

**ANALYSIS OF TAXABLE SUPPLIES/EXEMPT SUPPLIES/ZERO RATED SUPPLIES – COMPARISON
BETWEEN VAT ACT OF 2007 AND VAT ACT OF 2014**

1. *The supply which comprise of the transport of or any service ancillary to transport of or loading, unloading, wharfage, shore-handling, storage, warehousing and handling, supplied in connection with goods in transit through the United Republic of Tanzania, whether such services are supplied directly or through an agent to a person who is not a resident of the United Republic of Tanzania. (Effective 1 July 1999, The Finance Act,1999)*

‘Goods in transit’ is now referred to as ‘international transport’ in the new VAT Act, 2014. Supply of international transport as per Section 59 (3) (a) is zero rated.

Definition of international transport as per new VAT Act, 2014:

“international transport services” means the services, other than ancillary transport services of transporting passengers or goods by road, rail, water, or air-

- (a) *from a place outside the United Republic to another place outside the United Republic;*
- (b) *from a place outside the United Republic to a place in Mainland Tanzania; or*
- (c) *from a place in Mainland Tanzania to a place outside the United Republic;*

Definition of ancillary transport services as per new VAT Act, 2014:

“Ancillary transport services” means stevedoring services, lashing and securing services, cargo inspection services, preparation of customs documentation, container handling services and the storage of transported goods or goods to be transported

As per the new VAT Act, 2014 ancillary transport services offered in relation to international transport shall be standard rated 18% as long as these services are performed or offered in Tanzania. These shall no longer be zero rated with effect from 1 July 2015.

2. The supply of sacks by a local manufacture of sacks.
This is no longer a zero rated supply.
3. The supply of edible oil by a local processor of edible oil using local oil seeds
This is no longer a zero rated supply.
4. The supply of layers mash, broilers mash and hay by a local manufacturer or animal or poultry feeds
This is no longer a zero rated supply.
5. The supply of service for loading and offloading of imported goods to a locally plying ship provided that VAT on offloading service of imported goods from foreign coming ship have been paid.
This is no longer an exempt supply.
6. General Insurance services is now 18% VAT standard rated
7. The supply of postage stamps is now 18% VAT standard rated
8. Lease of aircraft is now 18% VAT standard rated
9. The supply of computers, printers, parts and accessories connected thereto and specified electronic fiscal device is now 18% VAT standard rated

Managing Partner: Hanif Habib, Sr.
(ACCA, UK; CPA, T-PP; BSc (Hons); CFIP, USA; GTP (SA)TM)
Commissioner of Oaths (RSA)

Correspondent firm of Russell Bedford International

www.russellbedford.com

10. Liquid elevators and parts thereof including winding generator up to 30 Kw, battery chargers, special bearings, gear box yaw component, wind mill sensors, brake hydraulics, flexible coupling, brake calipers, wind turbine controllers and rotor blades is now 18% VAT standard rated
11. Packaging material for fruit juice and dairy products is now 18% VAT standard rated
12. The three VAT schedules 1st , 2nd and 3rd) have been removed and replaced with one schedule which has two parts: exemption on local supply and imports.

Caveat:

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**Nooreen Habib (AMABE, UK; BA (Hons), UK; PGD, UK)
Director – Business Development
HANIF HABIB ADVISORY LIMITED
P O BOX 21885
DAR ES SALAAM
+255 785 784 222**

**Hanif Habib, Sr.
(ACCA, UK; CPA, T; BSc (Hons), UK; CFIP, USA; GTP (SA) TM)
Commissioner of Oaths (RSA)
Managing Partner
HANIF HABIB & CO. Certified Public Accountants
P O BOX 21885
DAR ES SALAAM
+255 785 020404
+255 759 020404
hhabib@habibadvisory.com**



Member of the South African Institute of Tax Professionals

Managing Partner: Hanif Habib, Sr.
(ACCA, UK; CPA, T-PP; BSc (Hons); CFIP, USA; GTP (SA)™)
Commissioner of Oaths (RSA)

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