



MONTHLY

Newsletter

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MWEBESA LAW

Editor's Note

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Welcome to 2025! A fresh chapter, a blank page, and a world of opportunities ahead. There is something exhilarating about the energy that comes with a new year, a chance to refine our goals, embrace new challenges, and build on the successes of the past.

As we step into this new chapter, there's an undeniable buzz in the air. Not only is this a year for growth and progress, but also an election year, a time of heightened anticipation, national dialogue, & reflection on the road ahead. While history has shown that Tanzania navigates elections peacefully, it's a season that brings both change and opportunity, making it all the more important for businesses and individuals to stay informed and prepared.

This month, we are kicking things off with a power-packed edition of our newsletter, covering key insights that matter to businesses and innovators alike. We explore the ins and outs of **tax refunds**, ensuring you know how to claim what's rightfully yours. We delve into **patent registration**, shedding light on how to protect your ideas in an age where innovation drives progress. And for those looking to invest in Zanzibar's thriving tourism sector, we provide a roadmap to **navigating hospitality industry compliance**, helping you turn opportunity into sustainable success.

A new year also brings fresh conversations, and we want this newsletter to be more than just a source of information, we want it to be a dialogue. Your thoughts, feedback, and experiences shape the issues we explore, and we look forward to learning and growing together.

Here's to a year of knowledge, progress, & shared success. Wishing you all a prosperous & fulfilling **2025!**

Cheers to progress and possibilities!

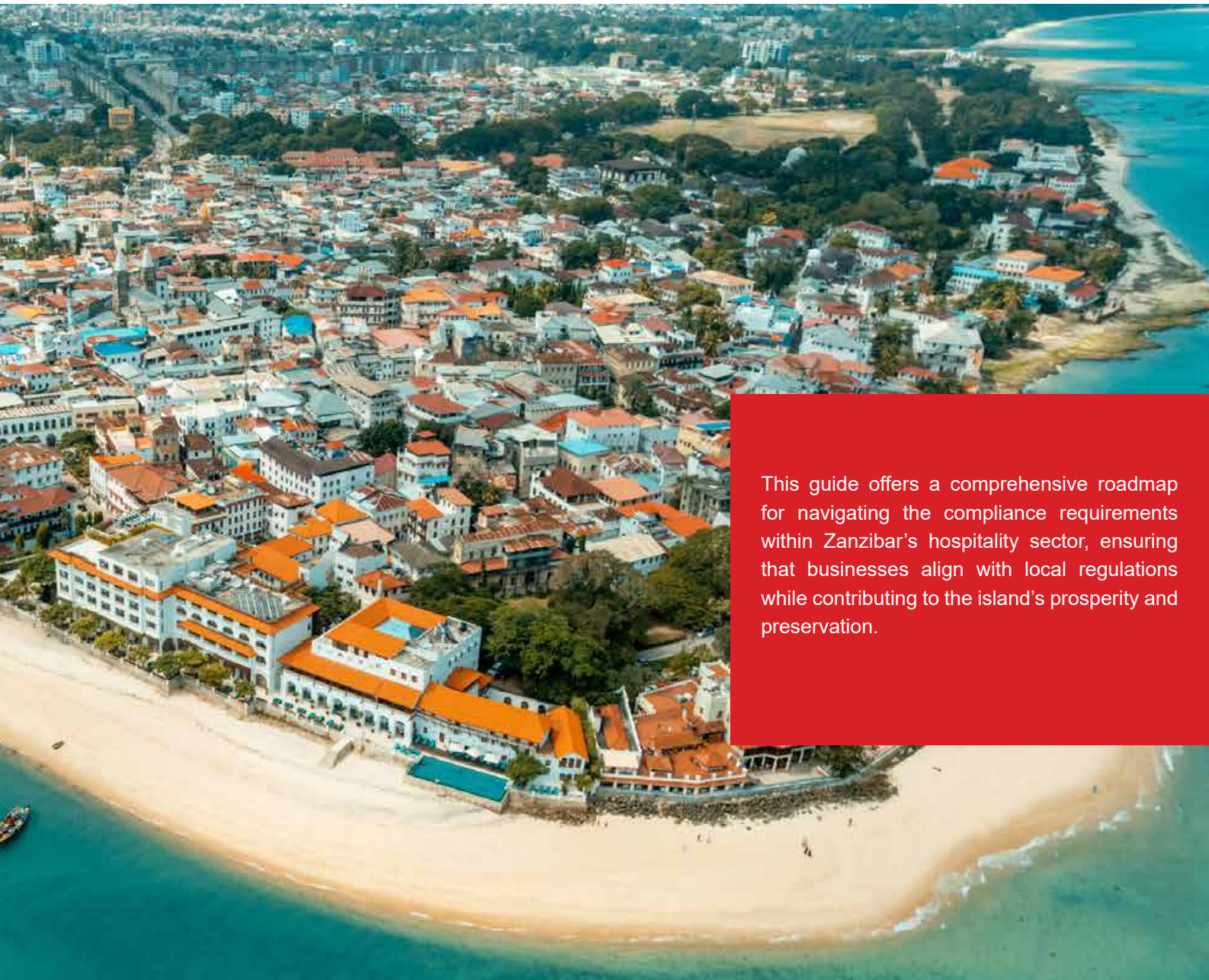
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ZANZIBAR HOSPITALITY INDUSTRY:

Compliance as a cornerstone for sustainable growth

Zanzibar, with its pristine beaches and rich culture, has firmly established itself as a top-tier destination for international travellers. In December 2024, the archipelago welcomed 91,611 visitors, reflecting a remarkable 30.5% growth compared to the previous year. Recognized as the second-best island getaway by Bounce, Zanzibar has eclipsed destinations like Mallorca and Ibiza, cementing its place as a global tourism gem.

Yet, while the beauty & allure of Zanzibar are undeniable, thriving in its hospitality industry requires more than luxury accommodations and picturesque settings. Compliance with local laws and regulations is the bedrock of sustainable operations. Beyond fostering growth, it safeguards the island's environment, cultural heritage, and economic stability. For stakeholders and aspiring investors, understanding and adhering to Zanzibar's legal framework is not just advisable, it's essential.



This guide offers a comprehensive roadmap for navigating the compliance requirements within Zanzibar's hospitality sector, ensuring that businesses align with local regulations while contributing to the island's prosperity and preservation.

Business Registration & Licensing

The journey to establishing a legally compliant hospitality business begins with proper registration and licensing. In Zanzibar, all hospitality establishments whether hotels, resorts, lodges, or restaurants, must adhere to these foundational steps:

- A. First, registration with the **Zanzibar Business and Property Registration Agency (BPRA)** is mandatory to obtain a business license.
- B. Once this is secured, businesses must acquire a **Tourism License** from the **Zanzibar Commission for Tourism (ZCT)**, which governs all operations catering to tourists.
- C. Additional permits, such as the **Food and Beverage License** issued by the Zanzibar Food and Drug Agency (ZFDA) or the **Alcohol Sale Permit** issued by the Liquor Control Board, are required depending on the services offered.

Failure to comply with these licensing requirements can lead to severe consequences, including fines, operational shutdowns, or legal action. For instance, a boutique hotel operating without a ZCT license risks immediate closure, tarnishing its reputation and incurring significant financial losses.

Environmental Compliance

Zanzibar's natural beauty is its lifeblood, making **environmental compliance** a non-negotiable aspect of operating in the hospitality industry. Businesses must adhere to the **Environmental Management Act No. 3 of 2015**, which mandates Environmental Impact Assessments (EIA) for all new developments. Operators are also required to obtain environmental clearance certificates & follow strict waste management & pollution control guidelines under the oversight of the **Zanzibar Environmental Management Authority (ZEMA)**.

Non-compliance can be catastrophic. Consider a resort neglecting to manage wastewater properly, it not only risks penalties and license revocation but also endangers Zanzibar's fragile marine ecosystems, potentially deterring environmentally conscious travellers.



Labor and Employment standards

The hospitality sector is labour-intensive, and Zanzibar's employment laws emphasize the fair treatment, safety, and welfare of employees. Governed by the Employment Act No. 11 of 2005, businesses must provide written contracts outlining roles, wages, and benefits while adhering to minimum wage and leave entitlements.

Workplace safety is equally critical. The Occupational Health and Safety Act mandates a hazard-free environment, while regulations promote gender equality and prohibit discrimination. Violations not only result in fines but also attract labour disputes and negative publicity, undermining trust in the brand.



Dual Compliance in Taxation

Taxation in Zanzibar operates under a dual system managed by the **Zanzibar Revenue Board (ZRB)** & the **Tanzania Revenue Authority (TRA)**. Hospitality businesses must navigate compliance with both authorities. ZRB oversees local taxes, such as VAT, hotel levies, and excise duties, while TRA handles union taxes, including Corporate Income Tax and employee-related deductions like PAYE.

For example, hotels must remit VAT on services by the **20th of the following month**, while PAYE deductions are due by the **7th of the following month**. Missed deadlines invite penalties and interest charges, underscoring the importance of accurate record-keeping and timely filing.



Health, Safety, & Quality Standards

Public health is paramount in the hospitality industry. Businesses must secure health and safety certificates from the **Ministry of Health and Social Welfare**, undergo regular inspections, & maintain high sanitation standards as stipulated by the **Zanzibar Food Safety Act**.

Fire safety measures, including the installation of extinguishers, smoke detectors, & accessible emergency exits, are mandated under the **Fire and Rescue Act**. Regular fire drills and staff training ensure preparedness for emergencies, protecting both employees and guests.



Consumer Protection

Zanzibar's tourism regulations place significant emphasis on **consumer protection**. The **Tourism Act No. 6 of 2009** requires businesses to provide truthful information about services and prices, avoid misleading advertising, and ensure fair contracts. Dispute resolution mechanisms are also mandated, allowing guests to escalate complaints to the Zanzibar Commission for Tourism if unresolved.



Non-compliance can result in fines, revoked licenses, and reputational harm. For instance, a lodge advertising luxury amenity that fail to meet promised standards risks not only regulatory penalties but also damaging online reviews, deterring future bookings.

Conclusion

Compliance is not merely a legal obligation but a foundation for long-term success in Zanzibar's hospitality industry. By adhering to licensing, environmental, labour, tax, and consumer protection regulations, businesses contribute to the island's sustainable growth while protecting its invaluable natural and cultural heritage.

As Zanzibar continues to shine as a global tourism destination, the responsibility lies with every stakeholder to uphold the standards that make it a unique and thriving paradise. Embracing compliance ensures not just operational success but also a legacy of trust and excellence that will endure for generations to come.

Understanding Tax Refunds In Tanzania.

He who comes to equity must come with clean hands!

A tax refund is the amount of money returned (Reimbursed)by the government to taxpayers who have paid tax in excess during a specific period. This applies to Value Added Tax (VAT), Income Tax, and or other taxes paid than they actually owe. For example, exporters often qualify for VAT refunds because their products are zero-rated. This means they can reclaim the VAT paid on goods and services purchased for their operations.

Tanzania's tax laws provide for tax refunds under **Section 71 of the Tax Administration Act, 2019**. This section allows taxpayers to apply to the Commissioner General of the Tanzania Revenue Authority (TRA) for a refund of any excess taxes paid. Taxpayers can request that the overpaid amount be reimbursed to them, ensuring fairness in the tax system.

There are several types of tax refunds, as outlined below:

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Vat Refunds

A taxpayer is eligible for a VAT refund if the VAT paid on purchases and imports (input VAT) exceeds the VAT collected from sales to customers (output VAT) over six consecutive accounting periods. Input VAT arises from taxes paid on business purchases, while output VAT is the tax collected on sales and remitted to the government. When input VAT consistently surpasses output VAT, it creates a refundable balance, often due to high procurement costs, exports, or reduced sales. This refund system helps businesses maintain cash flow and ensures fairness in the VAT process. This is governed by the VAT act.

Further to the above, the VAT refund has categories that are as hereunder;

i. Carrying forward negative amounts

VAT-registered persons can carry forward VAT payable and credits from previous tax periods in chronological order, starting with the oldest. The process continues until the balance is reduced to zero. If the carried-forward credits persist for six consecutive tax periods and meet or exceed the minimum amount specified in regulations, the taxpayer may apply for a refund. Alternatively, they can continue carrying forward the unadjusted amount until it is fully utilized or a refund application is submitted.

ii. A VAT refund without carrying forward a negative balance if 50% or more of their turnover comes from zero-rated supplies, or if 50% or more of their input VAT is tied to acquisitions or imports for zero-rated supplies. Taxable persons may choose to apply for a refund immediately or carry the balance forward under Section 81 of the VAT Act, until they decide to request a refund.



The application for refund should be made to the Commissioner General through VAT form accompanied with the following documents/information:

- a. Certificate of genuineness
- b. The certificate of genuineness shall be issued by an auditor who has been registered by National Board of Accountants and Auditors and who is registered as a tax consultant with TRA;
- c. Computation of the refund amount
- d. Checklist for the applicant's value added tax repayment
- e. Airway bill/Bill of Lading
- f. Road consignment note
- g. Landing certificate
- h. EFDs receipts/invoices
- i. Any other information as Commissioner General may require.

Custom Duty Refunds

This refers to a tax charged on goods moved across international borders. In Tanzania, this tax is regulated by the **Customs Management Act, 2019**, & its Regulations. However, certain goods are either exempt from tax or zero-rated, such as agricultural inputs, educational materials, and fishing equipment.

Under custom duty, there are the following scenarios that a person can claim for refunds;

- 3.1 If duty has been paid on goods that were damaged or lost during transit or destroyed while under customs control, the taxpayer can apply for a refund. This is done using Application Form No. C53, submitted in duplicate. The application must include evidence proving the damage, loss, or destruction and be submitted to the appropriate customs officer. However, the refund shall not apply to goods declared for transfer or in respect of notification of intention to transfer has been given.

3.1 Refund of duty paid in error, deposit or cancellation

This claim arises when duty has been overpaid. To request a refund, the taxpayer must complete Form No. C54 in duplicate and provide evidence to prove the over-payment. The application should be submitted to the appropriate officer at the location where the excess payment was made. In addition, anyone requesting a refund of a deposit or the cancellation of a bond provided as security must submit an application using Form No. C39. The application should include supporting evidence and be submitted to the appropriate officer at the location where the deposit was made or the security was provided. Time limitation to apply for Custom duty refund is twelve (12) months from the date of the payment of the duty. This is as per section 123 subsection 2 of the Custom Management Act.

Procedures to comply with when Applying for Tax Refunds to Commissioner for TRA

Under Section 71(1) of the Tax Administration Act, taxpayers have the right to apply for a refund of any excess taxes paid. This application must be submitted to the Commissioner General of the Tanzania Revenue Authority (TRA) within three years from the date the overpayment occurred.

To support the application, taxpayers must provide accurate details of the tax amount that should have been paid, along with sufficient documentary evidence to substantiate the claim. The supporting documents should include all relevant records considered during the initial tax assessment, ensuring the claim is well-founded and verifiable. This process ensures that taxpayers can recover overpaid taxes while maintaining compliance with legal requirements.

Therefore, A taxable person who has paid more than the net amount for a tax period may apply for a refund provided that the application is made within 3 years as per section 84 of the VAT Act after overpayment.

Challenges & Recommendation.

Where the Commissioner General allows a refund, the refund shall not be paid unless the applicant has filed all value added tax returns which the applicant is required to file and the Commissioner General may apply the refund first in reduction of any outstanding liability of the person for taxes payable under the Value Added Tax Act or under another tax law, including any interest, penalties, or fines payable under the Value Added Tax Act or under that tax law.

Although the government has implemented measures to ensure that all taxes paid are fair and justified, challenges remain regarding the time it takes to process tax refunds. The delay is often due to the Tanzania Revenue Authority (TRA) conducting thorough verification audits to confirm, with absolute certainty, that the taxpayer is entitled to the refund. This meticulous process, while necessary, can significantly extend the refund timeline. We recommend that the tax refund process be reviewed to ensure it is expedited, minimizing delays and preventing disruptions to taxpayers' cash flow.

This analysis is for informational purposes and should not be considered legal advice. For specific legal concerns, please consult with a qualified professional.



PATENTS AND INNOVATION

Encouraging Technological Advancement In Tanzania

In the ever-evolving global landscape, innovation and technological advancement are pivotal drivers of economic growth and development. In Tanzania, the road to technological advancement hinges on creating an environment where ideas are not only born but also protected, nurtured, and commercialized. Central to this mission are patents, a cornerstone of intellectual property rights that provide inventors with the exclusive rights to their creations, incentivizing progress and attracting investment.

Understanding Patents In Tanzania

A patent is a form of intellectual property that grants the inventor exclusive rights to a new and useful invention, process, machine, or composition of matter, for a specified period. Patents in Tanzania are primarily governed by the Patent (Registration) Act, Cap 217 and supplemented by the Patent Regulations, 1991 (GN No. 32). The Act and Regulations provide the framework for:

- Filing and Examining Patent Applications
- Patent Rights and Duration
- Opposition and Revocation

Under the Act, for an invention to qualify, it must meet three crucial criteria:

- **Novelty:** The invention must be new and not have been disclosed to the public before.
- **Inventive Step:** The invention must involve an inventive step, meaning it is not obvious to someone with knowledge and experience in the field.
- **Industrial Applicability:** The invention must be capable of being used or applied in some form of industry, trade, or commerce.

In Tanzania Patents are administered and registered by the Patents Office which is the **Business Registrations and Licensing Agency (BRELA)**. Once granted, a patent provides the inventor with exclusive rights to use, make, sell, and license the invention within Tanzania. The protection lasts for a period of 20 years from the filing date, provided the patent holder continues to pay annual maintenance fees. For instance, a Tanzanian engineer who develops an innovative water filtration system for rural areas can patent the invention, protecting it from unauthorized use while seeking commercialization opportunities such as leasing the technology.

International Cooperation & Regional Patent Protection

Tanzania's patent regime is not limited to domestic protections; it also allows for regional and international patent cooperation. Tanzania is a signatory to the **Patent Cooperation Treaty (PCT)**, which provides inventors with the option to seek patent protection across multiple countries through a single application. This significantly reduces the complexity and costs associated with obtaining patents in multiple jurisdictions.

Furthermore, Tanzania is a member of both the African Regional Intellectual Property Organization (ARIPO) & the World Intellectual Property Organization (WIPO), enhancing its support for innovation & intellectual property protection. Through ARIPO's Harare Protocol, Tanzanian inventors can secure regional patents valid across member states, enabling broader market access. Similarly, WIPO membership provides access to global frameworks like the Patent Cooperation Treaty (PCT), allowing efficient international patent filings. These memberships simplify patent processes, reduce costs, and strengthen Tanzania's integration into regional and global innovation ecosystems.

Patents & Innovation Ecosystem In Tanzania

Despite its robust legal framework, Tanzania's patent system faces challenges. Many innovators, especially in sectors like agriculture, renewable energy, and ICT, remain unaware of the benefits of intellectual property protection. This gap often leads to missed opportunities for securing exclusive rights and attracting investments.

Innovation thrives in ecosystems where research and development (R&D) are supported and protected. In Tanzania, initiatives such as the Tanzania Commission for Science and Technology (COSTECH) and the National Institute for Medical Research (NIMR) aim to promote R&D and technological innovation. These government institutions, alongside local universities, innovation hubs, and startup accelerators, are increasingly playing a key role in fostering an innovation-driven culture.

However, in order to see tangible results in technological advancement, more robust support systems need to be developed. This includes increasing access to patent registration services, educating inventors about the importance of IP protection, and facilitating the commercialization of patented inventions.



Case In Point: Patents Driving Change In Key Sectors

Patents have the power to revolutionize industries. Take agriculture, for example—imagine a Tanzanian scientist developing drought-resistant maize seeds to combat climate change. Securing a patent not only protects this breakthrough but also creates opportunities for licensing the technology globally, generating revenue while solving local challenges.

In renewable energy, patents for innovative solar technology or wind turbines could attract international partnerships, reducing the country's reliance on fossil fuels and fostering sustainable growth. Such examples highlight how protecting intellectual property can drive both social and economic transformation. Consider Japan's rise as a global tech leader, a journey fuelled by robust patent systems that nurtured innovation and fostered collaboration. Tanzania has the potential to follow a similar trajectory by strengthening its intellectual property ecosystem and embracing patents as tools for growth.

Strengthening The Patent System

To fully harness the potential of patents in driving technological advancement in Tanzania, it is essential to fortify the country’s patent system. This can be achieved through:

1. **Raise Public Awareness:** Educate innovators and entrepreneurs about the importance of IP protection through targeted campaigns.
2. **Simplify Patent Application Processes:** Reduce bureaucratic hurdles and provide clear guidance to encourage more patent filings.
3. **Support Research and Development:** Introduce incentives like tax breaks and grants to stimulate innovation. Equip startups and research institutions with resources such as legal support and funding.
4. **Enhance Collaboration:** Deepen partnerships with organizations like ARIPO and WIPO and consider joining international initiatives such as the Global Innovation Index (GII) framework or the Madrid System for trademark registration. Such collaborations can ensure local inventors benefit from international best practices, resources, and streamlined processes for securing global IP protection.

Conclusion

Patents play a vital role in fostering innovation, driving economic growth, and positioning Tanzania as a competitive player in the global market. By strengthening its patent system and improving access to protection, Tanzania can unlock the full potential of its innovation sector, addressing local challenges with sustainable, technology-driven solutions.

At **MWEBESA LAW GROUP**, we are dedicated to guiding innovators through every step of their intellectual property journey. From securing patents to licensing agreements, we are here to ensure that Tanzanian ideas thrive in a competitive global marketplace. Together, let’s build a future where innovation drives progress, and ideas turn into legacies.





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