

Zanzibar spearheads investment in the island as it introduces new incentives for approved investors who have been granted the status of **Special Strategic Investor in Pemba** following the amendments of the third and sixth schedules of the Zanzibar Investment Promotion and Protection Authority Act (No. 14 of 2018) published in the Zanzibar Government Gazette Vol CXXX No. 6914 of 16th July, 2021. The incentives listed below apply.

During the Construction Period:

100% exemption from all duties and taxes:

- on imports and local purchases of construction goods;
- on VAT for construction services;
- on research and development;
- on land lease and marina lease for the first five years.

During the Operation of the Approved Special Investment a 100% Tax Exemption in relation to:

- business licence fee for the first one year;
- corporate tax for the first five years and 50% exemption of the prevailing tax thereafter;
- withholding profit after payment of tax and on payment of interest for ten years for foreign and local banks;
- profit tax for repatriated profit.

A Special Strategic Investor may also be granted other additional benefits under the law.

The exemptions also extend to developers who have been granted the status of being a Special Strategic Investor in Pemba and Real Estate Property Buyers.

For an approved investor to acquire Strategic Investment status in Pemba, the investor must have investment assets equivalent to USD10 Million in the following sectors:

- Tourism: High end eco-tourism or Hotels in small islands;
- Fisheries: Aquaculture, cold storage facilities or deep-sea fishing;
- Manufacturing: Processing factories in agricultural, livestock, fisheries, and natural resource products; or garments, pharmaceutical, electronics, assembling and packing factories;
- Real estate: shopping malls, commercial and residential properties, convention and exhibition centres (MICE), or speciality hospitals for tourism.

Full foreign ownership permitted and tenure for land lease and marina lease will be 49 years.

For further information, please contact our Dr Fauz Twaib:

f.twaib@rexattorneys.co.tz

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Should you require any assistance please contact our partner Anna Chonjo-Mariki

Email: achonjo-mariki@rexattorneys.co.tz ,
Web: www.rexattorneys.co.tz

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Rankings
Ifir 1000
The legal 500
Chambers & Partners Global

Dar es Salaam
Rex House
344 Ghuba Road | Toure Drive
Oysterbay, Dar es Salaam,
Tanzania
+255 22 221 1180-8
Info@rexattorneys.co.tz

Zanzibar
Mbweni
Zanzibar, Tanzania
+255 773 326 741
info@rexattorneys.co.tz