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TANZANIA – NOT FOR PROFIT ORGANISATIONS

FREQUENTLY ASKED QUESTIONS – PART 1

Do all Not for Profit organisations qualify as charitable organisations from Income Tax perspective?
What are the requirements to obtain a charitable status?

Non for Profit (NFP) Organisations can be registered under various laws in Tanzania, such as the NGO Act, The Societies Act and the Trustees Incorporation Act. An organisation is construed as a Not for Profit organisation if it operates for purposes other than deriving profits or gain and profits/gains are used solely for the purpose or function of the organisation.

However, it is imperative to note that registration with the respective authorities does not automatically grant such organisations a charitable status from Income Tax perspective.

In terms of Income tax, a charitable organisation is an entity that;

- *Qualifies as a resident entity of public character;*
- *Primary activity is centric on relief of poverty / distress of the public, advancement of education or provision of general public health, water, education or road construction & maintenance; and*
- *Has been issued with a private ruling by the Commissioner stating it is a charitable organisation.*

Therefore, while the NFP organisation is likely to meet the first 2 criteria, it is critical that it also seeks a private ruling from the Commissioner General in the form of a written application and submit the following documents:

- a) Registration documents of the NFP such as Certificate of compliance / Constitution / Trust deed etc.
- b) Identification/reference letter from respective Local Government authority
- c) Audited financial statements

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