



Dar es Salaam (Tanzania) Chapter of ICAI



Global Taxation Impact

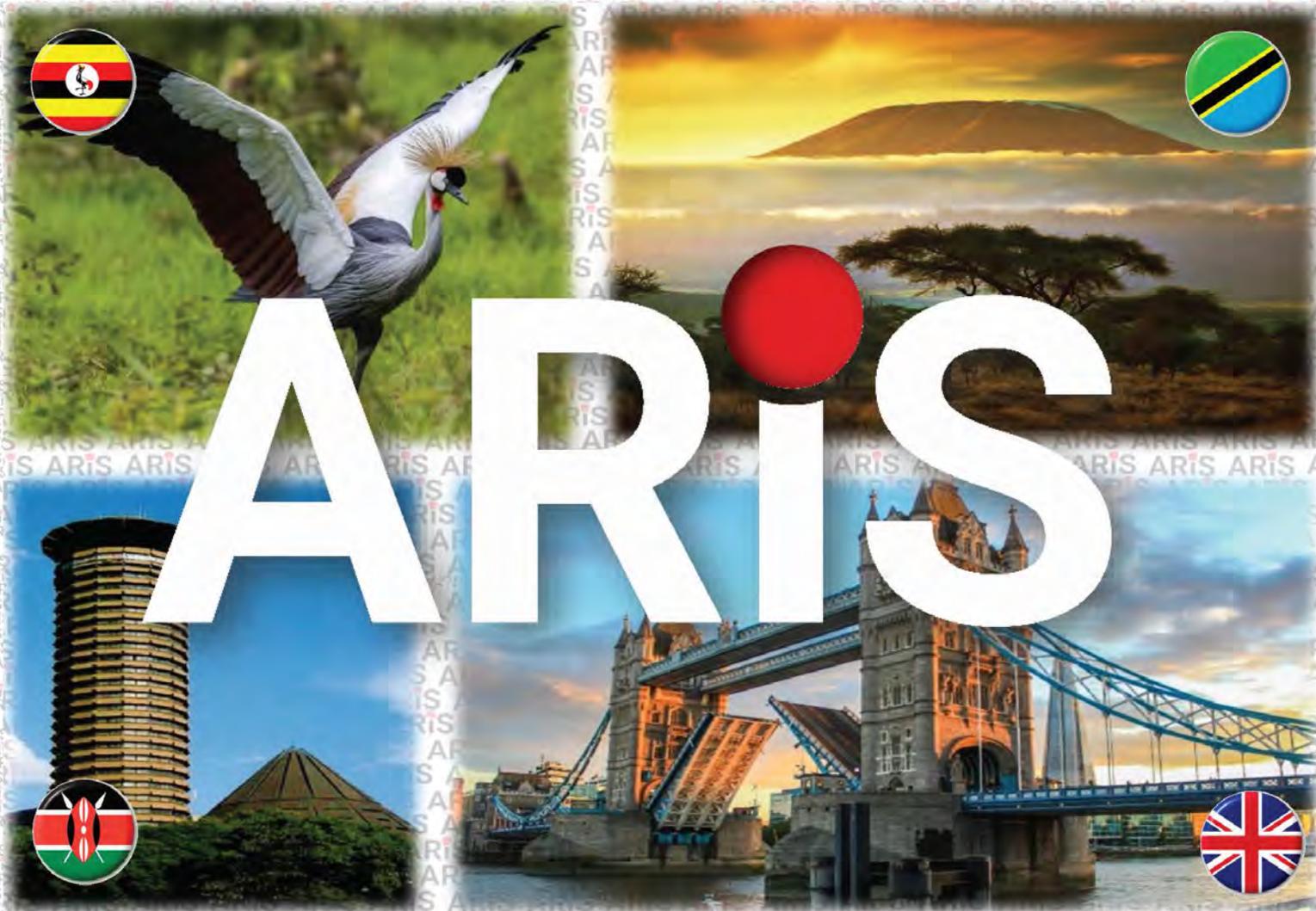


4th Anniversary Celebrations 2019

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भारतीय उच्चायुक्त
High Commissioner of India



1st January 2019

MESSAGE

I am happy to learn that Dar es Salaam Chapter of Institute of Chartered Accountants of India (ICAI) is celebrating the 4th Anniversary of its existence in Tanzania.

It is heartening that ICAI's Dar es Salaam Chapter is upholding and promoting globally acknowledged high standards of ICAI, New Delhi. We value its activities to disseminate, evaluate and contribute to evolution of new trends and developments in the field of accountancy and auditing among the wider community of accountants in Tanzania. These efforts also enhance greater understanding and appreciation among the professionals of the two countries.

2018 was a significant milestone with the conclusion of an MoU for Cooperation between ICAI and the National Board of Accounting & Auditing [NBAA] of Tanzania. I hope that this memorandum will enable exchanges and cooperative activities between ICAI and NBAA.

I convey my best wishes to Dar es Salaam Chapter of ICAI, its office bearers, members and their partners in Tanzania for achieving greater heights in 2019 for the advancement of professionalism in the field of accountancy & auditing.

(Sandeep Arya)



CA. NAVEEN N.D. GUPTA

President's Message

I am pleased to note that the Dar es Salaam (Tanzania) Chapter of the Institute of Chartered Accountants of India is organizing its 4th Annual International Conference on January 19-20, 2018 and is also bringing out a special souvenir on this occasion.

I am pleased to note that the Dar es Salaam (Tanzania) Chapter of the Institute of Chartered Accountants of India is organizing its 4th Annual International Conference on January 19-20, 2018 and is also bringing out a special souvenir on this occasion.

The Institute has set up its Chapters with an aim to project Indian Accountancy Profession globally and to provide a platform for its members located in the vicinity. I believe that by organizing seminars and professional events, the members based in foreign jurisdictions get avenues to exchange their views and have the perspective of their alma mater on the emerging role of Indian Accountancy Profession in New Trade Order. At the same time, these programs also bring fellowship closer in the foreign soil.

The theme chosen by the Chapter "Global Taxation & its impact on Tanzania" is a very apt one. I compliment the Chapter for selection of the theme of the Conference as International Taxation is playing a major role in regulating and shaping globalisation. Transfer pricing issues have become increasingly important to global businesses and tax authorities worldwide.

I am sure that the Conference will bring together experts in the field of international taxation as well as the business sectors to discuss various global taxation issues and challenges arising out of globalisation and digitisation of economies.

My best wishes for the Conference & I trust this event would certainly enlighten the attendees to the broader prospects of the profession.

Wishing you all a very happy and a prosperous New Year 2019!

FOLLOW US



With Best Wishes,

CA. Naveen N.D. Gupta

President

The Institute of Chartered Accountants of India



Vice President, ICAI

CA. PRAFULLA CHHAJED

CA. PRAFULLA CHHAJED, VICE PRESIDENT, ICAI ON THE OCCASION OF 4TH ANNUAL CONFERENCE ORGANIZED BY THE DAR ES SALAAM (TANZANIA) CHAPTER OF ICAI

I am happy to know that the Dar es Salaam (Tanzania) Chapter of the Institute of Chartered Accountants of India is organizing its 4th Annual International Conference on January 19-20, 2019 and is also bringing out a special souvenir on this occasion.

Today we are living in environment of extreme competition and rapid technological changes. Globalization has changed the economies across the world. In today's global marketplace, only excellent organizations survive and grow. There is a need to adopt culture of excellence to survive and grow in this global market.

The Conference on the topic "Global Taxation & its impact on Tanzania" would provide an excellent opportunity to interact with the experts in the field. I am sure the deliberations in the conference would provide an insightful perspective to the participants to face the new challenges.

Tax laws globally are becoming more and more complex. Globalization of economies, increase in the number of cross border transactions, mergers, acquisitions, tax treaties, transfer pricing etc. have added to these complexities.

Indian Chartered Accountants are competent and well prepared to take up the challenges involved in working in the borderless world and ICAI too is geared

up to support them in respect of the required skill set and knowledge updation. International Taxation has been offering a lot of professional opportunities for our members, which needs to be tapped. Our members perfectly fit in the much required advisory role in the area of International taxation and events like this will gear them up to face the challenges involved in this upcoming professional opportunity.

I am fully confident that the ICAI and its members would continue to come to the expectation of the investors and the general public. I am also sure that the Institute would continue to provide guidance for the growth of profession in line with changing requirements of stakeholders and enable full utilization of capacities of the Indian professionals to provide services in the international arena.

My best wishes for success of the event.

CA. Prafulla Chhajed
Vice President, ICAI



P.A. MANENO

NBAA EXECUTIVE DIRECTOR

ICAI DAR ES SALAAM CHAPTER 4TH ANNIVERSARY: A WORD FROM NBAA

It is with great pleasure that NBAA and on behalf of the accounting profession in Tanzania, we would like to extend our sincere gratitude and congratulations to the ICAI Dar es Salaam Chapter for its 4th Anniversary in Tanzania.

The four years period that ICIA has been in Tanzania is characterised by committed leadership, team working spirit and devotion. The ICAI leadership and its members in Tanzania have been working tirelessly and closely with NBAA focusing on promoting the accounting profession in the two partner countries. NBAA acknowledges the outstanding efforts from ICAI leaders and members towards the establishment of ICIA Chapter in Tanzania which later has resulted into signing of the Memorandum of Understanding between NBAA and ICAI in September 2018.

NBAA as a regulator of the accounting profession in Tanzania has been working very closely with sister bodies regionally and internationally in an efforts of promoting and spearheading the development of the accounting profession in the country. NBAA will continue to honour its collaboration with all sister bodies including ICAI which has already signed a Memorandum of Understanding.

With the support from ICAI, NBAA is expected to achieve the following among others: -

- Strengthening it Continued Professional Development programmes
- Refining its examination scheme and learning materials
- Building capacity of NBAA staff in the areas of technical expertise
- Promoting practical experience among its graduates

We appreciate that NBAA has started to receive support from ICAI on the part of reviewing/refining the examination scheme (syllabi) and the learning materials. With this move we are gearing to have revised syllabi and learning materials in place ready for use from November 2019 examinations.

In order to ensure that NBAA is supporting the efforts of ICAI in promoting the accounting profession in Tanzania and India at large, NBAA will strengthen its functions through:-

- Ensuring that Services to both students and members are strengthened and customer care is highly promoted
- Improvement in Audit Quality Review function
- Enhancing Regulatory visits
- Improving the quality and standards of the Accounting and Professional examinations
- Complying with all International Standards and IFAC pronouncements
- Finalising its ICT project for the purpose of improving its services to its clients

NBAA promises to work closely with ICAI Tanzania Chapter and it wishes the same prosperity and future wellbeing in all of its undertakings in the country.

CONGRATULATIONS FOR THIS REMARKABLE ACHIEVEMENT





CHAIRMAN - DSM (TANZANIA) CHAPTER OF ICAI

CA KAPIL GARG

It is my honour and privilege to welcome you all on the 4th Anniversary Celebrations of Dar es Salaam (Tanzania) Chapter of ICAI. On behalf of the board of the DSM Chapter of ICAI, I would like to welcome you all to the heaven of peace, our beautiful land of Dar es Salaam, Tanzania.

Four years passed in a glimpse and the journey has truly been a ride. We have seen many ups and downs; too much of volatility has been observed when it comes to the various related aspects, starting from chapter's member's strength to foreign investments, infrastructural development and economic growth of the country. It is a matter of pride for all of us that in spite of all the challenges, our chapter has been able to continuously organize events for the development of our profession in Tanzania and the entire credit goes to our members, sponsors and Managing Committee who have always cooperated and gave in time and their valuable efforts. Some new members have joined the Managing Committee of the chapter this year and their whole hearted support is really appreciated. I am also thankful to the outgoing MC members for their continued cooperation and support. The cooperation and support stands as a pillar of strength in order to achieve the objectives of the chapter.

2018 has been a fruitful year. The biggest achievement was the signing of MoU between ICAI India and NBAA

Tanzania. This was something which we had initiated immediately after the formation of the chapter and I, on behalf of Chapter would like to thank our NBAA team of Dar es Salaam, ICAI leadership in India, our High Commission of India to Tanzania and all other MC members who were actively involved in the process. I would like to sincerely thank our Honourable Prime Minister Shri Narendra Modi Ji and other Government officials for approving our MoU in the Cabinet in July this year. We have already started working on the MoU and closely working with NBAA team to utilize the same for the mutual advantage of both the bodies.

As the theme of the event suggests, our country is going through the development phase whereby we are observing many restructuring, takeovers and new investments coming in. It is important that we know the requirements of various laws of the land and ensure compliance in every aspect. More tax means more wealth not only for the exchequer but also for the taxpayer as it is a healthy sign of development and growth for the entire country.

With this, I assure you that our chapter and MC are committed to ensuring the development of our profession and shall actively be involved in order to achieve the desired motives.

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CA Tanzania
(Dar es salaam Chapter)
of ICAI

MoU between ICAI India and NBAA Tanzania- A new beginning towards development of Accountancy Profession in Africa



6th September 2018 marked the signing of an important agreement between the second largest accounting body in the World, the Institute of Chartered Accountants of India (ICAI) and the regulatory body of accounting profession in Tanzania, the National Board of Accountants and Auditors (NBAA). This important milestone, in the presence of His Excellency the High Commissioner of India to Tanzania Shri Sandeep Arya, commenced the journey of mutual co-operation between ICAI India and NBAA Tanzania.

The Hon'ble High Commissioner of India said that the educational and technical cooperation were an important component of relations between India and Tanzania. He reiterated commitment of India towards Professional development to Tanzanian officials and said that India offered professional development training to almost 500 Tanzanian officials and experts in India every year.

The NBAA Executive Director, CPA Pius Maneno said, the MoU shall establish mutual cooperation in the areas of member management, professional ethics, technical research, continuing professional development, professional accountancy training, among other cooperation.

"This will also provide professional support to our Chapter in Tanzania and our members therein. Chief Guest on the occasion, the Indian High Commissioner to Tanzania Shri Sandeep Arya and NBAA CEO and Executive Director Mr. Pius A. Maneno, among other officials of NBAA, were present on the occasion." ICAI President Naveen N D Gupta said.

The initiatives for having this MoU commenced way back in year 2015, with establishment of Dar es Salaam Chapter

of ICAI. Immediately after establishment, the Managing Committee initiated discussions with ICAI International Affairs Committee on drafting such MoU in

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In July 2018, the Cabinet under the Hon’ble Prime Minister of India, Mr. Narendra Modi, approved signing of MoU between ICAI and NBAA, which was later executed on 6th September 2018.

The ICAI also offered to NBAA to conduct courses on the line of ICAI’s GMCS and Post-Qualification Course on Information System Audit, and to review their newly revised course curriculum, he added. “With the opening up of world economy, more professional avenues are emerging. As professionals, we need to keep updating our competencies. ICAI on its part is constantly entering into MRAs and MoUs with various national and international professional bodies in the best interests of its members and their professional and intellectual development,” Gupta said.

The exercise of having this MoU in place would not have been possible without support from Mr. Rakesh

Sehgal and CA. Mudit Vashishtha, International Affairs Committee, ICAI, Leadership from ICAI – CA. K. Raghu, CA. Manoj Fadnis, CA. M. Devaraja Reddy, CA. Nilesh Vikamsey and all others at ICAI Headquarters. The Chapter further acknowledge the contribution from Mr. Sanjay Rughani, IFAC and Mr. Sandeep Arya, the High Commissioner of India to Tanzania. Last, but not the least MC team at Dar es Salaam Chapter of ICAI and Mr. Pius Maneno and his team at NBAA.

The journey started with setting up of proposed MoU Coordination Committee on 20th November 2018 for implementation of various objects in terms of signed MOU involving members of ICAI Dar es Salaam Chapter and NBAA as below:-

- | | | |
|----------------------------------|---|------------------------|
| 1. Mr. Edwin Mtoi | - | Chairman |
| 2. CA. Kapil Garg | - | Vice Chairman |
| 3. Mr. Soka D | - | Secretary |
| 4. CA. Vishwanshu Trivedi | - | Joint Secretary |
| 5. CA. Aman Vohra | - | Member |
| 6. CA. Pragnesh Udeshi | - | Member |

This is new beginning to strengthen the relationship between two bodies and two countries and it is expected that this MoU will bring in lot of benefits to the members of both the bodies.

The news for Signing Ceremony was widely covered in various newspapers in Tanzania



Botswana: China agreed to extend loan, ...

Gaborone, Sunday

CHINA has agreed to extend a loan to Botswana for rail and road infrastructure as well as writing off some debt, Botswana's President Mokgweetsi Masisi said.

China-Africa forum in Beijing, Masisi said Botswana had made a pitch to China and "judging from what President Xi Jinping told me, we were successful".

In addition to the loan and a debt cancellation of 80 million pula, China has also offered

... a 340 million pula (\$1 million) grant, he said.

"We got a little bit more than just the loan," he told reporters.

He did not disclose the size of the loan, but last week the ministry of finance said Botswana was seeking a 12 billion pula (\$1.09 billion)



PRESIDENT XI Jinping

... loan for transport infrastructure.

Botswana is the world's leading producer of diamonds by value. Chinese companies, mostly state owned, are largely into construction in Botswana such as dams and roads.

The bulk of the loan

is expected to fund the Maseru-Kazungula railway line project, which will link the central part of Botswana to the tourism hub in the northwest.

The railway line will also promote regional trade as it will connect Botswana to Zambia via the Kazungula Bridge, currently under construction.

China's Xi offered another \$60 billion in financing for Africa on Monday and wrote off some debt for poorer African nations, while warning against funds going towards "vanity projects".

of the forum. financing would include billion in aid, interest-free loans and concessional a \$20 billion credit line. China-Africa development and a \$5 billion special for imports from

BRIEFS

's debt rises 54bn

... Sunday
... debt rose to ... the close of the ... up from \$88.2 ... Prime Minister ... of the Egyptian

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SIGNING CEREMONY OF MEMORANDUM OF UNDERSTANDING BETWEEN THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA AND NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS, TANZANIA.

HIGH Commissioner of India to Tanzania Shri Sandeep Arya (center) witnessing the exchange of MoU duly signed by CA Mudit Vashishtha, Secretary, International Affairs Committee, Institute of Chartered Accountants of India and CPA Neema Mssusa, Vice Chairperson, Governing Board, National Board of Accountants and Auditors, Tanzania in Dar es Salaam recently. Looking on are CA Kapil Garg, Chairman, DSM Chapter of ICAI (fourth left), CPA Pius Maneno, CEO and Executive director of NBAA (second right) and other officials of both the organisations. (Photo by Staff Photographer)

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TRANSFER PRICING & TAXATION



Binu Paul , Member ICAI

Transfer Pricing and Taxation is notoriously intertwined with each other in the same manner as Police and Thief. Though Transfer Pricing is often presented as a tax avoidance practice or technique, the term refers to a set of substantive and administrative regulatory requirements imposed by government on taxpayers. By definition, Transfer Pricing refers to the regulations that government and / or Tax authorities use for assessing intra-company or inter-company transactions for establishments under common ownership or control.

It is estimated that about 60 percent of international trade happens within, rather than between multinationals, that is across national boundaries, but within the same corporate. Because of the potential for cross-border controlled transactions to distort taxable income, tax authorities in many countries resort to Transfer Pricing regulations to adjust intragroup transfer prices that differ from what would have been charged by unrelated enterprises dealing at arm's length (the arm's-length principle)

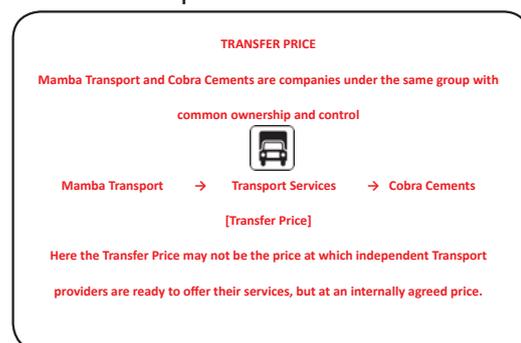
What is Transfer Price?

Transfer Price is the value at which the various units of the company transact with each. This can also include the transfer of goods to its own departments or branches within the company.

This is especially true when each unit or branch is considered as a Profit Centre and compared with other units or branches for performance. Transfer prices are used by corporate groups having multiple enterprises, including across countries, to transact with each other. As these enterprises are treated as separate entities responsible for their own profit and return on capital, the transfer price at which these companies interact with each comes into prominence.

A higher transfer price would mean that the entity or unit making the transfer will generate report a higher profit and the entity or unit receiving the transfer will generate less profit. Since no independent entity or unit would like to generate less profit intentionally, the transfer prices should not differ significantly from the market prices, when they are dealing at arm's length.

Vertically integrated Groups transfer their goods from one division/company to another or provide services to another division/company at an internally agreed price. This internal price is called the transfer price.



Thus, transfer prices can be adjusted or tweaked to suit the tax status of the respective entities. This concept can be used by companies, especially multinational companies to report less profit and consequently pay lesser tax in the respective countries and result in benefit for the Group, as a whole. A simple example would

be to use transfer price to report less profit in a high-tax country and more profit in a low-tax country, thus shifting profits.

Corporates use pricing of intra-group transactions – particularly debts and intangibles – as a major tool for tax evasion. Throw a Tax Haven country into the mix, the multinationals find a lucrative avenue to reduce tax in all countries and keep the profits to themselves as a group. It is estimated that 72% of Fortune 500 companies operate subsidiaries in Tax Haven Jurisdictions.

Transfer Pricing Regulations across the world
Countries across the world have enacted Transfer Pricing regulations to prevent the abuse or manipulation of transfer prices. Countries with transfer pricing legislation largely abide by the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations in most aspects, especially with respect to evaluating the transfer prices on arm's length principle, albeit with their country-specific variations.



Transfer Pricing Regulations in Tanzania

In 2014, Income Tax (Transfer Pricing) Regulations were published and became effective on 2 February 2014 (even though the Regulations only became available on 23 May 2014). The Regulations apply to controlled transactions between Tanzania resident entities and non-resident entities. The Regulations also apply for controlled transactions between two Tanzanian entities. With the publication of these Regulations, Tanzania now joins Kenya, Uganda

and Rwanda as countries in the region which have transfer pricing rules in place.

It is important for taxpayers with related party transactions, whether cross-border or in-country to maintain contemporaneous transfer pricing documentation as required by the Regulations. The Government of Tanzania published the Tax Administration (Transfer Pricing) Regulations, 2018 (the Regulations) on 27 April 2018. The Regulations, which were issued in November 2018, revoke and replace the Income Tax (Transfer Pricing) Regulations of 2014. Following are some of the salient features of the new regulations:

1. Taxpayers with related party transactions (controlled transactions) exceeding TZS 10 billion in a taxable year are required to file transfer pricing documentation with the final return of income. However, those who do not exceed the limit are not exempt from documentation. They must keep it ready by the due date, which should be submitted to the TRA upon request within 30 days.
2. Extensive Documentation including the actual computational workings carried out in determining transfer prices has been prescribed. Plus, the Commissioner has been given wide powers to ask for any other information from a person, whether or not liable to tax.
3. Transfer Pricing methods: Following transfer pricing methods have been prescribed:
 - a. Comparable Uncontrolled Price (CUP) method
 - b. Resale Price Method
 - c. Cost Plus Method
 - d. Transactional Net Margin Method
 - e. Transactional Profit Method
 - f. Where none of the above method is applicable, an appropriate method will be prescribed by the Commissioner.

4. Intangible Property and Back Use: The owner of a locally developed intangible transferred outside Tanzania to be compensated properly and cannot be charged a royalty when licensed back for use in Tanzania.
5. Currency Points (CP) for Penalty: The penalty for non-submission of transfer pricing documentation in the prescribed manner, is set at a minimum of 3,500 currency points as prescribed from time to time by the Commissioner (Currently 1 CP = TZS 15,000) which results in a penalty of TZS 52,500,000. The above penalty is exclusive and in addition to the penalty of 100% of the adjusted amount for failing to adhere to the arm's length principle in transfer pricing transactions.

Conclusion

It is important to note transfer pricing itself is not illegal nor is it necessarily abusive. But illegalities and tax avoidance calls do arise when companies abuse transfer pricing, through a method known as transfer mispricing. This means that companies knowingly manipulate the transfer price, often to avoid tax.

The existence of transfer pricing doesn't mean companies should abuse its opportunities, however, there are clear problems that need to be resolved as multinational trade within companies grows. Nonetheless, transfer pricing offers companies different options for maximizing their incomes and benefitting from mutual trade.

Transfer pricing is one of the most important aspects a multi-entity corporation needs to study as it is a crucial part of taxation strategies, not just for the company but also for the country it operates in.



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CA. Mubeen Khan

World population is moving closer to 7.7 billion out of which more than 5 billion people now use Mobile phones whereas close to 4 billion people are connected to the internet with more than 3 billion active social media users. One survey concluded that more than 1.5 Billion people log in to social media platforms more than once during the day including some of us who live more on social media than on oxygen. The entire digitally active human should know that they, along with their not so active buddies whom they keep tagging, have already been profiled with all their personal data by the tech giants. A database that is unheard of, unimaginable and unprecedented in the history of mankind has been created with the help of social media platforms exploiting our ever increasing addiction to their free services.

With such a penetration of technology, technological slavery has also crept in. I strongly believe that anything stored electronically on any of our devices has either already been compromised or will get compromised sooner or later.

A popular search engine has default setting to track and store the coordinates of every location that you have ever visited or logged in from. They track your location by the IP address even if you turn the 'location' off while travelling. They also store the link of every video watched by you on their platform, every single website that you have ever visited on all your known devices using their browser.

Most of the mobile device operating systems have default factory settings to immediately copy all contents of your mobile phones including contacts, notes, calendar entries and photos on their 'cloudy' cloud and keep updating it on a real-time basis, sometimes even without your explicit knowledge, on the pretext of keeping a backup of your data. The services are designed in such a way that it requires or even forces us to keep logged in and connected to the internet all the time.

Computer operating systems seem to have learnt the trick lately from mobile operating systems and now boasts of a cloud storage drive that appears to have default setting to back up all your computer data on their 'free drive'. Their latest update even encourages you to link your computer to your mobile device for your 'convenience'. We must also be aware that each and every such device with their mike and camera also has the potential of being converted into a remote listening, watching and recording device

TECH SAVVY OR TECH SLAVE ?

using malwares.

This is unprecedented invasion in privacy and confidentiality of personal and business data stored on our computers and devices which we have ourselves allowed knowingly or unknowingly. Every piece of our personal and business information is being stored at a location far away and beyond the borders out of our control creating the big data about every digitally active human. We are so much addicted to these free services that we blindly accept and grant permissions to them to control of our digital life. We must remember that "when something is free, we are not customer, we are the product."

What can you do?

It is easy said than done. We have completely given in to the Tech Giants and getting out of this slavery is not easy but there are some precautions that we can take. We should never store our personal or business data on any free cloud services. No cost saving can justify the compromising the confidentiality of our data. We can choose to back up our data on an external storage media keeping our data in our personal control. We must check default settings of any new device that we buy and change privacy settings and not blindly give all permissions to copy contacts, notes, photos and back up all data. We should not keep 'logged in' all the time on any mobile operating systems rather log in when we need to install / update any app on our device and then log out. Personal photos and videos are more personal on conventional cameras than your ever vulnerable mobile or tab.

The bad guys need a constant internet connection to steal your data, listen to your conversation or track your location hence not being connected to the internet all the time on our devices can cripple any malicious activity. You may want to have the habit of 'switching on' the internet only when you need it and then 'switch it off'. You may choose not to have 'connect automatically' Wi-Fi option on your devices but rather connect to internet only when you need it to avoid converting your devices into live listening and watching machines.

You should check 'my activity' in 'my account' tab of the popular search engine and email services provider and 'pause' all location tracking, web-browsing history and delete the other historical activity data that has already been stored in the past. You really do not want to have a digital daddy who monitors you more than your own daddy. Privacy is a privilege that cannot be sold out for anything including these so called free services. Stay Alert, Stay Safe.

(The author is member of ICAI & the past Chairman of Muscat Chapter of ICAI)



TAXATION ON RESTRUCTURING, CHANGE IN CONTROL AND SHARE TRANSFERS.

CA Kapil Garg

B. Com, FCA, CPA (T), DipIFR

The United Republic of Tanzania is passing through the development stage and we are observing number of restructuring, takeovers and changes in the organizational structure of entities. The purpose of this article is to guide the readers about the tax compliance requirements with regard to these types of transactions.

The direct purchase of shares of a Tanzanian Entity is liable for Capital Gains Tax on the amount of gain on sale of such shares under section 90 of the Income



Tax Act, 2004. The sale value for the purpose of calculating the gain is normally taken the higher of the actual consideration or the book value. The rate of Capital Gains Tax is 10% for resident and 20% for non-resident, however, with effect from 01.07.2018 as per the amendments

introduced vide Finance Act, 2018 the rate of tax for non-resident has been changed from 20% to 30% and hence the CGT also may be taxed @ 30% in case of Non-residents. Further the rate of Corporate tax for companies is 30% and hence the authority sometimes assesses the CGT also @ 30% when the transferors are companies. In addition, there is a stamp duty payable by buyer @ 1% of the value of the shares approved by the Board as per the requirements of Stamp Duty Act, 2006.



In other scenario, where the shares of the Tanzanian Entity are not sold directly but there is an indirect take over by way of selling of underlying ownership, which may be located outside the jurisdiction of United Republic of Tanzania, such transfer are not liable for Capital Gains Tax in Tanzania. However if there is a change in control, that is, underlying ownership of an entity changes by more than fifty percent as compared with that ownership at any time during the previous three years, the entity is treated as realizing any assets owned and liabilities owed by it immediately before the change under



In other scenario, where the shares of the Tanzanian Entity are not sold directly but there is an indirect take over by way of selling of underlying ownership, which may be located outside the jurisdiction of United Republic of Tanzania, such transfer are not liable for Capital Gains Tax in Tanzania. However if there is a change in control, that is, underlying ownership of an entity changes by more than fifty percent as compared with that ownership at any time during the previous three years, the entity is treated as realizing any assets owned and liabilities owed by it immediately before the change under section 56 of the Income Tax Act, 2004. The gain on such realization is taxed @ 30% in the hands of entity itself. This is purely to curb those transactions whereby there is no change of shareholding in United Republic of Tanzania but underlying ownership is changed by transferring the control outside Tanzania. However this section applies even when there is change in control even by direct transfers of shares of local entity.



All such take overs also require the clearance from Fair Competition Commission (FCC), subject to the threshold prescribed in the respective governing law. Hence it is highly advisable to evaluate all the options and ensure that all the required compliances are fulfilled as per the laws of the land.

(The author is the current chairman of DSM Chapter of ICAI and Tax Partner at Balakrishna Sreekumar & Co. The contents of this article are purely based on the understanding of the tax laws of the author and have been given without any obligation or liability. The readers are therefore requested to take this as guidance only.)

In some cases it is also prudent to transfer the assets and liabilities, rather than going for a share sale as there is a provision in law for transfer of an economic entity as a going concern. This will call for the transfer of assets and liabilities. The gain on such transfers shall be taxed in the hands of the company @ 30%. The gain so earned by the company may be distributed to the shareholders by paying the applicable withholding tax on distribution of dividends

INSURANCE SECURITY STARTS WITH THE CHOICE OF A BROKER

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Buying insurance can be like a blind man walking in a forest. A trusting hand will take you through the woods. A qualified insurance broker is your guide, the advocate who will hold your hand through the jargon after what you thought was cheap insurance.



CHOOSE THE RIGHT BROKER AND IMPROVE YOUR ABILITY TO CONTROL RISKS FOR YOURSELF, YOUR BUSINESS, AND YOUR COMMUNITY.

Many of the principles stated in this article might seem simple and easy to apply, however, we have observed with surprising regularity the disregard for these principles and ultimately, failure.

“Truth will always be truth, regardless of lack of understanding, disbelief or ignorance” – W. Clement Stone

Client Base

Choose a broker who services clients / industries similar to yours to ensure you are receiving the experienced advice.

If you have recently opened a business, it would follow that you visit a broker who arranges insurance for other similar business owners. The broker's specialised knowledge of your industry will make it possible for him to negotiate terms that benefit you in the event of a claim.

Should a fire break out and destroy your property, you will want to take steps to respond to the risk, inform the broker as soon as reasonably possible in order to ensure you receive fair, and prompt compensation for your loss. The broker should always be available to provide feedback and guidance during the claims process. The broker shall advise you on the required documents and push the insurance company to handle the claim with the attention it deserves.

For your convenience, we have listed a few actionable steps for you to act upon before making your decision:

1. There is more than mere premium quoted. The devil is in the detail and your broker is your forerunner into the insurance woodland!
2. Do not be emotionally blackmailed into buying insurance. Take an objective stand and ask questions
3. Do not buy because of relationship. You will buy but risk damaging the relationship.
4. Some knowledge can only be gained by involvement. Read the Annual Insurance Market Performance Report from the TIRA Website and identify the profile of transactions of brokers who transact your class of insurance in the greatest quantity.
5. Avoid the proverbial briefcase brokers. Visit the broker's premises and ask questions
6. Confirm the level of professional indemnity cover details held
7. Make your decision, keeping in mind that making the wrong one may well lead to loss of money or income due to inadequate cover of the risk.

Organizational Structure

The broker should be committed to servicing you to the best of their ability and operate in a manner that gives you confidence.

We have learnt through over 20 years in the industry that the success of our business has come from the minds of the people within it. As you look for the right cover for your requirements, the knowledge, experience and qualifications of your broker are of great importance.

For your relationship with your broker to last, you will want to have the assurance that even if your current contact person is not available, you shall continue to enjoy the same standard of service.

Whenever you speak with your broker, be it at their office, on the phone or by email, they should respond and present themselves professionally. Your broker shall maintain strong relations with insurers and create a tailored insurance programme for your requirements as well as responding to you in a timely manner when a claim occurs.

In matters relating to your business, you will require professionalism and integrity from your broker. How they present themselves, maintain relationships, respond and act on your requests shall ultimately demonstrate their commitment to you.

Reputation

Your broker should make no compromises on service and claims settlement.

As an individual / business owner/ community member, you know that sometimes, situations happen beyond your control that require you to overcome great barriers to succeed. You will therefore need a broker that will go the full distance in serving you with promptness and timely advice. If you run a large business or industrial concern, an accident can destroy many years of preparation and financial investment, so you will thus require a broker with the experience and know-how to handle large claims to ensure an amicable settlement is reached, and your investment recouped prior to the loss.

Environment

Work with a broker who is proactive

One of the challenges in business and life is responding to legal, regulatory and environmental changes that require immediate and urgent action to enforce and comply as is required. Your broker should proactively respond to these changes and guide you on all matters relating to your insurance.

You and your broker should have to work together to deal with emerging challenges and aspects beyond your control. You will therefore have to consider all possibilities and think through carefully whether you

and your broker undertake all operations within the boundaries of the law and ensure compliance. In such matters, choose brokers with a reputation for honesty, transparency and has a long-term standing / presence in the market. The choice is yours, but do not make a mistake that you realize too late.

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Ms. Chandni Asher
ACCA, ACPA (T)



21st Century Auditor – The future of the auditing profession

In the recent years, external auditing has been subject to loud criticism across the global markets. Auditing and financial scandals like Enron and WorldCom and the subsequent collapse of Arthur Anderson that was one of the Big five accounting firms have raised concerns and questioned on the role of auditors in delivering an opinion on the fair presentation of the financial position of entities to the users of financial statements.

The roles and responsibilities of auditors have continuously been reviewed in the recent years and there have been continuous updates in regulations because external auditors are accountable to a wide range of stakeholders.

The pace at which the world is evolving, the approach of conducting audits will definitely change. The advancement in technology and the growing use of artificial intelligence (AI) requires considerable attention from firms in order to embrace the changes and decide the future of the profession. Technology is already changing the shape of the profession. This is because computers and automated software are assisting in conducting efficient, time-effective audits with reduced risks of errors. Hence, the scope and relevance of the audit of the future is debatable.

Regardless of the advancement in technology or the demands from the external environment, auditors will still give an opinion on the true and fair view of the financial statements. The ultimate goal of auditors will continue to remain the same – **“True and Fair View”**

In order to make the audit function more robust, value-adding and effective, a wider, specialist skill set is demanded from the 21st century auditors.



The advancement of technology will change the audit function and process however, technology will not replace auditors rather the role of auditors will be aligned towards decision making and judgements which cannot be performed by computer algorithm. For instance, artificial intelligence cannot replace the quality of professional skepticism. As the profession demands, professional skepticism is of utmost importance in determining whether assumptions placed by management are realistic and that they depict the true and fair financial position of the company. In instances as such is where auditor adds the value in giving an opinion on the true and fair view of the financial statements to the users of the financial statements. However, it is important to note that the future of auditors demands IT literacy along with the knowledge of the accounting and regulatory frameworks.

It is important for the sector to embrace and adapt to the changing demands placed on it. Currently, the sector is bounded by various regulations and frameworks and the future demands consideration of the technological revolution. In order to secure the future of the profession whilst coping up with these developments, firms will require new talents and expertise for critical thinking and exercising professional judgement. This will require significant investment in both technology and training and developing people. The changes open the room of opportunities for the auditing profession to be more trusted and relevant in the coming future.

(The author is an associate member of NBAA and ACCA and working as an Audit Senior with Balakrishna Sreekumar & Co.)



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Devota K. Mdachi
MANAGING DIRECTOR

Tanzania Unforgettable!-A True Paradise

Tanzania is the only country in the world that has allocated nearly 28% of its total land area for wildlife conservation, which include the World Heritage Sites. It came as no surprise that the Travel & Tourism Competitiveness Report of The World Economic Forum placed Tanzania second worldwide (after Brazil), for its natural environment, several World Heritage natural sites, rich fauna, and its large-protected land area. The country is a champion in sustainable tourism development.

As a tourist destination, Tanzania is endowed with some of Africa's world class tourism assets that encompass natural, cultural, historical and archaeological sites, all of which are in high demand by international tourism markets. It is a fact that there is no other place on earth which offers the experienced traveler a tourism product which is so rich and divers.

Home to more than 20% of the African continent's larger mammals, Tanzania is indeed the best place for game viewing experiences in Africa, and that is why it was named as "The best safari country in Africa in 2014 and 2015" by Safari [booking.Com](http://www.booking.com)

Tanzania has 16 National Parks, 31 Game Reserves, 44 Game Controlled Areas, 4 Ramsar Sites and 33 Wildlife Management Areas. Some of Tanzania's wildlife icons which are worth to be mentioned and which are among the supreme in the world include The Great Serengeti Plains, where the world spectacular annual animal migration takes place, The Ngorongoro Crater, also known as the Eden of Africa and 8th Wonder of the world; Lake Manyara, famous for its tree climbing lions; Selous, the largest Game Reserve in Africa, to mention a few. All of these are wildlife sanctuaries have placed Tanzania on the map of the world's best holiday destinations over the past five years.

Tanzania also has 2 marine parks, 16 famous historical sites, its mighty mountains, large and deep lakes, its vast 800km of white sandy beaches and a palm fringed coastline and divers cultures, are magnets which continue to pull thousands of today's tourists to Tanzania.

Tanzania is also famous for its history, impressive ruins of 14th to 16th century tombs, mosques, palaces and other buildings are found in Kilwa Kisiwani and Songomnara. Also, found are Olduvai Gorge and Laetoli Footprints where it is said that the first living man made his first footsteps and the traces of footprints that belonged to the first man dating 3.5 million years were found.

Water bodies and beaches occupying about 804 km. of the land, include the Lakes of Victoria (the largest tropical lake in the world, the second widest fresh water lake in the world and Africa's largest lake), Tanganyika (the second largest freshwater lake in the world by volume, and the second deepest) and Nyasa (third largest in Africa and ninth largest in the world that team with more fish species worldwide.

The diverse cultures, traditions and customs manifest themselves in Tanzania' unique tourist attractions in the form rich traditional dances, handcrafts such as weaving and pottery and art in the form of paintings and the wood carvings of the Makonde ethnic community from Southern Tanzania, archaeological sites at Olduvai, historical sites as Bagamoyo, Kisiwani (Mafia), Kilwa, etc., and rock painting sites in Kondoa.

Tanzania is also home to seven UNESCO World Heritage sites, which include: Kilimanjaro National Park; Kilwa Kisiwani Ruins; Kondoa Rock Art Sites; Ngorongoro Conservation Area, Selous Game Reserve, Serengeti National Park and Stone Town, Zanzibar. As you can see Tanzania in terms of tourist attractions, has it all!

In terms of tourist arrivals, Tanzania has been receiving significant numbers of arrivals over the years. In 2017 Tanzania received a total of 1,327,143 from all over the world, compared to the 719,031 received in 2007. The target is to reach over 2 million tourists by 2020. The future looks promising looking at the recent developments happening in the country.

This year (2019) the Board will continue with its efforts to put Tanzania on the World Tourism Map. Focusing more on promotion in emerging markets such as China, India, Russia, Nordic countries, the UAE as well as the traditional markets of USA, UK, Germany, Italy, France, Australia, Canada, The Netherlands and Spain and the fast growing regional tourist market of Africa. With the coming of Air Tanzania Company Ltd (ATCL)'S new air crafts and the cooperation and partnership existing between TTB, ATCL and other key tourism stakeholders TTB is optimistic that tourism arrivals and receipts will increase significantly over the next two years.

Knowing the importance of the tourism sector to the economy, The Tanzanian Government has taking up number of measures to see that the sector continues to grow. This includes improving the supporting infrastructure and encouraging investments in tourism as well as aggressive

tourism promotion. Efforts to delivering the tourism offering are also being done. Development of Business and MICE tourism (Meetings Incentive Travel, Conference Exhibition and Events); beach and cruise tourism; more focus on the Southern Tourist Circuit as well as historical are being made.

The rapid growth of the tourism sector in the country has led to growing demand in accommodation and other tourism facilities of international standards.

Investment opportunities to build hotels, resorts and lodges of international standards along the beaches of Tanzania promise great returns on investments. The Government is also encouraging various investments in the tourism sector. These include: theme parks , golf courses , recreational facilities, air and water transport; conference and convention facilities, food service (special cuisine restaurants) ,wildlife farming, tour operations, trophy hunting, deep sea fishing, development of eco-tourism facilities, beach tourism, cultural and historical tourism, just to mention a few.

A country's stability and security for both its citizens and visitors is crucial for the development of tourism. Tanzania is known to have both and that is why it is known as 'Africa's Haven of Peace'. Tanzania is one of Africa's most peaceful and politically stable countries both in terms of national security as well as street safety and considered to be home to a flourishing democracy and prospering economy, an ideal place for investors to invest right now and get returns of their investments. The Government is doing a sterling job to see that the tourism sector continues to develop and remains to be the leading sector of the economy. The present infrastructure developments investments which are taking place all over the country are a contributing factor which will help the Tanzania tourism sector reach higher heights and be a leading destination in the East Africa region.

For more information on Tanzania, please visit www.tanzaniatourism.go.tz

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Our Chapter invited Articles on Changes in roles of Accounting Professionals and impact on worldwide economy, from the students of Indian School of Dar es Salaam. We received nine articles, out of which two articles published in this Souvenir were selected the best and to be given awards on our 4th Anniversary.

CHANGE IN WORLD ECONOMIES AND ITS IMPACT ON INDIAN ECONOMY



SHAURYA DEV
CLASS XII
INDIAN SCHOOL- DAR ES SALAAM

The world today is changing at a pace faster than ever before. The drastic changes that have occurred at the dawn of the twenty-first century has tremendously or shall I say inordinately changed the global world. There was an epoch where portable or mobile phones were still a rarity, the internet was only just catching on, when people only dreamt of self driven cars, Artificial intelligence and when people could not even dream of the idea of bottled water or global warming. The world has far changed since then! Incredible Progress and innovation over these years alone have changed the world in countless ways. The past two decades have been marked by changes in our technology, politics, and global demographics. It is thus quite manifest and obvious to say that all this has changed the global economies and economic trends around the world in an unthinkable manner.

The world economy today, as many economists suggest, is like the rabbit in the classic folktale of "The rabbit and the Tortoise", as in though the world economies are moving at a fast pace but their stability remains questionable. Several world economies are still emerging from the long drawn recessions that led to an economic depression which hugely remained a big setback in the progress and advancement of the global economy. When the big players of the global economy or the so called 'superpowers' of the West faced such hitches, it was an golden opportunity that the East grasped and have now shifted the global trends to the progressive eastern bloc.

Gone are the days when economic growth, development, global power, etc. were terms of the western world, while poverty stricken, unemployed,

fragile economies were used to describe the east. The world today has far changed and it is the east which can be seen as the bright spot in the murky and recession struck world. 'The East' – India and China are two most populous countries and the fastest growing economies, which are moving with great pace towards achieving the title of 'developed' nations. In the past few years several economies like Brazil, Russia, Mexico, South Africa, Indonesia, etc. swiftly came up but could not last the development spur. The previous major engine of global growth, China, has also seen its economy slowing, but one economy which has successfully been able to maintain an average growth rate of 6.8 in the past two decades is the Indian economy. India's performance has been praised for avoiding the major shocks and inflation that plagued the eastern bloc. This success is attributed to the gradualist and decentralized approach of the Indian government, which allowed market institutions to develop to the point where they could replace state planning, boosting economic growth. For the Indian economy the change in the global economies has had an advantageous, rewarding and productive impact which gave it the much needed boost to now emerge as a ray of hope in the pessimistic economic trends of the global economies.

To conclude, emerging from ranks of one of the poorest countries to the fastest growing large economy, India is surely destined for a place in the books of history. With a strong and people-supporting leadership core, with a population of 1.3 billion dream cherishing and hardworking people, with a stable and harmonious society, with policies to encourage innovation and spark creativity, with a domestic market full of robust demand and huge potential, with an open, cooperative, mutually beneficial and win-win business environment, it is by no means empty talk to say that India's economy will continue to advance and will soon become a 'global power'!

DEVELOPMENTS IN ACCOUNTING FIELD/CHANGING ROLE OF ACCOUNTING PROFESSIONALS



MOHAMED HAREESUDEEN S
CLASS XI
INDIAN SCHOOL- DAR ES SALAAM

The roles of accountants around the world have been changing over the past decades & these professionals are slowly learning to embrace the increased responsibilities that their career demands. The accounting profession will face significant changes in the next 3 decades & professional organisations, their members & educational institutions should respond.

The Association of Chartered Certified Accountants (ACCA) had also carried its own research called Drivers of changes and future skills.

The changes are highlighted here:

FIRST, accountants will use increasingly sophisticated and smart technologies to enhance their traditional ways of working and these technologies might even replace the traditional approach. Smart software systems, including cloud computing, will support the trend towards outsourcing services and greater use of social media via smart technology will improve collaboration, disclosure, engagement with stakeholders and broader communities. Social media will reveal more data than any corporate assurance report and stakeholders will use these tools to interpret big data.

SECOND, continued globalization will create more opportunities and challenges for members of the accounting profession. While globalization encourages the free flow of money from one capital market to another, enhanced overseas outsourcing activities and transfer of technical and professional skills will continue to pose threats to resolving local

problems. Accounting firms in the US, EU & Australia are outsourcing services to India and China for the purpose of cost minimization, which will create a shift in employment within the industry of accounting.

THIRD, increased regulation and associated disclosure rules will have the greatest impacts on the accounting profession. This regulatory concern for different social and environmental issues has allowed accounting professionals to open their minds to the possibility of a change in accounting patterns.

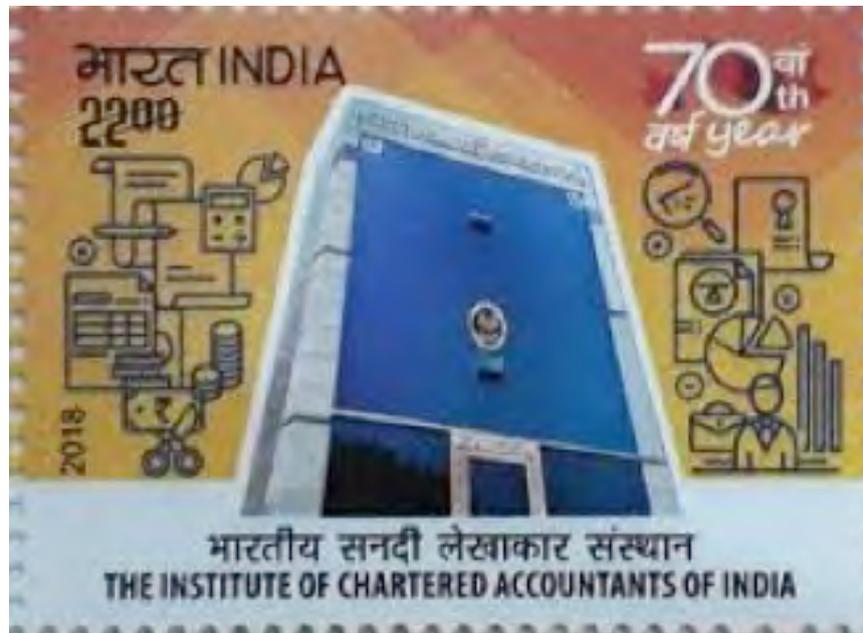
IMPLICATIONS;

TEACHING: Future accountants will increasingly need education in digital technology, including cloud computing. The ACCA report revealed that knowledge of digital technologies is the key competency area where professional accountants have skill gaps. Hence, universities will need to develop or incorporate these new units such as cloud computing and integrated accounting.

RESEARCH: Despite ongoing efforts by professional accounting firms and academic researchers, there is a surprising gap that will impact professional accountants. Future research should drive industry collaborations between inter disciplinary academic researchers in order to reveal strategic responses to changes in digital technology, continued globalization and new forms of regulations.

The results of their research have proven that there remains significant pressure for financial professionals to add more value to their firm. Those who embrace expanding roles will be more desirable and those who settle for traditional skills will be left behind.

70th Anniversary of ICAI Celebrated on Postage Stamps



India Post had issued a commemorative postage stamp on 1st July to celebrate the 70th Anniversary of the Institute of Chartered Accountants of India. Six lakh stamps of the denomination 22 rupees were printed using Wet Offset Technology at Security Printing Press, Hyderabad.

ICAI was founded on 1st July 1949 as a statutory body under the Chartered Accountants Act, 1949 that was introduced to regulate Chartered Accountancy in India. It is the second largest professional Accounting & Finance body in the world and the only licensing cum regulating body of the financial audit and accountancy profession in India. It sets accounting and auditing standards to be followed by companies in India. It also issues Standards on Internal Audit (SIA), Corporate Affairs Standards (CAS) etc. for Chartered Accountants. These standards are formulated by working with GOI, RBI, Securities and Exchange Board of India.

Chartered Accountants must strictly follow the Code of Ethics and professional standards, or else disciplinary action will be taken. Only a Chartered Accountant can become the statutory auditor of a company under the Companies Act, 2013. To become a member of ICAI, one has to clear extremely tough examinations and undergo three years of practical training.

ICAI is also one of the founder members of the International Federation of Accountants (IFAC), South Asian Federation of Accountants (SAFA), and Confederation of Asian and Pacific Accountants (CAPA).

It's truly amazing to honour the works of a highly regarded organization that shoulders so many important responsibilities, with the release of a commemorative stamp! Image Courtesy: India Post

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Standing Left to Right : CA Aman Vohra, (Founder Chairman), CA Suraj Khandelwal (Joint Treasurer), CA Santosh Kumar Jaiswal (Joint Secretary) CA Rakesh Kumar Saini (Member), CA Subhash Mutha (Member), CA Pragnesh Udeshi (Immediate Past Chairman), CA Vishwanshu Trivedi (Secretary)

Sitting Left to Right: CA Sumit Shekhar S (Treasurer), CA Vikas Sharma (Vice Chairman), CA Kapil Garg (Chairman), CA Hemant Shingla (Ex Member)

MANAGING COMMITTEE PROFILE



CA Kapil Garg, Chairman
B.Com, FCA, CPA(T), DipIFR



CA Vikas Sharma Vice Chairman
B.Com, FCA



CA Vishwanshu Trivedi, Secretary
B. Com, FCA, ACPA (T)



CA Sumit Shekhar S, Treasurer
B. Com, FCA



CA Santosh Kumar Jaiswal, Joint Secretary
B. Com. (Hons), FCA



CA Suraj Khandelwal, Joint Treasurer
B. Com, ACA



CA Aman Vohra (Founder Chairman)
B. Com, FCA, ACPA (T) CPFA



CA Pragnesh Udeshi (Immediate Past Chairman)
B.Com, FCA, A.I.I.I.



CA Subhash Mutha, Member
B. Com, ACA, CS, CPA (T)



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Plot 25/5, P.O. Box 13256, Siku Union, Arusha, Mob: 0689 958 877 / 0787 757 457.
Plot 1/95, Lamumba Street, P.O. Box 201, Kigoma, Mob: 0784 896 068.
Plot 9/10, Near Nuru Park, Opp Mikulu Hotel, Sowero, Mbeya, Mob: 0716 070 801.
Plot 12, Kizeta Industrial area near Pepsi Godown, Dodoma, Mob: 0766 206 116 / 0659 315 964.

DAR BRANCHES:

Plot No 1, Block No H, Bagamoyo Road, Africana, Mob: 0758 479 075 / 0718133602.
Plot No 4, Manasse Tip Top, Mrogoro Road, Manasse, Mob: 0716 114 666.
Plot 33/238, Mbagala Kuu, Kizuni, Mbagala, Mob: 0718265697 / 0718589556

DAR ES SALAAM (TANZANIA) CHAPTER OF ICAI ACTIVITIES CALANDER FOR THE YEAR 2018

DATE	ACTIVITIES
11.01.2018	3rd Anniversary Celebrations with Family Event
12.01.2018	Workshop on Corporate Governance
23.02.2018	Practical aspects of online withholding tax system
23.03.2018	Update on amendments and recap of Provisional Filings
11.05.2018	Seminar on Introduction of ORS in BRELA
01.07.2018	CA Day Celebrations
13.07.2018	Analysis of Finance Act 2018
17.08.2018	Labor Laws update and practice
06.09.2018	MoU Signing Ceremony between ICAI and NBAA
28.09.2018	Rise of Digital CEO
30.11.2018	Update on Minimum Insurance Rates and its Impact on business



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