



CIVIL SOCIETY AND TAXATION IN TANZANIA:

A ROAD TOWARDS COMMON UNDERSTANDING
ON COMPLIANCE AND RELIEF





A WORD FROM THE COORDINATOR

Dear reader,

On behalf of the Tanzania Human Rights Defenders Coalition (THRDC), Members of CSOs Tax Committee and the CSOs Directors Forum I would like to introduce you to our newsletter.

For the past two years, CSOs under the ambit of the CSOs Directors Forum have been taking several measures to improve CSOs working environment in Tanzania. Among other initiatives, the Forum under the coordination of the THRDC conducted CSOs Directors Annual Reflection Meetings from which a number of issues were recommended for the improvement of Civil Society's space.

According to the discussions during the CSOs Directors Reflection Meetings in 2018 and 2019 it was observed that one of very key issues to be addressed immediately is the lack of enough knowledge among CSOs about taxation and legal challenges.

It was therefore agreed that CSOs Directors should establish a strategic approach in order to address the issue effectively. Manly this was aimed at advocating for reforms in the tax regime and to familiarize CSOs Directors with the laws governing taxation.

These initiatives would contribute to solving yet another challenge to CSOs Sector in Tanzania; that is, tracking the contribution of CSOs to the national economy. This follows the fact that for a number of years now the contribution of CSOs to the national economy has not been fully recognized. By realizing these goals through the implementation of these activities and other initiatives by various individual CSOs, the relationship between CSOs and the Government will be improved.

In the course of performing our civic duties, we can all agree that, while many CSOs actively demand for the respect and absolute protection of their rights and spaces, they have fallen short of compliance to the laws governing the Civil Society sector. However, as the famous Latin saying goes, "Ignorantia juris non excusat", meaning Ignorance of the law excuses no one from liability for violating the law; CSOs must understand that compliance to the law is absolutely necessary. And one major concern from authorities has been the failure by CSOs to comply with taxation laws.

Seeing this gap, Tanzania CSOs Directors Forum under the coordination of THRDC, sought to coordinate a high level session to discuss unattended taxation issues, misconceptions and policy dilemmas among CSOs at the 5th CSOs Directors' Annual Reflection Meeting hosted in Mwanza region between 13th and 14th October 2019. The meeting was attended by 100 Executive Directors from Civil Society Organizations across the country together with special guests from the Ministry of Finance and Tanzania Revenue Authority (TRA).

One of the main resolutions adopted by both CSOs Directors and the Tanzania Revenue Authorities officials at the meeting, was to develop a CSOs 'Simplified Tax Compliance Tool Kit'.

As you will find out in this newsletter, a task force comprising of the Tanzania Human Rights Defenders Coalition (THRDC), the WAJIBU Institute of Accountability, the National Council of NGOs (NaCoNGO), Tanzania Federation of Disabled People's Organizations (SHIVYAWATA), Equality for Growth, Tanzania Association of NGOs (TANGO), KPMG Advisory Limited the and Tanzania Revenue Authority (TRA); was formed to undertake this assignment. The Simplified Tax Compliance Tool Kit will later serve as a guiding document for Tanzania CSOs on taxation issues and ease their compliance with taxation laws.

We hope that, this newsletter will shed light on the ongoing joint efforts.

Happy reading!

Onesmo Olengurumwa,
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An intertwined paradox of Taxation laws on CSOs in Tanzania and the need for a Simplified Tax Compliance Toolkit!

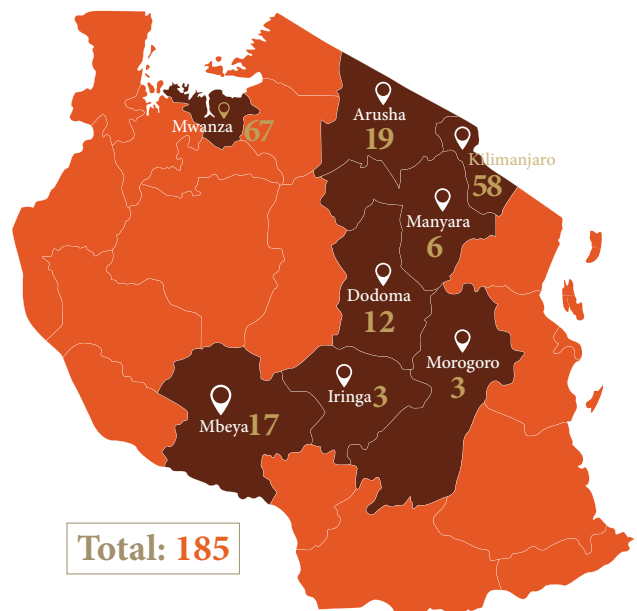
The burden of ambiguity, misconceptions and policy dilemmas about the Taxation of Civil Society Organizations in Tanzania, have been weighing heavily on CSOs for too long. There is gross ignorance of tax laws and their applicability among CSOs. For instance; most CSOs are not aware of the mandatory requirement to file their returns, or paying corporate tax for their organizations or liability to pay the Pay-As-You-Earn (PAYE) tax.

A further analysis into these challenges by a Tax Consultant hired earlier in 2019 by THRDC and WAJIBU Institute of Accountability, presented survey findings for discussion later that year before CSOs Directors at the 5th CSOs Directors' Annual Reflection Meeting hosted between 13th and 14th October 2019 in Mwanza region. Major discussion were centered around the knowledge gap on Taxation laws among CSOs, the qualification for charitable status and tax relief for CSOs.

Following the adoption of a resolution to jointly develop a Simplified CSOs Tax Compliance Toolkit from that meeting, the Tanzania Human Rights Defenders Coalition (THRDC), the WAJIBU Institute of Accountability, the National Council of NGOs (NaCoNGO), Tanzania Federation of Disabled People's Organizations (SHIVYAWATA), Equality for Growth and the Tanzania Association of NGOs (TANGO) led by the KPMG Advisory Limited through its 'Accountability in Tanzania' programme and Tanzania Revenue Authority (TRA) officials, joined efforts and planned to officially implement the resolution in March 2020.

Between 10th and 17th March 2020, two teams of TRA officials met with 185 CSO representatives in 8 of the planned sampled regions within THRDC's Northern, Southern and Central zones. The sampled regions were; Mbeya, Iringa, Morogoro, Dodoma, Kilimanjaro, Arusha, Manyara and Mwanza. To THRDC's advantage, since we have 180 members scattered across 9 zones in Tanzania supervised by respective Zonal Coordinators, the visits were smoothly coordinated.

Sampled Regions that were visited by TRA officials



Here's How CSOs Benefited From The TRA Coordinated Consultative Meetings

Formation of a CSOs/TRA Joint Team

As it has been stated above, CSOs Directors formed a team comprising of seven organizations to work hand in hand with the TRA officials in addressing challenges affecting CSOs in relation to taxation.

This is a demonstration of solidarity among CSOs as we continue to build solidarity and networking among CSOs. CSOs Directors have always been emphasizing on the importance of establishing joint efforts on issues that matter to the CSOs sector.

Tax relief for NGOs (Charitable status):

According to the Tax law, Non-Governmental Organizations (NGOs) have the right to request for tax relief from the Tanzania Revenue Authority (TRA); in other words, requesting for Charitable Status. Tax relief or charitable status may be granted to NGOs by the TRA's Commissioner General based on their not-for-profit nature.

It must be noted that before CSOs and TRAs' engagement on taxation issues in 2019, very few NGOs were granted a Charitable Status by the TRA. This was mainly due to lack of enough knowledge among CSOs Directors on issues of tax and also to some of TRA officials.

It has been noted that after the CSOs Directors Meeting held in Mwanza in October 2019, the THRDC has recorded three organizations that

acquired a Charitable Status. These include two local donor organizations and one member of the THRDC, named Community Support Initiatives –Tanzania (COSITA) located in Manyara region.

Throughout their consultative visits in all sampled regions, TRA officials made this point crystal clear to CSOs representatives and advised them to opt for tax reliefs including tax relief from the Skills Development Levy (SDL). The emphasis was made to CSOs that, 'Charitable Status' is not obtained automatically. CSOs must comply with the legal requirements and make an application to the Commissioner General for them to be recognized as charitable organization.

Establishment of special TRA help-desks to cater for CSOs' needs

CSOs representatives also managed to convince TRA officials to establish special help-desks to serve CSOs in their respective regions. The request has already been agreed to by the TRA Manager in Manyara region who promised to put a special mechanism in place to serve and solve tax challenges for CSOs in Manyara. THRDC will follow-up on the eventual establishment of this TRA help-desk and how it's going to serve CSOs in Manyara region, but also use it as a case study and achievement to push for establishment of similar help-desks in other regions in Tanzania.

Forging closer ties with the Tanzania Revenue Authority:

Apart from the fact that CSOs gained experience from TRA officials and had some of their challenges and misconceptions about taxation laws and policies addressed, these consultative meetings generally served as an opportunity to forge better relationships going forward between Civil Society Organizations and the Tanzania Revenue Authority (TRA) in Tanzania. Furthermore, at the end of the visits on 17th March, TRA officials urged CSOs representatives to feel welcome and seek further guidance on tax matters where necessary from TRA's tax experts.

Speaking in one of the occasions, Mr. Maternus Mallya – TRA's Principal Tax Officer said:

“CSOs should know that, whenever they face challenges they should contact our taxpayer services & education officers at our nearby TRA regional offices for more help and/or assistance.”

Speaking after the meeting with TRA officials, one CSO representative in Manyara region said,

“...the meeting went well. We learnt a lot and our questions and concerns were addressed accordingly. We believe improvements are underway.”

Currently, inputs from the visits collected across all 8 sampled regions are being drafted into a working Simplified Tax Compliance Toolkit by TRA officials in partnership with the Tanzania Human Rights Defenders Coalition (THRDC), WAJIBU Institute of Accountability, National Council of NGOs (NaCoNGO) and AcT2. We hope that the final guiding document will be of great benefit to all Human Rights Defenders and CSOs in the Tanzania.

CSOs Oriented on the Tax Consultation Bureau (TCB)

Few years ago, the Tanzanian government introduced a specialized department at the TRA Head Quarters in Dar es Salaam, to specifically deal with the provision of consultative advice to Tax Payers.

Through the meetings, CSOs were introduced to the functions of the newly established “Tax Consultation Bureau”. The Bureau is located at NHC Building along Samora Avenue in Dar es Salaam. It was emphasized that the Bureau is a ‘FREE ZONE OFFICE’ for disclosure of all kind of tax grievances. CSOs are urged to visit the Centre for consultation on all tax issues.

PHOTOS



CSOs representatives listening attentively to the Kilimanjaro TRA Regional Manager, Mr. Gabriel Mwangozi during a consultative meeting in Moshi



A group photo of Officers from the TRA Office Head Quarter in Dar es Salaam together with CSOs Representatives from the Central Zone after their meeting in Dodoma region



TRA Officials in a Group Photo with CSOs Representatives in Iringa region



CSOs Representatives in a meeting at Babati, Manyara region



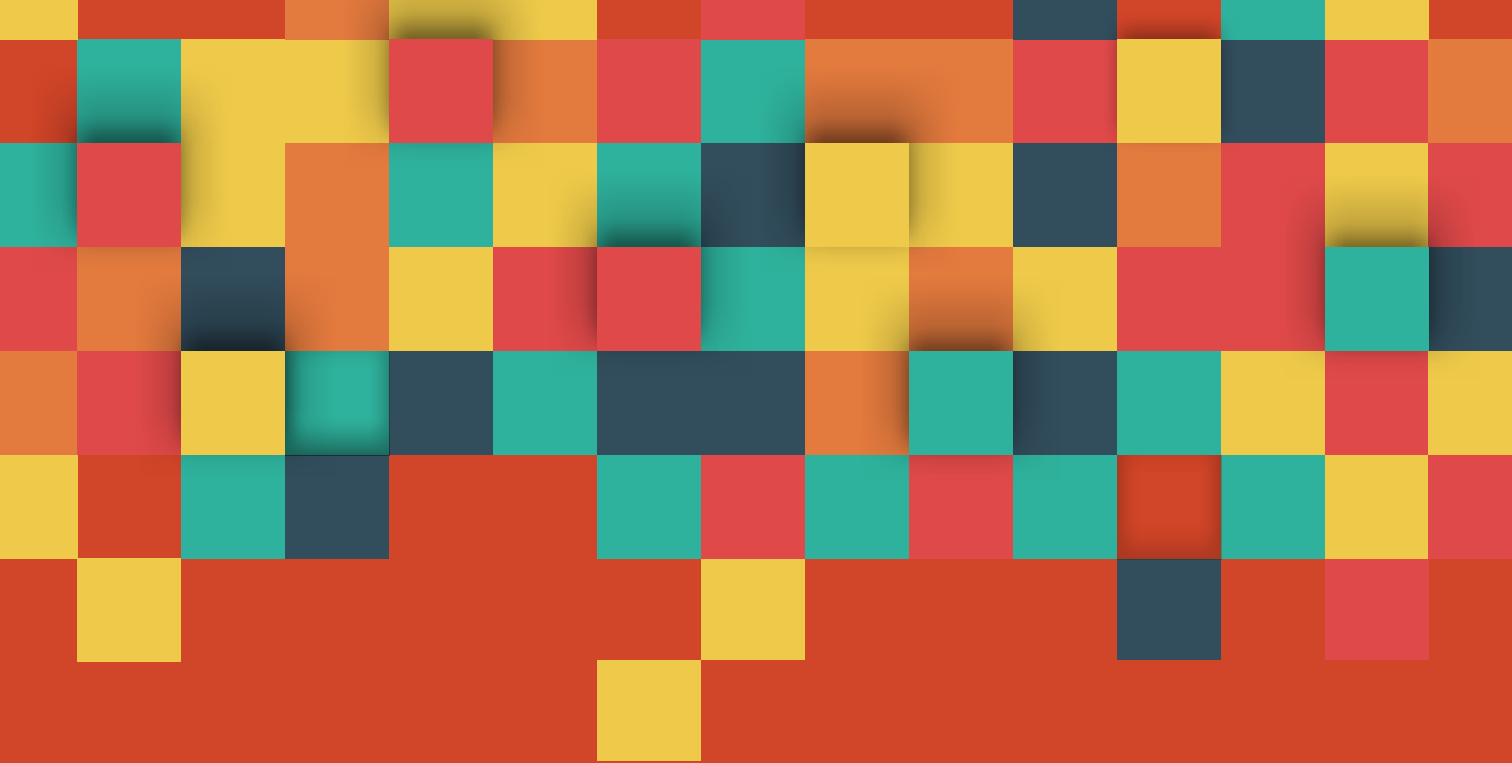
A TRA consultative meeting in session with CSO representatives in Mbeya region on 16th March 2020





CSOs Representatives in Manyara region also hosted a meeting with Mr. Maternus Mallya – Principal Tax Officer TRA (Far front corner)



TRA Officials in a Group Photo with CSOs Representatives in Mbeya region



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