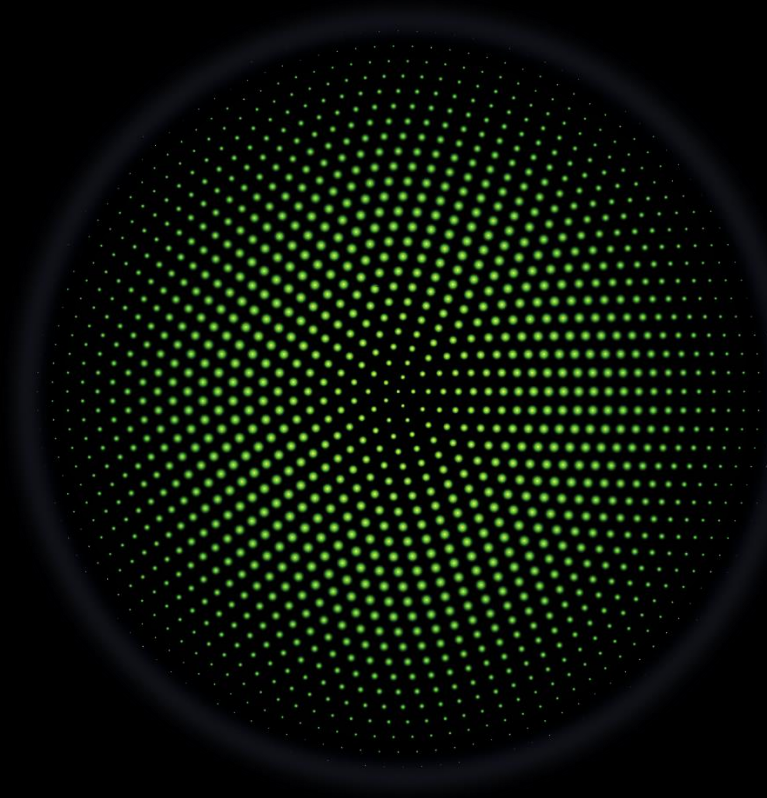


Tax & Legal Alert
October 2021



Keeping you in the loop

National Social Security Fund (NSSF) Alert

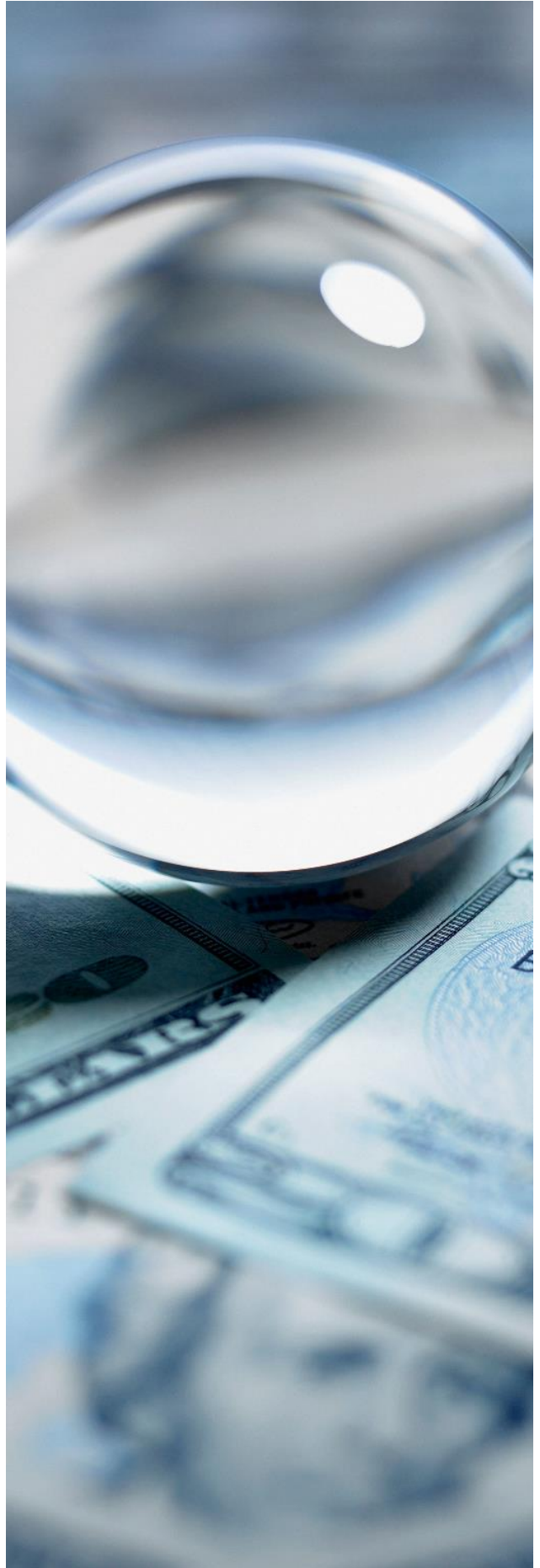
On 1st October 2021 National Social Security Fund (NSSF) issued public notices to all employers offering amnesty with outstanding arrears of contribution and penalty as per the conditions. This amnesty is effective from 1st October 2021 to 31st January 2022, and it covers all employers with arrears of statutory contribution and penalty for the period up to 30th June 2021.

Introduction

On 1st October 2021, National Social Security Fund (NSSF) issued a public notice to inform all employers and the general public that it has offered amnesty to all employers with outstanding arrears of contributions and penalties subject to the following conditions:

- All employers who will pay their outstanding arrears of statutory contributions owed to the Fund on or before 30th November 2021 will be exempted from paying the resulting penalty by 100%;
- All employers who will pay their outstanding arrears of statutory owed to the Fund on or before 31st December 2021 will be exempted to pay the resulting penalty by 75%; and
- All employers who will pay their outstanding arrears of statutory contribution owed to the Fund before or on 31st January 2022 will be exempted to pay the resulting penalty by 50%.

This amnesty is effective from 1st October 2021 and it covers all employers with arrears of statutory contribution and penalties for the period up to 30th June 2021.



Our point of view

Employers should take advantage of the amnesty

Companies should consider assessing pension compliance calculation and status in order to identify any areas of non-compliance for all eligible pensionable amounts which include any allowance paid by the employer to the employee either directly or by implication in respect of living and any payment of wages in lieu of notice of termination of employment as per the revised 2018 NSSF ACT CAP 50.

The revised CAP 50 of the NSSF ACT also removed special treatment of expatriates' contributions. Employers were advised to visit the NSSF office to initiate new discussions on expatriates' NSSF calculation. Upon agreement with the NSSF office, they will receive an official letter.

In view of the limited time and the need to get it right, it is important to **conduct a review of pension calculation to identify noncompliant areas** followed by a detailed quantification exercise on the noncompliant areas identified.

Conclusion

Deloitte encourages all employers to consider carrying out an assessment of pension compliance status in order to identify any areas of non-compliance for all pension administered by the National Social Security Fund (NSSF) in order to make an informed decision on whether or not they may benefit from these amnesty. In this process, we advise employers to seek for considered opinions and advice.

The employers should take advantage of the amnesty in order to get waiver on the interest and penalty of late submission as per CAP 50 section 14 of the NSSF ACT.

'If any contribution is not paid within the period stated, a sum equal to five per centum of the amount unpaid shall be added as penalty for each month or a part of a month after the date when payment should have been made and the amount of the penalty shall be recovered as a debt owing to the Fund by the employer''



A close-up photograph of a hand holding a single coin between the thumb and index finger, positioned just above a tall stack of many similar coins. The coins are resting on a wooden surface. The background is dark and out of focus.

How can Deloitte assist?

Our Business Process Solutions (BPS) within our Tax & Legal function has prepared the following overview on how we can assist:

- Perform a high-level or comprehensive review of payroll 'pension' calculation to identify the areas of exposure.
- Depending on the outcome of the review, a comprehensive payroll health check can be done.
- Quantification of principal amounts, interests, and penalties resulting from non-compliance.
- Preparing and filing of outstanding pension returns.
- Support with official communication to NSSF on willingness to utilize the amnesty offer by communicating the principal amount to be paid, penalty and interest to request for waived.
- Upon payment of the principal amount, we can support to follow up with the NSSF office for an official letter which grants amnesty to the employer resulting in offering waive of interest and penalties.

Contacts

Alert Contacts

Flora Mombo

Manager

+255 654 458 008

fmombo@deloitte.co.tz

Heriamini Kiwoli

Manager

+255 754 692 025

hkiwoli@deloitte.co.tz

Brigita Nassary

Consultant

+255 763 221 718

bnassary@deloitte.co.tz

Leadership

David C. Nchimbi

Country Managing Partner

+255 222 169 002

dncchimbi@deloitte.co.tz

Festo Barthalome

Associate Director

+255 222 169 168

fbarthalome@deloitte.co.tz

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