
Excise Duty Alert

Introduction of Excise Duty Act 2017 in Zanzibar

August 2017

In brief

The Government of Zanzibar has introduced the Excise Duty Act 2017 that will administer excise duty on various goods and services in Zanzibar. The new legislation will replace the application of the Excise (Management and Tariff) Act (which has been until recently applicable to both Tanzania Mainland and Zanzibar) on supplies made in Zanzibar.

Commencement

The Excise Duty Act 2017 was assented by the President of Zanzibar on 4 July 2017 and came into force on the same date. Although the relevant provisions in the Excise (Management and Tariff) Act have not been repealed, it appears that these provisions will no longer apply. The Act does not state whether a local service provider is required to register or make an application for a licence in Zanzibar, for excise duty purposes.

Persons liable to pay duty

Excise duty will be payable by the following persons:

- Imported goods – the importer or owner of the goods, immediately before Customs clearance;
- Importation by an exempted person – by him at the time of sale of the goods to another person;
- Electronic communication services - the service provider at the time when a device used to facilitate the service is in use, or when payment is made for the service, whichever is earlier;

- Charges or fees on money transfer - by financial institutions or telecommunication service providers;
- Pay to view services – the service provider when the service is supplied; and
- Imported services - the importer or recipient of the services.

Due dates for filing of returns and payment of duty

Filing returns

The Tax Administration and Procedure Act, 2009 of Zanzibar (“TAPA 2009”) requires returns to be filed on the 10th day of the month following the end of the accounting period. Therefore, Excise duty returns will be due for filing on this date.

Making payments

The due date for making payment of excise duty to the Commissioner for Zanzibar Revenue Board is as follows:

- Imported excisable goods – at the time of payment of customs duties;
- Local excisable services - the date prescribed under provisions relating to payment of taxes under the TAPA 2009 i.e. the 15th day of the month following the end of the accounting period; and
- Imported excisable services - at the time of importation.

Exemption from payment of duty

The Third Schedule to the Act exempts from payment of duty, the following persons and organisations:

- Diplomatic or Consular Missions
- Foreign Government, International Organisations or Aid Agencies
- Returning residents (imported excisable goods including motor vehicles)

Regulations

The Act provides that the Minister may publish Regulations for various matters in the Act. These Regulations are yet to be published.

In case you have any questions on how this can affect you or require a detailed analysis on the provisions of the Act, please contact any of the following members of our Indirect Taxes team:

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