

Tax & Legal Alert  
October 2022



## Tax Alert

### The National Payment Systems (Electronic Money Transactions Levy) (Amendment) Regulations, 2022

The Minister of Finance and Planning has issued the National Payment Systems (Electronic Money Transactions Levy) (Amendment) Regulations, 2022 (“the Amendment Regulations”) that came into force on 1 October 2022. The Amended regulations have made minor changes to the National Payment Systems (Electronic Transactions Levy) Regulations, 2022 (“the Regulations”) which was issued in July 2022, by expanding the definition of transfer and revising the chargeable rates for the levy.

This alert provides a high-level summary of the amended provisions and our comments with respect to this Amendment.

## Introduction

The National Payment Systems (Electronic Mobile Money Transfer and Withdrawal Transactions Levy) Regulations, 2021 was enacted in July 2021, with amendments in August 2021, as part of the Government's efforts to enhance domestic revenue collection.

The Regulations were introduced as a result of the introduction of Section 46A to the National Payment Systems Act (Cap. 437). The Act and its subsequent Regulations imposed a levy on mobile money transactions.

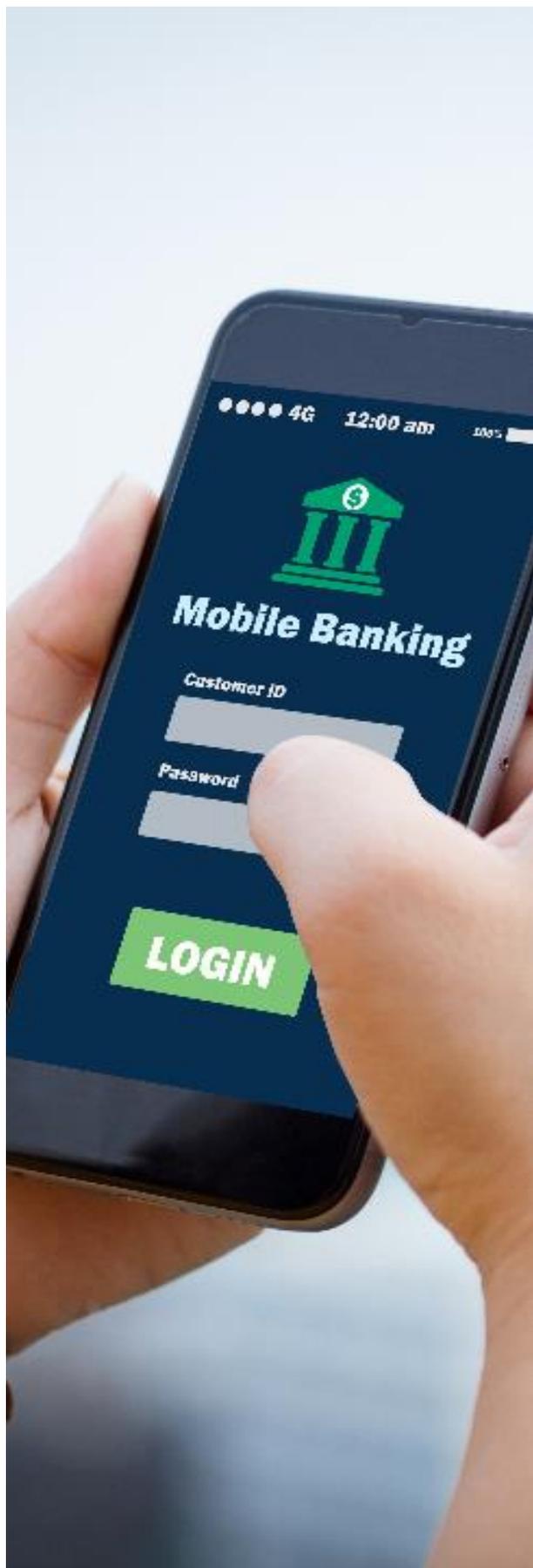
In July 2022, the National Payments Systems (Electronic Money Transactions Levy) Regulations, 2022 expanded the scope of this levy to include bank account transactions and revoked the previous regulations of 2021.

The introduction of this levy triggered discussions from the public when it was initially announced. Since then, there have been concerns about the additional tax burden the levy imposes on low-income Tanzanians and its potential threat to financial inclusion.

The Amendment Regulations serve as a response from the Government to address the concerns raised by the public regarding the electronic money transactions levy.



***“The Amendment Regulations serve as a response from the Government to address the concerns raised by the public regarding the electronic money transactions levy.”***



**“This, effectively, means that this levy will not be imposed upon transfers of money from accounts belonging to the same person.”**

### Definition of Transfer

The Amendment regulations expand the definition of the word “transfer”. The table below indicates the relevant changes brought by the amended regulations.

### Our comments

The amendment redefines the scope of transfer of electronic money to remove the levy on transfers done within the same user’s account. This, effectively means that this levy will not be imposed upon transfers of money from accounts belonging to the same person.

It becomes pertinent to consider however how it will be determined that two accounts (bank or mobile money) are indeed belonging to the same person.

For bank accounts and mobile money accounts, this determination can be done through verifying that the identification details connected to the two different accounts are the same. For instance, comparing national identity card numbers or passport numbers.

Banks and cash operators i.e., telecommunication companies have access to this information as they are required to collect this information as per regulation 3 of the Anti-Money Laundering (Amendment) Regulations, 2019.

## What the Regulation says

Previous Definition	Current Definition
<p>“transfer” means the transfer of electronic money from:</p> <ul style="list-style-type: none"> <li>(a) a user’s mobile money account to a user’s mobile money account;</li> <li>(b) a user’s mobile money account to a user’s bank account;</li> <li>(c) a user’s bank account to a user’s bank account; or</li> <li>(d) a user’s bank account to a user’s mobile money account.</li> </ul>	<p>“transfer” means the transfer of electronic money from:</p> <ul style="list-style-type: none"> <li>(a) a user’s mobile money account to a user’s mobile money account;</li> <li>(b) a user’s mobile money account to a user’s bank account, <b>except transfer from a user’s mobile money account to the same user’s bank account;</b></li> <li>(c) a user’s bank account to a user’s mobile money account, <b>except transfer from a user’s bank account to the same user’s mobile money account;</b> and</li> <li>(d) a user’s bank account to a user’s bank account, <b>except transfer from user’s bank account to the same user’s bank account.”</b></li> </ul>

### Chargeable Rate for Electronic Money Transaction Levy

The Amendment has reduced the chargeable rate for this levy. In summary, the maximum chargeable rate has been reduced from TZS 4,000 to TZS 2,000, for transactions worth more than TZS 3 million. A breakdown of the rate prescribed by the Amendment is attached as [Appendix I](#).

#### Our comments

The new Amendments may be positively received by the Public as now the rate of the levy is reduced. It remains to be seen how the levy will impact electronic transfers, particularly mobile transactions, in the coming year given the elastic nature of the service.



*“The maximum chargeable rate has been reduced from TZS 4,000 to TZS 2,000, for transactions worth more than TZS 3 million.”*



## Appendix I: Chargeable Rates

No.	Electronic Money Transactions amount (TZS)	Rate (TZS)
1.	100 to 2,999	10
2.	3,000 to 3,999	14
3.	4,000 to 4,999	27
4.	5,000 to 6,999	54
5.	7,000 to 9,999	56
6.	10,000 to 14,999	102
7.	15,000 to 19,999	195
8.	20,000 to 29,999	306
9.	30,000 to 39,999	351
10.	40,000 to 49,999	419
11.	50,000 to 99,999	573
12.	100,000 to 199,999	707
13.	200,000 to 299,999	821
14.	300,000 to 399,999	838
15.	400,000 to 499,999	982
16.	500,000 to 599,999	1,245
17.	600,000 to 699,999	1,532
18.	700,000 to 799,999	1,700
19.	800,000 to 899,999	1,500
20.	900,000 to 1,000,000	1,776
21.	1,000,001 to 3,000,000	1,875
22.	3,000,001 and above	2,000

## Contacts for this alert

### **Festo Barthalome**

#### **Partner**

+255 222 169 168

[fbarthalome@deloitte.co.tz](mailto:fbarthalome@deloitte.co.tz)

### **Yonazi Mngumi**

#### **Associate Director**

+255 222 169 162

[ymngumi@deloitte.co.tz](mailto:ymngumi@deloitte.co.tz)

### **Samwel Ndandala**

#### **Senior Manager**

+255 222 169 355

[sndandala@deloitte.co.tz](mailto:sndandala@deloitte.co.tz)

### **Christopher Mwanilwa**

#### **Senior Consultant**

+255 222 169 054

[cmwanilwa@deloitte.co.tz](mailto:cmwanilwa@deloitte.co.tz)

### **Linda Lyimo**

#### **Consultant**

+255 222 169 900

[lilyimo@deloitte.co.tz](mailto:lilyimo@deloitte.co.tz)

### **Dion Kapfumvuti**

#### **Consultant**

+255 222 169 314

[dkapfumvuti@deloitte.co.tz](mailto:dkapfumvuti@deloitte.co.tz)

## **Deloitte.**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 411,951 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.