



COUNTRY GUIDE: TANZANIA

global@zapeo.net

<https://zapeo.net/tanzania/>

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ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

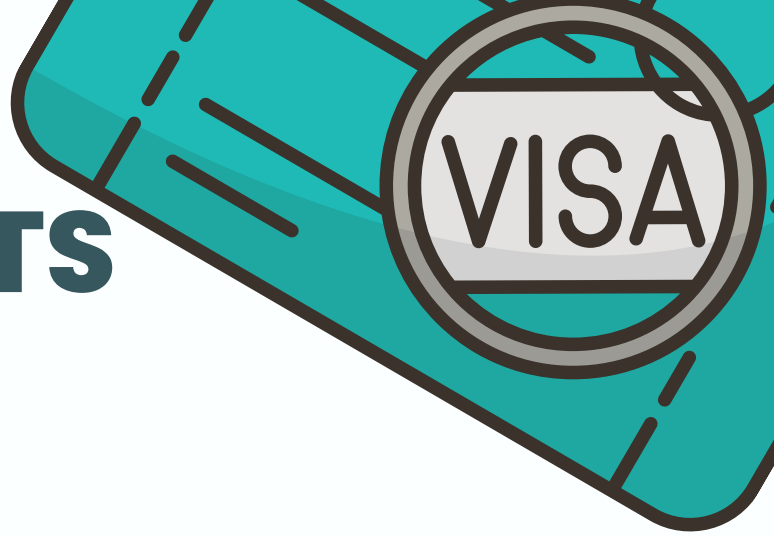
We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



WORK PERMITS AND VISAS



Foreigners can get a number of visas, the most popular of which are as follows:

- **Tourist/ordinary visa:** This visa permits tourists and other visitors to enter Tanzania through approved border entry points.
- **Business visa:** This visa is for foreigners who want to invest in Tanzania and need to come for connected reasons such as making professional contacts and performing feasibility studies.
- **Multiple-entry visa:** Tanzanian officials give this visa to foreigners who need to visit the nation on a regular basis, usually for business or investment interests. This visa has a validity period ranging from one month to one year.
- **Transit visa:** This visa permits travelers to transit through Tanzania on their way to another destination without stopping.
- **Diplomatic visa:** A diplomatic visa is required for diplomats and other officials traveling to Tanzania on official business.

Tanzania also provides three types of work and residence permits in addition to these visas:

- Foreign investors can get Class A permits.
- Class B licenses are issued to foreign personnel with particular capabilities who are filling a post for which there are no qualified Tanzanians.
- Class C licenses are available for missionaries, volunteers, students, researchers, and others.

In Tanzania, the majority of employees will require a Class B work visa.

EMPLOYMENT CONTRACTS



Probation period

There is no explicit provision in the Labour Act about maximum duration of probation period.

However, by stating that a worker with less than 6 months of employment may not file an unjust termination claim against the employer, this statute tacitly necessitates a 6-month probationary period.

Notice period

The required notice time for ending an indefinite term contract is determined by the worker's length of service and is as follows:

- 7 days for services lasting one month or less;
- 4 days for a person who is working on a daily basis; and
- 28 days for a worker who is paid on a monthly basis.

A lengthier notice time may also be agreed upon if it is equal between the worker and the employer. The notice of termination must be in writing and include the grounds for the termination as well as the date on which the notice is issued.

Minimum wage

The monthly minimum salary ranges from 40,000 Tanzanian shillings to 400,000 shillings.

Working hours and overtime

The maximum number of regular working hours is 45 hours per week. If a worker works longer than the specified working hours, he or she is entitled to overtime compensation at one and a half times the rate of her or his regular pay.

Termination

In general, Tanzanian labor rules allow for the termination of employment. Either of the parties to the employment contract may end such a contract if she or he follows all officially stated reasons for termination and required processes. Termination can be either fair (when done in accordance with the law) or unfair (when done in violation of the law).

EMPLOYMENT CONTRACTS



Severance

Severance pay shall be paid upon termination of employment if the employee has completed 12 months of continuous service with the employer; however, it shall not be paid to an employee whose termination is fairly done on grounds of misconduct, capacity, compatibility, or operational requirements of the employer but who refuses to accept alternative employment with that employer or any other employer.

The employer is required by law to provide the employee severance pay equal to seven days' basic wage for each completed year of continuous employment with that employer, up to a maximum of 10 years.

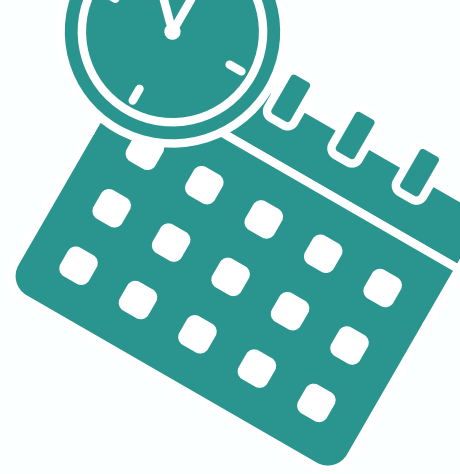
Non-compete clause

There is no explicit mention of a non-compete clause in the Law in Tanzania. Unless a legitimate non-compete provision is signed in a contract between both parties, the employee is free to compete fairly with their previous employer.

Collective bargaining

Section 68 of the Employment and Labor Relations Act of 2004 states that "any labor matter" may be negotiated, whereas Section 4 of the Act defines a labor matter as "any subject connected to employment or labor relations."

PAID TIME OFF



Annual Vacation

Under the Employment and Labor Relations Act, a worker with less than six months of employment is not entitled to paid leave, unless the person is hired on a seasonal basis or has worked for the company more than once in a year. A worker is entitled to 28 days of paid yearly vacation.

Sick

Employees have the right to 126 days of sick leave every year. Employees receive full compensation for the 63 days of paid leave and 50% pay for the remaining days.

Maternity

Female employees are entitled to at least twelve weeks (84 days) of fully paid maternity leave or 100 consecutive days (in the case of multiple births) throughout a 36-month leave cycle. If a newborn dies within a year of birth, a worker is entitled to 84 days of paid maternity leave within a leave cycle.

Paternity

Men have the right to 3 days of paid paternity leave.

Family

N/A

National Holidays

Tanzania has a total of 17 public holidays which are paid.

Other Paid Time Off

N/A

EMPLOYEE BENEFITS



Statutory

Unemployment

Covered by Social Security.

Workers compensation

While private-sector businesses must contribute 1% of their employees' gross monthly income, public-sector employers must contribute 0.5% of their employees' monthly wage.

Social Security

The employer and employee contributions to the PSSF program are 15% and 5%, respectively. The employer's contribution is 20% of the employee's cash pay to the NSSF.

Retirement

Covered by Social Security.

Health

There is a national health insurance program that is mandatory for all residents who are fully employed.

Private

Workers compensation

There is no private workers compensation yet in Tanzania.

Retirement

There are no private pension options yet in Tanzania.

Health

Private health insurance available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : January 1st to December 31st
- **Tax rate** : For resident people, the top marginal tax rate is 30%. Non-resident persons are taxed at a fixed rate of 15% on work income, which is the ultimate tax in Tanzania.
- **Tax method** : The tax will be assessed on the income received for the year in the case of irregular income. Tanzania's tax system includes both direct and indirect taxes such as income tax, VAT, import duty, excise duty, and stamp duty. Taxation is also levied at the municipal government level.
- **Tax residency requirements** : An individual is considered to be a Tanzanian resident in any tax year if he or she has a permanent home in Tanzania and visits the country during the year, or does not have a permanent home but is present in the country for 183 days in the year or an average of 122 days per year in the relevant year and the two preceding years.
- **Double taxation agreements (DTA's)** : Tanzania has multiple double taxation agreements.

Investment Income Tax

Dividend income is taxed by WHT, which is a final tax. The regular rate is 10%, although dividends paid by publicly traded corporations are taxed at a lower rate of 5%.

Dividend income from non-resident corporations is taxed at a rate of 10% if paid to a resident individual (and not in the nature of business income).

Taxable Income

For resident people, the top marginal tax rate is 30%.

Non-resident persons are taxed at a fixed rate of 15% on work income, which is the ultimate tax in Tanzania.

PAYROLL



Payroll Elements

- **Income:** Salary, earnings, bonuses, overtime pay, taxable benefits, allowances, and certain lump sum perks are examples of remuneration (revenue from employment). Profits or losses made by a company or trade. Income or profits derived from an individual's status as a trust beneficiary.
- **Deductions:** The employee's statutory social security payment. Individuals may claim a deduction for costs incurred entirely and solely in the development of revenue through business or investment, subject to certain restrictions.
- **Benefits in Kind:** Not mandatory but can be included in an employees remuneration package. Housing, car, loans etc. are some examples.
- **Employer contributions:** Unemployment, Workers compensation, social security and health.

Payroll Taxes

Retirement fund is 40% of the legally mandated monthly minimum salary.

There is also the National Health Insurance Fund (NHIF) which specifies that 6% of the monthly basic be split between employer and employee.

Payroll Calendar

Employees are not required to be paid on a set schedule.

Payrolls can be done weekly, biweekly, fortnightly, or monthly.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- Employment and labor relations Act, 2004.

STATUTORY BODIES

- Social Security Regulatory Authority
- Public Service Social Security Fund
- Tanzania Revenue Authority
- National Social Security Fund



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