



**AN ACT TO REPEAL THE ZANZIBAR INVESTMENT PROMOTION AND PROTECTION ACT, NO. 11 OF 2004 AND TO ESTABLISH AN ACT OF THE ZANZIBAR INVESTMENT PROMOTION AND PROTECTION AUTHORITY AND PROVIDE FOR OTHER MATTERS CONNECTED THERETO**

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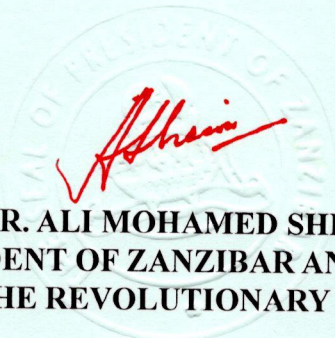
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ACT NO. 14 OF 2018

I ASSENT

  
{ DR. ALI MOHAMED SHEIN }  
PRESIDENT OF ZANZIBAR AND CHAIRMAN OF  
THE REVOLUTIONARY COUNCIL

*31<sup>st</sup> December*

....., 2018

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ENACTED by the House of Representatives of Zanzibar.

**PART ONE  
PRELIMINARY PROVISIONS**

Short title  
and  
commen-  
cement.

1. This Act may be cited as The Zanzibar Investment Promotion and Protection Authority Act, 2018 and shall come into operation immediately after being assented to by the President.

Interpretation.

2. In this Act, unless the context otherwise requires:

“Agricultural zone” means a Free Economic Zone declared as such under section 35 of this Act, to facilitate the agricultural sector, its services and associated activities;

“Authority” means the Zanzibar Investment Promotion Authority established under section 3(1) of this Act;

“Approved” in relation to investment, foreign currency, period, benefits, incentives, sum or amount means any enterprise, currency, period, benefits,



incentives, sum or amount specified in the relevant document issued by the Authority;

“Approved foreign investment” means an investment made in Zanzibar which more than fifty percent of its shares are owned by a foreign national;

“Approved domestic investment” means an investment made in Zanzibar in which more than fifty percent of its shares are owned by a Tanzanian;

“Approved Investor” means an Approved Foreign Investor or Approved Domestic Investor whose Investment Certificate has been issued under section 23(3) of this Act;

“Board” means the Board of Directors of the Authority established under section 8(1) of this Act;

“Building permit” means the permit issued by the Development Control Unit for the purpose of construction of Approved investment;

“Business service park” means a Free Economic Zone declared as such under section 35 of this Act to facilitate the provision of services including but not limited to regional headquarters, business processing outsourcing centres, international call centres, shared service centres, management consulting and advisory services and other associated services;

"Capital" means all cash contribution, plant, machinery, equipment, buildings, spare parts, and other business assets other than value of business asset which are not consumed in the regular operations of the business and have a life of more than twelve months;

"Certificate of investment" includes licences, approvals and permits necessary for the establishment of a business enterprise which an investor may be obliged to obtain for the purposes of this Act;

“Construction period” means the period allowed by the Authority for the enterprise to complete construction according to building permit issued by Development Control Unit;

“Construction phase” means the period allowed by the Authority in constructing part of the project according to the Business plan submitted by investor and approved by the Authority;



“Customs control” means the measures applied to ensure compliance with the Regulations under East African Community Customs Management Act;

“Customs controlled area” means the Free Economic Zone where certain investors carry out business under customs controlled operations;

“Customs territory” means the geographical area of the United Republic of Tanzania and any other country granted membership of the East African Community under Article 3 of the Treaty for the Establishment of the East African Community, but does not include a Free Economic Zones;

“Executive Director” means a person appointed under section 18(1) of this Act and shall, where appropriate, include any officer lawfully authorized to act on that behalf;

“Export” means to take or cause to be taken goods out of the customs territory or into a Free Economic Zone;

“Developer” means Approved Investor who is engaged in or plans on developing, and who may or may not also operate or plan to operate, a Free Economic Zone under this Act;

“Fisheries zone” means a Free Economic Zone declared as such under section 35 of this Act to facilitate the fisheries sector, its services and associated activities;

“Foreign assets” includes freely convertible foreign currency, and any currency, credits, rights, benefits or property, whether corporeal or incorporeal, obtained by the expenditure of foreign currency and the returns derived from such credits, rights, benefits or property;

“Foreign national” means a person, who in case of:

- (a) an individual, is not a Tanzanian; or
- (b) a body corporate is:
  - (i) incorporated outside Zanzibar; or
  - (ii) incorporated within Zanzibar but is a company in respect of which the Authority is satisfied that more than fifty percent of its share capital is beneficially owned by foreign nationals.



“Operator” means approved investor engaged in the management or operation of a Free Economic Zone and designated as such under the provisions of this Act;

“Free Economic Zones” means a zone declared as such under section 35 of this Act, and shall include Amani Industrial Park, Fumba zone, Micheweni zone, Airport zone, Maruhubi zone or any other site hereafter designated as such by the President;

“Freeport Zone” means a designated area placed at the disposal of the Free Economic Zone where goods introduced into the designated area are generally regarded, in so far as import duties are concerned, as being outside the customs territory and shall include Maruhubi Freeport area, Airport Freeport area or any other site hereafter designated as such by the President;

“Free Trade Zone” means a Free Economic Zone customs-controlled area where goods are off-loaded for transshipment, storage and may include bulk breaking, repacking, sorting, mixing, trading or other forms of handling excluding manufacturing and processing;

“Geographical disadvantaged area” means investment areas which have less favorable business environment and may include unavailability of basic infrastructures;

“Goods” include all kinds of merchandise, animals, baggage, stores, materials, currency and includes postal items other than personal correspondence and where any such goods are sold under this Act, the proceeds of such sale;

“Government” means the Revolutionary Government of Zanzibar;

“Import” means to bring or cause to be brought into the customs territory or a Free Economic Zone;

“Import duties” means any customs duties and other charges of equivalent effect levied on imported goods;

“Industrial park” means a Free Economic Zone declared as such under section 35 of this Act, with integrated infrastructure to facilitate the needs of manufacturing and processing industries;





“Information communication technology park” means a Free Economic Zone declared as such under section 35 of this Act, to facilitate the information communication technology sector, its services and associated activities;

“Infrastructure” means roads, power, water, drainage, telecommunication, sanitation or water treatment plants, networks, buildings or other facilities, necessary for the development and operations of approved investment and appropriate to their particular sector or cluster focus;

“Investor” means a person whether natural or body corporate who seeks to make, is making, or has made an investment in accordance with the provisions of this Act;

“Investment” comprises the contribution of local or foreign capital by an investor including the creation or acquisition of business assets by or for a business enterprise and shall include expansion, restructuring, improvement or rehabilitation of a business enterprise;

“Investment Certificate” means a certificate issued under the provisions of section 23(3) of this Act;

“Livestock zone” means a Free Economic Zone declared as such under section 35 of this Act, in which the following activities are carried out; livestock inspection, livestock feeding, fattening, abattoir and refrigeration, deboning, value addition, manufacture of veterinary products and other related activities;

“Land” means land as defined under Land Tenure Act;

“Manufacture” means to make, produce, fabricate, assemble, process or bring into existence by manual, mechanical, chemical or biochemical methods into a new product having a distinctive name, character or use and includes processes such as refrigeration, cutting, polishing, blending, beneficiation, remaking and re-engineering;

“Minister” means the minister responsible for investment matters;

“One Stop Centre” means an investment facilitation mechanism which brings together relevant government agencies which provide services for investors to the Authority for the purpose of providing efficient and transparent services to investors;



“Preference shares” means shares which entitles the holder to a fixed dividend, whose payment takes priority over that of ordinary share dividend;

“President” means the President of Zanzibar and Chairman of the Revolutionary Council;

"Proper officer" means an officer authorized by the Customs Authority to administer customs matters in the Free Economic Zones;

“Science and technology park” means a Free Economic Zone declared as such under section 35 of this Act, to facilitate the science and technology sector, its services and its associated activities;

“Strategic investment” means an investment where Approved Investor has fulfilled the criteria specified in the Third Schedule of this Act;

“Tanzanian” means:

- (a) any person who is a citizen of Tanzania in accordance with the laws relating to citizenship; or
- (b) a company incorporated in Tanzania in accordance with the Companies Act, Chapter 212.

“Tourism and recreation centre” means a Free Economic Zone declared as such under section 35(3) of this Act, to facilitate tourism and recreation centre, its services and associated activities;

“Trial operations” means for manufacturing enterprise, where applicable, a period whereby the approved investor utilize to make initial trial production, and for the non-manufacturing enterprise, is initial startup period as approved by the Authority;

“Zanzibari” means a:

- (a) Zanzibari as defined under the Zanzibaris Act; or
- (b) company incorporated in Zanzibar in accordance with the Company Act in which the Authority is satisfied that the majority of the issued share capital is owned by Zanzibaris.



## PART II THE ZANZIBAR INVESTMENT PROMOTION AUTHORITY

Establishment  
of the  
Authority.

3.-(1) There is hereby established an Authority to be known as the Zanzibar Investment Promotion Authority by its acronym known as "ZIPA".

(2) The Authority shall be a body corporate with perpetual succession with a common seal and shall be capable on its name of:

- (a) entering into contract;
- (b) suing and being sued;
- (c) borrowing and receiving property, money including having its own funds;
- (d) taking, purchasing, or otherwise acquiring, holding, charging and disposing of movable and immovable property; and
- (e) doing or causing to be done or performing all such things or acts for the proper performance of its functions under this Act, as may be lawfully done or performed by an Authority.

Objects and  
purposes of  
the Authority.

4. The objects and purposes of the Authority shall be to:

- (a) regulate and administer of investment activities in Zanzibar including Free Economic Zones with due regard to the principles of openness, competitiveness and transparency;
- (b) promote Zanzibar as attractive investment, business destination and export platform;
- (c) be a focal point for promotion and facilitation of investments and business;
- (d) provide institutional support for economic development and ensure coherent economic and business policy formulation;
- (e) promote, sensitize and facilitate internal and external investment and ensure conducive business environment;
- (f) be main institution responsible for Zanzibar branding for investment promotion;



- (g) facilitate both inward and outward investment and ensure conducive business environment; and
- (h) provide institutional support on the development and administration of Free Economic Zones.

Functions of  
the Authority.

5.-(1) The functions of the Authority shall be to:

- (a) advise the Government on appropriate policies and strategies for business development, export promotion, business facilitation, aftercare services and image building;
- (b) initiate and undertake necessary researches and apply the results of such researches and formulate investment and business promotion plans and strategies;
- (c) in liaison with relevant ministries and other authorities, determine investment opportunities available in the country and the modalities of accessing them;
- (d) improve business environment by undertaking such other activities as may be necessary to promote Zanzibar as an attractive base for investment and business;
- (e) advise the Government on the design and implementation of investment incentives schemes and monitor its outcome;
- (f) provide, develop, construct, alter, adapt, maintain and administer investment sites, estates or land together with associated facilities on that land subject to the provisions of this Act;
- (g) advise on and facilitate the development of investments which are of significance or strategic importance to the economy of the country and engage with local and international partners to develop strategic alliances to create the appropriate ecosystem for those investment;
- (h) spearhead outward investment and assist in developing joint ventures and partnership agreements;
- (i) administer a One Stop Centre through which Approved Investor can channel all his applications for permit, approvals, licences and other facilities not handled directly by the Authority, coordinating with such



other Government or private entities as may be necessary through agreements with the entities or procedures defined in implementing regulations or such other prescribed procedures;

- (j) establish and enhance inter-agency collaboration among relevant government institutions to ensure compliance with all applicable laws, procedures and other applicable requirements;
- (k) advise the Minister on a list of activities not allowed to be undertaken by local investor in Zanzibar including an additional set of the restricted activities under the Regulations made under this Act; and
- (l) be responsible for administration, control and management of Free Economic Zones.

(2) Without prejudice to generality of the functions conferred under subsection (1) of this section, the Authority in performing specific functions shall:

- (a) implement the policies and programmes of the Government with regard to Free Economic Zones;
- (b) promote and market Free Economic Zones to potential Developers, Operators, or other investors;
- (c) exclusively perform under prescribed time-bound conditions all administrative business regulations and services functions in relation to the designated Free Economic Zones;
- (d) maintain current data on the performances of the programme of each Approved Investor;
- (e) regulate the access of non-licensed service providers from the customs territory as may be required in order to service Approved Investor;
- (f) regulate, implement, monitor and supervise all aspects of the Free Economic Zones regime set forth in this Act;
- (g) maintain a register of enterprises and residents domiciled in the Free Economic Zones; and
- (h) make recommendations to the Minister on all aspects of designation, approval, establishment, operation and regulation of Free Economic Zones.



(3) The Authority shall carry out all such other acts as may be incidental or conducive to the attainment of the objectives of the Authority or in the exercise of its powers.

(4) Subject to the Regulations made under this Act, the Authority shall inform or seek approval of the Government, as the case may be, on the investment projects in Zanzibar.

Powers of the Authority.

6. Subject to the approval of the Minister, the Authority shall have powers to:

- (a) determine criteria and application procedures for issuance of the Investment Certificate for Approved investor including Strategic investment as specified under the First Schedule of this Act;
- (b) determine procedures for providing the benefits accruing to Approved Investor including Strategic investment as specified under the Second Schedule of this Act;
- (c) determine application procedures and criteria for Strategic Investment as specified under the Third Schedule of this Act;
- (d) determine form of certificate, permit or license to be issued under this Act;
- (e) determine the time periods on which the Authority shall take a decision on whether or not to issue a certificate, permit or license and the procedures for amendment and revocation of such certificates;
- (f) determine rents, charges, dues and fees for any service provided by the Authority or for the grant of a certificate, permit or license to any person;
- (g) determine the government institutions that shall form part of One Stop Centre;
- (h) advise on the areas designated for Free Economic Zones;
- (i) identify, map and where necessary, procure or avail to developers and operators, the areas of land to be, or which have been designated as Free Economic Zones;



- (j) determine the procedures for lease or rent a land and provide title deeds to the land or any other property to a developer, operator, service provider or any approved investor investing in the Free Economic Zones;
- (k) determine the procedures for undertaking or approving the development, operation or maintenance, as well as finance, appropriate infrastructure up to the perimeter of, or within, select Free Economic Zones, as and when deemed necessary;
- (l) ensure orderly development of Free Economic Zones; and
- (m) set the procedures for allocation of land assigned for investment outside Free Economic Zones.

One Stop  
Centre.

7.-(1) The Authority shall function as One Stop Centre in providing services to Approved Investors.

(2) The object of One Stop Centre shall be to facilitate the speedy acquisition of various services that are required by Approved Investor in order to start or operate the business.

(3) In exercising its functions as a One Stop Center, the Authority shall have senior officers from the Commission for Lands, Immigration Department, Labour Commission, Zanzibar Building Agency, Zanzibar Environment Management Authority, Zanzibar Revenue Board, Tanzania Revenue Authority, Development Control Unit and Zanzibar Business and Property Registration Agency.

(4) The Minister may, by notice published in the Official Gazette, add or remove any institution referred to under subsection (3) of this section.

(5) Notwithstanding any other enactment, the One Stop Centre shall, in order to facilitate the processing of application for any registration, permit, license, authorization or clearance required by Approved Investor referred to in subsection (2) of this section:

- (a) receive all applications from investors for registration or any permit, licence, authorisation or clearance under any enactment and transmit each application to the relevant public institution; and
- (b) ensure that any applications is expeditiously processed by the relevant public institution.



(6) Where an application is not likely to be determined within the period prescribed in the Schedule made under this Act, the public institution shall, as soon as practicable but not later than three working days from the prescribed period, inform the Executive Director of the reasons for which the application cannot be determined.

(7) On receipt of a notification under subsection (6) of this section, the Executive Director shall so inform the investor and examine the reasons and may make such recommendation to the relevant public institutions, as he deems fit and such public institutions shall implement the recommendations of the Executive Director.

### PART III ADMINISTRATION OF THE AUTHORITY

Establishment  
of Board of  
Directors.

8.-(1) There shall be a Board of Directors of the Authority which shall be composed of:

- (a) Chairperson who shall be appointed by the President;
- (b) Executive Director;
- (c) Executive Secretary of Planning Commission;
- (d) Deputy Commissioner of Tanzania Revenue Authority in Zanzibar;
- (e) Executive Secretary of Lands Commission; and
- (f) two other members appointed by the Minister, one of them shall be representative from the private sector and on gender consideration.

(2) A person shall qualify to be appointed as a Chairperson or member appointed under paragraph (f) of subsection (1) of this section, if:

- (a) is a Zanzibari;
- (b) he possesses at least first degree in economics, business administration, finance, industrial entrepreneurship, law or any other related field;
- (c) has working experience of at least five years for members and ten years for Chairperson in economics, business administration, finance, industrial entrepreneurship, law or any other related field; and
- (d) is not actively engaged in any political activities.





(3) The Board shall appoint a suitable and qualified public officer from the authority to be a Secretary of the Board.

Tenure of members.

**9.** Save for ex-officio members, the chairperson shall hold office for a term of four years and other members of the Board, shall hold office for a term of three years but may be eligible for re-appointment for another one term.

Quorum.

**10.** The quorum at any meeting of the Board shall be more than half of its members.

Procedures of the meetings.

**11.** The Board shall regulate its own procedures of its meetings.

Meetings of the Board.

**12.**-(1) The Chairperson shall preside all meetings of the Board, and on his absence, the members present in the meeting shall appoint a member among themselves to be a Chairperson to preside the meeting.

(2) The Board shall ordinarily meet once after every three months and may convene extra ordinary meeting, where a need arises.

Decisions.

**13.**-(1) The decisions of the Board shall be made by consensus.

(2) Subject to the provisions of subsection (1) of this section, where the Board fails to reach the consensus, the decision shall be made by majority vote.

(3) Where there is equality of votes, the Chairperson shall have the casting vote.

Allowance of the members.

**14.** The members of the Board shall be entitled to such allowances as a Minister may, subject to the Public Service Act, determine.

Co-option.

**15.** The Board may co-opt any person to participate in its deliberation, but the person so co-opted shall have no right to vote.

Cessation of members.

**16.**-(1) A member of the Board shall cease to hold office if:

- (a) he does not attend to any three consecutive meetings of the Board without notification to the Chairperson;
- (b) he is declared by competent authority to be of unsound state of mind or has any physical illness which causes him unfit to exercise his duty;
- (c) he resigns by giving writing notice to the appointing authority and the reasons thereof;



- (d) he is declared bankrupt;
- (e) he is convicted to imprisonment for a term of six months or more;
- (f) he fails to disclose his interest in issue discussed in a meeting;
- (g) his appointment is terminated by the appointing authority; or
- (h) he dies.

(2) The Minister may, subject to any grounds specified under subsection (1) of this section, revoke the appointment of a member appointed by him.

Powers and  
Functions  
of the Board.

**17.** The Board shall have functions and powers to:

- (a) give lawful instructions to the Executive Director in the management, performance and operational policies of the Authority;
- (b) establish such organizational structure and work procedures as may be considered necessary for smooth discharge of the functions and responsibilities of the Authority;
- (c) subject to the Public Service Act, determine the terms and conditions of service, salaries and benefits for employees of the Authority;
- (d) set action plans, objectives and appropriate work targets for each department of the Authority and monitor its progress in achieving them on a continuous basis;
- (e) determine the strategies or policies governing the operations of the Authority;
- (f) appoint committee, whether of its own members or otherwise, to whom it may delegate such of its powers as it may deem appropriate;
- (g) subject to the Public Service Act and Public Finance Management Act, establish staff and financial Regulations;
- (h) provide general guidance on priority sectors for investment while ensuring diversification based on Zanzibar's comparative advantage;
- (i) subject to the Regulations made under this Act, approve criteria and thresholds for investments approvals;



- (j) effectively monitor the progress of investment projects;
- (k) subject to the provisions of section 25(5) of this Act, approve cancelation of Investment Certificates; and
- (l) be the first point of appeals from any aggrieved Approved Investor.

Appointment  
of Executive  
Director.

**18.**-(1) There shall be an Executive Director of the Authority, who shall be appointed by the President.

(2) The Executive Director shall be a Chief Executive Officer of the Authority and shall be responsible for day to day operations, performance and management of the Authority.

(3) A person shall qualify to be appointed as an Executive Director, if he:

- (a) is a Zanzibari;
- (b) has at least a first degree or equivalent from a recognized institution in economics, business administration, management, international relations, industrial entrepreneurship, law or any other related field; and
- (c) has working experience of at least ten years in economics, business administration, management, international relations, industrial entrepreneurship or legal affairs or any other related field.

(4) Without prejudice to the powers of the Minister or the Board conferred under this Act, the powers and functions of the Authority provided or conferred under this Act shall be exercised or performed by the Executive Director on behalf of the Authority.

Staff of the  
Authority.

**19.** Subject to the provisions of the Public Service Act on approval of Organizational Structure and manning levels, the:

- (a) Board shall appoint Director of Departments and senior officials of the Authority; and
- (b) Executive Director in consultation with the Board, may recruit such other officers and staff as may be necessary for the efficient discharge of the Authority's responsibilities and functions.



#### PART IV TREATMENTS, OBLIGATIONS AND PROHIBITIONS FOR INVESTORS

Treatment  
of investor.

20.-(1) Without prejudice to any provisions of any law, all business activities shall be open to any investor except otherwise provided under this Act.

(2) Subject to the provisions of subsection (1) of this section, investor is encouraged to invest in such priority sectors as may be declared by the Minister in the Official Gazette from time to time.

(3) The Minister may, under the Fourth Schedule of this Act, specify some businesses to be reserved solely for Zanzibaris.

(4) Subject to the provisions of subsection (3) of this section, the restriction shall not apply to any existing Approved Investment enterprise which has already been permitted and licensed.

(5) Casino, Gambling, or any betting business is not allowed in Zanzibar.

Obligations  
to the  
Approved  
investor.

21. Approved Investor shall:

- (a) invest not less than the investment capital approved by the Authority and specified in the Investment Certificate issued under section 23(3) of this Act;
- (b) implement the Approved Investment in accordance with Business plan, feasibility study or implementation plan approved by the Authority;
- (c) open an account in Tanzanian Shillings or foreign currency whenever appropriate, with any bank in Zanzibar and transact all investment activities through such account;
- (d) in connection to the Approved Investment, if he seeks to open an account with any bank outside Zanzibar, solicit for a prior written approval from the Authority;
- (e) register with the tax administration, timely file tax returns, fully pay all tax due and apply for any tax incentives;
- (f) properly keep financial and accounting records of the Approved Investment and submit a copy of an audited accounts to the Authority, within the first six months following the preceding financial year;



- (g) seek prior approval from the Authority on any change of name, management, ownership or transfer of shares and where any such change or transfer is made without the prior approval of the Authority, the new owner, management or transferee shall be deemed to have agreed, accepted and assumed all obligations.
- (h) keep all records relating to his operations for a period of five years;
- (i) permit officers of the Authority in the performance of their monitoring duties;
- (j) timely provide information as required by government authorities;
- (k) timely submit quarterly progress report during implementation and operation of the Approved Investment;
- (l) timely renew license, certificate or permit necessary for the implementation or operation of the Approved Investment;
- (m) allow government officer or his authorized agent when so requested to have access to and inspect premises, books, records or any other document;
- (n) notify the Authority any changes relating to particulars in the certificate, cease of operation, change of shareholding or any other material and operational changes; and
- (o) abide with the provisions of this Act, Environmental laws and any other laws applicable in Zanzibar.

Prohibition.

**22.** An investor is prohibited to:

- (a) offer, solicit or give bribe to any public officer;
- (b) search and acquire land for investment from the local community unless prior approval from relevant authority is granted;
- (c) evade fulfillment of any obligation under this Act;
- (d) misrepresent, understate or conceal revenue, value or profits or overstate expenditure or claim any benefit to which he is not entitled;



- (e) make false allegation or slandering propaganda against the state organizations or their officials;
- (f) open foreign account outside Tanzania without written consent from the Authority; or
- (g) breach or contravene any laws or regulations applicable in Zanzibar.

**PART V**  
**ISSUANCE OF INVESTMENT CERTIFICATE TO**  
**APPROVED INVESTOR**

Application  
for  
Investment  
Certificate.

**23.**-(1) A foreign national shall apply to the Authority for an Investment Certificate that the enterprise in which the assets are invested or proposed to be invested is designated as an Approved foreign investment for the purpose of this Act.

(2) A Zanzibari or Tanzania Individual who has invested or proposed to invest in Zanzibar shall apply to the Authority for an Investment Certificate that the enterprise in which he has invested or proposed to invest is designated as an Approved Domestic Investment for the purpose of this Act.

(3) The Authority shall consider every application made under this section, and in any case in which it is satisfied that:

- (a) it is an investment, or proposed investment, of assets of a value of not less than the amount which the Authority may have determined under this Act;
- (b) the investment or proposed investment meets such further criteria as the Authority may also have determined under this Act,

may issue Investment Certificate to the applicant.

(4) The Authority shall take a decision on whether or not to issue Investment Certificate and inform the applicant of its decision within the period prescribed in Regulations made under this Act.

Particulars of  
Investment  
Certificate.

**24.** The Investment Certificate shall contain particulars as prescribed under the Fifth Schedule of this Act.



Suspension  
and  
Cancellation  
of Investment  
Certificate.

25.-(1) The Authority may suspend the Investment Certificate issued pursuant to section 23(3) of this Act, if it suspects that:

- (a) the Certificate of Investment was obtained by fraud;
- (b) the Certificate of Investment was obtained by misleading information;
- (c) Approved Investor is in the process of exiting the business;
- (d) Approved Investor fails to commence implementation of the investment within one year from the date of issuance of all required legal documents;
- (e) a project is abandoned;
- (f) Approved Investor applies any benefits conferred under this Act, for purposes other than those for which the benefit was conferred;
- (g) Approved Investor fails without reasonable cause to commence operations within the time stipulated in the Investment Certificate;
- (h) Approved Investor fails to comply with any of the obligations imposed under this Act; or
- (i) Approved Investor performs any of the prohibited act.

(2) For the purpose of subsections (1)(e) of this section, the project is considered to be abandoned if:

- (a) investor has left the country and abandoned the project without information from his close relatives; and
- (b) after the authority takes reasonable efforts to find out the investor within the period of six months without any success.

(3) Subject to the provisions of subsection (1) of this section, the Authority shall give notice of at least thirty days to the Approved Investor to show cause why the Investment Certificate should not be cancelled as the case may be.

(4) Where the Approved Investor gives the Authority the satisfactory explanations, the Authority shall lift the suspension and guide the investor as it may deem appropriate.



(5) Where the Approved Investor:

- (a) fails to comply with the provisions of subsection (2) of this section;
- (b) provides unsatisfactory explanation to the Authority; or
- (c) withdraws the Approved Investment;

the Authority shall cancel the Investment Certificate.

Consequences  
of cancelation  
of Certificate.

**26.** Where the Authority cancels a Investment Certificate, issued pursuant to section 23(3) of this Act:

- (a) such investment shall cease to be an Approved Investment;
- (b) the land lease agreement relating with the Investment Certificate shall automatically be revoked; and
- (c) the tax incentives under Part VI of this Act, shall cease and any taxes exempted shall become payable effectively.

Amendment  
of Certificate.

**27.**-(1) The Authority may, on application by Approved investor, amend the Investment Certificate where:

- (a) there is a need of extending the period during which the Approved Investment can be made;
- (b) the name of the enterprise is altered by substituting the name as so altered;
- (c) another investor has succeeded to the interest in the enterprise of the Approved Investor;
- (d) the additional capital is invested by Approved Investor or other investor; or
- (e) an interest in the enterprise passes to another investor on the death of the Approved Investors.

(2) Subject to the provisions of subsection (1) of this section, Approved Investor shall, within a period not exceeding thirty days, inform the Authority in writing on the changes and submit all documentations specified in the Regulations made under this Act.





(3) A holder of the Investment Certificate shall pay required fees determined by the Authority as specified in the Regulations of this Act.

## PART VI BENEFITS AND INCENTIVES FOR APPROVED INVESTOR

Facilitation of license, permits and other services.

**28.** Where Approved Investor is granted an Investment Certificate, the Authority shall, where the investor so requests, facilitate the smooth transaction of all matters in connection with the issuance of the approvals, permits, licenses and other necessary formalities.

Employment of expatriate.

**29.**-(1) In any Approved Investment, employment shall only be made to Tanzanians with priority be given to Zanzibaris.

(2) Notwithstanding subsection (1) of this section, the Approved Investor may employ foreign expatriates for key positions where qualified Tanzanian is not available after advertisement.

(3) The number of foreign expatriates under subsection (2) of this section shall be determined by the Authority after consultation with Labour Commission.

Acquisition of land.

**30.**-(1) Where the Approved Investor requires land outside Free Economic Zones, the Authority shall make request to the Minister responsible for land and propose additional terms and conditions commensurate with the type of the investment.

(2) Where the land allocated under subsection (1) of this section is occupied by another person, the Approved investor shall promptly and fully compensate the occupier by cash or adequate number of preference shares in such project for any improvement made on or benefits arising from that land.

Incentives and allowances.

**31.**-(1) Approved Investor shall be entitled to such incentives and allowances as provided by Tax Law or any other law applicable in Zanzibar.

(2) Without prejudice to the provisions of subsection (1) of this section, Strategic Investment may also be granted benefits, incentives and allowances prescribed under the Sixth Schedule of this Act.

(3) Approved Investor may also be granted incentives and allowances prescribed under the Seventh Schedule of this Act.



(4) The Authority, after consultation with relevant institutions, may recommend to the Minister for additional benefits and incentives to Approved Investor who has invested or intend to invest in innovative investment or in geographical disadvantaged areas.

(5) Without prejudice to the provisions of this Act, the Authority may deny to grant some benefits, allowance or incentives to Approved Investor who fails to comply with any obligation imposed under this Act.

## PART VII GUARANTEES FOR APPROVED INVESTOR

Funds transfer  
right.

**32.** Notwithstanding the provisions of any other law, a foreign national who has invested in Zanzibar may, after taxation, transfer out of Zanzibar in convertible foreign currency at the prevailing official rate of exchange:

- (a) the dividends arising from or out of his investment of foreign assets;
- (b) the principal and interest of any foreign loan registered in Zanzibar contracted with respect to the investment;
- (c) the proceeds on liquidation or sale of the investment or part thereof; and
- (d) any other item of any foreign expenditure related to the investment.

Protection  
against  
compulsory  
acquisition of  
property.

**33.**-(1) No approved enterprise, approved domestic enterprise or any property belonging to any investor shall be compulsory taken possession of, and no interest in or right over such enterprise or its properties shall be compulsory acquired except in accordance with the provisions concerning the payment of reasonable, full and adequate compensation as provided in section 17 of the Zanzibar Constitution, 1984.

(2) Where compulsory acquisition takes place in accordance with the requirements of subsection (1) of this section:

- (a) an order published in the Gazette and signed by the Minister shall be issued; and
- (b) before such acquisition has taken place, prompt arrangement shall be made to assess and pay adequate and fair compensation.



Dispute settlements.

**34.**-(1) Where an investor is not satisfied with the compensation granted under section 33(1) of this Act, or whereas disputes arise between such investor and the Authority in respect of Approved Investment, all efforts shall be made through mutual discussion to reach amicable settlement.

(2) Any dispute between an Investor and the Authority in respect of Approved Investment which is not settled through negotiation, may be submitted to arbitration in accordance with the:

- (a) rules and procedures provided under the Arbitration Decree, Cap 25 of the laws of Zanzibar;
- (b) framework of any bilateral or multilateral agreement on investment protection agreed to by the Government and the government of the country where the investor originates; or
- (c) rules and procedures provided under the Arbitration Rules of the United Nations Commission on International Trade Law in force at the time when the Certificate was issued or International Centre for the Settlement of Investment Disputes.

(3) Nothing in this section shall be construed as precluding the Approved Investor and the Authority from agreeing that any particular dispute shall not, be referred to International Arbitration, but be heard and finally determined by any competent court in Zanzibar.

## **PART VIII FREE ECONOMIC ZONES**

Recognition and declaration of Free Economic Zones.

**35.**-(1) The Free Economic Zones shall include Fumba area, Amaan Industrial Park, Maruhubi area, and Airport area in Unguja, and Micheweni area in Pemba as per the Presidential Orders No. 5 and No. 29 of 1993, No. 61 of 2000 and No. 14 of 2004.

(2) Notwithstanding the provisions of subsection (1) of this section, the President may, by order published in the Official Gazette, declare any other area of Unguja or Pemba to be a Free Economic Zone for the purpose of this Act and may define the demarcations thereof and assign names thereto.

(3) An area declared as Free Economic Zone may be:

- (a) designated as a single sector or multiple sector Free Economic Zone, and may include, but not limited to:



- (i) Free Trade Zone;
- (ii) Industrial Park;
- (iii) Free Port;
- (iv) Information and Communication Technology Park;
- (v) Science and Technology Park;
- (vi) Agricultural Zone;
- (vii) Livestock Zone;
- (viii) Fishery Zone;
- (ix) Tourist and Recreational Zone;
- (x) Business Service Park; or
- (xi) Convention and Conference Facilities.

- (b) developed, whether on a public sector, private sector, public-private partnership basis or any other form of joint venture, where any goods introduced and specified services provided are regarded, in so far as import duties and taxes are concerned, as being outside the customs territory and wherein the benefits provided under this Act apply.

(4) Any land declared as a Free Economic Zone shall not be alienated for private use.

(5) The regulation and administration of activities within the Free Economic Zones, shall be done with due regard to the principles of openness, competitiveness and transparency

(6) The Minister may make Regulations relating to any matter in the Free Economic Zones whose administration requires to be provided by Regulations.

Objects and purposes.

**36.** The objects and purposes of Free Economic Zones are to:

- (a) provide investors with a wide scope of operation, create favorable operating conditions and guarantee them stable business sites including:
  - (i) development of integrated infrastructure facilities;



- (ii) creation of incentives for economic and business activities in areas designated as Free Economic Zones; and
  - (iii) removal of impediments to economic and business activities that generate profit for enterprises in designated areas.
- (b) expedite technological development of special skills and boost production for export;
  - (c) attract international services; and
  - (d) create employment for locals.

Goods to be considered be imported or exported.

**37.** Unless otherwise provided under this Act or any other law:

- (a) goods which are taken out from any part of the customs territory and brought into the Free Economic Zones or services provided from part of the customs territory to a Free Economic Zones shall be deemed to have been exported; and
- (b) goods which are brought out of a Free Economic Zones and taken into any part of the customs territory for use therein or services provided from a Free Economic Zones to any part of the customs territory shall be deemed to be imported.

Goods within Free Economic Zones.

**38.**-(1) Subject to the provisions of this Act as well as applicable customs laws of the East African Community, goods and services within a Free Economic Zones may be:

- (a) stored, sold, exhibited, broken up, repackaged, assembled, distributed, sorted, graded, cleaned, mixed, or otherwise manipulated or manufactured in accordance with the provisions of this Act;
- (b) destroyed under the supervision of the proper officer; or
- (c) removed under the supervision of the proper officer from the Free Economic Zones for export or sent into another Free Economic Zones or bonded factory, either in its original package or otherwise.

(2) Subject to the provisions of this Act and the customs laws of the East African Community, goods of any description which would be used in the activities of a licensed Free Economic Zones enterprise may be brought into Free Economic Zones.



(3) The Free Economic Zone enterprise shall operate in conformity with the specific regulations issued under the relevant provisions of the East African Community Customs Management Act.

Removal of goods from Free Economic Zones.

**39.** Subject to the provisions of section 38 of this Act:

- (a) goods and services within Free Economic Zones, which shall constitute a customs controlled area, shall not be taken out of the zone except for:
  - (i) export;
  - (ii) entry into the customs territory, subject to the regulations and procedures on customs;
  - (iii) removal to any other customs controlled area with the approval of the proper officers, and subject to any conditions as may be imposed; or
  - (iv) repair, maintenance or processing or conversion with prior approval of the proper officer and subject to any conditions as may be imposed;
- (b) where goods are manufactured outside Zanzibar, such goods shall be clearly labelled as products of the country where such goods were manufactured;
- (c) services provided by Free Economic Zones enterprise, may be provided to:
  - (i) persons outside United Republic of Tanzania;
  - (ii) other Free Economic Zones enterprises in furtherance of the export activities of such enterprises subject to approval of the Authority; or
  - (iii) persons in the customs territories subject to approval of the Authority.

Customs Area.

**40.** The Free Economic Zones declared under this Act, shall be regarded as outside Customs Area whereas Customs Laws and Regulations on import duties and taxes shall not apply thereto.



## PART IX FINANCIAL PROVISIONS

Funds of the  
Authority.

**41.**-(1) The funds of the Authority shall consist of:

- (a) a subvention from the Government;
- (b) all such sums of money as may be paid as fees or rent as prescribed in Regulation made under this Act;
- (c) all such sums of money as may be received by the Authority for its operations from any other sources; and
- (d) all such donation, grants, bequests or loan may be lawfully received from any institution or organization.

(2) The funds of the Authority shall be used to pay out the expenses and expenditures of the Authority relating with performance of its objectives and functions under this Act.

Annual budget.

**42.**-(1) Subject to the provisions of the Public Finance Management Act, the Authority shall prepare its annual budget and submit to the Minister for approval.

(2) Any excessive funds as determined by the Minister shall be paid into the Consolidated Fund.

Accounts  
and audit.

**43.**-(1) The Authority shall cause proper books of accounts to be kept of its income and expenditure, assets and liabilities and all other transactions of the Authority and shall prepare an annual statement of accounts after the end of each financial year in accordance with the provisions of the Public Finance Management Act.

(2) The annual final accounts of the Authority shall be audited in accordance with the provisions of the Office of the Controller and Auditor General Act.

## PART X MISCELLANEOUS PROVISIONS

Confidentiality.

**44.** Notwithstanding the provisions of any other Act, the information furnished by the Investment Certificate holder shall remain confidential to the Authority and staff or officer of the Authority shall not reveal the information to any other person except:



- (a) for the purpose of administering this Act;
- (b) where he is required to do so by law; or
- (c) where he is required by the order of the court or Minister.

Appeal.

**45.** An investor aggrieved by any decision under this Act, may appeal in accordance with the procedures specified under Regulations made under this Act.

Abandoned investment.

**46.**-(1) Notwithstanding the provisions of any other law, where the Authority is of the opinion that the investment is bona vacantia for one year, the Authority may:

- (a) declare the project abandoned by notice published in the Gazette;
- (b) take custody of the abandoned investment or property;
- (c) cease all facilitation for that investment; and
- (d) appoint a receiver of the abandoned investment.

(2) The receiver so appointed under this section, shall perform the functions of a receiver as specified under the Company Act of the Laws of Zanzibar.

Offences and Penalties.

**47.** A person who:

- (a) provides false or misleading information to the Authority;
- (b) refuses or neglects to provide information which the Authority may reasonably require for the purpose of enforcement of this Act;
- (c) refuses to allow any officer of the Authority to enter into his premises or business enterprises;
- (d) obstructs any officer to exercise his lawful duty conferred under this Act;
- (e) misuses any of the incentives or benefits provided under this Act;
- (f) opens a foreign account outside Tanzania in relation to the Approved Investment without written approval by the Authority;





(g) fails to comply with any obligations as provided under this Act; or

(h) performs any prohibited act specified under this Act,

commits an offence, and upon conviction, shall be liable for a fine of not less than Ten Thousand United States Dollars or equivalent in Tanzanian Shilling or imprisonment for a term of less than one year and not exceeding three years or both.

Regulations.

**48.**-(1) The Minister may make Regulations where it is necessary or expedient for carrying out the purposes of this Act.

(2) Without prejudice to the generality of provisions of subsection (1) of this section, the Minister shall make Regulations on:

(a) the criteria and procedures for informing or seeking approval of the Government on Investment Projects;

(b) special incentives for Tanzanian Diaspora who seek to invest in Zanzibar; and

(c) the procedures for appeal by any aggrieved investor with the decision made under this Act.

(3) The Minister may, by order published in the Official Gazette, abolish, amend, vary or replace any schedule under this Act.

Repeals and savings.

**49.**-(1) The Zanzibar Investment Promotion and Protection Act, No. 11 of 2004 is hereby repealed.

(2) Anything done under the repealed Act under subsection (1) of this section, shall be deemed to have been done in accordance with the provisions of this Act.



## FIRST SCHEDULE

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### CRITERIA AND APPLICATION PROCEDURES FOR ISSUANCE OF THE INVESTMENT CERTIFICATE FOR APPROVED INVESTOR

[Made under section 6(a)]

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1. A Foreign national shall apply to the Authority for an Investment Certificate to be issued under section 23(3) of this Act, after fulfilling the following criteria:
  - (a) investing or intend to invest capital equivalent to United States Dollars Two Million and Five Hundred Thousand for hotel investments and real estate or for any other businesses of not less than United States Dollars Three Hundred Thousand; and
  - (b) undertaking lawful business activities as provided under this Act.
2. A Zanzibari or Tanzanian investor shall apply to the Authority for an Investment Certificate to be issued under section 23(3) of this Act, after fulfilling the following criteria:
  - (a) Investing or intend to invest capital of not less than United States Dollars Three Hundred Thousand for hotel investment, or for any other businesses equivalent to at least United States Dollars One Hundred Thousand; and
  - (b) undertaking lawful business activities as provided under this Act.
3. Subject to provisions of paragraph 1 and 2 of this Schedule, the applicant shall:
  - (a) submit a business concept through an Investment Intention Form which is available at the Authority free of charge;
  - (b) after the applicant submits the Investment Intention Form to the Authority, the Authority shall inform the applicant that he is required to take the Investment Application Form or advise otherwise within three working days;
  - (c) where the applicant has been advised by the Authority to take the Investment Application Form, he shall take it after paying to the Authority a non-refundable fee of United States Dollars Five Hundred;



- (d) After the applicant duly fill the Investment Application Form, he shall be required to submit it together with the following documents to the Authority:
- (i) ten copies of Business Plan or Feasibility study;
  - (ii) Certificate of Incorporation or Certificate of Compliance of an enterprise where the registration of such corporate is made outside Zanzibar;
  - (iii) Memorandum and Articles of Association;
  - (iv) proof of availability of funds for the implementation of the investment or proposed investment;
  - (v) passport copy, passport size photograph and Curriculum Vitae of each shareholder;
  - (vi) police clearance certificates from country of origin and country of residence of each shareholder and directors;
  - (vii) permit or license granted by the business sector which the business is operating or intend to operate where appropriate;
  - (viii) proof of payment of Investment Application form; and
  - (ix) any other document to support the application.
- (e) Subject to subparagraph (d)(i) of this section, the feasibility study or Business plan shall include at least the following:
- (i) name of the proposed investment and background information of the business;
  - (ii) implementation plan of the proposed project and expected date of operation;
  - (iii) market analysis which includes information on potential markets, clients and competitors;
  - (iv) business operation which includes detailed information of any raw materials required and its sources, technology to be used, a plan for knowledge transfer, financing and assets to be sourced abroad and time



frame in which these finance and assets shall be invested, organization structure and human resource required for the proposed investment;

(v) Five year financial plan which indicates financial projection, risk and sensitivity analysis for investment; and

(vi) detailed information or assessment of environmental and social factors.

4. The Authority shall, within seven working days, make decision on whether to issue an Interim Certificate or advise the investor otherwise.

5. The investor shall pay Investment Certificate fee as provided by this Act and outlined in the Regulations made under this Act.

6. The certificate for the investment shall be renewed annually until the approved capital is fully invested and the project become operational.



## **SECOND SCHEDULE**

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### **PROCEDURES FOR PROVIDING BENEFITS ACCRUED TO APPROVED INVESTOR INCLUDING STRATEGIC INVESTMENT**

**[Made under section 6(b)]**

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#### **PART ONE**

##### **Application Procedures for Corporate Income Tax incentives**

1. For a purpose of ensuring that investors recover their investment costs, before paying corporate income tax, Approved Investor who invested not less than seventy five percent of the capital specified in the Business plan or Feasibility study approved by the Authority, and started business operation, may apply in writing to the Authority for Corporate Income Tax exemption and submit together with application the following documents:

- (a) audited final accounts filed by the Zanzibar Business and Property Registration Agency;
  - (b) progress report of the investment made;
  - (c) Tax Clearance Certificates from tax authorities; and
  - (d) valid business license.
2. The application shall be made in the first year of the business operation.

#### **PART TWO**

##### **Application Procedures for Exemption on Value Added Tax (VAT) or Customs duty**

1. Approved Investor shall be provided with Building Permit issued by a competent authority whenever the proposed investment involves construction; once the building permit is issued, a holder of investment certificate shall submit to the Authority four sets of Bill of Quantities and four sets of approved drawings.

2. For non-construction investment projects, a holder of the Certificate shall submit four sets of list of all machines, equipment, raw materials and other input exclusively required for the development of the proposed investment.



3. The Authority shall consider the submitted Bill of Quantities, Drawings and list of materials and approve them accordingly, within fourteen working days. A copy of approved list shall be provided to a holder of the Certificate and shall be used as a reference for future exemption applications.

4. Subject to the provisions of paragraph 3 of this Schedule, each consignment of goods to be imported, Approved Investor may, apply to the Authority for exemption at least fourteen working days before arrival of goods in Zanzibar; the application shall be accompanied by:

- (a) Bill of Lading, Airway Bill, Consignment notes or Local sale advise;
- (b) Customs Single Bill of Entry;
- (c) invoices; and
- (d) packing list.

5. Subject to the provisions of paragraph 3 of this Schedule, for any local purchase, Approved Investor may apply to the Authority for Value Added Tax relief; the application shall be accompanied by three sets of:

- (a) a dully filled Value Added Tax form issued by Zanzibar Revenue Board; and
- (b) a copy of proforma invoice.

6. The Authority may, within fourteen working days, confirm the exemption or advise the applicant otherwise.

7. Approved Investor shall pay to the Authority five percent of the amount exempted, as a service fee.



## **THIRD SCHEDULE**

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### **APPLICATION PROCEDURES AND CRITERIA FOR STRATEGIC INVESTMENT**

**[Made under section 6(c)]**

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#### **PART ONE**

##### **Application Procedures for Strategic Investment**

1. Approved Investor may apply to the Authority to be granted a status of being Strategic investment in accordance with the conditions and criteria specified in PART TWO of this Schedule.
2. The Authority shall consider the application and may recommend to the Minister to grant Strategic Investment Status to the applicant.
3. The Minister, after consultation with relevant institution, shall take decision on whether to grant or not Strategic Investment Status, and inform the applicant accordingly.
4. The Minister, may withdraw the strategic investment Status to any Approved Investor who has been granted Strategic Investment Status in any case, if:
  - (a) fails to comply with obligations imposed under this Act;
  - (b) fails to fulfill the criteria and conditions of strategic investment; or
  - (c) performs any act which is prohibited under this Act.

#### **PART TWO**

##### **Criteria for Strategic Investment**

1. Approved Investor may be granted Strategic Investment Status after he has:
  - (a) investing assets equivalent to Hundred Million United States Dollars or more and contributing at least thirty percent of this investment in form of equity;



- (b) employing at least One Thousand people; or
- (c) investing assets equivalent to Fifty Million United States Dollars in the innovative investment or in the disadvantageous regions in any of the following priority sectors:
  - (i) industrial manufacturing or assembling;
  - (ii) up market tourism;
  - (iii) agriculture and fisheries;
  - (iv) real estate development;
  - (v) energy;
  - (vi) infrastructure development; and
  - (vii) information and Communication technology.





## FOURTH SCHEDULE

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### BUSINESSES RESERVED FOR ZANZIBARIS

[Made under section 20(3)]

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#### PART ONE

1. The Businesses which are solely reserved for Zanzibaris are:

- (a) Barber shop, hair dressing and beauty salon;
- (b) whole sale and retail shop;
- (c) tour operator;
- (d) restaurant (except special cuisine restaurant);
- (e) guest house;
- (f) travel agency;
- (g) small scale cultivation (food crops);
- (h) gift and curio shop;
- (i) office or household cleaning and housekeeping services;
- (j) office or house hold security service;
- (k) ice cream shop;
- (l) soft and hard drinks shop;
- (m) stuff or goods supply services; and
- (n) Small scale fishing.

2. Without prejudice to the provisions of paragraph 1 of this schedule, all businesses which its capital investment is under the United States Dollars Three Hundred Thousands, are strictly prohibited to foreign Investors.



## FIFTH SCHEDULE

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### PARTICULARS OF THE INVESTMENT CERTIFICATE

[Made under section 24]

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The Investment Certificate issued under section 23(3) of this Act shall contain:

- (a) name of the enterprise;
- (b) name of investment or proposed investment;
- (c) activity to be carried out;
- (d) economic sector invested or to be invested;
- (e) location of investment or proposed investment;
- (f) amount of the assets invested or to be invested;
- (g) a statement of the period within which the assets to be invested;
- (h) a statement with regards to type of investment to be carried out;
- (i) a statement authorizing investor to implement the investment;
- (j) type of certificate issued;
- (k) a statement showing date of issue of the Investment Certificate;
- (l) a statement showing validity of the Investment Certificate; and
- (m) any other matters as may be necessary or desirable for the purpose of this Act.



## SIXTH SCHEDULE

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### BENEFITS, INCENTIVES AND ALLOWANCES FOR STRATEGIC INVESTMENT

[Made under section 31(2)]

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#### PART ONE

##### **Benefits, Incentives and Allowances during Implementation of the Approved Investment.**

1. Approved Investor who has been granted Strategic Investment status may, where appropriate, be granted the following benefits, incentives and allowances during implementation of the Approved Investment:

- (a) exemption from all duties and taxes on importation and local purchases of construction goods and materials during the project construction;
- (b) exemption of income tax on interest on capital borrowed from foreign banks;
- (c) five years grace period on payment of Land Lease;
- (d) hundred percent foreign ownership is allowed;
- (e) engagement of foreign contractors is allowed; and
- (f) five years grace period on payment of land lease for marina in tourism investment;

#### PART TWO

##### **Benefits, Incentives and Allowance during Operation of the Approved Investment**

2. Approved Investor who has been granted Strategic Investment status may, where appropriate, be granted the following benefits, incentives and allowances during operation of the Approved Investment:



- (a) fifty percent exemption of the prevailing rate for Corporate Income Tax;
- (b) fifty percent exemption of Profit tax for repatriated Profit;
- (c) fifty percent exemption o for Accelerated Depreciation for five years;
- (d) fifty percent exemption of income tax on interest on capital borrowed from foreign banks;
- (e) hundred percent allowance on Research and Development expenditure;
- (f) hundred percent retention of all profits after tax; and
- (g) hundred percent foreign ownership is allowed.

3. Without prejudice to the provisions of paragrah 1 and 2 of this Part, strategic investment in manufacturing sector, may further be granted the following additional incentives:

- (a) exemption from payment of any tax on all goods produced for exports;
- (b) exemption from payment of trade levy for raw materials and industrial inputs purchased from Tanzania Mainland;
- (c) exemption from payment of Import Duty, Excise Duty and VAT on importation of heavy machines and equipments;
- (d) exemption from payment of VAT on local purchase of heavy machinery or equipment required during production phase; and
- (e) Additional five years allowance of fifty percent Accelerated Depreciation.



## SEVENTH SCHEDULE

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### INCENTIVES AND ALLOWANCES FOR APPROVED INVESTOR

[Made under section 31(3)]

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#### PART I

##### Incentives and allowances in the Free Economic Zone

##### CATEGORY "A" FREE ECONOMIC ZONE DEVELOPERS: DEVELOPMENT OF INFRASTRUCTURE

1. The developer of a Free Economic Zone shall benefit to the following incentives:
  - (a) exemption from payment of taxes and duties for machinery, equipment, heavy duty vehicles, building and construction materials and any other goods of capital nature to be used for purposes of development of the Free Economic Zone infrastructure;
  - (b) exemption from payment of corporate tax for an initial period of ten years and thereafter a corporate tax, shall be charged at the rate specified in the Income Tax Act;
  - (c) exemption from payment of withholding tax on rent, dividends and interest for the first ten years;
  - (d) exemption from payment of property tax for the first ten years;
  - (e) remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, ambulances, fire fighting equipment and fire fighting vehicles and up to two buses for employees' transportation to and from the Free Economic Zone;
  - (f) exemption from payment of stamp duty on any instrument executed in or outside the Free Economic Zone relating to transfer, lease or hypothecation of any movable or immovable property situated within the Free Economic Zone or any document, certificate, instrument, report or record relating to any activity, action, operation, project, undertaking or venture in the Free Economic Zone;



- (h) treatment of goods destined into Free Economic Zones as transit goods; and
- (g) on site customs inspection of goods within Free Economic Zones.

**CATEGORY "B" FREE ECONOMIC ZONES OPERATORS:  
APPROVED INVESTORS PRODUCING FOR SALE INTO  
THE CUSTOMS TERRITORY**

1. Approved Investors whose primary markets are within the customs territory shall be entitled to the:

- (a) remission of customs duty, value added tax and any other tax charged on raw materials and goods of capital nature related to the production in the Free Economic Zones;
- (b) exemption from payment of withholding tax on interest on foreign sourced loan;
- (c) remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, one ambulances, firefighting equipment and fire fighting vehicles and up to two buses for employees' transportation into and from the Free Economic Zones;
- (d) exemption from pre-shipment or destination inspection requirements;
- (e) on site customs inspection of goods within Free Economic Zones;
- (f) access to competitive, modern and reliable services available 'within the Free Economic Zones; and
- (g) subject to compliance with applicable conditions and procedures for foreign exchange and payment of tax whenever appropriate ,unconditional transfer through any authorized dealer bank in freely convertible currency of:
  - (i) net profits or dividends attributable to the investment;
  - (ii) payments in respect of loan servicing where a foreign loan has been obtained;
  - (iii) royalties, fees and charges in respect of any technology transfer agreement;



- (iv) the remittance of proceeds in the event of sale or liquidation of the licenced business or any interest attributable to the licenced business; and
- (v) payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the licenced business.

**CATEGORY "C" FREE ECONOMIC ZONE OPERATORS:  
APPROVED INVESTORS PRODUCING FOR  
EXPORT MARKETS**

1. Approved Investors producing for export markets in non-manufacturing or processing sectors shall be entitled to the:

- (a) subject to compliance with applicable conditions and procedures, accessing the export credit guarantee scheme;
- (b) remission of customs duty, value added and any other tax charged on raw materials and goods of capital nature related to the production in the Free Economic Zones;
- (c) exemption from payment of corporate tax for an initial period of ten years and thereafter, a corporate tax shall be charged at the rate specified in the Income Tax Act;
- (d) exemption from payment of withholding tax on rent, dividends and interests for the first ten years;
- (e) exemption from payment of all taxes and levies imposed by the Local Government Authorities for products produced in the Free Economic Zones for a period of ten years;
- (f) exemption from pre-shipment or destination inspection requirements;
- (g) on site customs inspection of goods in the Free Economic Zones;
- (h) remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, ambulances, firefighting equipment and vehicles and up to two buses for employees' transportation to and from the Free Economic Zones;



- (i) treatment of goods destined into Free Economic Zones as transit goods;
  - (j) access to competitive, modern and reliable services available within the Free Economic Zones; and
  - (k) subject to compliance with applicable conditions and procedures for foreign exchange and payment of tax whenever appropriate unconditional transfer through any authorized dealer bank in freely convertible currency of:
    - (i) net profits or dividends attributable to the investment;
    - (ii) payments in respect of loan servicing where a foreign loan has been obtained;
    - (iii) royalties, fees and charges in respect of any technology transfer agreement;
    - (iv) the remittance of proceeds in the event of sale or liquidation of the business enterprises or any interest attributable to the investment;
    - (v) payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the business enterprise;
  - (l) twenty percent of total turnover is allowed to be sold to the local market and is subject to the payment of all taxes;
  - (m) hundred percent foreign ownership is allowed; and
  - (n) no limit to the duration that goods may be stored in the Freeport Zones.
2. For purposes of this section investors licenced primarily for export markets are investors whose exports are more than eighty percent of total annual production.





## PART TWO

### Incentives and allowances outside Free Economic Zones

1. Approved investor investing outside Free Economic Zones, may be granted the:
  - (a) exemption from payment of import duty, excise duty Value Added Tax and other similar taxes on machinery, equipment, spare parts, vehicles and other input necessary and exclusively required by that enterprise during construction period indicated in the Investment Certificate;
  - (b) exemption from payment of business license fee for the first three months of trial operation;
  - (c) corporate tax exemption for up to five years;
  - (d) hundred percent foreign ownership;
  - (e) hundred percent retention of all profits after tax;
  - (f) hundred percent allowance Research and Development; and
  - (g) hundred percent allowance for free repatriation of profit after tax.
2. Without prejudice to the provisions of paragraph 1 of this Part, approved investor investing in manufacturing sector may further be granted the:
  - (a) exemption from payment of any tax on all goods produced for exports;
  - (b) exemption from payment of trade levy for raw materials and industrial inputs procured from Tanzania Mainland;
  - (c) exemption from payment of import duty, Value Added Tax and other similar taxes on raw and packaging materials during project operations;
  - (d) exemption of Income Tax on interest on registered borrowed capital; and
  - (e) hundred percent allowance investment deduction on capital expenditure within five years;



3. Without prejudice to the provisions of paragraph 1 of this Part, Approved Investor investing in real estate business may also be granted the:

- (a) exemption of income tax on interest on borrowed capital;
- (b) stamp duty exemption;
- (c) hundred percent allowance investment deduction on capital expenditure within five years; and
- (d) capital gains tax on properties sold or purchased.

**PASSED** by the House of Representatives of Zanzibar on 30<sup>th</sup> November, 2018.

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(RAYA ISSA MSELLEM)

*Clerk of the House of Representatives of Zanzibar.*