hours or 200% for working on a designated holiday or rest day.

## Notice Period

- Notice period lasts one week if it is served in one month of employment.
- After first month an employee working on daily basis should be served notice four days before termination and if an employee works on monthly basis, the notice period should be 28 days.

## Severance

- Worker is entitled to the severance pay if he/she has completed at least a year of a service with the employer.
- Severance pay in Tanzania is equal to at least 7 days' basic wage for each completed year of employment up to a maximum of ten years.

## 13th Month

- 13th month pay is not mandatory

## Income Tax

- Income tax is payable by individual's resident in Tanzania (other than short-term residents) on their worldwide income.
- 'Short-term residents' and non-residents are taxable on income from a Tanzanian source.
- Personal services have a Tanzanian source if
  - performed in Tanzania or
  - performed outside Tanzania but where the payer is the government of Tanzania.
- The top marginal rate of tax for resident individuals is 30%. Tax tables for residents of Mainland Tanzania and for Zanzibar are set out below.
- Non-resident individuals are subject to tax at a flat rate of 15% on employment income, which is final tax in Tanzania.

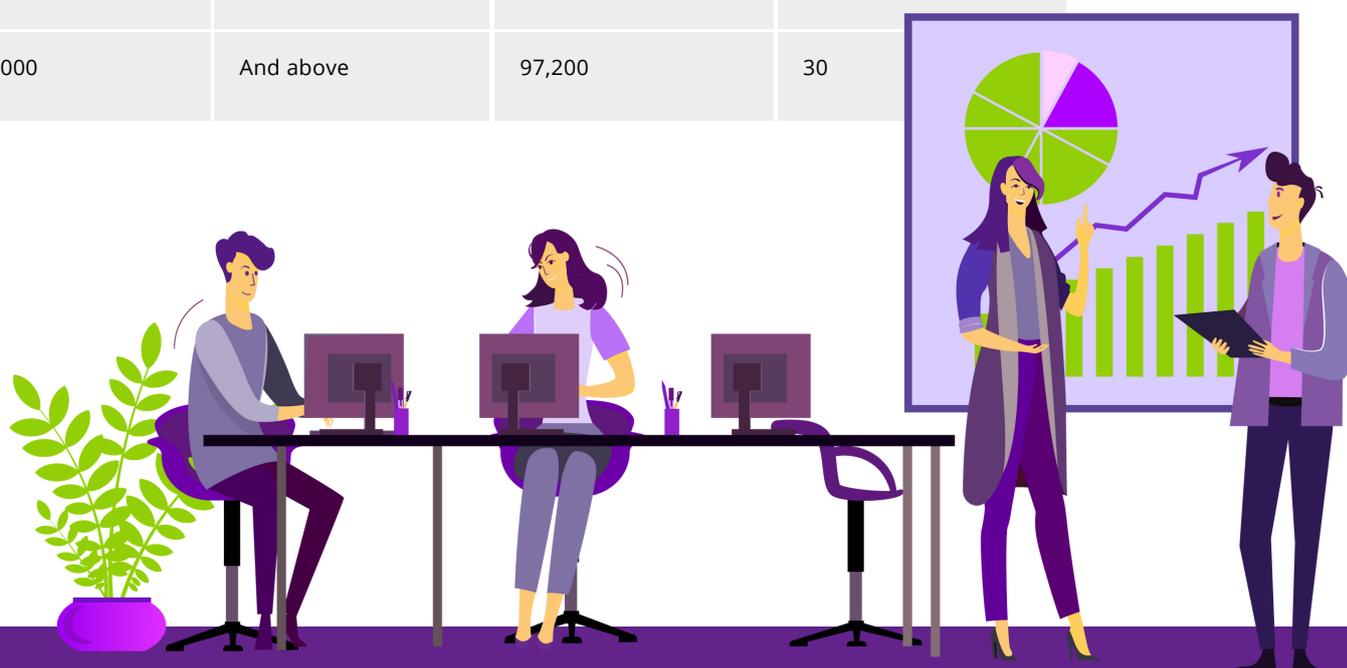


### Resident rates - Mainland Tanzania

Taxable income (TZS)		Tax on column 1 (TZS)	Tax on excess (%)
Over (column 1)	Not over		
0	170,000	-	0
170,000	360,000	-	9
360,000	540,000	17,100	20
540,000	720,000	53,100	25
720,000	And above	98,100	30

### Resident rates - Zanzibar

Taxable income (TZS)		Tax on column 1 (TZS)	Tax on excess (%)
Over (column 1)	Not over		
0	180,000	-	0
180,000	360,000	-	9
360,000	540,000	16,200	20
540,000	720,000	52,200	25
720,000	And above	97,200	30



## Social Security

- There is a state social security scheme known as the National Social Security Fund (NSSF), which every employer in the private sector must contribute to.
- The employer's contribution is 20% of the employee's cash remuneration; however, the employer is entitled to recover up to half of this from the employee.
- Similar contribution rates apply to the Public Service Social Security Fund (PSSSF) scheme, which is a special fund for the employer and employees in the public sector.
- In the PSSSF scheme, the contribution by employer and employee is 15% and 5%, respectively.

Contribution	Employer	Employee
National Social Security Fund	20%	-
Public Service Social Security Fund	15%	5%



## Deductible Expenses

### Employment Expenses

- The only amount deductible from employment income is the employee's statutory social security contribution (e.g. to the NSSF).

### Personal Allowance

- There are no personal allowances in Tanzania.

### Business Deductions

- Subject to certain exceptions, an individual may claim a deduction for expenses incurred wholly and exclusively in the production of income from business or investment.

Deductible Expenses	
Employment Expenses	<ul style="list-style-type: none"> <li>• The only amount deductible from employment income is the employee's statutory social security contribution (e.g. to the NSSF).</li> </ul>
Personal Allowances	<ul style="list-style-type: none"> <li>• There are no personal allowances in Tanzania.</li> </ul>
Business Deductions	<ul style="list-style-type: none"> <li>• Subject to certain exceptions, an individual may claim a deduction for expenses incurred wholly and exclusively in the production of income from business or investment.</li> </ul>

## Immigration

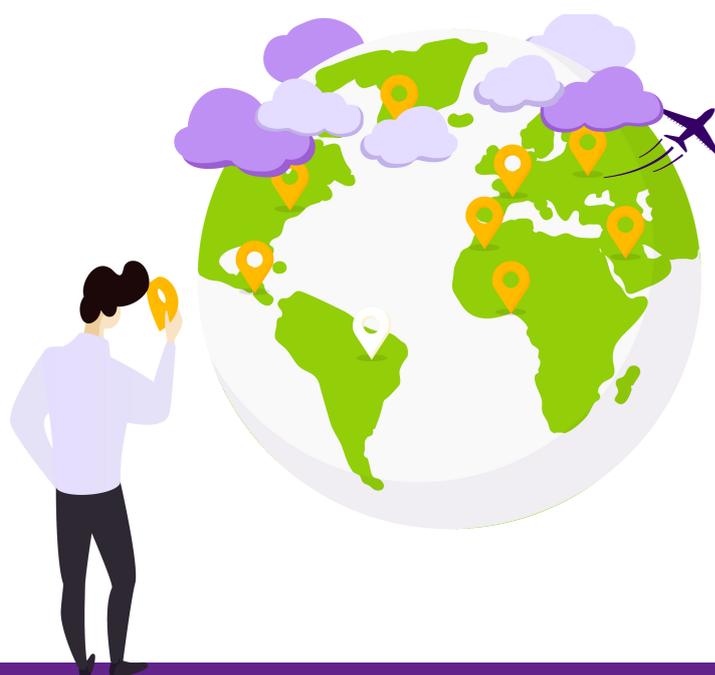
- Foreign nationals wishing to be employed in Tanzania must obtain both a work permit and a residence permit.
- Work permits enable foreign nationals to work in Tanzania.
- The residence permits allow foreign nationals to live in Tanzania for specific purposes, including employment.
- The permits are issued initially for a period of up to two years and are renewable after two years up to a maximum period of 60 months.
- In exceptional cases, an extension can be granted beyond this period if the company proves it has an investment of great value to Tanzania.
- The foreign assignee must apply for the work permit and residence permit separately before entering Tanzania, with the application for work permit being the basis for the residence permit.
- Work permit and residence permit applications must be accompanied by a succession plan for training a local to fill the position of the foreign national once the foreign national ceases to be employed in Tanzania.
- Class A work permits accompanied by residence permits are available to foreign investors.
- Applicants for Class A work permits must be foreign nationals intending to enter or remain in Tanzania to engage and invest in any of the following:
  - A trade, business or profession
  - Agriculture or animal husbandry
  - Mineral prospecting
  - Manufacturing
- The applicant's investment in Tanzania must be at least USD500,000.
- The applicant must have a strong financial background.
- Class B work permits accompanied by a residence permit are available to foreign nationals engaged in prescribed professions, which include medical and health care professionals, experts in oil and gas, and university lecturers in science and mathematics.
- Class C work permits accompanied by a residence permits are available to foreign nationals with specific offers of employment in Tanzania.
- The applicant must be a member of a profession recognized by Tanzania, and the government must be satisfied that the applicant possesses the necessary qualifications and skills and that his or her employment will benefit the country.





## Residence Permit

- To obtain a residence permit, after obtaining a work permit from the Ministry of Labor, a foreign national must file for review and approval a completed application pack with the Commissioner-General of Immigration.
- After the application is approved and payment of the government fee is made, the immigration office issues a residence permit.
- Applications are completed online and, once approved, an applicant is notified regarding the collection of the permit.
- The Immigration Department has issued a public notice providing that, effective from 31 July 2019, it will stop accepting manual applications.
- A company that has its business registered with the Tanzania Investment Centre is granted a Certificate of Incentives, which entitles it to an automatic immigrant quota of up to five persons during the company's startup period.



Type of Visa/ Permits	Documentation	Validity	Eligibility
<p><b>Class A work permit</b></p>	<ul style="list-style-type: none"> <li>• Dully filled online application</li> <li>• Application letter</li> <li>• Work Permit issued by Labor Commissioner (Tanzania Mainland and Zanzibar)</li> <li>• A Copy of National Passport (With validity of not less than six months)</li> <li>• Passport size photograph,</li> <li>• One full size photograph,</li> <li>• Registration Certificates from Relevant Authorities (in case the Business requires Authorization from specific Regulatory Authority),</li> <li>• Certificate of Incentive (in case the business or project has been registered with Tanzania Investment Centre - TIC or Zanzibar Investment Promotion Authority - ZIPA and EPZA),</li> <li>• Board Resolution i.e. Extract of the Board Meeting resolving to appoint the applicant as a Director (where the applicant is not among the first Director),</li> <li>• Memorandum and Articles of Association or Extract from Registrar showing Company shareholders, share distribution and nominal capital of the company</li> <li>• Certificate of incorporation or Certificate compliance or Business Name Registration or Certificate of change of name</li> <li>• Valid Business license,</li> <li>• Certificate of registration for Tax payers (TIN),</li> <li>• Valid tax clearance certificate,</li> <li>• Tax payment slips,</li> <li>• Lease agreement or Certificate of Occupancy,</li> <li>• List which shows company assets,</li> <li>• Physical Verification Visit Report (PVV) where necessary</li> <li>• Company Current Bank Statement where necessary</li> </ul>	<p>2 years (can be renewed)</p>	<ul style="list-style-type: none"> <li>• Class A work permits accompanied by residence permits are available to foreign investors.</li> <li>• Applicants for Class A work permits must be foreign nationals intending to enter or remain in Tanzania to engage and invest in any of the following: <ul style="list-style-type: none"> <li>◦ A trade, business or profession</li> <li>◦ Agriculture or animal husbandry</li> <li>◦ Mineral prospecting</li> <li>◦ Manufacturing</li> </ul> </li> <li>• The applicant's investment in Tanzania must be at least USD500,000.</li> </ul>



Type of Visa/ Permits	Documentation	Validity	Eligibility
<b>Class B work permit</b>	<ul style="list-style-type: none"> <li>• Dully filled online application,</li> <li>• Application Letter</li> <li>• Work Permit issued by Labor Commissioner (Tanzania Mainland and Zanzibar),</li> <li>• A Copy of National Passport (With validity of not less than six month),</li> <li>• Covering letter from the employer,</li> <li>• Passport size photograph,</li> <li>• One full size photograph</li> <li>• Curriculum Vitae of the employee,</li> <li>• Certified copies of the Academic Certificates,</li> <li>• Official translation of documents/certificates in case they are written in languages other than English or Swahili,</li> <li>• Job description for the expatriate/employee,</li> <li>• Employment Contract</li> <li>• Previous Original Class B permit (in case of renewal or replacement),</li> <li>• Organization structure of the company</li> <li>• Registration of certificates from professional boards where necessary e.g. NBAA, ERB, PSPTB, Nurses and Midwifery council, medical council etc or qualifications that require registration with authorized Institutions and Certificate, Clearance or Licenses be issued. These include: Accountants, engineers, Architects, Surveyors, Doctors, Teachers, Nurses, Pilots, Employees in Security Companies, Executive Personnel in Financial Institutions such Banks, Bureau De Change etc.</li> <li>• Business License</li> <li>• Memorandum and Articles of Association or Extract from Registrar showing Company shareholders, share distribution and nominal capital of the company</li> <li>• Certificate of incorporation or Certificate compliance or Business Name Registration or Certificate of change of name</li> <li>• Letter of no objection (if the application has shifted from another company)</li> <li>• Tax Clearance</li> <li>• Tax Payers' Identification Number (TIN) Certificate</li> </ul>	2 years (can be renewed)	<ul style="list-style-type: none"> <li>• Class B work permits accompanied by a residence permit are available to foreign nationals engaged in prescribed professions, which include medical and health care professionals, experts in oil and gas, and university lecturers in science and mathematics.</li> </ul>

Type of Visa/ Permits	Documentation	Validity	Eligibility
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<p><b>Class C work permit</b></p>	<ul style="list-style-type: none"> <li>• Dully filled online application,</li> <li>• Covering letter from institution, school or mission</li> <li>• Work Permit issued by Labor Commissioner (Tanzania Mainland and Zanzibar), or Exemption letter from Relevant authority (For Missionaries, Volunteer and NGO employees)</li> <li>• A Copy of National Passport (With validity of not less than six months),</li> <li>• Passport size photograph</li> <li>• One Full size photograph</li> <li>• Registration Certificates from Relevant Authorities (in case the activity requires Authorization from specific Regulatory Authority),</li> <li>• Curriculum Vitae of the applicant,</li> <li>• Job description</li> <li>• Certified copies of Academic certificate,</li> <li>• Official translation of documents or certificates in case they are written in languages other than English or Swahili,</li> <li>• Certificate of registration of institution, school or mission,</li> <li>• Pages of Constitution of an organization showing signatories, objective and members of organization;</li> <li>• Previous Original Class C permit (in case of renewal or replacement),</li> <li>• Letter of No Objection for holders of resident permits shifting to new Institution.</li> </ul>	<p>2 years (can be renewed)</p>	<ul style="list-style-type: none"> <li>• Class C work permits accompanied by a residence permits are available to foreign nationals with specific offers of employment in Tanzania.</li> <li>• The applicant must be a member of a profession recognized by Tanzania, and the government must be satisfied that the applicant possesses the necessary qualifications and skills and that his or her employment will benefit the country</li> </ul>
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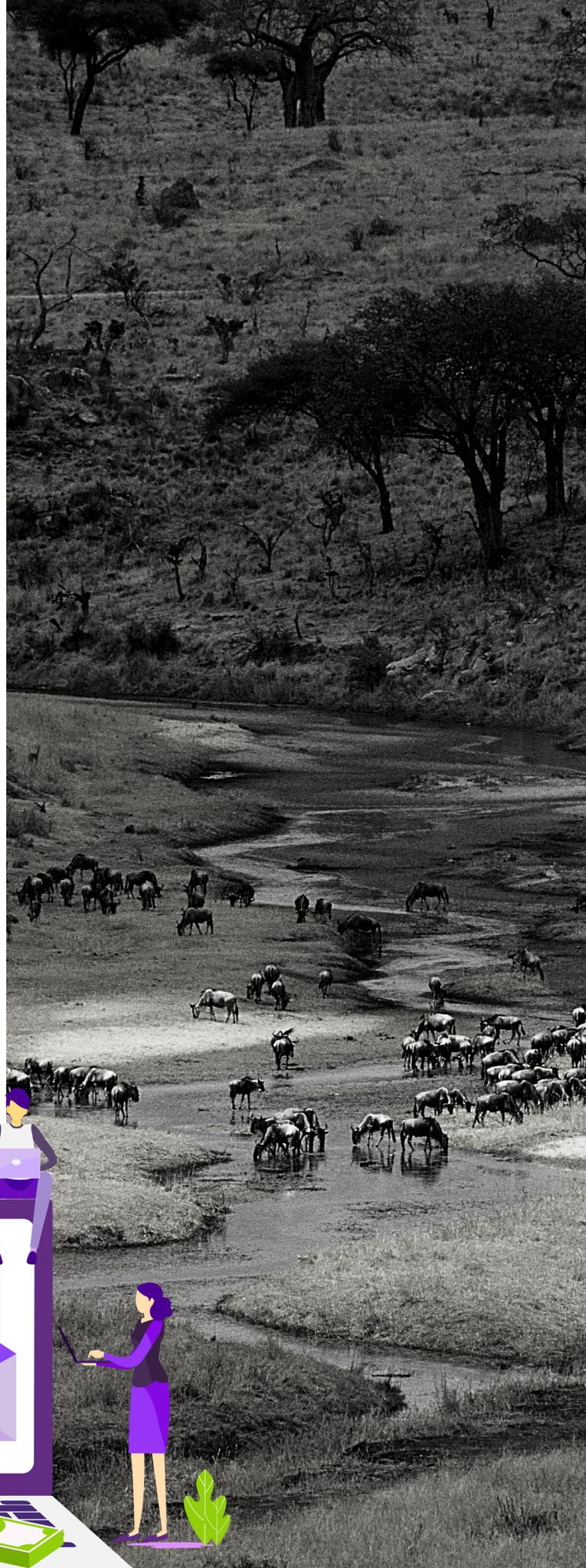


## Value Added Tax (VAT)

- The standard rate of VAT is 18%, but the export of goods and certain services is eligible for zero rating.

### VAT Rates

Standard Rates	18%
Zero Rate	0%





## Withholding Tax

- There are several sources of income that are subject to withholding taxes as follows:

	<b>Resident (%)</b>	<b>Non-Resident (%)</b>
<b>Dividends:</b>		
by resident companies to resident companies controlling 25% of shares or more	5	N/A
From DSE listed companies	5	5
Other companies	10	10
<b>Interest</b>		
	10	10
<b>Royalties</b>		
	15	15
<b>Technical and management service to mining oil and gas companies</b>		
	5	15
<b>Rentals</b>		
Land and buildings	10	15
Aircraft lease	10	10
Other Assets	N/A	15



## Termination

- Termination of employment can be initiated by any of the parties to a contract of employment. Lawful termination of employment under common law includes:
  - Termination of employment by agreement:
    - When the employer and employee agree to bring a contract of employment to an end in accordance with an agreement.
    - For example, if there is a contract for a period of one year and the agreed period expires then the contract will obviously come to an end.
  - Automatic Termination:
    - A contract of employment may be terminated automatically in circumstances such as death or loss of business of the employer.
  - Termination of employment by the employee/Resignation:
    - This happens when an employee due to material breach of the contract by the employer decides to resign from her employment.
  - Termination of employment by an employer:
    - An employer may also terminate the employment of an employee but there is a need to comply with the provisions of the law and contract relating to termination.
- Notice period lasts one week if it is served in one month of employment.
- After first month an employee working on daily basis should be served notice four days before termination and if an employee works on monthly basis, the notice period should be 28 days.

- Worker is entitled to the severance pay if he/she has completed at least a year of a service with the employer.
- Severance pay in Tanzania is equal to at least 7 days' basic wage for each completed year of employment up to a maximum of ten years.

## Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, paternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include social security benefits

### Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Paternity Leave

Sick Leave

Overtime Pay

Notice Period

Severance Pay

Social Security Benefits



## Payments and Invoicing

- The statutory tax year for individuals is the calendar year.
- Tax is withheld from employees under the Pay-As-You-Earn (PAYE) system within seven days after the end of each calendar month.
- Employers must file biannual returns within 30 days of the end of each six-month period.
- Individuals who do not have employment income from a resident employer (that is, not under the PAYE system) but have income or profit earned either from employment or business (consultancy) are required to pay and file provisional tax every last working day of March, June, September and December.
- In addition, a final return is due six months after the end of the respective financial year.

## Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Tanzania ranked 141st in the World in 2019 in terms of ease of doing business.



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