

(NBAA)
THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA



UPDATES ON TECHNICAL ISSUES – THIRD QUARTER 2023

INTRODUCTION

These updates on Technical Issues – Third Quarter 2023 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 Financial Reporting for Non-Profit Organizations (IFR4NPO) and International Standard of Supreme Audit Institutions (ISSAIs).

These technical updates are classified into two broad categories;

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. IASB, IAASB, IPSAB, IIRC, ISSB and tax issues 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) 2023.

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 |
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| <p>Exposure Draft: Proposed International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements</p> | <p>The International Auditing and Assurance Standard Board (IAASB) has issued an Exposure Draft on Proposed International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements.</p> <p>Sustainability information is information about sustainability matters. An entity’s disclosures about such matters may relate to several different topics (e.g., climate, labor practices, biodiversity) and aspects of topics (e.g., risks and opportunities, governance, metrics and key performance indicators).</p> <p>In conducting a sustainability assurance engagement, the objectives of the practitioner shall be to:</p> <ul style="list-style-type: none"> (a) Obtain reasonable assurance or limited assurance, as applicable, about whether the sustainability information is free from material misstatement; (b) Express a conclusion on the sustainability information through a written report that conveys a reasonable assurance or a limited assurance conclusion, as applicable, and describes the basis for the conclusion; and (c) Communicate further as required by this proposed ISSA and any other relevant ISSA. <p>For more information go to: IAASB-International-Standard-Sustainability-5000-Exposure-Draft_0.pdf (windows.net)</p> | <p>IAASB Deadline: The deadline for stakeholders’ comments is on or before 1st December 2023.</p> <p>NBAA Deadline: Send your comments on or before 20th November 2023.</p> |

IFRS SUSTAINABILITY DISCLOSURES STANDARDS (ISAs)

Current updates

| PROJECTS/APPROVED STANDARDS | CHANGES | EFFECTIVE DATE |
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| <p>Proposed IFRS Taxonomy: IFRS S1 General Requirement for Disclosure of Sustainability-related Financial Information; and, IFRS S2 Climate-related Disclosures</p> | <p>The International Sustainability Standards Board (ISSB) has issued a proposed IFRS taxonomy on IFRS S1 (<i>General Requirement for Disclosure of Sustainability-related Financial Information</i>); and, IFRS S2 (<i>Climate-related Disclosures</i>).</p> <p>The accompanied proposed IFRS Sustainability Disclosure Taxonomy provides: -</p> <ul style="list-style-type: none"> (a) a complete list of taxonomy elements, including properties such as references to related sections of the IFRS Sustainability Disclosure Standards or documentation labels that describe the meaning of each element; (b) a ‘presentation’ view of these elements to support human-readable viewing and navigation of the IFRS Sustainability Disclosure Taxonomy; and (c) a ‘definition’ structure that is computer-readable. <p>The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the users of general-purpose financial reports in making decisions relating to providing resources to the entity</p> <p>The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.</p> <p>For more information go to: https://www.ifrs.org/content/dam/ifrs/project/ifrs-sustainability-disclosure-taxonomy/proposed-taxonomy/pt-cd-issb-2023-1-sustainability-taxonomy.pdf</p> | <p>ISSB Deadline: The deadline for stakeholders’ comments is on or before 26th September 2023.</p> <p>NBAA Deadline: Send your comments on or before 21st September 2023.</p> |

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Current updates on IFRSs

| PROJECTS/APPROVED STANDARDS | CHANGES | EFFECTIVE DATE |
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| <p>Request for Information: Post-implementation Review IFRS 15 Revenue from Contracts with Customers</p> | <p>The International Accounting Standard Board (IASB) is seeking feedback on its Request for Information as part of the post-implementation review of on IFRS 15 Revenue from Contracts with Customers.</p> <p>This Request for Information sets out questions in 11 sections:</p> <ul style="list-style-type: none"> (a) Section 1 seeks stakeholders' overall views and experiences relating to IFRS 15; (b) Sections 2–8 seek information on specific areas of IFRS 15; (c) Section 9 seeks information on applying IFRS 15 with other IFRS Accounting Standards; (d) Section 10 seeks information on the importance of convergence between IFRS 15 and the FASB's Topic 606 Revenue from Contracts with Customers (Topic 606); and (e) Section 11 seeks other information relevant to the post-implementation review of IFRS 15. <p>Responses will inform the IASB's assessments in this post-implementation review</p> <p>For more information go to: https://www.ifrs.org/content/dam/ifrs/project/pir-ifrs-15/rfi-iasb-2023-4-pir-ifrs-15.pdf</p> | <p>IASB Deadline: The deadline for stakeholders' comments is on or before 27th October 2023.</p> <p>NBAA Deadline: Send your comments on or before 23th October 2023.</p> |

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| <p>Request for Information: Post-implementation Review IFRS 9 <i>Financial Instruments</i> Impairment</p> | <p>The International Accounting Standard Board (IASB) is seeking feedback on its Request for Information as part of the post-implementation review of the impairment requirements of IFRS 9 Financial Instruments.</p> <p>The Board will review IFRS 9 in its entirety, including the related requirements in IFRS 7 Financial Instruments: Disclosures.</p> <p>In 2022, the IASB completed its review of the classification and measurement requirements, concluding that these requirements are working as intended.</p> <p>In this Request for Information, the IASB is seeking feedback on the impairment requirements (Section 5.5 of IFRS 9).</p> <p>For more information go to: https://www.ifrs.org/content/dam/ifrs/project/pir-9-impairment/rfi-iasb-2023-1-ifrs9-impairment.pdf</p> | <p>IASB Deadline: The deadline for stakeholders' comments is on or before 27th September 2023.</p> <p>NBAA Deadline: Send your comments on or before 21st September 2023.</p> |
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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 expected to be applicable soon

| PROJECTS/APPROVED STANDARDS | CHANGES | EFFECTIVE DATE |
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| <p>Final Pronouncement: International Standard on Auditing 600 (revised), Special Considerations—Audits of Group Financial Statements (including the work of component auditors)</p> | <p>The International Assurance and Auditing Standard Board has issued International Standard on Auditing 600 (600) for Special Considerations on Audits of Group Financial Statements (including the work of component auditors).</p> <p>The objectives of the standard are to help an auditor to:</p> <ul style="list-style-type: none"> (a) With respect to the acceptance and continuance of the group audit engagement, determine whether sufficient appropriate audit evidence can reasonably be expected to be obtained to provide a basis for forming an opinion on the group financial statements; (b) Identify and assess the risks of material misstatement of the group financial statements, whether due to fraud or error, and plan and perform further audit procedures to appropriately respond to those assessed risks; (c) Be sufficiently and appropriately involved in the work of component auditors throughout the group audit, including communicating clearly about the scope and timing of their work, and evaluating the results of that work; and (d) Evaluate whether sufficient appropriate audit evidence has been obtained from the audit procedures performed, including with respect to the work performed by component auditors, as a basis for forming an opinion on the group financial statements. <p>For more information go to: https://www.ifac.org/system/files/publications/files/IAASB2021-Handbook-Volume-1.pdf</p> | <p>Effective for audits of group financial statements for periods beginning on or after 15th December 2023.</p> |

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| <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/IAASBFinal-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 |
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| <p>Final Pronouncement: Revision to the code relating to the Definition of Engagement Team and Group Audits</p> | <p>The International Ethics Standards Board for Accountants (IESBA) has issued a final pronouncement on the Revision to the code relating to the Definition of Engagement Team and Group Audits.</p> <p>The revisions deal with the independence and other implications of the changes made to the definition of an engagement team in the Code to align with changes to the definition of the same term in the IAASB, ISAs and ISQMs.</p> <p>Among other matters, the revisions:</p> <ul style="list-style-type: none"> • Strengthen and clarify the independence principles: • Specify the need for, and content of, appropriate communication on independence matters between the group auditor firm and component auditor firms participating in the group audit. • More explicitly set out the process to address a breach of an independence provision at a component auditor firm, reinforcing the importance of transparency and appropriate communication with those charged with governance of the group. • Amend the definitions of the terms “engagement team” and “audit team” in the Code to recognize the different and evolving engagement team structures, and address the implications of those definitional changes. • Provide guidance to facilitate the determination of who is included in an engagement team or an audit team. • Revise the definitions of a number of existing terms and establish new defined terms with respect to independence in a group audit context. <p>For More information go to: https://www.ethicsboard.org/publications/final-pronouncementobjectivity-engagement-quality-reviewer-and-other-appropriate-reviewers</p> | <p>Effective for audits of financial statements for periods beginning on or after 15th December 2023.</p> |

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| <p>Final Pronouncement: Revision to the definitions of listed entity and public listed entity in the code</p> | <p>The International Ethics Standards Board for Accountants (IESBA) has issued a final pronouncement on the Revision to the Revision to the definitions of listed entity and public listed entity in the code</p> <p>In approving the revisions to the definitions of listed entity and PIE, the IESBA has relied on an overall framework that includes the following key elements:</p> <ul style="list-style-type: none"> • An overarching objective that explains the need for additional independence requirements for entities that are defined as PIEs. • A top-down list of mandatory high-level PIE categories subject to local refinement. • A bottom-up list of PIE categories that could be added by the relevant local bodies to the local PIE definitions. • An encouragement for firms to determine whether to treat additional entities as PIEs with a transparency requirement. <p>For More information go to: https://www.ethicsboard.org/_flysystem/azure-private/publications/files/IESBA-Basis-for-Conclusions_Listed-Entity-and-Public-Interest-Entity.pdf</p> | <p>Effective for audits of financial statements for periods beginning on or after 15th December, 2024.</p> <p>Early adoption will be permitted</p> |
| <p>Final Pronouncement: Technology-related Revisions to the Code</p> | <p>The International Ethics Standards Board for Accountants (IESBA) has issued a final pronouncement on the technology-related revisions to the code</p> <p>The revisions, which were informed by extensive fact-finding and stakeholder outreach:</p> <ul style="list-style-type: none"> • Strengthen the Code in guiding the mindset and behavior of professional accountants when they use technology. • Provide enhanced guidance fit for the digital age in relation to the fundamental principles of confidentiality, and professional competence and due care, as well as in dealing with circumstances of complexity. • Strengthen and clarify the International Independence Standards (IIS) by addressing the circumstances in which firms and network firms may or may not provide a technology-related non-assurance service to an audit or assurance client. <p>For More information go to: https://ifacweb.blob.core.windows.net/publicfiles/2023-05/Final%20Pronouncement%2C%20Technology%20Revisions%20%28Final%20-%20April%2011%29%28Updated%20May%2030%29.pdf</p> | <p>Effective dates are as follows:</p> <ul style="list-style-type: none"> • Part 1-3: 15th December 2023 • Part 4A: Audit and review on or before 15th December 2023 • Conforming and consequential amendments to Part 4B: 15th December 2023 |

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

IPSASs applicable for the next coming years

| PROJECTS/APPROVED STANDARDS | CHANGES | EFFECTIVE DATE |
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| <p>IPSAS 43: Leases</p> | <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> <ul style="list-style-type: none"> (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. (b) A lease liability because they have a present obligation to make future lease payments in 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>For More information go to: https://www.ifac.org/system/files/publications/files/IPSAS-43-Leases_0.pdf</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>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-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> <p>Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; and</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> |

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| | <p>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> <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSAS-44-Noncurrent-Assets.pdf</p> | |
| IPSAS 45: Property, Plant and Equipment | <p>The International Public Sector Accounting Standards Board (IPSASB) has issued a new International Public Sector Accounting Standard 45 Property, Plant and Equipment.</p> <p>IPSAS 45 intends at updating principles drawn from IPSAS 17, Property, Plant, and Equipment by adding new guidance for heritage assets, infrastructure assets, and measurement of property, plant, and equipment</p> <p>This is after considering responses to the Consultation Paper (CP), Financial Reporting for Heritage in the Public Sector, and constituents' feedback on infrastructure assets the IPSASB concluded that:</p> <ul style="list-style-type: none"> (a) IPSAS 17 should fully apply to heritage assets that are property, plant, and equipment; and (b) Additional authoritative and non-authoritative guidance should be included in IPSAS 45 to clarify its application to heritage and infrastructure assets. <p>For More information go to: https://www.ifac.org/system/files/publications/files/IPSAS-44-Noncurrent-Assets.pdf</p> | <p>Effective for annual periods beginning on or after 1st January 2025.</p> <p>Earlier application is permitted for entities that apply IPSAS 43, IPSAS 44, and IPSAS 46 at or before the date of initial application of the Standard.</p> |
| IPSAS 46: Measurement | <p>The International Public Sector Accounting Standards Board (IPSASB) has issued a new International Public Sector Accounting Standard 46 Measurement.</p> <p>The objective of IPSAS 46 to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> (a) Providing further detailed guidance on the implementation of commonly used measurement bases, and the circumstances under which they should be used; (b) Clarifying transaction costs guidance to enhance consistency across IPSAS; and | <p>Effective for annual periods beginning on or after 1st January 2025.</p> <p>Earlier application is permitted.</p> |

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| | <p>(c) Amending, where appropriate, guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement-related disclosures</p> <p>For More information go to: https://ifacweb.blob.core.windows.net/publicfiles/2023-05/IPSAS-46-Measurement.pdf</p> | |
| IPSAS 47: Revenue | <p>The International Public Sector Accounting Standards Board (IPSASB) has issued a new International Public Sector Accounting Standard 47 Revenue.</p> <p>The objective of IPSAS 47 is to:</p> <ul style="list-style-type: none"> (a) Present revenue guidance in a single standard by replacing IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers); (b) Clarify and refine the accounting principles and concepts to account for revenue transactions in the public sector; and (c) Provide non-authoritative guidance to help preparers use professional judgment in applying the accounting principles consistently. <p>For More information go to: https://ifacweb.blob.core.windows.net/publicfiles/2023-05/IPSAS-47-Revenue_0.pdf</p> | <p>Effective for annual periods beginning on or after 1st January 2026.</p> <p>Earlier application is permitted.</p> <p>If an entity applies this Standard earlier, it shall disclose that fact.</p> |
| IPSAS 48: Transfer Expenses | <p>The International Public Sector Accounting Standards Board (IPSASB) has issued a new International Public Sector Accounting Standard 48 Transfer Expenses.</p> <p>The objective of IPSAS 48 is to:</p> <ul style="list-style-type: none"> (a) Revise the accounting of transfer expenses to move away from the Public Sector Performance Obligation Approach (PSPOA) and to focus on whether the transfer transaction results in the recognition of an asset; (b) Focus on the accounting from the perspective of the transfer provider (the entity); and (c) Streamline the requirements for measurement, as well as presentation and disclosure. <p>For More information go to: https://ifacweb.blob.core.windows.net/publicfiles/2023-05/IPSAS-48-Transfer-Expenses.pdf</p> | <p>Effective for annual periods beginning on or after 1st January 2026.</p> <p>Earlier application is permitted.</p> <p>If an entity applies this Standard earlier, it shall disclose that fact and shall apply IPSAS 47, Revenue, at the same time.</p> |

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| <p>Conceptual Framework Updates: Chapter 7: Measurement of assets and liabilities in the financial statement</p> | <p>The International Public Sector Accounting Standards Board (IPSASB) has issued an updated version of chapter 7 on measurement of assets and liabilities in the financial statement.</p> <p>The objective of the updated version of chapter 7 is to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> (a) Providing further detailed guidance on the implementation of commonly used measurement bases, and the circumstances under which they should be used; (b) Clarifying transaction costs guidance to enhance consistency across IPSAS; and (c) Amending, where appropriate, guidance across IPSAS related to measurement at recognition, subsequent measurement, and measurement-related disclosures. <p>For More information go to: https://ifacweb.blob.core.windows.net/publicfiles/2023-05/Update-Chapter-7-Conceptual-Framework.pdf</p> | <p>Effective when published</p> |
| <p>Recommended Practice Guidelines: Reporting Sustainability Program Information – Amendments to RPGs 1 and 3: Additional Non-Authoritative Guidance</p> | <p>The International Public Sector Accounting Standards Board (IPSASB) has issued Recommended Practice Guidelines on Reporting Sustainability Program Information, Amendments to RPGs 1 and 3 and Additional Non - Authoritative Guidance.</p> <p>The amendments to RPG 1 added implementation guidance to:</p> <ul style="list-style-type: none"> (a) Emphasize that RPG 1 applies to reporting information on the impact of sustainability programs on an entity’s overall finances; (b) Explain how sustainability program impacts on the three dimensions (service, revenue, and debt) of long-term fiscal sustainability should be assessed; and (c) Highlight the applicable principles for reporting on sustainability program information <p>For More information go to: https://ifacweb.blob.core.windows.net/publicfiles/2023-05/Reporting-Sustainability-Program-Information-Amendments-RPG-1-RPG-3.pdf</p> | <p>Effective when published</p> |

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| <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/Improvementsto-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-FinalPronouncement-Amendments-IPSAS-5-Borrowing-Costs.pdf</p> | <p>No amendment to authoritative standard.</p> |

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

IFRSs applicable for the next coming years

| PROJECTS/APPROVED STANDARDS | CHANGES | EFFECTIVE DATE |
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| <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> <ul 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-41Financial-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 2023/2024

| PROJECTS/APPROVED TAX ISSUES | CHANGES | EFFECTIVE DATE |
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| The Value Added Tax Act, 2014, CAP 148 | <p>Amendment of the principal Act in the schedule by adding subitem 3 raw-materials (<i>benzalkonium chloride and Glutaraldehyde</i>) of HS Code 2916.32.00 for the manufacture of insecticides and acaricides which have been approved by the relevant Minister.</p> <p>Reason for the amendment: The amendment intends at exempting Value Added Tax on inputs used to manufacture insecticides and acaricides for the purpose of providing relief to local manufacturers of insecticides and acaricides and protect domestic industries.</p> | Applicable from 1st July 2023 |
| | <p>Amendment of the principal Act in section 6 subsection 3 and consequently in subsection 8 by adding the following immediately after subsection (a): -</p> <p>(b) Importation of pre-fabricated structures or supply of locally manufactured pre- fabricated structures of H.S Code 9406.20.90 to be used solely in poultry farming</p> <p>Reason for the amendment: The amendment intends at promoting rapid and sustainable investment and growth potential of the poultry sector; attract investment into the country, employment creation and increase of Government domestic products, the exemption will be granted after having Performance Agreement with the Government.</p> <p>(c) Importation of raw materials of Heading 39.02 and 39.07 to be used solely in the manufacture of packaging materials of pharmaceutical products;</p> <p>Reason for the amendment: The amendment intends at providing relief to local manufacturers of pharmaceuticals packaging and enhance their competitiveness in the market. However, the exemption will be granted after having Performance Agreement with the Government.</p> | |

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| | <p>Amendment of the principal Act in section 11 subsection 1, 9 and 10 to include domestically manufactured capital goods in the list of capital goods that qualify for deferment, provided that, the goods are not purchased or imported for the purpose of resale. The Value Added Tax deferment on importation will cease to have effect after 3 years i.e., on 30th June 2026.</p> <p>Reason for the amendment: The amendment intends to attract manufacturing of capital goods in the country, employment creation and ensure availability of capital goods at affordable prices.</p> | |
| | <p>Amendment of the principal Act in section 51 subsection 2 to include online intermediation services and online advertisement services in the definition of electronic services.</p> <p>Reason for the amendment: The amendment intends to widen the tax base to include advertisement that are done electronically (online advertisements) through several media platforms such as Instagram, the measure will include commercial adverts which are posted by celebrities (digital influencer) and other ecommerce activities conducted in the country.</p> | |
| | <p>Amendment of the principal Act in section 55A in order to zero rate VAT on supply of locally manufactured fertilizers for a period of one year.</p> <p>Reason for the amendment: This amendment is intended to provide relief to farmers and consumers especially in this period of global economic recession.</p> | |
| | <p>Amendment of the principal Act by adding section 55B to zero rate Value Added Tax on textiles products manufactured using domestically produced cotton for period of one year.</p> <p>Reason for the amendment: This amendment is intended to provide relief to farmers and local textile industries especially in this period of recovering from the effects of COVID – 19 and Russia – Ukraine war.</p> | |

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| | <p>Amendment of the principal Act in the section 82 (1) and section 86 (1) to exempt Value Added Tax on supply of precious metals, gemstones and other precious stones at buying centers, mineral markets and Gem houses designated by the Mining Commission under the Mining Act or refinery situated in Mainland Tanzania.</p> <p>Reason for the amendment: The amendment is intended to attract sale of minerals at mineral trading hubs and increase the contribution of Mining Sector to the GDP</p> | |
| | <p>Amendment of VAT General Regulations, to increase registration threshold from 100 to 200 Tanzania shillings.</p> <p>Reason for the amendment: The amendment is intended to enhance administrative efficiency and promote voluntary tax compliance.</p> | |
| | <p>Amendment of the principal Act by adding item 19 in the schedule in part II to except import of moulds used solely by pharmaceutical manufacturers.</p> <p>Reason for the amendment: The amendment is intended to provide relief to local manufacturers of pharmaceuticals, protect domestic industries and enhance their competitiveness in the market.</p> | |
| | <p>Amendment of the principal Act in part I of the schedule by adding item number 11 to exempt sale of a house of a value not exceeding 50 million shillings by a real estate developer.</p> | |
| | <p>Amendment of the principal Act in part I of the schedule by adding item number 31 and 32 to exempt VAT on supply of aircraft, aircraft engine, aircraft parts and aircraft maintenance to a local operator of air transportation and supply of automobile accessories used in the conversion of motor vehicle fuel system to natural gas or electricity system to persons engaged in the conversion of such motor vehicles.”</p> <p>Reason for the amendment: The amendment is intended to support the growth of Aviation Sector and reduce business and investment cost. Further to that, this measure abolishes the measure taken in the Financial Year 2022/23 on supply of air charter services to align with the efforts of reviving tourism industry along with the invaluable move of Her Excellency of boosting the Sector through the Royal Tour Project</p> | |

The Income Tax Act, CAP 332

Amendment of the principal Act in paragraph I of the second schedule by adding subparagraph (cc) exemption on revenue generated from investment returns (such as dividend from shares, treasury bonds and bills) of the National Health Insurance Fund.

Reason for the amendment:

This amendment is intended to facilitate the provision of medical services to retired members and their partners who do not contribute to the fund after retirement.

Amendment of the principal Act in the first schedule paragraph 2 for providing tax rates of individuals engaged in transportation of cargo or passengers who are not required by law to file tax returns.

| Class A: Passenger Service Vehicles | | |
|--|-----------------------------|--------------------|
| S/N | Number of Passengers | Tax Payable |
| 1. | Up to 15 | 250,000 |
| 2. | 16 to 25 | 550,000 |
| 3. | 26 to 45 | 1,100,000 |
| 4. | 46 to 65 | 1,600,000 |
| 5. | Above 65 | 2,200,000 |

| Class B: Tour Service Vehicles | | |
|---------------------------------------|-----------------------------|--------------------|
| S/N | Number of Passengers | Tax Payable |
| 1. | Up to 15 | 650,000 |
| 2. | 16 to 25 | 900,000 |
| 3. | 26 to 45 | 1,300,000 |
| 4. | 46 to 65 | 1,800,000 |
| 5. | Above 65 | 2,400,000 |

| Class C: Goods Carrying Vehicles | | |
|---|-------------------------|--------------------|
| S/N | Capacity (Tones) | Tax Payable |
| 1. | Less than 1 | 250,000 |
| 2. | 1 to 5 | 500,000 |
| 3. | 6 to 10 | 750,000 |
| 4. | 11 to 15 | 1,100,000 |
| 5. | 16 to 20 | 1,300,000 |

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|----|--------------|-----------|
| 6. | 21 to 25 | 1,650,000 |
| 7. | 26 to 30 | 1,900,000 |
| 8. | More than 30 | 2,200,000 |

| Class D: Private Hire Service Vehicles | | |
|---|-----------------------------|--------------------|
| S/N | Category of Vehicles | Tax Payable |
| 1. | Motor Cycle | 65,000 |
| 2. | Tricycle | 120,000 |
| 3. | Taxi | 180,000 |
| 4. | Ride Hailing | 350,000 |
| 5. | Ride Sharing | 450,000 |

Reason for the amendment:

The amendment aims to provide presumptive tax regime that will enhance tax compliance.

Amendment of the principal Act in section 56 by adding subsection (5) to exclude from taxation, allotment of new membership interest and transfer of a membership interest of a resident entity to another resident entity.

Reason for the amendment

The amendment aims to provide clarity on the applicability of the section and attract investment into the country.

Repealed Division VI of Part V, in order to introduce simplified procedure under section 4 for estimation of Individual income tax under presumptive tax regime.

Amendment of the principal Act in the first schedule paragraph 2 for providing tax rates of individuals engaged in transportation of cargo or passengers who are not required by law to file tax returns.

Amendment of section 69 for the source of payment in paragraph (m) to include payments received by a non-resident in respect of an electronic service consumed by or attributable to an individual in the United Republic regardless of the place of payment provided that, the consumption of the service by an individual is not made in the course of doing business.

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| | <p>Amendment of the principal Act in section 83 (1), 86 (1) and the first schedule paragraph 4 (c) to introduce the Income Tax at the rate of 2% and 10% of payments to Artisanal and Small Miners (ASM)I and income accrued due to Verified Emission Reduction (VER).</p> <p>Reason for the amendment: The amendment is intended to enhance equity principle of taxation by including them in the tax net and ensuring that they pay taxes on the income that they earn and to broaden tax base and uphold Equity Principle of Taxation</p> | |
| | <p>Amendment of the principal Act in paragraph 1 of the second schedule to exempt Capital Gain Tax on internal restructuring of the mining companies in accordance with the Framework Agreement entered between the Government and the investor to form a partnership entity.</p> <p>Reason for the amendment: The amendment is intended to streamline the implementation of the Government commitments of the Framework Agreements.</p> | |
| | <p>Amendment of the principal Act in section 90 to Reduce Capital Gain Tax from 10 percent on profits to 3 percent of the sales value or the appraised land value, (whichever value is higher) regardless of the costs invested in the relevant areas (investment costs) for property sellers who do not keep records of expenses.</p> <p>however, the investors who keep records of their expenses and capital development, will continue to apply a tax rate of 10 percent on the capital gain.</p> <p>Reason for the amendment The objective of this amendment is to establish a simplified procedures for paying taxes on sale of capital assets for taxpayers that cannot keep records of the expenses and ultimately facilitate the transfer of ownership.</p> | |
| <p>The Local Government Finance (Rating) Act (CAP.289)</p> | <p>Amendment of the principal Act section 6 to include all the District Councils municipal council, town council or district council areas as ratable area with exceptional of property which are not ratable property.</p> <p>Twenty percent of the moneys collected under subsection (1) shall be remitted to local government authorities to facilitate rate collection and recovery.</p> | |

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| | <p>Reason for the amendment: The amendment is intended to ensure equity in payment of property tax.</p> <p>Amendment of the principal Act section 16 to increase the property tax rates from 12,000 shillings to 18,000 shillings for a normal building and from 60,000 shillings to 90,000 shillings per each storey building.</p> <p>Reason for the amendment: The amendment is intended to reflect the amount of tax paid with the actual value of the property. These rates will be charged for a period of three years while the Government continues to set the basis of charging the relevant tax based on the value of the property.</p> <p>Amendment of the principal Act section 7 to exempts some properties from payment of rate, to include: mud huts, thatched houses, mud houses and such other similar houses used for residential purposes.</p> | |
| <p>The Local Government Finance Act, (CAP. 290)</p> | <p>Amendment of the principal Act section 9A to enable the Minister responsible for local government authorities to collect service levy centrally from license holders of electronic money issuance.</p> <p>Reason for the amendment: The amendment is intended to increase efficiency in collection and ease compliance.</p> <p>Amendment of the principal Act Section 31A, by shifting the obligation to collect and account for advertisement fees for billboards, posters and hoarding and Property rates to the Local Government Authority.</p> <p>For advertisement fees, the obligation shall shift on 1st July, 2023 while for property rate the obligation shall shift on 1st January, 2024.</p> <p>Reason for the amendment: The amendment is intended to increase efficiency in collection and ease compliance.</p> <p>Amendment of the Local Government Finance (Fees for Billboards, Posters and Hoarding) order to reduce the rates of billboard fees from shilling 10,000 to 106 shilling 7,000 per square feet for non-illuminated and from shilling 13,000 to shilling 10,000 per square feet for illuminated billboards.</p> <p>Reason for the amendment:</p> | |

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| | The amendment is intended to increase visibility of products and services. However, Billboards with business names and placed within the respective commercial areas will not be subject to billboard fees. | |
| The Gaming Act, (CAP. 123) | Amendment of the principal act section 90A and 87 (1) to exempt refineries centers from paying the inspection fee of 1 percent. Reason for the amendment: The amendment is intended to intended to stimulate the growth of the transportation of minerals by small mining sector in the country as well as attracting more investment, promoting employment and increasing Government revenue. | |
| The National Payment Systems Act, (CAP. 437) | Amendment of the principal Act section 46A to remove mobile money transaction levy on sending and receiving money electronically. In addition, and to the transaction fees schedule by maintaining the mobile money transaction levy on withdraws. Reason for the amendment: The amendment is intended to remove double taxation in one transaction as well as to stimulate the electronic payment transactions. | |
| The Roads and Fuel Tolls Act, (CAP 220) | Amendment of the principal Act section 4A to increasing the Road and Fuel Tolls by 100 shillings per each litre of Petrol and Diesel direct the funds collected to be used for the implementation of Strategic Projects. | |
| | Amendment of the principal Act second schedule to increase tolls at fuel filling station from shilling 413 to shilling 513. | |
| The Tax Administration Act, (CAP. 438) | Amendment of the principal Act section 35 to provide clarity on the definition of primary data server to include physical server in the country, virtual or any other server which stores data that is created or collected by a taxable or liable person in the ordinary course of business effective on 1st January 2024. Reason for the amendment: The amendment is intended to reduce investment cost and to enable access to information. | |
| | Amendment of the principal Act section 86(1) to: - (a) lower the current level of the penalty charged for the offense of not issuing receipts or not using electronic machines (EFD) starting from 300 currency points (equivalent to 4,500,000 shillings) to | |

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| | <p>200 currency points (equivalent to 3,000,000 shillings) to 20 percent of the value of tax evaded or 3,000,000 shillings depending on the amount that will be greater.</p> <p>(b) lower the level of the penalty charged for the error of not claiming a receipt or not reporting the error of not issuing a receipt from 2 currency points (equivalent to 30,000 shillings) to 100 currency points (equivalent to 1,500,000 shillings) to 20 percent of the value of tax evaded or 30,000 shillings depending on the amount that will be large.</p> <p>Reason for the amendment: The amendment is intended to reduce the loopholes of corruption, protect the Government's income and encourage compliance with the law.</p> <p>Amendment of the principal Act section 36 for the Commissioner General to publish in the newspaper with wide circulation or any other public media a list of persons or class of persons who are excluded from the requirement of the use of fiscal device or issuance of fiscal receipt and therefore to issue manual receipt.</p> <p>Amendment of the principal Act section 45A to include definitions about storage facility and owner.</p> <p>Amendment of the principal Act in the second schedule on the tax return and assessment to include bed night levy.</p> | |
| <p>The Vocational Education And Training Act, (CAP. 82)</p> | <p>Amendment of the principal Act section 14 to reduce Skills Development Levy rate from 4 percent to 3.5 percent.</p> <p>Reason for the amendment: The amendment is intended to reduce operational cost to employers and to achieve the Government commitment of reducing the rate gradually.</p> <p>Amendment of the principal Act section 16 to grant the Minister responsible for Finance, after consultation with the Minister responsible for Education, to issue a Skilled Development Levy exemption certificate after satisfying that the relevant exemption is for the interest of the Nation.</p> | |
| <p>The Gaming Act, (CAP. 41)</p> | <p>Amendment of the principal Act section 3 by including definitions about “commercial gaming undertaking” and “gross gaming revenue”</p> | |

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| | Amendment of the principal Act section 13 (3) for the Gaming Board to grant a gaming license for operations of commercial gaming undertakings to the applicant upon satisfaction that not less than five percent of the applicant's paid up share capital are owned by Tanzanian citizens. | |
| The Foreign Vehicles Transit Charges Act, (CAP. 84) | Amendment of the principal Act section 4 (3) for giving authority to the Minister of Agriculture to issue import and export permits for wheat, barley and grape. | |
| The Export Tax Act, (CAP. 196) | Amendment of the principal Act section 3 by waiving the 80 percent export levy on raw or semi processed (wet blue) hides & skin exported outside the country by investors who are in the Export Processing Zone (EPZ). Reason for the amendment: The amendment is intended to reduce investment costs where currently high costs is spent on destroying by-products due to lack of domestic market. | |
| The Exercise (Management and Tariff) Act, (CAP. 147) | Amendment of the principal Act section 124 to introduce a requirement for specific rates to be adjusted for inflation and other macroeconomic indicators after a three-year period to provide stability, previously, the Act allowed for an annual adjustment of these rates. | |
| | Amendment of the principal Act for a general increase in duty rates by 20% on beer (except beer from locally grown barley) and tobacco products, and by 10% on other non-petroleum products. | |
| | Amendment of the principal Act on the second schedule to introduce excise duty on some items such as: (a) excise duty of TZS 20/kg on imported and domestically manufactured cement; (b) excise duty of 30% on locally manufactured and imported water pipe tobacco (famously known as shisha); (c) excise duty of 30% on locally manufactured and imported electronic cigarettes and similar personal electric vaporizing devices; and (d) excise duty of 30% on smoking pipes and cigar or cigarette holders and parts thereof. | |

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| The Electronic and Postal Communications Act (CAP 306) | Amendment of the Principal Act by repealing section 164A to remove mobile money transaction levy on sending and receiving money electronically. Reason for the amendment: The amendment is intended to reduce help reduce the use of cash, thus fulfilling the Government's goal of building a digital economy. | |
| The Copyright and Neighboring Rights Act, (CAP. 218) | Amendment of the Principal Act in section 48A to introduce a levy of 1.5% on vinyl, Mini Disc, Compact Disc, DVD and SD Memory. These are devices capable of carrying copyrighted creative content. Reason for the amendment: The levy is expected to enhance enforcement of copyright. | |
| | FOR MORE INFORMATION GO TO: 1. Finance Act: THE_FINANCE_ACT_2023.pdf (tra.go.tz) 2. Budget Speech: Budget Speech for the year 2023/24 MoF - Ministry of Finance and Planning | |

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