



FOREIGN EXCHANGE REGULATIONS 2022 ANALYSIS

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DEALING IN FOREIGN CURRENCY

Any resident or a non-resident person of the United Republic may within the country –

- hold any amount of foreign currency
- sell to or purchase any amount of foreign currency from a bank, financial institution, or bureau de change
- open and maintain a foreign currency account with a bank or financial institution

FOR THE PURPOSE OF TRAVEL OUTSIDE THE UNITED REPUBLIC

A person upon submission of supporting travel documents can purchase the amount equivalent to USD 10,000 from the bank, financial institution, or bureau of exchange.

FOR PURPOSES OTHER THAN TRAVEL

- Remit through a bank or financial institution such amount of foreign currency for a specified purpose
- Import into, or export from the United Republic any amount of currencies of border countries.

CAN RESIDENTS OPEN BANK ACCOUNTS OUTSIDE THE UNITED REPUBLIC?

A resident, other than a bank or financial institution, shall not open or maintain an account outside the country –

- except for settlement of securities in the prescribed territory;
- unless expressly permitted by the Governor.

PROVISIONS FOR EXPORTERS:

- An exporter shall make the sale of foreign currency through a bank or financial institution where he maintains an account relationship.
- A bank or financial institution shall not buy foreign currency from an exporter with whom it has no account relationship.



DEALING IN FOREIGN CURRENCY AND GOLD

DECLARATION OF FOREIGN CURRENCY

A person who enters or leaves the United Republic while in possession of foreign currency exceeding USD 10,000 or its equivalent shall declare to the Customs authorities at the time of arrival or departure.

DEALING IN GOLD

Except with the permission of the Governor, no person other than a person authorized in accordance with the Act shall buy, borrow, sell, lend, hold or otherwise deal in gold.

PAYMENT BY NON-RESIDENTS TO RESIDENTS

A resident who has a right to receive a payment from a person resident outside the country shall receive such payment through a bank or financial institution.

EXPORT TRANSACTIONS

EXPORT PROCEEDS AND RECEIPTS

- All exporters should receive proceeds for exports in foreign currency through the bank or financial institution (FI) maintained in the United Republic.
- The exporter shall furnish the bank or financial institution through which export proceeds shall be received with all relevant export documentation within 7 days after completion of customs export procedures.
- The export proceedings should be received within 90 days from the transaction.
- In case of delay, the exporter shall furnish reasons for the delay and expected time of realization in Form A.
- When funds are received after 90 days and the exporter fails to notify the bank or FI, the bank or FI shall require the exporter to furnish reasons for the delay.

- When export proceeds are received more or less than prescribed documents, the exporter is required to notify the bank of FI in Form B for reasons in writing for such shortfall or excess.
- The exporter shall submit within 7 days such reasons asked above.

PROHIBITION OF UNDERPRICING

- An exporter shall not do any act which involves or is associated with underpricing of export of goods or services.

TIME OF EXPORTATION OF GOODS

Goods shall be considered exported when-

- Declaration is made to customs
- All relevant export documents are submitted to customs

NO OFFSETTING OF FINANCIAL CLAIMS:

- Where an export transaction is between associated companies, the exporter shall ensure that there is no offsetting of financial claims between these persons.



IMPORT TRANSACTIONS

PAYMENT OF IMPORTS

- All importers should make payments for imports through the bank or FI. Other means of payment could be used for imports for the amount less than USD 10,000.
- When debit or credit card is used to make an import payment exceeding USD 10,000 shall report to BoT.

INSTRUCTIONS TO FOLLOW IMPORT PAYMENTS

- Importer should submit an invoice and supporting documents for import payments along with import permit
- For advance payment, proforma invoice should be submitted with the supply contract
- Deferred payments for importation should not exceed 365 days of credit tenure

TIME OF IMPORTATION OF GOODS

Import payments that were made and import consignment have not been received within 90 days from the date of such payment:

- The importer shall within 14 days of the expiry of such period inform the bank or FI through which the payment was made
- The bank or FI shall follow up the matter and inform BoT within 30 days from the receipt of such information
- Where an importer fails to report, the bank or FI shall cease to provide foreign currency to the importer until the matter has been resolved

OUTWARD REMITTANCES

REMITTANCES FOR SERVICES OUTSIDE THE UNITED REPUBLIC

A person who intends to remit funds outside the country shall make such remittance through a bank, financial institution, or a mobile money operator.

- Education or medical expenses, require the applicant to submit a letter and invoice from an educational or medical institution
- Living allowances for the amount to be remitted do not exceed USD 10,000 along with copy of passport of the beneficiary and ID card of the applicant
- Expatriate remittances require employment contract and work permit
- Retirement benefits require employment letter and pension letter

- Insurance or reinsurance require to submit a no objection letter from the Commissioner of Insurance
- Consultancy, management or royalty payments require contract, invoices, tax clearance certificate from relevant authority
- Technology transfer agreement covered by the law governing the promotion and facilitation of investment require the agreement is registered with the authority responsible for promotion and facilitation of investment



DIVIDENDS AND PROFIT TO FOREIGN SHAREHOLDERS

Before making remittances outside the United Republic in respect of dividends or profit to foreign shareholders, require the applicant to submit:

- Audited financial statements or dividend payment notice indicating declared dividends or profit to be repatriated and approval of the board of directors or shareholders for payment of dividends
- Documents confirming payments of all relevant taxes from the relevant authority
- In respect of coupon and principal payments to non-residents require to submit a contract note, statement of holding, or any other relevant document.

CAPITAL AND FINANCIAL TRANSACTIONS



PURCHASE, ISSUE, SALE, TRANSFER, OR PAYMENT FOR SECURITIES

- A resident may purchase, issue, sell or transfer to a resident in a collective investment scheme
- A non-resident may remit funds for the purposes of purchasing traded securities of a listed company, or of an issuer in respect of which the issuer is making a public issue
- A resident may purchase from or transfer to a non-resident outside the prescribed territory, securities or coupon if the securities or coupon to be purchased or transferred outside the prescribed territory are funded exclusively by externally acquired funds
- Before making remittances outside the country in respect of the purchase of securities, require the applicant to submit a proof of purchase of securities

PURCHASE, SALE, OR TRANSFER OF GOVERNMENT SECURITIES BY NON-RESIDENTS

- A non-resident shall not purchase, sell or transfer government securities unless he is a resident of a prescribed territory or a Tanzanian citizen in the diaspora
- Government securities purchased shall not be transferred to a resident within 6 months from the date of purchase

INWARD DIRECT INVESTMENT

- Non-resident shall remit funds in Tanzanian bank of FI
- Such bank or FI shall notify the submit report on the date of receipt of funds to BoT
- Funds remitted for foreign direct investment in the form of equity shall not be converted into loan.

BORROWINGS FROM ABROAD

- A resident may receive credit funds from non-residents provided that the transaction is carried out through the bank or FI
- Foreign credit funds received by a resident for the period exceeding 365 days shall be registered by the Bank and assigned Debt Registration Number (DRN)
- The Debt Registration Number shall be used as a reference for disbursement, debt service, and any other transaction related to that foreign credit facility
- Within 14 days of receipt of borrowings or signing of the agreement, a resident borrower should submit a copy of the relevant signed agreement and attested indicating disbursement and debt service schedules, and other related documents as may be prescribed by BoT for registration purposes
- The bank or FI should submit to BoT within 7 days all such documents received from the borrower for issuance of DRN
- The bank or FI that fails to submit information to BoT will be liable for a penalty of Tshs 1 million per day until such failure continues
- A bank or FI that contravenes these provisions shall be liable to a penalty equivalent to 10% of the amount externalized.
- Interest rate and other charges on foreign borrowings shall reflect the prevailing market conditions for the relevant currency of borrowing.



- A bank or FI that receives the proceeds of foreign borrowings and fails to submit the required documents for registration to the Bank within 14 days shall be liable to a penalty of Tshs 1 million for each day for such foreign borrowings remains unregistered.
- The above penalty of Tshs 1 million per day applies even if the borrower fails to submit all the relevant documents within 14 days of receipt of funds
- Loan proceeds paid on behalf of the borrower for the supply of machinery, equipment or any other goods and services without the involvement of the bank or FI registered in the United Republic shall be considered as foreign borrowings and liable for a penalty of Tshs 1 million per day for delay beyond 14 days of such transaction.

OUTWARD DIRECT INVESTMENT

OUTWARD CAPITAL ACCOUNT PAYMENTS

A bank or FI may authorize access to resident to foreign currency in respect of outward payment on conditions that the applicant submit:

- Audited financial statements and tax clearance certificate, where the intended outward payment is in respect of capital, income or both, to foreign shareholders
- The relevant loan agreement or creditor's demand notes, where the outward payment is in respect of scheduled debt servicing

OUTWARD DIRECT INVESTMENT AND PURCHASE OF REAL ASSETS BY RESIDENTS

A resident may remit funds for the purpose of engaging in outward direct investment or acquisition of real estate or other real assets if-

- Investment is undertaken in a prescribed territory
- Remittance is effected through a bank or FI
- Supporting documents including certificate of incorporation issued in the host country, business license, certificate of compliance, where applicable, tax registration certificate, tax clearance or any applicable permit and documents, in respect of the intended investment are submitted to a bank or FI for verification



TRANSFER OF LIFE ASSURANCE POLICY

- Proceeds from the life assurance policy acquired overseas are permissible to be transferred into or out of the United Republic of Tanzania.

OUR SERVICES

Audit and Assurance

- Statutory audits
- Internal audits
- Forensic audit and risk assessment
- Assurance engagements
- Drafting Standard Operating Policies (SOPs)
- Fixed Assets Register preparation
- Fraud audits and inspection
- IFRS reporting
- Management and operational audits
- Business control services
- Corporate reporting

Tax and Advisory

- Tax Audits
- Transfer Pricing
- Transactions based advisory
- Transfer of shares and securities
- VAT refund applications
- Post clearance Customs Audit
- Account Reconciliations with Tanzania Revenue Authority
- Tax applications on Mergers and acquisitions
- Due Diligence reports
- Tax training
- Tax Health checks
- International Tax Services

Finance and Accounts

- Cloud accounting and accounts compilation
- Reconciliation of statutory compliances such as sales, imports, purchase, payrolls, bank and VAT control
- Ledger scrutiny, Variance and ratio analysis
- MIS reporting
- Business Plans
- Financial Projections and Cash Flow Forecast
- Valuation of business
- Financial reporting
- Payroll processing

Secretarial Compliance

- Incorporation of company
- Change in company particulars
- Corporate Advisory
- Human Resource Management
- BRELA compliance
- Mortgages and charges
- Employee Litigation
- Registration with TBS TMDA
- Processing permit applications
- Merger and Acquisitions & FCC compliance
- Loan registration with BOT
- Business License
- Trademark and Patent rights
- Winding up of business

REACH US

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Disclaimer:

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