

(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA



UPDATEs ON TECHNICAL ISSUES – THIRD QUARTER 2022

INTRODUCTION

These updates on Technical Issues – Third Quarter 2022 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 Sustainability Standards (ISSs) 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 therein. 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) 2022.

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: Narrow Scope Amendment</p> <ul style="list-style-type: none">• ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements; and• ISA 260 (Revised), Communication with Those Charged with Governance, as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities (PIEs)	<p>The International Assurance and Auditing Standard Board has issued an Exposure Draft on narrow scope amendments of ISA 700 (Revised), <i>Forming an Opinion and Reporting on Financial Statements</i>, and ISA 260 (Revised), <i>Communication with Those Charged with Governance</i>.</p> <p>The proposed narrow scope amendments will help operationalize recently approved changes to the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> related to listed and public interest entities.</p> <p>The changes to the IESBA Code require firms to publicly disclose when the independence requirements for public interest entities have been applied in an audit of financial statements.</p> <p>For more information go to: IAASB-Exposure-Draft-Amendments-Public-Interest-Entities.pdf (ifac.org)</p>	<p>IAASB Deadline: The deadline for stakeholders' comments is on or before 4th October 2022.</p> <p>NBAA Deadline: Send your comments on or before 28th September 2022.</p>

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSASs)

Current updates on IPSASs

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Consultation Paper: Natural Resources</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued a Consultation Paper on Natural Resources for developing guidance on the recognition, measurement, presentation, and disclosure of natural resources in the public sector.</p> <p>The Board in its preliminary views defines and proposes the ways on how to deal with for the following identified natural resources: -</p> <ul style="list-style-type: none"> • Subsoil resource: Which broadly refers to all non-living natural items which occur within the earth, both in dry land and the seabed. • Water: Refer to those which are naturally occurring or impounded by not processed. They comprise surface water in seas, rivers, streams, lakes, groundwater aquifers and water impounded in reservoirs and canals. • Living Resources: Is described as living organism (e.g., animal or plant) which is naturally occurring and in its natural state. <p>For More information go to: https://www.ifac.org/system/files/publications/files/Natural-Resources-CP.pdf</p>	<p>IPSASB Deadline: The deadline for stakeholders' comments is on or before 17th October 2022.</p> <p>NBAA Deadline: Send your comments on or before 12th October 2022.</p>
<p>Consultation Paper: Advancing Public Sector Sustainability Reporting</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued a Consultation Paper on advancing public sector sustainability reporting.</p> <p>The Board has prepared this consultation paper in response to the growing demands from its stakeholders for global sustainability reporting guidance for the public sector in order to contribute to the delivery of sustainable development and address climate change.</p> <p>The Consultation paper proposes that IPSAB should:</p> <ul style="list-style-type: none"> • Serve as a standard setter for global public sector specific sustainability guidance, drawing upon its experience, processes and global relationships. • Develop initial guidance focused on general disclosure requirements for sustainability-related information and climate-related disclosures. 	<p>IPSASB Deadline: The deadline for stakeholders' comments is on or before 9th September 2022.</p> <p>NBAA Deadline: Send your comments on or before 5th September 2022.</p>

	<ul style="list-style-type: none"> • Approach guidance development at an accelerated pace, with a potential for releasing initial guidance by the end of 2023. <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSASB-Sustainability-Reporting-CP.pdf</p>	
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INTERNATIONAL SUSTAINABILITY STANDARDS (ISSs)

Current updates on ISSs

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Request for feedback and comment letter</p>	<p>The IFRS Foundation have issued a request for feedback and comment letter on the IFRS Sustainability Disclosure Taxonomy.</p> <p>The IFRS Sustainability Disclosure Taxonomy would provide elements, or tags, that reflect the information required to be disclosed by the IFRS Sustainability Disclosure Standards. These elements would be akin to barcodes applied to a supermarket's products in that they would provide information about the underlying item, information that computers could be programmed to read and reproduce in various structures.</p> <p>For more information go to: https://www.ifrs.org/content/dam/ifrs/project/ifrs-sustainability-disclosure-taxonomy/staff-request-for-feedback-ifrs-sustainability-disclosure-taxonomy.pdf</p>	<p>IASB Deadline: The deadline for stakeholders' comments is on or before 30th September 2022.</p> <p>NBAA Deadline: Send your comments on or before 26th September 2022.</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) AND INTERNATIONAL STANDARDS ON QUALITY MANAGEMENT (ISQM)

ISAs and ISQM expected to be applicable soon

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Final Pronouncement: ISQM 1 (Previously ISQC 1) – Quality management for firms that performs audits or reviews of financial statements, or other assurance or related services engagements</p>	<p>The International Assurance and Auditing Standard Board has issued the International Standard on Quality Management 1 on Quality management for firms that performs audits or reviews of financial statements, or other assurance or related services engagements.</p> <p>The standard replaces the International Standard on Quality Control 1 (ISQC 1), The requires the firm firms performing audits or reviews of financial statements, or other assurance or related services engagements, to apply a risk-based approach in designing, implementing and operating the components of the system of quality management in an interconnected and coordinated manner such that the firm proactively manages the quality of engagements performed by the firm.</p> <p>It requires that, at least annually, the individual(s) assigned ultimate responsibility and accountability for the system of quality management, on behalf of the firm, evaluates the system of quality management and concludes whether the system of quality management provides the firm with reasonable assurance that the objectives of the system are being achieved.</p> <p>For more information go to: https://www.ifac.org/system/files/publications/files/IAASB-Quality-Management-ISQM-1-Quality-Management-for-Firms.pdf</p>	<p>Systems of quality management to be designed and implemented by 15th December, 2022.</p> <p>The evaluation of the system of quality management required to be performed within one year following 15th December, 2022.</p>

<p>Final Pronouncement: ISQM 2 – Engagement Quality Reviews</p>	<p>The International Assurance and Auditing Standard Board has issued the International Standard on Quality Management 2 on engagement quality reviews.</p> <p>The International Standard on Quality Management 2 (ISQM 2) deals with:</p> <ul style="list-style-type: none"> (a) The appointment and eligibility of the engagement quality reviewer; and (b) The engagement quality reviewer’s responsibilities relating to the performance and documentation of an engagement quality review <p>An engagement quality review to be performed in accordance with this standard is a specified response that is designed and implemented by the firm in accordance with ISQM 1.</p> <p>The standard requires that, the performance of an engagement quality review to be undertaken at the engagement level by the engagement quality reviewer on behalf of the firm.</p> <p>For more information go to: https://www.ifac.org/system/files/publications/files/IAASB-Quality-Management-ISQM-2-Engagement-Quality-Reviews.pdf</p>	<p>The standard is effective for:-</p> <ul style="list-style-type: none"> (a) Audits and reviews of financial statements for periods beginning on or after 15th December, 2022; and (b) Other assurance and related services engagements beginning on or after 15th December, 2022
<p>Final Pronouncement: IAS 220 (Revised) – Quality Management for An Audit of Financial Statements</p>	<p>The International Assurance and Auditing Standard Board has issued a revised ISA 220 (Revised) on quality management for an audit of financial statements.</p> <p>The standard deals with the engagement partner and engagement team’s responsibilities for quality management for an audit of financial statements.</p> <p>The revised standard modernizes the approaches for an auditor to be able to manage quality at the engagement level to obtain reasonable assurance that quality has been achieved such that:</p> <ul style="list-style-type: none"> (a) The auditor has fulfilled the auditor’s responsibilities, and has conducted the audit, in accordance with professional standards and applicable legal and regulatory requirements; and (b) The auditor’s report issued is appropriate in the circumstances <p>For more information go to: https://www.ifac.org/system/files/publications/files/IAASB-International-Standard-Auditing-220-Revised.pdf</p>	<p>This ISA is effective for audits of financial statements for periods beginning on or after 15th December, 2022.</p>

<p>Final Pronouncement: Conforming and Consequential Amendments to the IAASB's Other Standards as a Result of the New and Revised Quality Management Standards</p>	<p>The International Assurance and Auditing Standard Board has issued a Conforming and Consequential Amendments to the IAASB's Other Standards.</p> <p>This is a compilation of limited amendments to the IAASB's suite of standards in response to the quality management standards.</p> <p>The amendments address any actual or perceived inconsistencies between the quality management standards and the full suite of IAASB standards to ensure that all the standards operate in conjunction with each other without conflict.</p> <p>For more information go to: https://www.ifac.org/system/files/publications/files/IAASB-Final-Pronouncement-Conforming-Amendments.pdf</p>	<p>Effective dates are as per the final pronouncements of each individual amended standards</p>
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CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS

Codes expected to be applicable soon

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>Final Pronouncement: Revision of the code addressing Objectivity of an engagement quality reviewer and other appropriate reviewers</p>	<p>The International Ethics Standard Board for Accountants has issued a final pronouncement on the revised code addressing objectivity of engagement quality reviewer and other appropriate reviewers.</p> <p>The revisions provide guidance that supports ISQM 2 in addressing the eligibility of an individual to serve in an EQR role, focusing on the critical attribute of objectivity. Among other matters, the guidance:</p> <ul style="list-style-type: none"> • Elaborates on the need to identify, evaluate and address threats to compliance with the fundamental principle of objectivity that might arise in the appointment of an individual as an EQR for a given engagement; • Explicitly refers to and supports the requirement in ISQM 2 for a firm to establish, as a condition for eligibility, a cooling-off period of two years before an engagement partner can assume the EQR role on the same engagement; and • Emphasizes that this cooling-off requirement in ISQM 2 serves the dual objective of supporting compliance with the fundamental principle of objectivity and the high quality of engagements. 	<p>Effective as follows:</p> <p>(a) For Part 4A: audits and reviews of financial statements for periods beginning on or after 15th December, 2022.</p> <p>(b) For Part 4B: assurance engagements beginning on or after 15th December, 2022.</p> <p>(c) For all other engagements within the scope of Part 3: engagements beginning on or after 15th</p>

	For More information go to: https://www.ethicsboard.org/publications/final-pronouncement-objectivity-engagement-quality-reviewer-and-other-appropriate-reviewers	December, 2022. Early adoption is permitted.
Final Pronouncement: Revisions to the Fee related Provisions of the Code	<p>The International Ethics Standard Board for Accountants has issued a final pronouncement on Revisions to the Fee related Provisions of the Code.</p> <p>The revisions include: -</p> <ul style="list-style-type: none"> • a prohibition on firms allowing the audit fee to be influenced by the provision of services other than audit to the audit client; • in the case of PIEs, a requirement to cease to act as auditor if fee dependency on the audit client continues beyond a specified period; • communication of fee-related information to TCWG and to the public to assist their judgments about auditor independence; and • enhanced guidance on identifying, evaluating and addressing threats to independence. <p>For More information go to: https://www.ifac.org/system/files/publications/files/Final-Pronouncement-Fees.pdf</p>	<p>Effective for audits of financial statements for periods beginning on or after 15th December, 2021.</p> <p>Early adoption will be permitted.</p>

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

IPSASs applicable for the next coming years

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
IPSAS 43: Leases	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued a new International Public Sector Accounting Standard 43 which replaces IPSAS 13 on issues related to leases.</p> <p>IPSAS 43 is a final product of phase one dealing with lease accounting model (s) for both lessees and lessors on the same definition of a lease as in IFRS 16.</p> <p>Now, IPSAS 43 requires the lease to recognize: -</p> <p>(a) A right-of- use asset because they control the right to use the underlying compared with IPSAS 13 where the lease recognizes the underlying asset when the lease is classified as a finance lease but not when it is classified as an operating lease.</p> <p>(b) A lease liability because they have a present obligation to make future lease payments in</p>	<p>Effective for annual periods beginning on or after 1st January 2025.</p> <p>Earlier application is permitted for entities that apply IPSAS 41 at or before the date of initial application of this standard.</p>

	<p>accordance with the lease contract (once the underlying asset has been made available and the lessee has the right to use it). Under IPSAS 13, a lease liability is not recognized when the lessee classifies the lease as an operating lease.</p> <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSAS-43-Leases_0.pdf</p>	
<p>IPSAS 44: Non - current Assets Held for Sale and Discontinued Operations</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued a new International Public Sector Accounting Standard 44 non non-current assets held for sale and discontinued operations.</p> <p>The standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be:</p> <ul style="list-style-type: none"> • Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and • Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSAS-44-Non-current-Assets.pdf</p>	<p>Effective for annual periods beginning on or after 1st January 2025.</p> <p>Earlier application is permitted, and it is early applied entities shall disclose that fact and apply IPSAS 43 on leases at the same time.</p>
<p>Final Pronouncement: Improvements to IPSAS, 2021</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued a final pronouncement on Improvements to IPSAS, 2021.</p> <p>The pronouncement deals with non-substantial changes to IPSAS through a collection of amendments that are unrelated, it categorizes the improvements to IPSAS into two parts: -</p> <p>Part I: General Improvements to IPSAS Relates to amendments arise from comments received from stakeholders</p> <p>Part II: IFRS alignment improvements to IPSAS Relates to amendments arise through consideration of the annual improvements and narrow scope amendments to projects of the IASB.</p> <p>For More information go to: https://www.ifac.org/system/files/publications/files/Improvements-to-IPSAS-2021_1.pdf</p>	<p>Effective dates are as per the final pronouncements of each individual amended standard.</p>

<p>Final Pronouncement: Amendments to IPSAS 5, Borrowing Costs – Non-Authoritative Guidance</p>	<p>The International Public Sector Accounting Standards Board (IPSASB) has issued a non-authoritative guidance on amendments to IPSAS 5, Borrowing Costs.</p> <p>The objective of this pronouncement is to add non-authoritative material to IPSAS 5, Borrowing Costs, and to provide guidance for determining the extent to which borrowing costs can be capitalized.</p> <p>The amendments add implementation guidance and illustrative examples, which IPSAS 5 does not currently contain.</p> <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSASB-Final-Pronouncement-Amendments-IPSAS-5-Borrowing-Costs.pdf</p>	<p>No amendment to authoritative standard.</p>
<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 2023.</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</p>	<p>Effective for annual periods beginning on or after 1st January 2023.</p>

	<p>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>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>	<p>Earlier application is permitted.</p>
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INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

IFRSs applicable for the next coming years

PROJECTS/APPROVED STANDARDS	CHANGES	EFFECTIVE DATE
<p>IFRS 17 “Insurance Contracts”</p>	<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, 2023.</p> <p>Earlier adoption is encouraged.</p>

UPDATES ON TAX AND NON-TAX ISSUES FOR FINANCIAL YEAR 2022/2023

PROJECTS/APPROVED TAX ISSUES	CHANGES	EFFECTIVE DATE												
The Value Added Tax Act, 2014, CAP 148	Amendment of the principal Act by adding subitem 43 in part I item 3 of the first schedule so as to exempt value added tax on standing trees with HS Code 06.02.	Applicable from 1st July 2022												
	<p>Reason for the amendment: The amendment intends to stimulate growth of the Forest Sector for employment creation and ensure sustainable management of forest resources.</p>													
	Amendment of the principal Act by adding the following subitems in part II item 3 of the first schedule.													
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Item</th> <th style="text-align: center;">Reason for amendment</th> </tr> </thead> <tbody> <tr> <td>An import of raw materials of HS Code 2528.00.00, 2710.99.00, 3505.20.00 and equipment and machineries of Chapters 84 and 85 to be solely and directly used in manufacturing of fertilizers duly certified by the Ministry responsible for industries.</td> <td>Amendment is intended to promote growth of Local industries manufacturing Fertilizers and attract investment in the country.</td> </tr> <tr> <td>An import of soil testing equipment of HS Code 9031.80.00, 9027.81.00 and 9027.89.00 as certified by the Ministry responsible for agriculture.</td> <td>Amendment is intended to promote research and development in the agriculture sector for sustainable growth and improved productivity.</td> </tr> <tr> <td>An import of moisture meter of HS Code 9031.80.00, rain gauge for weather stations of HS Code 9015.80.00, PH meters of HS Code 9031.80.00 tissue culture equipment of HS Code 8419.89.00 and tension meters of HS Code 9031.80.00 as certified by the Ministry responsible for agriculture.</td> <td>Amendment is intended to improve weather forecasting, to inform proper planning and reduce risks associated with uncertainty of climate and soil conditions.</td> </tr> <tr> <td>An import of meteorological equipment and machinery by the Tanzania Meteorological Authority.</td> <td>Amendment is intended to promote modern weather forecasting services for proper planning and national security</td> </tr> <tr> <td>An import of raw materials of HS Code 7208.39.00, 3810.90.00, 3401.19.00, 7904.00.00, 4016.93.00,</td> <td>Amendment is intended to create a level playing field of domestic manufactured gas cylinder with</td> </tr> </tbody> </table>		Item	Reason for amendment	An import of raw materials of HS Code 2528.00.00, 2710.99.00, 3505.20.00 and equipment and machineries of Chapters 84 and 85 to be solely and directly used in manufacturing of fertilizers duly certified by the Ministry responsible for industries.	Amendment is intended to promote growth of Local industries manufacturing Fertilizers and attract investment in the country.	An import of soil testing equipment of HS Code 9031.80.00, 9027.81.00 and 9027.89.00 as certified by the Ministry responsible for agriculture.	Amendment is intended to promote research and development in the agriculture sector for sustainable growth and improved productivity.	An import of moisture meter of HS Code 9031.80.00, rain gauge for weather stations of HS Code 9015.80.00, PH meters of HS Code 9031.80.00 tissue culture equipment of HS Code 8419.89.00 and tension meters of HS Code 9031.80.00 as certified by the Ministry responsible for agriculture.	Amendment is intended to improve weather forecasting, to inform proper planning and reduce risks associated with uncertainty of climate and soil conditions.	An import of meteorological equipment and machinery by the Tanzania Meteorological Authority.	Amendment is intended to promote modern weather forecasting services for proper planning and national security	An import of raw materials of HS Code 7208.39.00, 3810.90.00, 3401.19.00, 7904.00.00, 4016.93.00,	Amendment is intended to create a level playing field of domestic manufactured gas cylinder with
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8481.10.00 and 8309.90.90 by a manufacturer of gas cylinders upon signing a performance agreement with the Government of the United Republic.	the imported ones which are also exempted.
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Amendment of the principal Act by adding the following subitems in part I item 1 of the first schedule.

Ear tag	3926.90.90
Ear tag applicators	8456.90.00
Automatic turning table	8207.30.00
Stunning box	8438.50.00
Lessor beam machines	9402.90.90

Reason for the amendment:

The amendment intends to enhance identification, registration and traceability of livestock in the country.

Amendment of the principal Act by adding subitem 9 in part I item 2 of the first schedule so as to exempt value added tax on Agro-net with HS Code 56.08.

Reason for the amendment:

The amendment intends to reduce acquisition cost of Agro-net, to support the growth of Agriculture Sector, ensure high productivity, good yield and improve livelihoods.

Amendment of the principal Act by adding subitem 6 in part I item 4 of the first schedule so as to exempt value added tax on fishing net under HS Code 3926.09.10, fishing hooks under HS Code 9507.20.00 and fishing reels and lines under HS Code 9507.90.00 and 9507.30.00.

Reason for the amendment:

The amendment intends to enhance production of fisheries for improvement of food security and increase Government revenue.

Amendment of the principal Act by adding subitem 10 in part I item 6 of the first schedule so as to exempt value added tax on exempt VAT on dairy packaging materials HS Code 3923.30.00, 4819.10.00, 4819.20.00, 4819.20.90 (Boxes, bottles and plastic packaging satchels).

Reason for the amendment:

The amendment intends to provide relief to the dairy industry in the country and enable local producers to compete in the Regional and international markets.

Amendment of part I by deleting item 18 of the first schedule the principal Act and substitute for it with the “Importation of arms and ammunition, parts and accessories thereof, equipment and machineries for the official use of the armed forces as certified by the Ministry responsible for security and defense.”.

Reason for the amendment:

The amendment intends to reduce acquisition costs in strengthening improve defense and security systems.

Amendment of the principal Act by deleting item 27 in part I and substituting for it the following subitems.

Item	Reason for amendment
A supply of double refined edible oil from locally grown seeds by a local manufacturer for a period of one year from 1st July, 2022 to 30th June, 2023.	Amendment is intended to provide relief to consumers especially in this period of global recession
A supply of raw materials of HS Code 2836.20.00, 2836.30.00, 2836.50.00 and packaging materials to be solely and directly used by a local manufacturer of double refined edible oil from locally grown seeds for a period of one year from 1st July, 2022 to 30th June, 2023.	
A supply of sisal ropes of HS Code 5607.21.00 and 5607.29.00	Amendment is intended to promote growth of sisal twine production and job creation locally.

Amendment of part II by deleting item 20 of the first schedule the principal Act and substitute for it with the “An import of machinery of HS Code 8438.50.00 and 8453.10.00 by a local manufacturer of hides and skins; and a registered abattoir for exclusive use of skinning, dehiding and leather processing in Mainland Tanzania duly certified by the Ministry responsible for livestock or fishery.”

Reason for the amendment:

The amendment is intended to improve the quality of hides and skins as well as better quality of meat for domestic consumption and exports. The measure will also ensure availability of sufficient and sustainable raw materials for local industries.

Amendment of part II by deleting item 27 of the first schedule the principal Act and substitute for it with the “An import of cold rooms of HS Code 9406.10.20, 9406.20.20, 9406.90.20 and refrigerated truck of HS Codes 8704.21.90; 8704.22.90, 8704.23.90, 8704.31.90, 8704.32.90, 8704.90.90 by a person engaged in livestock, fishery or agriculture duly certified by the Ministry responsible for livestock, fishery or agriculture.”

Reason for the amendment:

This amendment is intended to enhance the growth of Agricultural Sector, increase exports as well as reduce post-harvest losses.

Amendment of the principal Act by adding subitem 12 in part I item 3 of the first schedule so as to exempt value added tax on unprocessed green vanilla pods HS Code 0905.10.00 for equity purpose as treatment of other unprocessed agricultural products that are exempted from Value Added Tax.

Reason for the amendment:

The amendment focuses on attracting processing of vanilla in the country and thus increase employment and foreign exchange. Locally grown vanilla does not satisfy the factory capacity and export demands.

Amendment of the principal Act to add in the list of capital goods that qualify for deferment, capital goods falling under HS Code 87.16 and HS Code 8701.20.90 locally manufactured or assembled in a customs bonded warehouse.

Reason for the amendment:

The amendment is intended to reduce investment costs and stimulate industrial development in the country.

Amendment of section 6 by adding subsection 1A to grant the minister responsible for finance powers to exempt Value Added Tax on strategic investors after approval by National Investment Steering Committee (NISC) as indicated in section 20 (8) of the Investment Act CAP 38 and subsequently the Cabinet.

Reason for the amendment:

The amendment is intended to attract investment in the country and align the provisions of the Value Added Tax Act and Investment Act for better implementation of Government undertakings.

The Income Tax Act, CAP 332

The principal Act is amended in the First Schedule paragraph 2 by deleting the table in subparagraph 3 and substituting the following table: -

TURNOVER	TAX PAYABLE WHERE SECTION 35 OF TAX ADMINISTRATION ACT IS NOT COMPLIED WITH	TAX PAYABLE WHERE SECTION 35 OF TAX ADMINISTRATION ACT IS COMPLIED WITH
Where turnover does not exceed Tshs.4,000,000/=	NIL	
Where turnover exceeds Tshs.4,000,000/= but does not exceed Tshs.7,000,000/=	Tshs.100,000/=	3% of turnover in excess of Tshs.4,000,000/=
Where turnover exceeds Tshs.7,000,000/= but does not exceed Tshs.11,000,000/=	Tshs.250,000/=	Tshs.90,000/= plus 3% of turnover in excess of Tshs.7,000,000/=
Turnover of Tshs.11,000,001/= but does not exceed Tshs.100,000,000/=	3.5% of turnover	

Reason for the amendment:

This measure is intended to increase transparency, simplify tax assessment and enhance voluntary compliance.

Amendment of section of 10 subsection 3 (b) to grant the Minister responsible for Finance powers to waive income tax for strategic investors after approval by NISC, as indicated under section 20(8) of the Investment Act, and as subsequently approved by the Cabinet.

Reason for the amendment:

The amendment is intended to attract investment in the country and align the provisions of the Income Tax and Investment Acts for better implementation of business undertakings.

Amendment of the second schedule to exempt:

Item	Reason for amendment
Amount derived from gain on realization or transfer of mineral rights and mineral information to a partnership entity formed between the Government and an investor;	The amendment is intended to ensure timely transfer of mineral rights and information to the Joint Venture Company and transfer of Free Carried Interest to the Government.
Amount derived from gain on realization or transfer of free carried interest shares from a partnership entity to the Government	
Amount derived from gain on realization or transfer of shares to the Government through the Treasury Registrar	This amendment is intended to resolve the existing challenges and ensure timely transfer of shares.

Amendment of the second schedule to exempt interest paid to a holder of corporate or municipal bonds issued and listed at the Dar es Salaam Stock Exchange with effect from 1st July, 2022.

Reason for the amendment:

This amendment is in line with Alternative Financing Strategy aimed at raising alternative financing for implementation of Development Projects also the amendment is expected to increase investment products in the market

Amendment of section 69, 59 and addition of section 90A to introduce Digital Market issues including Digital Service Tax at the rate of 2 percent on the turnover of the non-resident service providers.

Reason for the amendment:

This amendment is intended to expand tax base and uphold equity principles of taxation.

Amendment of section 69 for the source of payment in paragraph c to include payment made for harnessing, generating or utilizing land, air or water natural resources for generation of power or

	<p>anything of value whether the respective natural resource is located alongside the border or within the country.</p> <p>Amendment of the principal Act by adding section 65T to introduce income tax on each truck and passenger buses per year.</p> <p>Reason for the amendment: The amendment is intended to increase Government revenue, predictability of the tax regime, and enhance transparency in tax assessment.</p> <p>Amendment of the principal Act by adding section 77A to provide tax credit for year of income for any income tax paid by the person in relation to the person's taxable income from business or investment carried out by a resident person, other than a partnership, who carries out business or investment in both Mainland Tanzania and Tanzania Zanzibar</p>							
<p>The Local Government Finance Act (CAP.290)</p>	<p>Amendment the Principal Act of the schedule for:</p> <table border="1" data-bbox="555 783 1850 991"> <thead> <tr> <th data-bbox="555 783 1200 815">Item</th> <th data-bbox="1200 783 1850 815">Reason for amendment</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 815 1200 887">Exempt crop cess on seeds.</td> <td data-bbox="1200 815 1850 887">This amendment is intended to provide relief to farmers and enhance productivity</td> </tr> <tr> <td data-bbox="555 887 1200 991">Reduce forest produce cess from 5 to 3 percent</td> <td data-bbox="1200 887 1850 991">This amendment is intended to provide relief to forestry traders and support growth of the Forestry Sector.</td> </tr> </tbody> </table>	Item	Reason for amendment	Exempt crop cess on seeds.	This amendment is intended to provide relief to farmers and enhance productivity	Reduce forest produce cess from 5 to 3 percent	This amendment is intended to provide relief to forestry traders and support growth of the Forestry Sector.	
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<p>The Local Government (District Authorities) Act, (CAP. 287)</p>	<p>Amendment of the principal Act for: -</p> <ul style="list-style-type: none"> • District Authority to establish a one-stop Centre for coordinating, encouraging, promoting and facilitating business within its area of jurisdiction. • The Minister to make regulations for better implementation of the provisions of subsection 							
<p>The Local Government (Urban Authorities) Act, (CAP. 288)</p>	<p>Amendment of the principal Act for: -</p> <ul style="list-style-type: none"> • District Authority to establish a one-stop Centre for coordinating, encouraging, promoting and facilitating business within its area of jurisdiction. <p>The Minister to make regulations for better implementation of the provisions of subsection</p>							

<p>The National Payment Systems Act, (CAP. 437)</p>	<p>Amendment of the principal Act by adding section 46A for reducing mobile money transaction levy on sending and withdrawing monies from a maximum of 10,000 shillings currently in existence to a maximum of 4,000 shillings on each transaction. This is equivalent to a reduction of 43 percent of the current levy, and extending the base and include all electronic transactions.</p> <p>Reason for the amendment: The amendment is intended to reduce the cost of living for Tanzanians, especially during the current period of ongoing economic crisis, and to rationalize the transaction levy.</p>	
<p>The Ports Act, (CAP. 166)</p>	<p>Amendment of section 67 by deleting subsection (3) and substituting for it for the Tanzania Revenue Authority to collect wharfage revenue and deposit the same in a bank account opened at the Bank of Tanzania and the revenue to be disbursed to the Authority by the Paymaster General.</p>	
<p>The Tanzania Shipping Agencies Act, (CAP. 415)</p>	<p>Amendment of section 5, 7 and 12 in order to retain the responsibility of national standards to the Tanzania Bureau of Standards. TASAC will give all necessary information for regulations to TBS.</p>	
<p>The Tax Administration Act, (CAP. 438)</p>	<ul style="list-style-type: none"> • Amendment of section 3 to recognize other electronic systems used to generate receipts and invoices. • Amendment of section 22 of Principal Act to require the Commissioner General to register and issue a Taxpayer Identification Number to every Tanzanian citizen who has been registered and issued with a National Identification Number effective from 1st January 2023. • Amendment of the principal Act by repealing section 28 and replacing for it the requirement for individual tax consultants to be licensed by the Commissioner General. Regulations will be issued prescribing conditions to be fulfilled for licensing purposes. • Amendment of section 37 to include a mandatory requirement to file returns electronically, except where the Commissioner has approved otherwise in writing. • Amendment of section 45 of the principal act to require persons establishing storage facilities for business purposes to register the facility with the Commissioner. To further require the owners of these storage facilities to keep records of all stored goods and report to the Commissioner on a monthly basis. Failure to do so, results in a penalty of 300 currency points equivalent to TZS 4.5 million. • Amendment of section 87 of the Principal Act to introduce a fine not exceeding 500 currency points 	

	<p>equivalent to TZS 7.5 million or imprisonment of not more than one year, or both, for persons failing to register or obtain a license as required under any applicable tax law.</p> <ul style="list-style-type: none"> • Amendment of section 87 of the Principal Act to consider failure to issue a fiscal invoice or receipt at the time of the supply of goods or the rendering of services as an offence. Previously, the offence was committed only by receiving payment for goods or services. • Amendment of section 91 of the Principal Act to introduce fines and imprisonment terms for offences committed contrary to the Excise (Management and Tariff) Act. In addition, the Court may order the forfeiture of assets, goods or materials that are connected to these offences. 	
The Tax Revenue Appeals Act, (CAP. 408)	Amendment of section 22 of the Act to allow for the settlement of tax disputes through amicable settlement by deleting the word ‘mediation’ wherever it appears in subsection (7) and (8).	
The Companies Act, (CAP. 212)	<ul style="list-style-type: none"> • Amendment of section 2 to harmonise the definition of a ‘beneficial owner’ with the definition provided in the Anti-Money Laundering Act (CAP 423) • Amendment of Sections 115(5) and 116(4) to introduce a fine of not less than TZS 100 000 but not exceeding TZS 1,000,000 for failure to keep registers of beneficial owners and of members. • Amendment of section 393 to require liquidators to maintain accounting records and documents related to the dissolution of a company for a period of at least 10 years. 	
The Gaming Act, (CAP. 41)	<ol style="list-style-type: none"> 1. Amendment of the Principal Act in section 3 to introduce the following definitions: <ul style="list-style-type: none"> • winning - means the receipt of an amount of payment or other consideration including a prize, award or reward given by way of money, assets, goods or property in kind to a person after having participated in a gaming activity recognized under this Act; and • withholding agent - means a person required to withhold gaming tax on winnings from a payment under this Act and remit the amount withheld to the Commissioner. 2. Amendment of the Principal Act in section 31A as follows: - <ol style="list-style-type: none"> (i) Land-based casinos shall be taxed at a rate of 12 % on the amount or value of winnings (ii) Sports betting shall be taxed at a rate of 10% on the amount or value of winnings. (iii) Withholding tax provisions applicable for gaming wins as follows: <ul style="list-style-type: none"> • Withholding agent should be responsible for withholding the gaming tax at the time of payment of winning and remitting it to TRA within 7 days of next month. • To submit a withholding tax return or certificate of payment of the withheld gaming tax within 	

	<p>15 days of next month.</p> <ul style="list-style-type: none"> • Non-compliance would attract penalties as per the Tax Administration Act. 	
The Government Loans, Guarantees and Grants Act, (CAP. 134)	<ol style="list-style-type: none"> 1. Amendment of section 3 of the Principal Act to confer the Minister the authority to borrow in such a manner that the borrowing does not exceed the sustainability threshold indicators from debt sustainability analysis conducted on annual basis or at any other period as the Minister may deem appropriate. 2. Amendment of the Principal Act in section 19 as follows <ul style="list-style-type: none"> • To replace the name of the Chairman of the Technical Debt Management committee to be Commissioner for Debt Management instead of Commissioner for Policy Analysis in the Ministry of Finance. • Members of the Technical Committee to include: <ol style="list-style-type: none"> (i) heads of unit involved in debt management from the respective institutions as specified under section 18 of this Act; (ii) head of the institution or division responsible for national planning in the Ministry responsible for finance; (iii) Commissioner for policy analysis in the Ministry responsible for finance; (iv) head of institution or division responsible for public and private partnership; and (v) Treasury Registrar. 3. Repealing section 20 of the Principal Act for the department responsible for debt management within the Ministry to constitute the National Committee Secretariat. 	
The Hides, skins and Leather Trade Act, (CAP. 120)	Amendment of the Principal Act in section 3 to provide clarity on skins of domesticated animals and wild animals	
The Insurance Act, (CAP. 394)	<p>Amendment of the Principal Act by including section 133A to expand the scope for mandatory insurance to include public markets, Commercial buildings, imported goods, marine vessels, ferries and pontoons.</p> <p>Reason for the amendment: This amendment is intended to enhance financial inclusion and increase insurance uptake.</p>	
The Land Act, (CAP. 113)	<p>Amendment of section 33 of the Principal Act to reduce late payment of interest on land rent as follows:</p> <ul style="list-style-type: none"> • Interest on late payment of land rent reduced from 1% to 0.5% per month for the first 12 months of default. 	

	<ul style="list-style-type: none"> • Thereafter, if the default continues interest would be charged at the rate of 1% per month. • Giving authority to the Minister responsible for finance to, upon recommendation from the Minister for land, exempt the whole or part of interest accrued from land rent arrears. • Giving authority to the Minister for land, in consultation with the Minister responsible for finance, make regulations prescribing the criteria, manner and procedure for grant of exemption under this section 							
The Land Transport Regulatory Authority Act, (CAP. 413)	Amendment of section 5 (1) (c) of the Principal Act so as to surrender the responsibility of standards to the Tanzania Bureau of Standards. LATRA will provide standard requirement to TBS together with the experts if needed be.							
The Mining Act, (CAP. 123)	Amendment of section 87 (1) of the Principal Act as follows: - <table border="1" data-bbox="555 582 1845 826"> <thead> <tr> <th>Item</th> <th>Reason for amendment</th> </tr> </thead> <tbody> <tr> <td>Reduce the rate of royalty from 3 to 1 percent on coal used as energy raw materials in factories.</td> <td>This amendment is intended to reduce production cost, attract investment and increase employment</td> </tr> <tr> <td>Reduce the rate of royalty from 6 to 4 percent on gold minerals to be sold to the refinery centres.</td> <td>This amendment is intended to support growth of the Mining Sector and ensure that refineries perform to the intended capacity</td> </tr> </tbody> </table>	Item	Reason for amendment	Reduce the rate of royalty from 3 to 1 percent on coal used as energy raw materials in factories.	This amendment is intended to reduce production cost, attract investment and increase employment	Reduce the rate of royalty from 6 to 4 percent on gold minerals to be sold to the refinery centres.	This amendment is intended to support growth of the Mining Sector and ensure that refineries perform to the intended capacity	
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The Occupational Safety and Health Act, (CAP. 297)	Amendment of section 17 (3) (c) of the Principal Act so as to urge OSHA to issue a license within 7 days after the applicant meets the criteria							
The Tanzania Investment Act, (CAP. 38)	Amendment of section 20 (8) (c) of the Principal Act for the fiscal incentives to be granted in accordance with the relevant tax law							
	<p>FOR MORE INFORMATION GO TO:</p> <ol style="list-style-type: none"> 1. Finance Act: THE_FINANCE_ACT_2022.pdf (tra.go.tz) 2. Budget Speech: Budget Speech for the year 2022/23 MoF - Ministry of Finance and Planning 							

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