

Discussion on Charitable Status of CSOs in Tanzania - Experience from the field: what is working & what does not work?

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Introduction



**Experience from the field:
what is working & what
does not work?**





Current Law Governing Charitable Status in Tanzania

- Charitable status is primarily governed by the Income Tax Act Cap. 332 and the Tax Administration Act Cap 438.
- **Section 64 (8)** of ITA sets the conditions under which an organization can be granted a Charitable Status.
- **Section 11** of TAA - Commissioner Generals' ruling on charitable status.



Application Process for Charitable Status

- Apply to the Commissioner General of TRA for a private ruling through **Form ITX 902.01E** and Attach copy of;
 - Registration Certificate of the Organization and TIN Certificate
 - Narrative and Audited Financial statements for three previous years
 - Constitution/MEMARTS
 - Dully stamped lease agreement and evidence of payment of withholding tax for rent (where applicable)
 - Introduction letter from the District Commissioner



Things to Note

- ❖ An application for a private ruling to the Commissioner General is made to the Regional Manager at the regional office where the organization is registered.
- ❖ The Regional Manager then recommends to the Commissioner General to issue the certificate if all requirements are met.
- ❖ Charitable Status does not qualify an organization to any exemption to fulfil any submission obligations required by the tax law, but it rather gives different arrangement of calculating tax payable.





Benefits of obtaining Charitable Status

- Wide net of deductions
- Saving of funds for future projects (Defer funds for future use)
- Exemption to pay some taxes eg SDL, Capital Gain Tax, VAT and Customs Duty Tax
- Protection of revenue streams
- Access to funding opportunities (Financial sustainability)



Challenges in Obtaining Charitable Status

- Complex, lengthy and unclear application processes
- Inconsistent interpretation of tax statutes/provisions
- Requirement of Audited Financial statements for three previous years
- Limited awareness and capacity of CSOs
- Limited scope of definition of a Charitable Organization



What is working & What does not work?

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Experience from other Countries

- **Kenya**
 - Promulgated “Income Tax (Donations and Charitable Organisations Exemption) Rules, 2024”
 - Applying Organisation in operation at least **one year** since its establishment (Rule 17 (2))
 - Commissioner to issue the certificate within **60 days** of the lodging (Rule 18 (1) (b) – accept/decline
 - Right to **appeal** to Tax Tribunal on cancellation of certificate (Rule 22)



Experience from other Countries

- **Zambia**
 - Charitable organizations are referred as **Public Benefit Organizations**
 - Applying Organisation in operation for a minimum of 12 months (**1 year**) since its establishment
 - Minister responsible for Finances issue Certificates of Charitable Status. Commissioner only recommends.



Recommendations



- ❖ Advocate for a simplified and harmonized the legal framework.
- ❖ Advocate for improvement on transparency in tax exemption processes
- ❖ Advocate for Widen definition and scope of Charitable Organization
- ❖ Awareness Programs and Capacity building for CSOs.
- ❖ Advocate for reduction of required minimum number of years of operations before an organization applies for a Charitable Status from 3 years to at least 1 year.
- ❖ Regular stakeholder engagement – CSOs vs Govt/TRA



Thank-you for listening!



Any Questions?

