

(NBAA)

**THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA**



TECHNICAL PRONOUNCEMENT NO. 3 OF 2020

**REQUIREMENT FOR NGOs AND ASSOCIATIONS TO APPLY
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSASs)**

The Accountants and Auditors (Registration) Act Cap. 286 [R.E 2002] empowers NBAA to issue accounting and auditing standards and guidelines as appropriate and ensure compliance with those standards and guidelines by its members and other stakeholders.

The main objectives of issuing standards and guidelines is to make sure that adequate accounting and related records are properly maintained and that high professional standards are adhered to in the performance of the accounting/auditing function and promoting uniformity of financial reporting and provision of useful information to the users of financial statements.

The current financial reporting standards which are in use in Tanzania are: International Financial Reporting Standards (IFRSs), International Public Sector Accounting Standards (IPSASs), IFRS for SMEs and Financial Reporting Standards for Micro Entities (FRSME).

The Technical Pronouncement No.1 of 2015 and its related subsequent Technical Pronouncement No. 1 of 2018 on the scope of applicability of IFRSs, IPSASs, IFRS for SMEs and FRSME in Tanzania revealed that IPSASs are designed to apply to public sector entities with all of the following characteristics:

- Are responsible for delivery of services to benefit the public/or to redistribute income and wealth.

- Mainly finance their activities, directly or indirectly by means of taxes or transfer from other level of government, social contribution, debt or fees.
- Do not have capital providers that are seeking a return on their investment or a return of their investment; and
- Do not have a primary objective to profit.

The Non-Governmental Organizations Act 2002 and the Societies Act, (CAP. 337) have gone through major amendments under the Written Laws Miscellaneous No.3 Act of 2019 regarding registrations and operations of these entities. The amended law requires a high degree of adherence to the principles of financial transparency, good governance and accountability in the provision of public services.

In light of the above and the need for NGOs and Associations to have a common financial reporting framework in the country, the NBAA Governing Board at its 182nd meeting held on 22nd June, 2020 approved the applicability of IPSASs by NGO's and Associations in Tanzania. Therefore, all NGOs and Associations will be required to use IPSASs in preparation of their general purpose financial statements from the effective date of this pronouncement.

This Technical Pronouncement will become effective for reporting periods beginning on or after 1st July, 2021. Earlier application is allowed and encouraged.

For further information and clarification please contact:

EXECUTIVE DIRECTOR

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