

Tanzania Revenue Authority introduces e-system for tax return filings

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The Tanzania Revenue Authority (TRA) has introduced an electronic filing (e-filing) system to improve tax compliance and increase efficiency in tax administration.

Prior to deploying the e-filing system, only the monthly value-added tax returns were filed electronically and withholding tax certificates were generated electronically. The new e-filing system allows the following additional tax returns to be filed electronically:

- ▶ Annual corporate income tax (CIT) returns
- ▶ Provisional income tax returns
- ▶ Monthly pay-as-you-earn (PAYE) returns
- ▶ Monthly skills and development levy (SDL) returns

All other tax returns are to be filed physically (paper copy) with the TRA.

Submission of CIT returns through the e-filing system will commence with returns for the tax year 2019 (for returns that have not been submitted).

Submission of monthly PAYE and SDL returns through the e-filing system will commence for the period of August 2020, which are due on or before 7 September 2020.

Apart from filing tax returns electronically, the e-filing system will also enable entities to: (i) appoint individual declarants who will submit tax returns on behalf of the entity; (ii) appoint a local audit firm and auditors for certification of income tax returns before submission; (iii) apply for extension of time to file returns; and (iv) access and view filed returns and assessments which are electronically issued after submission of the respective tax return.

Detailed discussion

A taxpayer is required to access the TRA website at (www.tra.go.tz) in order to register as an electronic filer of tax returns (e-filer).

Registration requires entering a valid Taxpayer Identification Number (TIN) followed by completing various steps starting with the “**Online Tax return Filing**” link from the “**Do it Online**” menu on the website.

Registering an entity as an e-filer

For an entity to register as an e-filer, a valid TIN of the Director/Representative who is registered in the TRA TIN database as a Director/ Representative of such entity is required.

A verification code to be used to complete the registration process will be sent to the mobile phone number and e-mail of the Director/Representative who is registered in the TRA TIN database.

Upon completing the registration, an entity can access the e-filing system by using the login password and registered TIN through the TRA website (www.tra.go.tz).

Appointing a declarant

In order to file tax returns through the e-filing system, an entity must appoint a declarant. An appointed declarant will be responsible to submit tax returns in the e-filing system on behalf of the entity.

A declarant must be an individual who is registered as an e-filer in the e-filing system. The declarant can be a manager, an accountant, tax consultant, or a director.

A declarant must have a valid TIN in order to register as an e-filer. After registration, the declarant will receive a notification message through his/her mobile phone number or e-mail address maintained in the TRA TIN database.

An entity registered as an e-filer can appoint more than one declarant and a declarant can be appointed by more than one entity. The declarant can be removed at the discretion of the entity at any time.

Appointing an audit firm

An entity must also appoint an audit firm to certify the return of income of the entity prior to submission to the TRA.

The appointed audit firm must have a valid TIN and be registered as an e-filer and as an audit firm in the TRA database.

The audit firm must also be registered with the National Board of Accountants and Auditors (NBAA) of Tanzania in the category of Certified Public Accountants in Public Practices.

Certification of return of income of an entity

An appointed audit firm must select an individual auditor who will be responsible to certify the return of income of an entity prior to submission to the TRA.

The individual auditor must have a valid TIN and be registered as an e-filer. The auditor must also be registered with the NBAA.

An audit firm can select more than one auditor to certify the return of income of an entity.

To certify a return of income of an entity, the selected individual auditor must access the e-filing system as an e-filer and proceed with the certification process. The individual auditor has discretion to accept or reject the return of income.

When the auditor completes the certification process, a certified return of income will be sent to the entity for further processing.

An audit firm can deactivate an individual auditor at its discretion at any time.

Filing of tax returns

PAYE and SDL returns

Electronic submission of monthly PAYE and SDL returns will effectively start for the period of August 2020 which are due on or before 7 September 2020.

To submit a monthly return, a declarant should login to the e-filing system by clicking “returns” on the home screen then select “Entity Unfiled Returns.” A list of all unfiled returns of the entity will pop up whereby the appropriate return can be selected, and the filing process completed.

For purposes of filing the PAYE return, each employee must have a valid TIN.

Employees who do not have a TIN can make an application through the TRA website (www.tra.go.tz). An employee must have a National Identification Number (NIN) issued by the National Identification Authority in order to apply for a TIN.

Employees who do not have a NIN can obtain a TIN by physically visiting TRA offices for biometric scanning.

For employees who currently do not have a TIN, employers can temporarily use the default TIN which is 999 999 999 at the time of submitting the PAYE returns. This option is only available until 31 December 2020.

Return of income

Electronic submission of returns of income of an entity will effectively start with unsubmitted returns for the year of income 2019.

To submit the return of income, a declarant should login to the e-filing system by clicking “returns” on the home screen then select “Entity Unfiled Returns.” A list of all the unfiled returns of the entity will pop up whereby the appropriate return can be selected, and the filing process completed.

A screen will appear indicating the year of income for which the return is to be filed and an option to choose a file or download a return as an excel template which will be uploaded for processing.

Apart from return of income templates to be used for all entities, there are special return of income templates for the insurance, banking, mining, and exploration of gas and petroleum sectors. However, the returns of income for entities conducting mining and exploration of gas and petroleum activities are not yet available in the e-filing system, so entities engaged in these activities will continue to submit returns physically to the TRA until further notice.

Submission of the return of income will promptly require mandatory uploading of financial statements, an income tax computation, and optional uploading of transfer pricing documentation of the entity.

The return of income of an entity must be shared with the appointed audit firm for certification prior to submission. An auditor may include any remarks in the return which may or may not be removed before submission to the TRA.

A certified return of income will have the wording “certified by auditor.” After certification, an e-filer will receive the certified return of income and is required to review and submit the return to the TRA. The declarant can view the certified return from a list of filed returns.

Provisional income tax returns can also be filed electronically after logging in to the e-filing system by clicking “returns” on the home screen and then selecting “Entity Unfiled Returns.”

Payment of taxes

After submitting a tax return, a tax assessment will be automatically generated in the e-filing system. The tax assessment will have a debit number to be used for tax payment registration.

Currently, the e-filing system is not able to process tax payments therefore taxpayers should still make payments through the Revenue Gateway System (RGS) accessible through the TRA website (www.tra.go.tz).

Where a tax return is not submitted by the due date, two tax assessments will be generated, i.e., one for the tax due and another for the penalty for late filing of the tax return.

Extension of time

An application for extension of time to file a tax return can be made in the e-filing system.

View of returns

An e-filer can access and view filed and unfiled tax returns in the e-filing system. An e-filer can also view the due date(s) for submission of the respective tax returns.

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