

**(NBAA)**  
**THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS**  
**TANZANIA**



**TECHNICAL PRONOUNCEMENT NO.1 OF 2018**

**SCOPE OF THE APPLICABILITY OF IFRSs, IPSASs, IFRS for SMEs AND FRSME  
IN TANZANIA**

Tanzania migrated to International Financial Reporting Standards (IFRSs) and International Standards on Auditing (ISAs) with effect from 1st July, 2004 and therefore, every commercial entity in the country, whether small or large, was required to prepare its financial statements in accordance with the IFRSs as the case may be.

Following the issuance of sufficient number of International Public Sector Accounting Standards (IPSASs) by the International Public Sector Accounting Standards Board (IPSASB) and independent International Financial Reporting Standards for Small and Medium-sized Entities (IFRSs for SMEs) by the International Accounting Standards Board (IASB) in July, 2009, NBAA issued Technical Pronouncement No. 3 of 2009 on the scope of applicability of IFRSs, IPSASs and IFRS for SMEs.

The NBAA Governing Board in its 173<sup>rd</sup> meeting approved the Financial Reporting Standards for Micro Entity (FRSME).

NBAA (the Board) would like to inform the public that the scope of applicability of these financial reporting standards will be as indicated below:

<b>S/NO</b>	<b>TYPE OF STANDARD</b>	<b>CATEGORY OF ENTITY</b>
1.	<b>Full IFRSs</b>	<b>I. Commercial entities which are Public Interest Entities (PIEs) with any of the following</b>

		<p><b>characteristics:</b></p> <p>a) Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets)</p> <p>b) It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks etc.</p> <p>c) Commercial entities with total gross capital of not less than TZS.50 billion and which have significant influence in the provision of essential and strategic goods and services to the public, including.</p> <ul style="list-style-type: none"> <li>• Commercial entities which generate, transmit and sell electricity and related services;</li> <li>• Commercial entities which produce, import, transport and distribute petroleum products and natural gas;</li> <li>• Commercial entities which provide water, sewerage sanitation and telecommunication services;</li> <li>• Commercial entities which provide transport services in wider area of the United Republic of Tanzania;</li> <li>• Commercial entities which are involved in extractive industry;</li> <li>• Commercial entities involved in food processing, distribution and marketing; and</li> <li>• Commercial entities involved in communication</li> </ul>
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		and entertainments: II. All Public Commercial Entities (PCEs)
2.	<b>IPSASs</b>	I. All public sector entities with the following characteristics: <ul style="list-style-type: none"> <li>• Are responsible for delivery of services to benefit the public/or to redistribute income and wealth.</li> <li>• Mainly finance their activities, directly or indirectly by means of taxes or transfer from other level of government, social contribution, debt or fees.</li> <li>• Do not have a primary objective to make profit.</li> </ul> II. Political parties.
3.	<b>IFRS for SMEs</b>	Commercial entities which are not public interest entities (not in category 1 above) and with annual turnover of TZS.800 million or above and total assets of TZS.400 million or above.
4.	<b>FINANCIAL REPORTING STANDARDS FOR MICRO ENTITIES</b>	Entities which are not Public Interest Entities (PIEs) and with at least two out of following thresholds: <ol style="list-style-type: none"> <li>a) Annual turnover not more than TZS.800 million;</li> <li>b) Total assets not more than TZS.400 million; and</li> <li>c) Average number of employees not more than 10.</li> </ol>

The Board would like to direct that reporting entity in category 1 and 2 (Public Interest Entities) shall be required to publish their financial statements in their respective websites and in at least two newspapers of wider circulation, one in Swahili language and another in English language.

These Accounting Frameworks for the preparation of Financial Statements were approved by the NBAA Governing Board during its 175<sup>th</sup> Ordinary meeting held on 26<sup>th</sup> September 2018.

This pronouncement replaces the Technical Pronouncement No.3 of 2009 on the Scope of Applicability of IFRSs, IPSASs and IFRSs for SMEs and Technical Pronouncement No. 1 of 2015 on the Scope of Applicability of IPSASs and IFRSs in public sector.

This Technical Pronouncement will become **effective for the periods beginning on or after 1<sup>st</sup> April, 2019.**

For further information, please contact:

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