

61



TANZANIA REVENUE AUTHORITY

Ref. No. JA.435/510/02

20th September, 2025

Permanent Secretary,
Ministry of Works,
Government City – Mtumba,
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Permanent Secretary,
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Government City – Mtumba,
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Permanent Secretary,
Ministry of Health,
Government City – Mtumba,
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Permanent Secretary,
Ministry of Energy,
Government City – Mtumba,
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Permanent Secretary,
President's Office, Regional Administration and Local Government,
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The Chief Executive,
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DAR ES SALAAM.

The Chief Executive,
Tanzania Rural and Urban Roads Agency (TARURA),
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Director General,
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Director,
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DODOMA.

Director,
Kinondoni Municipal Council,
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Director,
Temeke Municipal Council,
P.O. Box 46343,
DAR ES SALAAM.

Director,
Ubungo Municipal Council,
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DAR ES SALAAM.



Executive Director,
Moshi District Council,
P.O. Box 3003,
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Executive Director,
Hai District Council,
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Executive Director,
Same District Council,
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Executive Director,
Arusha District Council,
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ARUSHA.

Director,
Arusha City Council,
P.O. Box 23101,
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Director,
Meru District Council,
P.O. Box 3083,
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✓ Director,
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Director,
Iringa City Council,
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Director,
Mbeya City Council,
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Director,
Aursha Urban Water Supply and Sanitation Authority,
P.O. Box 3095,
ARUSHA.

Director,
Dar es Salaam Water Supply and Sanitation Authority,
P.O. Box 1573,
DAR ES SALAAM.

Director,
Dodoma Urban Water Supply and Sanitation Authority,
P.O. BOX 1557,
DODOMA

Director,
Morogoro Urban Water Supply and Sanitation Authority,
P.O. Box 5476,
MOROGORO.

Director,
Mwanza Urban Water Supply and Sanitation Authority,
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MWANZA

Director,
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MBEYA.

Director,
Iringa Urban Water Supply and Sanitation Authority,
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IRINGA.

Director,
Kilimanjaro Urban Water Supply and Sanitation Authority,
P.O. Box 1001,
KILIMANJARO.

Director,
Bukoba Urban Water Supply and Sanitation Authority,
P.O. Box 81,
KAGERA.

Director,
Tabora Urban Water Supply and Sanitation Authority,
P.O. Box 45113,
TABORA.

Director,
Shinganya Urban Water Supply and Sanitation Authority,
P.O. Box 298,
SHINYANGA.

Managing Director,
Ghana Building Contractors Ltd,
P.O. Box 1631,
DODOMA.

Managing Director,
Emirate Builders Co. Limited,
P.O. Box 54618,
DAR ES SALAAM.

Managing Director,
China Geo-Engineering Corporation,
P.O. Box 76459,
DAR ES SALAAM.

Managing Director,
M/S Rocktronic Ltd,
P.O. Box 377,
KILIMANJARO.

Managing Director,
Emma & Sons Contractors Limited,
P.O. Box 121,
KILIMANJARO.

Managing Director,
G.S Contractors Company Limited,
P.O. Box 1699,
IRINGA.

Managing Director,
Nyanza Road Works Ltd,
P.O. Box 64,
MWANZA.

Managing Director,
Abemulo Contractors Co Limited,
P.O. Box 1208,
KAGERA.

Managing Director,
Salum Motor Transport Company Limited,
P.O. Box 300,
TABORA.

Managing Director,
Rwechux Company Limited,
P.O. Box 232,
SONGWE.



Re: Study to Assess the Effectiveness of Tax Incentives in Tanzania: A Review of Investors under TISEZA and VAT exemptions Granted to Government Projects

Please refer to the captioned subject.

In the effort to attract investment, encourage industrialization, and economic development, the Government of Tanzania have been granting various tax incentives such as tax holidays, reduced tax rates, VAT deferment and total or partial exemption of various tax categories administered by TRA. However, despite the afore-mentioned Government efforts, there are concerns regarding the effectiveness of the tax incentives enjoyed towards the achievement of the desired policy objectives.


In order to have an empirical evidence in respect of the realisation of intended objectives and economic outcomes such as job creation, value addition, industrial growth and export promotion, TRA is conducting a study to evaluate the effectiveness of tax incentives granted to investors under TISEZA and VAT Exemptions granted to Government projects in Tanzania.

As one of key stakeholders identified for this study, I would like to request for a slot so that a team of researchers from TRA visit your office for interview and discussions between 26th September, 2025 and 23rd October, 2025.

Together with this letter, please find the attached guiding questions for your perusal and preparation.

To facilitate the scheduling of these sessions, we kindly request your confirmation of participation by 26th September 2025. For any further inquiry and communications please contact Ms. Alice Patrick Mfugale, through her cell phone number +255 719 853 889 or email amfugale@tra.go.tz

"Together We Build Our Nation"



Yusuph Juma Mwenda
Commissioner General



TRA



Assessing the Effectiveness of Tax Incentives in Tanzania: A review of Investors under TISEZA and VAT Exemption granted to Government projects.

Interview Guide

PART A – INVESTORS/TAX CONSULTANTS

- a) Was you aware of the existence of tax incentives to investors before making investment decision?
- b) If YES, How significant was the tax incentive in your decision to invest?
- c) Did the incentives cause you to invest more or even earlier than you would have to if the incentives were not available?
- d) Could you describe your experience with the entire process of applying for and receiving your tax incentives? (Probe for pain points and positives)
- e) To what extent is the exemption process and application procedure friendly?
- f) How have tax incentives contributed to key economic indicators, including employment generation, increased production, and export performance?

- g) How do you perceive the monitoring and enforcement of incentive conditions by authorities? Is it seen as fair and transparent?
- h) If you were advising the government on how to design incentives to truly attract long-term, impactful investment, what would you recommend?
- i) Is there anything else you think is important for us to understand about your experience with Tanzania's tax incentive system?

PART B – TAX OFFICIALS

- a) What legal and institutional frameworks govern tax incentives for investors and VAT Exemption to Government Projects in Tanzania?
- b) To what extent has the tax incentives contributed to the growth of investments in Tanzania?
- c) To what extent do beneficiaries comply with the conditions attached to tax incentives?
- d) How have tax incentives contributed to key economic indicators, including employment generation, increased production, and export performance?
- e) What is the cost-benefit balance of tax incentives when comparing forgone tax revenue with the realized socio-economic benefits?
- f) If you were advising the government on how to design incentives to truly attract long-term, impactful investment, what would you recommend?
- g) Is there anything else you think is important for us to understand about your experience with administering tax incentives?

**PART C – MINISTRIES AND GOVERNMENT AGENCIES ENJOYING VAT
EXEMPTION ON PROJECTS**

- a) What is the Government policy objective behind VAT Exemption on Government Projects?
- b) In your opinion, are the objectives being met?
- c) How administratively efficient and cost-effective is the management of VAT exemptions under Section 6(3) of the VAT Act? (VAT Exemptions on Government Projects)
- d) What are the reasons for non-utilization of granted VAT exemptions
- e) What is your opinion for introductions of administrative fee for all applications for VAT Exemption
- f) What is the potential effectiveness of introducing a qualifying threshold for Government Projects enjoying VAT Exemption? What efficiency indicators should be used to evaluate it?
- g) What are the challenges and gaps exist in the administration and monitoring of tax incentives among strategic investors and other beneficiaries?
- h) What measures should be taken by the Government to improve the VAT Exemption administration and control process?

PART D – FACILITATING MINISTRIES AND GOVERNMENT AGENCIES

- a) Briefly explain your roles in supporting and facilitating Investors
- b) To what extent is tax incentives a contributing factor for attracting investment in Tanzania?

- c) Did the incentives cause the investors more or even earlier than they would have to if the incentives were not available?
- d) To what extent is the exemption process and application procedure friendly?
- e) What are the most reported challenges by the Investors in the application process and procedure for tax exemptions in Tanzania?
- f) How have tax incentives contributed to key economic indicators, including employment generation, increased production, and export performance?
- g) What is the cost-benefit balance of tax incentives when comparing forgone tax revenue with the realized socio-economic benefits?
- h) If you were advising the government on how to design incentives to truly attract long-term, impactful investment, what would you recommend?
- i) Is there anything else you think is important for us to understand about your experience with Tanzania's tax incentive system?

-END-

B. Tax Incentives Received

B1. Which of the following tax incentives has your company been granted? (Select all that apply)

1. Corporate Income Tax (CIT) Holiday 2. Reduced CIT Rate 3. VAT Exemption under VAT Act, Sec 6(3) 4. Customs Duty Exemption 5. Investment Allowance (Accelerated Depreciation) 6. Deduction of Training Costs 7. VAT Deferment 8. Other (Specify):

B2. Which institution granted/maintains your incentive certificate?

1. Tanzania Revenue Authority (TRA) 2. Tanzania Investment & SEZ Authority (TISEZA)
3. Other Ministry/Authority (Specify): _____

*B3. What were the main conditions for receiving your incentive(s)? (Select all that apply)

1. Minimum Capital Investment (Amount: _____) 2. Job Creation Target (Number: _____) 3. Export Percentage Target (_____ %) 4. Local Content/Procurement Target
5. Technology Transfer 6. Specific Project Output (e.g., import substitution) 7. Backward and forward linkage _____ 8. Other (Specify _____)

C. Utilization of VAT Exemptions

C1. Has your company/institution applied for a VAT exemption certificate under Section 6 of the VAT Act?

1. Yes 2. No (Skip to Section D)

C2. How would you rate the process of applying for the VAT exemption? Please circle

1. Very Easy 2. Easy 3. Neutral 4. Difficult 5. Very Difficult. Briefly explain Why?

C3. Was the exemption certificate issued for the full value you applied for?

1. Yes, in full 2. Yes, but partially reduced 3. No |

C4. Did you fully utilize the exemption certificate issued?

1. Yes, 100% utilized 2. Partially utilized (Approx. _____%) 3. Not utilized at all

C5. If you did NOT fully utilize the certificate, what were the main reasons? (Select all that apply)

1. Project delays/cancellation
2. Difficulty sourcing eligible goods/services
3. Complex claiming process
4. The goods/services were cheaper to source locally without exemption
5. Lack of awareness on how to use it
6. Other (Specify): _____

D. Compliance with Incentive Conditions

D1. Is your company aware of all reporting requirements related to your tax incentives? Circle the appropriate answer

1. Yes
2. No

D2. How often does your company submit compliance reports (e.g., on jobs, investment, exports)? Please Circle your answer.

1. Semi-Annual
2. Annually
3. Occasionally
4. Rarely
5. Never

D3. Has any governing authority (TRA, TISEZA) ever conducted a compliance audit on your incentives? Circle your answer.

1. Yes
2. No
3. Not Sure

D4. To the best of your knowledge, is your company fully compliant with the conditions of your incentives? Circle your answer

1. Yes, fully compliant
2. Partially compliant
3. Not compliant

E. Perceived Impact of Incentives

E1. To what extent did the tax incentive influence your decision to invest in Tanzania? Circle your answer

1. Decisive Factor
2. Important Factor
3. Minor Factor
4. Not a Factor

E2. Since receiving the incentives, how has your business changed in these areas?

• **Employment:**

1. Increased significantly
2. Increased slightly
3. No change
4. Decreased

• **Production Capacity/Output:**

1. Increased significantly
2. Increased slightly
3. No change
4. Decreased

• **Export Revenue:**

1. Increased significantly
2. Increased slightly
3. No change
4. Not applicable

E3. Overall, how would you rate the effectiveness of the tax incentives in helping you achieve your business goals?

1. Very Effective 2. Effective 3. Neutral 4. Ineffective 5. Very Ineffective

F. Challenges and Recommendations

F1. What are the biggest challenges you face in accessing or using your tax incentives?
(Open Ended) _____

F2. What suggestions do you have to improve the tax incentive system in Tanzania?
(Open Ended) _____

Thank you for your time and valuable input.

Questionnaire 2:

For Government Officials (e.g. TRA, TISEZA, Ministry of Finance)

One: Policy Design and Framework

1. From your perspective, what are the primary policy objectives of offering tax incentives to investors and VAT Exemption to Government projects?

2. How well do you think the current legal framework (Investment Act, VAT Act, etc.) is designed to achieve these objectives? _____
3. Are there any conflicts or overlaps between different laws governing incentives?

Two: Administration and Management

4. Can you walk me through the standard process for applying for, approving, and monitoring a VAT exemption under Section 6? _____
5. What are the biggest administrative challenges in managing the Tax Exemption Management System (TEMS) and manual exemptions?

6. The study proposes a "qualifying threshold" for projects seeking VAT exemptions. What is your opinion on this idea? What should such a threshold be based on (e.g., project value, job creation potential)? _____

Three: Monitoring, Compliance, and Enforcement

7. How is compliance with the conditions of tax incentives (e.g., job creation, investment value) currently monitored? _____
8. What mechanisms exist for enforcement if a beneficiary is found to be non-compliant? How often are these mechanisms used? _____
9. What is your view on the high rate of unutilized and partially utilized exemption certificates? _____

Four: Perceived Effectiveness and Cost-Benefit

10. In your opinion, are the tax incentives, particularly VAT exemptions, providing value for money in terms of achieved economic outcomes (jobs, exports, etc.) versus revenue forgone? _____
11. How does the authority balance the competing goals of attracting investment and protecting domestic revenue? _____

Five: Reforms and Recommendations

12. Based on your experience, what are the top 2-3 reforms needed to make Tanzania's tax incentive regime more effective and efficient? _____
13. Is there anything else you would like to add that we have not covered?

Thank you for your time and valuable input.