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you every step of the way

## TANZANIA – NOT FOR PROFIT ORGANISATIONS

### FREQUENTLY ASKED QUESTIONS – PART 5

Are charitable organisations obliged to register for Value Added Tax (VAT)? Do the charitable organisations qualify for VAT exemption?

The VAT Act stipulates the criteria for any individual/entity to qualify for a VAT registration, which is determined by the annual turnover from economic activity, nature of services offered and type of the institution carrying out an economic activity, to name a few.

The following are required to register for VAT based on the Act:

- a) person carrying out economic activities with annual turnover exceeding TZS 100 Million or semi annual turnover exceeding TZS 50 Million;
- b) person carrying economic activities involving the supply of professional services; and
- c) Government institutions carrying economic activities.

If the income of a Not for Profit organisation (NFP) does not constitute taxable supplies or constitutes taxable supplies below the TZS 100m threshold annually, the organisation will not be required to register for VAT.

Charitable organisations will qualify for VAT exemption provided that there is an executed agreement in place with the Government of United Republic of Tanzania solely for projects implemented by such organisations.

Such executed agreements should provide for VAT exemptions on imported goods or locally procured goods or services.

Further, VAT exemptions are also available to religious organisations specifically on goods imported in relation to provision of health, water, education or religious services.

It is imperative to note that the said VAT exemptions are not accorded automatically to eligible charitable organisations, rather such organisations will be required to lodge their exemption applications with the Commissioner General.

#### Caveat

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