

(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA



UPDATEs ON TECHNICAL ISSUES – THIRD QUARTER 2020

INTRODUCTION

These updates on Technical Issues – Third Quarter 2020 cover a summary of updates/issues including International Standards on Auditing (ISAs), International Financial Reporting Standards (IFRSs), International Ethics Standards for Professional Accountants, International Public Sector Accounting Standards (IPSAS), International Integrated Reporting (IIR), NBAA Technical Pronouncements and updates on tax issues.

These Technical issues are classified into two broad groups;

Part one: Invitation to comment

This part analyses a number of new raised issues i.e. Exposure Drafts and Consultation Papers that request constructive comments from our members and a broad range of stakeholders within Tanzania. For each new issue raised, a respective commenting deadline is specified as prescribed by comments seeking authority i.e. NBAA, IASB, IESBA, IAASB, IPSAB, IIRC, INTOSAI etc.

Extra related deadline at which NBAA would like to receive stakeholders' comments is as well specified there in. Please use emails mohamed.msimu@nbaa.go.tz or saimon.kiondo@nbaa.go.tz to send your comments before the specified NBAA due dates.

Part two: New Issued Standards, amendments and Guidelines

This part gives updates on the new standards which have been currently issued and those standards which are expected to be applicable in the next coming years.

Note: This document includes issues published in July, August and September (Inclusive) 2020.

PART ONE: INVITATION TO COMMENT

NBAA invites comments on the following updates on or before the due dates as specified by NBAA.

INTERNATIONAL STANDARD ON AUDITING (ISAs)

Current updates on ISAs

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Exposure Draft: Proposed ISA 600 (Revised):</p> <p>Special considerations – Audit of group financial statements (including the work of component auditors), and</p> <p>Proposed conforming and consequential amendments to other ISAs</p>	<p>The International Assurance and Auditing Standard Board has issued an Exposure Draft on the proposed ISA 600 (Revised) for special considerations on the audit of group financial statements and proposed conforming consequential amendments.</p> <p>The proposed standard addresses key public interest matters including:-</p> <ul style="list-style-type: none"> (i) Keeping the IAASB’s standard on group audits fit for purpose (ii) Encouraging proactive management of quality at the engagement level (iii) Fostering an appropriately independent and challenging skeptical mindset of the auditor (iv) Reinforcing the need for robust communication and interactions during the audit <p>For more information go to: https://www.ifac.org/system/files/publications/files/Exposure-Draft-ISA-600_Final_0.pdf</p>	<p>IAASB Deadline: The deadline for stakeholders’ comments is on or before 2nd October 2020.</p> <p>NBAA Deadline: Send your comments on or before 29th September 2020.</p>

INTERNATIONAL CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS

Current updates on the code of ethics

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Exposure Draft: Proposed Revisions to the Code to Promote the Role and Mind-set Expected of Professional Accountants</p>	<p>The International Ethics Standards Board for Accountants (IESBA) has issued an Exposure Draft on Proposed Revisions to the Code to Promote the Role and Mind-set Expected of Professional Accountants.</p> <p>The proposed revisions set out in this ED, amongst other matters:</p>	<p>IESBA Deadline: The deadline for stakeholders’ comments is on or before 31st October 2020.</p>

	<p>(a) Highlight the wide-ranging role of the accountancy profession in society and the relationship between compliance with the Code and a professional accountant’s responsibility to act in the public interest.</p> <p>(b) Include enhancements to the fundamental principles of objectivity and professional behaviour.</p> <p>(c) Strengthen the fundamental principle of integrity to include the determination to act appropriately in difficult situations.</p> <p>(d) Include some enhancements that reflect the impact of technology.</p> <p>(e) Require all professional accountants to have an inquiring mind when applying the conceptual framework.</p> <p>(f) Highlight the importance of being aware of bias and having the right organizational culture.</p> <p>For more information go to: https://www.ifac.org/system/files/publications/files/IESBA-Exposure-Draft-Role-and-Mindset.pdf</p>	<p>NBAA Deadline: Send your comments on or before 27th October 2020.</p>
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INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSASs)

Current updates on IPSASs

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Exposure Draft 70: Revenue with performance obligations</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued an Exposure Draft 70 which aims at developing a new standard that provides the recognition and measurements of revenue transactions with performance obligations.</p> <p>The Exposure Draft requires a reporting entity to recognize revenue by applying the following steps:</p> <p>(a) Step 1: Identifying the binding arrangement with a purchaser (see paragraphs 8-20);</p> <p>(b) Step 2: Identifying the performance obligations in the binding arrangement (see paragraphs 21-29);</p> <p>(c) Step 3: Determining the transaction price (see paragraphs 45-71);</p> <p>(d) Step 4: Allocating the transaction price to the performance obligations in the binding arrangement (see paragraphs 45 and 72-85); and</p> <p>(e) Step 5: Recognizing revenue when (or as) the entity satisfies a performance obligation (see paragraphs 30-44).</p>	<p>IPSASB Deadline: The deadline for stakeholders’ comments is on or before 1st November 2020.</p> <p>NBAA Deadline: Send your comments on or before 27th October 2020.</p>

	<p>The Exposure Draft should be read in conjunction with the following Exposure Drafts</p> <ul style="list-style-type: none"> • Exposure Draft 71: Revenue without performance obligations • Exposure Draft 72: Transfer Expenses <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSASB-ED-70-Revenue-with-Performance-Obligations.pdf</p>	
Exposure Draft 71: Revenue without performance obligations	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued an Exposure Draft 71 which aims at updating IPSAS 23, <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> to provide recognition and measurement requirements for revenue transactions without performance obligations.</p> <p>The core principle of Exposure Draft is that a transfer recipient shall recognize an asset and the associated revenue to the extent it has satisfied any present obligations associated with the transaction.</p> <p>A transfer recipient shall consider the terms of the arrangement, and all relevant facts and circumstances, when applying the requirements of the ED 71. Paragraph AG2 provides additional guidance on the Objective.</p> <p>The Exposure Draft should be read in conjunction with the following Exposure Drafts</p> <ul style="list-style-type: none"> • Exposure Draft 70: Revenue with performance obligations • Exposure Draft 72: Transfer Expenses <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSASB-ED-71-Revenue-without-Performance-Obligations.pdf</p>	<p>IPSASB Deadline: The deadline for stakeholders' comments is on or before 1st November 2020.</p> <p>NBAA Deadline: Send your comments on or before 27th October 2020.</p>
Exposure Draft 72: Transfer Expenses	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued an Exposure Draft 72 which aims at developing a standard that provides recognition and measurement requirements applicable to providers of transfer expenses.</p> <p>The ED aimed at establishing principles that an entity (a transfer provider) shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenditure and cash flows arising from transfer expenses by requiring transfer provider to recognize expenses as follows:</p>	<p>IPSASB Deadline: The deadline for stakeholders' comments is on or before 1st November 2020.</p> <p>NBAA Deadline:</p>

	<p>(a) For transfer expenses where the transfer recipient is required to satisfy performance obligations by transferring goods or services to a third-party beneficiary, to depict the transfer of resources in an amount that reflects the consideration which the transfer provider expects to be obligated to pay in exchange for those goods or services; and</p> <p>(b) For transfer expenses where the transfer recipient is not required to satisfy performance obligations, at the earlier of the date at which the transfer provider has a present obligation to transfer resources to a transfer recipient, and the date when the transfer provider ceases to control the resources (i.e., when it transfers those resources to the transfer recipient)</p> <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSASB-ED-72-Transfer-Expenses.pdf</p>	<p>Send your comments on or before 27th October 2020.</p>
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INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Current updates on IFRSs

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Exposure ED/2019/7: Presentation and Disclosures (Primary Financial Statements).</p> <p>Draft General and (Primary Financial Statements).</p>	<p>The International Accounting Standards Board (IASB) has issued an Exposure Draft ED/2019/7 to improve how information is communicated in the financial statements.</p> <p>The ED includes:</p> <p>(a) a proposal to replace IAS 1 Presentation of Financial Statements with a new Standard that would comprise:</p> <ul style="list-style-type: none"> i. new requirements on presentation and disclosures in the financial statements.² ii. Requirements brought forward from IAS 1 with only limited changes to the wording. (These changes are not intended to modify any requirements.) <p>(b) proposed amendments to other Standards:</p> <ul style="list-style-type: none"> i. IAS 7 Statement of Cash Flows; ii. IFRS 12 Disclosure of Interests in Other Entities; iii. IAS 33 Earnings per Share; 	<p>IASB Deadline: The deadline for stakeholders' comments has been extended from 30th June to 30th September 2020.</p> <p>NBAA Deadline: Send your comments on or before 23rd September 2020.</p>

	<p>iv. IAS 34 Interim Financial Reporting; v. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to include some requirements from IAS 1;3 and vi. IFRS 7 Financial Instruments: Disclosures to include some requirements from IAS 1.</p> <p>For more information go to: https://cdn.ifrs.org/-/media/project/primary-financial-statements/exposure-draft/ed-general-presentation-disclosures.pdf</p>	
<p>Request for Information: Comprehensive Review of the IFRS for SMEs Standard</p>	<p>The International Accounting Standards Board (IASB) has issued an Exposure Draft ED/2019/7 to improve how information is communicated in the financial statements.</p> <p>The objective of the Request for Information is to seek views on whether and how aligning the IFRS for SMEs Standard with the full IFRS Standards could better serve users of financial statements prepared applying the IFRS for SMEs Standard without causing undue cost and effort for SMEs.</p> <p>For more information go to: https://cdn.ifrs.org/-/media/project/2019-comprehensive-review-of-the-ifrs-for-smes-standard/request-for-information-comprehensive-review-of-the-ifrs-for-smes-standard.pdf</p>	<p>IASB Deadline: The deadline for stakeholders' comments has been extended from 27th July to 27th October, 2020.</p> <p>NBAA Deadline: Send your comments on or before 21st October 2020.</p>
<p>Discussion Paper DP/2020/1: Business Combinations – Disclosures, Goodwill and impairment</p>	<p>The International Accounting Standards Board (IASB) has issued an Exposure Draft ED/2019/7 to improve how information is communicated in the financial statements.</p> <p>The Board's preliminary view is that it should require companies to disclose:</p> <p>(a) management's objectives for an acquisition; (b) the metrics that management will use to monitor whether the objectives of the acquisition are being met; (c) the extent to which management's objectives for the acquisition are being met in subsequent reporting periods, using those metrics; and (d) other information, reflecting possible targeted improvements to the disclosure objectives and disclosure requirements of IFRS 3</p> <p>For More information go to: https://cdn.ifrs.org/-/media/project/goodwill-and-impairment/goodwill-and-impairment-dp-march-2020.pdf</p>	<p>IASB Deadline: The deadline for stakeholders' comments has been extended from 15th September to 31st December 2020.</p> <p>NBAA Deadline: Send your comments on or before 24th December 2020.</p>

INTERNATIONAL INTERGRATED REPORTING

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Consultation Draft: 2020 Revision: <IR> Framework</p>	<p>The International Integrated Reporting Council (IIRC) has issued a Consultation paper seeking public comments on the proposals to review the applicable framework.</p> <p>The framework is reviewed to make sure that the framework responds to the evolving market context and supports robust, effective reporting.</p> <p>The Consultation Draft has been informed by the 300 responses the IIRC received on topic papers published in February 2020, ongoing market observation of market practice internationally, as well as detailed discussions of the IIRC's <IR> Framework Panel.</p> <p>For more visit: https://integratedreporting.org/wpcontent/uploads/2020/05/CONSULTATION-DRAFT_May-21_IIRC.pdf, and https://integratedreporting.org/wpcontent/uploads/2020/05/COMPANION-DOCUMENT_May-21_IIRC.pdf</p>	<p>IIRC Deadline: The deadline for stakeholders' comments is on or before 19th September 2020.</p> <p>NBAA Deadline: Send your comments on or before 15th September 2020.</p>

PART TWO: NEW ISSUED STANDARDS, AMENDMENTS AND GUIDELINES

This part includes all newly issued standards amendments, guidelines and technical pronouncements of which NBAA would like to urge members and other stakeholders to get prepared for their application.

INTERNATIONAL STANDARDS ON AUDITING (ISAs)

ISAs applicable for the next coming years

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
ISA 315 (Revised 2019): Identifying and Assessing the risks of material misstatements	<p>The International Assurance and Auditing Standard Board has issued a revised ISA 315 on identifying and assessing the risk of material misstatements.</p> <p>The revision has been done with the following objectives:-</p> <ul style="list-style-type: none">a) Establishment of more robust requirements and appropriately detailed guidance to drive auditors to perform appropriate risk assessment procedures in a manner commensurate with the size and nature of the entity,b) Consequential amendments to other standards as a result of the revision (such as ISA 220, ISA 240, ISAS 330, ISA 540 (Revised) and ISA 600),c) The issuance of non-authoritative guidance and support tools to supplement the revised ISAS 315 as well as supporting its implementation. <p>For more information go to: https://www.ifac.org/system/files/publications/files/ISA-315-Full-Standard-and-Conforming-Amendments-2019-.pdf</p>	Effective for audits of financial statements for periods beginning on or after 15th December, 2021.

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

IPSASs applicable for the next coming years

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>IPSAS 41 : Financial Instruments</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued a new International Public Sector Accounting Standard 41 on financial instruments which replaces IPSAS 29: Financial Instruments: Recognition and Measurements.</p> <p>IPSAS 41 improves financial reporting for financial instruments, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSAS-41-Financial-Instruments.pdf</p>	<p>Effective for annual periods beginning on or after 1st January 2022.</p> <p>Earlier application is permitted.</p>
<p>IPSAS 42, Social Benefits</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued IPSAS 42 on social benefits.</p> <p>The standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.</p>	<p>Effective for the period beginning on or before 1st January 2022.</p>

	<p>It seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. To accomplish this, IPSAS 42 establishes principles and requirements for:</p> <ul style="list-style-type: none"> • Recognizing expenses and liabilities for social benefits; • Measuring expenses and liabilities for social benefits; • Presenting information about social benefits in the financial statements; and • Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity <p>For More information go to: http://www.ifac.org/system/files/publications/files/IPSAS-42-Social-Benefits.pdf</p>	
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INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

IFRSs applicable for the next coming years

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
IFRS 17 “Insurance Contracts”	<p>The International Accounting Standards Board (IASB) issued IFRS 17 Insurance Contract. The standard applies to all entities that issue insurance contracts.</p> <p>The standard provides consistent accounting for all insurance contracts</p> <ol style="list-style-type: none"> a. Updated information about obligations, risks and performance of insurance contract b. Increased transparency in financial information reported by insurance companies <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSAS-41-Financial-Instruments.pdf</p>	<p>For annual financial statements beginning on or after 1st January, 2021.</p> <p>Earlier adoption is encouraged.</p>
Narrow-scope amendments to IFRS Standards	<p>The International Accounting Standards Board (IASB) has issued a package of narrow scope amendments to three IFRS standards and annual improvements.</p> <ol style="list-style-type: none"> 1. Narrow scope amendments: The narrowly scope amended standards includes the following:- (i) IFRS 3 Business Combination: This standard has been amended by updating references 	<p>The amendments are effective 1st January 2022.</p>

	<p>in IFRS 3 to the Conceptual Framework for Financial Reporting with no changes the accounting requirements.</p> <p>(ii) IAS 16 Property, Plant and Equipment: The amendment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.</p> <p>(iii) IAS 37 Provisions, Contingent Liabilities and Contingent Assets: The amendment specifies which costs a company includes when assessing whether a contract will be loss-making.</p> <p>2. Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases</p> <p>For More information go to: https://www.ifrs.org/news-and-events/2020/05/iasb-issues-package-of-narrow-scope-amendments-to-ifrs-standards/</p>	
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NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Technical Pronouncement No.1 of 2020: COVID 19 and its impact on financial reporting.</p>	<p>The National Board of Accountants and Auditors (NBAA) has issued a Technical Pronouncement no.1 of 2020 on COVID 19 and its impact on financial reporting.</p> <p>The Technical Pronouncement aims at reminding preparers of financial statements to consider a number issue with respect to the outbreak of COVID 19 pandemic to ensure quality and fair presentation of financial statements.</p> <p>Those issues include the effect of the pandemic by itself and those effect which might be brought about by those measures that have been put in place by the Government of the United Republic of Tanzania to contain the spread of the virus.</p> <p>For more information go to: https://www.nbaa.go.tz/2020/may/techpro1_covid.pdf</p>	<p>Applicable soon after its issuance.</p>
<p>Technical Pronouncement No.2 of 2020: COVID 19 and its impact on auditing.</p>	<p>The National Board of Accountants and Auditors (NBAA) has issued a Technical Pronouncement no.2 of 2020 on COVID 19 and its impact on auditing.</p> <p>As the work of auditors has been impacted by the increasing effect of the COVID-19 pandemic. Risks of material misstatement that are new may be created due to uncertainty and unpredictability, or intensified, in the circumstances.</p> <p>The Technical Pronouncement urge auditors to be alert and to exercise professional skepticism about the potential for each COVID 19 impacting conditions to give rise to possible financial reporting misstatements and reminding auditors to consider a number issue with respect to the outbreak of COVID 19 pandemic to ensure quality and fair presentation of financial statements.</p> <p>For more information go to: https://www.nbaa.go.tz/2020/may/techpro2_covid.pdf</p>	<p>Applicable soon after its issuance.</p>

UPDATES ON TAX AND NON TAX ISSUES FOR FINANCIAL YEAR 2020/2021

PROJECTS/APPROVED TAX ISSUES	CHANGES	EFFECTIVE DATE
<p>The Value Added Tax Act, 2014, CAP 148</p>	<p>Amendment of Part I of the schedules of supplies and import exempt from value added tax by adding crop agricultural insurance immediately after sub item 4 of Item 13.</p> <p>Reasons for the amendment:</p> <ul style="list-style-type: none"> • To reduce cost on agricultural crop insurance and enable farmers to insure their agricultural crops from unforeseen tragedies such as droughts and floods; and • To enable exporters of raw products to recover input tax and enhance competitiveness of the products in the international markets as well as by the VAT destination principle. 	<p>Applicable from 1st July 2020</p>
<p>The Income Tax Act, CAP 332</p>	<p>Amendment of the following sections:-</p> <ol style="list-style-type: none"> 1. Amendment of section 3 of the principle act: <ul style="list-style-type: none"> • Associate: Reducing the minimum percentage of control from 50% to 25% and give power to the Commission to determine the prescribed minimum percentage. • Adding the following new definitions: <ol style="list-style-type: none"> (i) Beneficial owner (ii) Representative Assessee (iii) Business Connection 2. Amendment of section 4 (1) of the principle Act:- Extending charge of income tax to representative assessee. 3. Amendment of section 6 (1) of the principle Act:- Including income of a representative assessee from any employment, business or investment among the list of the chargeable income of a person for a year of income. 4. Amendment of section 6 (1) of the principle Act:- Including income of a representative assessee from any employment, business or investment among the 	

	<p>list of the chargeable income of a person for a year of income.</p> <p>Reason for the amendment:</p> <p>This amendment aims at fulfilling the requirements of the country to join the global forum for exchanging tax information in order to combat tax avoidance and evasion of multinational companies, it intends to address transfer pricing between affiliated companies.</p> <p>Amendment of section 10 by adding section (4) immediately after subsection (3) that gives powers to Minister for Finance to exempt income tax on strategic projects with total Income Tax not exceeding 1 billion shillings (Tshs.1,000,000,000/=) during the implementation period without seeking Cabinet approval.</p> <p>Reason for the amendment: The amendment aims at fast tracking the implementation of such projects. Tanzania Revenue Authority will advise Minister responsible of Finance accordingly before granting exemption on those projects;</p> <p>Amendment of section 12 by adding subsection (6) immediately after subsection (5) paragraph 2 (2) with respect to deduction of foreign exchange losses with respect to interest free loans.</p> <p>The deduction of a foreign exchange loss realized on an interest free loan is restricted to not more than 70% of the amount of loss attributable to such loan obligation.</p> <p>Amendment of section 16 (1) by adding paragraph (d) immediately after paragraph (c) as allowable deductions:-</p> <p>(d) Contribution made to the AIDS Trust Fund established under the Tanzania Commission for AIDS Act; and</p> <p>(e) Contribution made to the Government in the fight against Coronavirus disease (COVID-19).”</p> <p>Reason for the amendment:</p> <p>The amendment intends to promote those contributions in order to fight against these diseases.</p>	
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	<p>Amendment of section 16 (1) by adding section 2 for section 16 (1) (e) to cease to have effect on such date as the Minister may, by notice published in the <i>Gazette</i>, determine.</p> <p>Reason for the amendment:</p> <p>The amendment intends to require contributions made to Government for fighting against COVID-19 pandemic as per section 16 (1) to be allowable deduction for the period until the Government announces the end of the Pandemic.</p>	
	<p>Amendment of section 19 by adding subsection 2 immediately after subsection 1 a restriction of offset of losses brought forward to 70% of current year taxable profit before brought forward losses provided that the entity has tax losses in the preceding four years, and does not undertake agricultural business or providing health or education services.</p> <p>Whereby The excess losses not utilized are carried forward to later years.</p>	
	<p>Amendment of section 52 by deleting subsection 2 and substitute it with the requirements of including a distribution by a resident trust as taxable income of the recipient (the trust beneficiary)</p>	
	<p>Amendment of section 69(i) by adding subparagraph (i) and substituting for it a clear cut scope of determining withholding tax by reference to consumption tax principles irrespective of the place of exercise, rendering or forbearance and regardless of the place of payment.</p>	
	<p>Amendment of section 83 (1) by deleting paragraph (d) and substitute it with the requirement of charging withholding tax with respect to:-</p> <ul style="list-style-type: none"> (a) money transfer commission to a money transfer agent; (b) fee, commission or any other charge to a commercial bank agent, or (c) fee, commission or any other charge to a digital payment agent. <p>Reason for the amendment:</p> <p>This amendment intends to bring equal treatment to all Bank operators, digital payment agents and mobile money agents.</p>	

Amendment of section 83 by adding subsection (2) immediately after subsection (1) for defining digital payment agent.

Amendment of section 90

1. Amendment of section 90 (1) by adding requiring the charging of capital gains tax from realization of licence or concessional right on reserved land.
2. Amendment of section 90 by adding subsection (1A) immediately after subsection (1) by requiring a person receiving income from realization of licence or concessional right on reserved land, to report to the Commissioner within 14 days from the date of realization of the interest.
3. Deleting subsection (2) and substitute it with:-
 - Subsection (2) requiring instalments as per section 90 (1), to be paid within thirty days or such other period determined by the Commissioner from the date of realisation of an interest.
 - Subsection (2A) requiring appropriate authorities for registration, transfer or approval not to register transfer of the interest referred to by section 90 (1) or change of name without the production of a certificate by the Commissioner certifying that the instalment has been paid or that no instalment is payable.
 - Adding subsection (9) for defining the date of realization of an interest.

Reason for the amendment:

This amendment aims at widening tax base and increase Government revenue.

Amendment of the first schedule and substituting for it another new schedule aiming at increasing the minimum threshold of employment income not liable to tax from Tshs.170,000/= per month to Tshs. 270,000/= per month (which is equivalent to Tshs.2,040,000/= per annum to Tshs.3,420,000/= per annum) and adjust subsequent income brackets accordingly as indicated below:-

No.	Total income	Rate Payable
1.	Where the total income does not exceed Tshs.2,040,000/=	NIL
2.	Where the total income exceeds Tshs.2,040,000/= but does not exceed Tshs.4,320,000/=	9% of the amount in excess of Tshs. 2,040,000/=
3.	Where the total income exceeds Tshs.4,320,000/= but does not exceed Tshs.6,480,000/=	Tshs.205,200/= plus 20% of the amount in excess of Tshs.4,320,000/=
4.	Where the total income exceeds Tshs.6,480,000/= but does not exceed Tshs.8,640,000/=	Tshs.637,200/= plus 25% of the amount in excess of Tshs.6,480,000/=
5.	Where the total income exceeds Tshs.8,640,000/=	Tshs.1,177,200/= plus 30% of the amount in excess of Tshs.8,640,000/=

Reason for the amendment:

This amendment aims at providing tax relief to employees.

Amendment of the second schedule paragraph 1 by increasing the minimum threshold of Primary Cooperatives Societies liable to income tax from Tshs.50,000,000/= to Tshs..100,000,000/= per annum..

Reason for the amendment:

This amendment aims at providing tax relief to Primary Cooperatives Societies including SACCOS since they have small capital.

Amendment of second schedule paragraph (1)(o) by adding provision for excluding income derived by Special Economic Zone operators who produce 100 percent for local supply from the list of exempt amounts on the basis of equity principle of taxation to all producers, both in special economic zone and those outside

	<p>the zone and who produce for local supply.</p> <p>Amendment of second schedule by adding paragraph (w) immediately after paragraph (v) for exempting amounts paid to persons entitled to benefits granted pursuant to the provisions of Part V of the Political Service Retirement Benefits Act.</p> <p>Amendment of second schedule by adding paragraph 2 requiring the provisions of item (w) of the second schedule to have come into operation on the 1st day of July 2016.</p>	
<p>The Land Act, CAP 4</p>	<p>The Act has been amended with respect to the following:-</p> <ol style="list-style-type: none"> 1. Adding section 24A immediately after section 24 by requiring a person who occupies a surveyed land to apply to the Commissioner for a right of occupancy, within ninety days from the date of approval of the survey plan. 2. Amendment of section 33 adding subsection (13) immediately after subsection 12 requiring the section to apply to an occupier of any surveyed land who fails to apply to the Commissioner for grant of right of occupancy within ninety days from the date of approval of the survey plan in accordance with the Land Survey Act. 3. Amendment of section 33 adding subsection (14) immediately after subsection 13 requiring an occupier of land surveyed prior to the 1st day of July, 2020 who has not applied for a right of occupancy to apply to the Commissioner for a right of occupancy within ninety days from the 1st day of July, 2020, <p>Reasons for the amendments</p> <p>These amendments are intended to discourage land occupancy without Certificate of Occupancy.</p>	
<p>The Local Government Finance Act (290)</p>	<p>Amendment sections 6, 7 and 9A of the principal act to empower:-</p> <ol style="list-style-type: none"> 1. the Minister responsible for Local Governments to collect Service Levy (0.3 percent of turnover) from the telecommunication companies on behalf of the Local Government Authorities and distribute the collected amount to the respective Councils within fourteen days from the date of collection. 2. the Minister to prepare Regulations to guide the manner of collection and distribution of revenue by using a formula based on the proportions collected from the telecommunication companies in each Local 	

	<p>Authority.</p> <p>Reasons for the amendments:</p> <p>These amendments aim at resolving disputes between Local Government Authorities and telecommunication companies and ensure that every Council to fairly benefit from Service levy collection from telecommunication operators.</p>	
The Mining Act, CAP 123	<p>Amendment of section 49(2); 54(2)(b); 56(2); 73(1); 75(3); 80(1) and 82(1) of the principal act to require the applicant for new or renewal of mining license to have Taxpayer Identification Number (TIN) and Tax Clearance from Tanzania Revenue Authority.</p> <p>Reason for the amendment: This amendment aims at promoting tax compliance.</p>	
The Motor Vehicle (Tax Registration and Transfer) Act, CAP 124	<p>Amendment of the first schedule by introducing Special Registration Number for Motor Vehicle (e.g. T. 777 DDD) fee at the rate of Tshs.500,000/=.</p> <p>Reason for the amendment:</p> <p>This amendment aims at enabling customers to be allocated with their preferred registration number available at the moment.</p>	
The National Parks Act, (CAP. 282)	<p>Amendment of the National Parks Act by repealing and replacing section 13, 13A and 14 with the following requirements of:-</p> <ul style="list-style-type: none"> (i) Giving powers to Tanzania Revenue Authority to collect non-tax revenues which are currently collected by Tanzania National Park Authority (TANAPA),; (ii) Requiring all non-tax collection from above source be deposited in consolidated fund instead of current retention system; and (iii) Allocating funds to Tanzania National Park Authority (TANAPA) through Government budgetary allocation system instead of current practice. <p>Reason for the amendment:</p> <p>This amendment aims at strengthen collection system of non-tax revenues from tourism by being managed by</p>	

	the Ministry of Finance and Planning through Tanzania Revenue Authority.	
The Tanzania Revenue Authority Act, (CAP. 399)	<p>Amendment of the Tanzania Revenue Authority Act by adding item 51 for Ngorongoro Conservation Area Act Cap. 284 and 52 for Wildlife Conservation (The Tanzania Wildlife Management Authority) Establishment Order, 2014 in part B of the first schedule with the requirements of:-</p> <ul style="list-style-type: none"> (i) Giving powers to Tanzania Revenue Authority to collect non-tax revenues which are currently collected by Ngorongoro Conservation Area Authority (NCAA), and Tanzania Wildlife Management Authority (TAWA); (ii) Requiring all non-tax collection from above source be deposited in consolidated fund instead of current retention system; and (iii) Allocating funds to these authorities/agencies through Government budgetary allocation system instead of current practice. <p>Reason for the amendment:</p> <p>This amendment aims at strengthen collection system of non-tax revenues from tourism by being managed by the Ministry of Finance and Planning through Tanzania Revenue Authority.</p>	
The Tax Administration Act, (CAP. 438)	<p>Amendment of sections 27, 44, 50, 51, and 52 of the said act to ensure efficient and effective procedure in the determination of objections.</p> <p>Reason for amendment:</p> <p>The amendment is intended to set time limit of 30 days for the taxpayer to submit documents to the Commissioner as well as time limit of six months for Commissioner to determine the objection. Currently, the Act does not provide time limits on taxpayers to submit the documents and the Commissioner to determine the objection.</p>	
The Treasury Registrar (Power and Functions) Act, (CAP. 370)	Amendment of section 10A(1) by removing the words “not financed through Government Budget” in order to allow Treasury Registrar Office to collect 70 percent of the excess revenue from the Government Parastatals, Institutions and Agencies which have surplus revenue.	

	<p>Reason for the amendment:</p> <p>This amendment aims at enhancing controls in public funds management.</p>	
<p>The Trustees' Incorporation Act, (CAP. 318)</p>	<p>Amendment of section 1A and 2 by:-</p> <p>(i) introducing the same definitions of “arrangement” and “beneficial owner” as under the Income Tax Act, CAP 332, and</p> <p>(ii) requiring details of beneficial owners for trusts to be filed with the Administrator General:</p> <p>Reason for the amendment:</p> <p>The amendment aims at ensuring access to accurate and up to date records of beneficial owners of legal entities for information required, among other things, for tax purposes, control of anti-money laundering and terrorism financing.</p>	
<p>The Vocational Education and Training Act, (CAP. 82)</p>	<p>Amendment of section 14 of the act by reducing Skills Development Levy from 4.5 percent to 4 percent.</p> <p>Reason for the amendment:</p> <p>The amendment is intended to relieve employers from cost of employment.</p>	
<p>The Fair Competition Act, (CAP. 285)</p>	<p>Amendment of section 60(1) by deleting the words “<i>of his annual turnover and not exceeding ten percent of his annual turnover</i>” and substituting for them the words “<i>but not exceeding ten percent of his annual turnover which has a source in Mainland Tanzania</i>”.</p>	
<p>The Excise (Management and Tariff) Act, (CAP. 147)</p>	<p>Amendment of the Fourth Schedule by inserting two items immediately after Heading 20.09 as follows:</p> <p>(i) Changing the excise duty rate from Tshs.0 to Tshs.844 shillings per kilogram of imported powdered beer with HS Code 2106.90.90., and</p> <p>(ii) Changing excise duty rate from Tshs.0 to Tshs.232 shillings per kilogram of imported powdered juice with HS Code 2106.90.90.</p> <p>Reason for the amendment:</p> <p>The amendment is intended to widen tax base.</p>	

<p>The Electronic and Postal Communication Act, CAP 306</p>	<p>Amendment of section 26 of the act by excluding the following companies from compulsory listing in the stock exchange:</p> <ul style="list-style-type: none"> (i) Companies owned by Government by 100 percent or 25 percent or more from being listed in stock exchange. (ii) Telecommunication tower leasing companies as they are not telecommunication operators. <p>Reason for the amendment:</p> <p>This measure is aims at protecting shares owned by the Government from dilution once listed.</p>	
<p>The Companies Act, (CAP. 212)</p>	<p>Amendment of Part V, section 2; 14; 16; 85; 115; 117; 129; 191; 451 and 459 by removing the requirement of statutory endorsement from Commissioner for Oath to demonstrate compliance of registration or renewal of the Company through:-</p> <ul style="list-style-type: none"> (i) introducing the same definitions of “arrangement” and “beneficial owner” as under the Income Tax Act, CAP 332, and (ii) requiring details of beneficial owners for companies to be filed with the registrar of companies initially with the memorandum and then with the annual return: <p>Reason for the amendment:</p> <p>The amendment aims at:</p> <ul style="list-style-type: none"> (i) reduce bureaucracy, and (ii) Ensuring access to accurate and up to date records of beneficial owners of legal entities for information required, among other things, for tax purposes, control of anti-money laundering and terrorism financing. 	
<p>The Anti-money Laundering Act, (CAP. 423)</p>	<p>Amendment of section 3 and 15 by:-</p> <ul style="list-style-type: none"> (i) introducing the same definitions of “arrangement” and “beneficial owner” as under the Income Tax Act, CAP 332, and (ii) Requiring details of beneficial owners for companies to be filed. 	

	<p>Reason for the amendment:</p> <p>The amendment aims at ensuring access to accurate and up to date records of beneficial owners of legal entities for information required, among other things, for tax purposes, control of anti-money laundering and terrorism financing.</p>	
<p>The East African Community Customs Management Act, 2004</p>	<p>Amendment of the Exemptions Regime under the Fifth Schedule to the Act as follows:</p>	
	<p>Amendment of item 20 to Part B of Fifth Schedule of the Act to include exemption of customs duties on supplies for diagnosis, prevention, treatment, and management of epidemics, pandemics and health hazards as recommended by the competent authority in the Ministry responsible for Health.</p> <p>Reason for the amendment</p> <p>This measure is intended to make it cheaper and reduce the costs exemption to facilitate the diagnosis, prevention, treatment, and management of such pandemics whenever they arise;</p>	
	<p>Amendment of item 15 (a) to Part B of the Fifth Schedule to include imported implements by person or entity engaged in Horticulture, Aquaculture, Agriculture or Floriculture in order to promote growth of Horticulture, Aquaculture, Agriculture or Floriculture sectors in the country</p>	
	<p>Amendment of item 15 (b), Part B of the Fifth Schedule to include fertilized eggs for incubation imported by person or entities engaged in poultry farming this economic activity</p>	
<p>Common External Tariff (CET) for year 2020/21</p>	<p>Stay application of the EAC-CET rate of 10 percent and apply a duty rate of 0 percent for one year on Cash Registers, Electronic Fiscal Devices (EFD's) and Point of Sale (POS) machines for use of Government revenue collection falling under HS Codes 8470.50.00 and 8470.90.00;</p>	
	<p>Stay application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on importation of Ceramic tiles falling under HS Codes 6907.21.00; 6907.22.00 and 6907.23.00.</p> <p>Reason for the change:</p> <p>To protect local manufacturers of these products and create more employment;</p>	
	<p>Stay application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on</p>	

	<p>importation of tea, whether or not flavoured under HS Code 09.02.</p> <p>Reason for the change:</p> <p>The change is aimed at protecting local tea processors and promote growth of an employment in agricultural sector.</p>	
	<p>Stay application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on Sacks and bags, of jute or other textile bast fibres of a tariff heading 53.03 falling under HS Code 6305.10.00.</p> <p>Reason for the change</p> <p>The intention is to protect local manufacturers of sisal bags, promote employment in sisal farming and increase Government revenue.</p>	
	<p>Stay application of the EAC CET rate of 0 percent and apply a duty rate of 10 percent for one year on importation of cocoa powder falling under HS Code 1805.00.00</p> <p>Reason for the change: The intention is to promote cocoa farming, create more employment and increase Government revenue.</p>	
The Fair Competition Act, (CAP. 285)	<p>Amendment of section 60 of the Fair Competition Act which deals with penalties from failure to comply with competition rules in order to include gross revenue obtained only in Tanzania instead of global gross revenue.</p> <p>Reason for the amendment</p> <p>The amendment is meant to reduce the severity of the penalties to be payable by the multinational companies</p>	
The Sugar Industry Act, (CAP.251), Regulations	<p>Reduction of import Levy charged by SBT on industrial sugar from 2 percent of CIF value, or 2 percent of USD 460 (equivalent to USD 9 or more) per metric ton, whichever is higher to USD 7.5 per metric ton on imported sugar.</p>	
The Occupational Safety and Health Authority Act	<p>Abolition of Occupational Safety and Public Health Training fees of Tshs. 250,000/= for each participant</p> <p>Reason for the amendment:</p> <p>The provision of public education on Safety and Health is core obligation of OSHA;</p>	

	<p>Abolition of inspection fees which was charged 80 percent of administration fee</p> <p>Reason for the amendment: The registration fee itself as a base has already been abolished</p>	
	<p>Reduction of Accident Investigation fees from Tshs.500,000/= on each expert who conducts investigations to Tshs. 120,000/= on each expert but the gross amount should not exceed Tshs.1,000,000/=.</p>	
<p>Fire and Rescue Force Act, CAP 427</p>	<p>Reduction of certificate of competence fees on dealers of Fire and Rescue equipment from Tshs. 500,000/= to Tshs. 200,000/=</p> <p>Reduction of fire and rescue inspection fees on mining areas with an area of less or equal to 2,000 square metre from Tshs. 6,000,000/= to Tshs. 100,000/=</p> <p>Reduction of fire and rescue inspection fee on mining areas with an area between 2,001 to 4,000 square metre from Tshs. 6,000,000/= to Tshs. 150,000/=</p> <p>Reduction of fire and rescue inspection fees on mining areas with coverage area between 4,001 to 9,000 square metre from Tshs. 6,000,000/= to Tshs. 200,000/=</p> <p>Reduction of fire and rescue inspection fees on gas deposit with less than or equal to 10 tons from Tshs. 2,000,000 to Tshs. 1,500,000/=</p> <p>Reduction of fire and rescue inspection fees on Gas cylinder shops with less than or equal to 100 square metre from Tshs. 100,000/= to Tshs. 40,000/=</p> <p>Reduction of fire and rescue inspection fees on mini- super market, retail and whole sale shops from Tshs. 40,000/= to Tshs. 20,000/=</p> <p>Reduction of fire and rescue inspection fees on Mini Hydro with less than 10 Megawatt from Tshs. 6,000,000/= to Tshs. 200,000/=.</p> <p>Introduction of fire and rescue inspection fees Tshs. 2,000,000/= on gas deposit between 11 to 20 tons</p> <p>Introduction of fire and rescue inspection fees between Tshs. 40,000/= and Tshs. 50,000/= on Micro lending institution which were previously termed as financial institution respective of area coverage</p> <p><i>All of these amendments aim at reducing cost of doing business to traders/producers and promote tax</i></p>	

	<i>compliance</i>
The Fisheries Act and The Animal Welfare Act	Abolition of movement Permit fee of Tshs. 5,000/= on for skin within and outside the district
	Reduction of export and import permit fees on livestock and products as per prescribed Table 2 and 3.
	<p>FOR MORE INFORMATION GO TO:</p> <p>1. Finance Act: https://www.tra.go.tz/Images/headers/FINANCE_ACT_2020.pdf</p> <p>2. Budget Speech:: https://www.parliament.go.tz/uploads/budgetspeeches/1589540857-HOTUBA%20YA%20BAJETI%20YA%20WIZARA%20YA%20FEDHA.pdf</p> <p>3. EAC Gazette (30th June 2020): file:///C:/Users/Lenovo/Downloads/EAC%20Vol%20AT%201%20NO%2010%20JUNE%202020%20(3).pdf</p>

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