



Supporting and empowering
you every step of the way

TANZANIA – NOT FOR PROFIT ORGANISATIONS FREQUENTLY ASKED QUESTIONS – PART 2

Part 1 of the FAQs covered the criteria for NFP to qualify as a charitable institution from Income Tax Perspective. Once the NFP obtains charitable status from Income Tax perspective, is it required to file any tax returns and pay taxes?

Administration of taxes in form of filing of tax returns and payments of taxes is provided for in the respective tax law which stipulate the requirements.

The Income Tax Act (ITA) clearly stipulates that any person who derives income is required to pay tax. Therefore, every entity is required to register with the TRA and obtain a Taxpayers Identification Number (TIN).

The ITA stipulates that every taxpayer (irrespective of the registration status) is required to file corporate income tax returns annually supported by audited financial statements.

From a corporate tax perspective, a statement of Estimated Tax (provisional tax return) has to be filed within 3 months into the accounting year, which can be amended every quarter.

Final corporate income tax return has to be filed within 6 months after the accounting year. However, an extension is available for 30 days and this request

has to be filed at least 15 days before the due date of the filing of the return.

Further, a charitable organisation is also obliged to comply with the withholding tax requirements and submit withholding tax returns monthly.

Where a charitable organisation employs individuals, it is required to comply with the employment tax requirements i.e. deduction and payment of PAYE, Workers Compensation Fund and Social contributions.

If a charitable organisation has taxable supplies beyond TZS 100m, it is required to register for VAT and submit monthly VAT returns.

In a nutshell, for tax purposes, charitable organisations are treated as any other taxpayer, thus obliged to file tax returns and remit relevant taxes i.e. income taxes, employment taxes, withholding taxes and employment taxes, to name a few. Non compliance with the requirements of filing various returns could result in payment of fines and penalties, as applicable.



Caveat

This newsletter has been prepared for general guidance, and does not constitute professional advice. Accordingly, RSM Eastern Africa, its associates and its employees and agents accept no liability for the consequences of anyone acting, or refraining from acting, in reliance on the information contained herein or for any decision based on it. No part of the newsletter may be reproduced or published without prior written consent. RSM Eastern Africa is a member firm of RSM, a worldwide network of accounting and consulting firms. RSM does not offer professional services in its own name and each member firm of RSM is a legally separate and independent national firm.