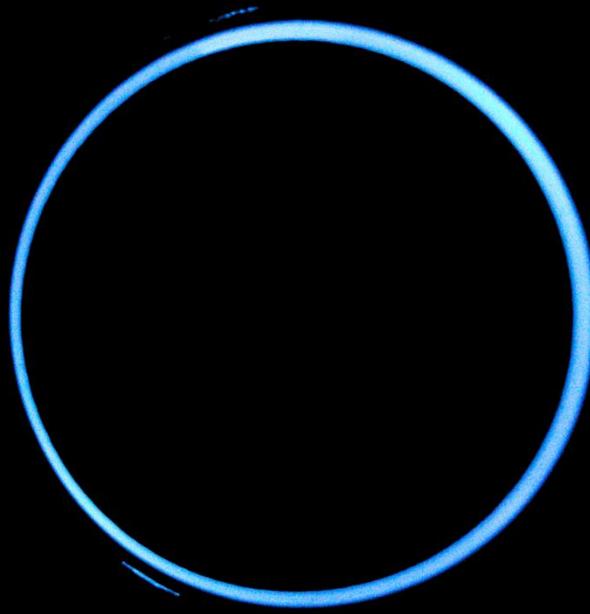


Tax & Legal Alert
September 2021



Keeping you in the loop

Amendments to the mobile transfer and withdrawal levy

Following our Finance Act, 2021 (“the Act”) Alert published on August 20, 2021, this update sets out a high level summary of the amendments made to the National Payment Systems (Electronic Mobile Money Transfer and Withdrawal Transactions Levy) Regulations, 2021 (“the Regulations”).

Introduction

The Finance Act, 2021 amended the National Payment Systems Act, 2015 ("NPS Act") to establish a levy to be charged on mobile money transfer and withdrawal transactions ("the levy").

Following the introduction of the levy, there was an intense public discussion on the charge as well as the amounts levied. In response to that, the Minister of Finance, Dr. Mwigulu L. Nchemba on 19th July 2021 informed the public that extensive consultations were being held to review the fees / levies under the directives of the President of the United Republic of Tanzania.

Against that background, the Minister of Finance has published amendments to the National Payment Systems (Electronic Mobile Money Transfer and Withdrawal Transactions Levy) Regulations, 2021.

In this alert we highlight key changes brought in by the amendments to the Regulations.

Clarification on the scope of the levy

Definition of electronic mobile money

The amendment introduces a definition of the electronic mobile money for which the levy is applicable. Before the amendment, it was unclear whether the levy is applicable to banks or to telecommunication service providers only; although banks were mentioned as collectors of the levy.

With the amendment, electronic mobile money shall also include money transferred or withdrawn by the use of bank's approved system which allows users to withdraw money through a mobile phone.

Electronic mobile money is defined as:

*"Electronic money whose access is through a mobile money menu or application of the electronic money issuer on a user's mobile phone and through which the user may effect payment, transfer or withdrawal and **shall also include money transferred or withdrawn through an approved payment system administered by a bank or financial institution which allows a bank customer to transfer or withdraw money through a mobile phone.**"*

Further, the amendment introduces a definition of transfer and withdraw in an effort to provide a better clarification on the scope of the levy. Transfers will include transfer of mobile money from:

- User's mobile money account to another mobile account;
- User's mobile money account to bank account; or
- A bank account to bank account.

However, the definition excludes transfers from a bank account to mobile money account. From this definition of electronic mobile money, transfers from bank accounts to mobile money account will not attract the levy.

Further, withdrawal has been defined to mean the withdrawal of money from either mobile money account or bank account in a payment system through a collector's agent.

Effective date of revised rates

Whilst the Regulations came into force on 1 September 2021, they allowed time for collectors to align necessary systems of collection with the new rates. This time is limited to no later than seven days from 1 September 2021.



Revised rates

A comparison between the previous rates and revised rates is seen below.

S/N	Electronic Mobile Money transfer and withdrawal amount in TZS	Revised Rate in TZS	Previous rates in TZS	Difference (Reduction)	% of the lowest amount of the revised rate	% of the highest amount of the revised rates	% of the lowest amount of the previous rates	% of the highest amount of the previous rates
1.	1 to 999	NIL	NIL	-	0.00%	0.00%	0.00%	0.00%
2.	1,000 to 1,999	10	10	-	1.00%	0.50%	1.00%	0.50%
3.	2,000 to 2,999	11	16	5	0.55%	0.37%	0.80%	0.53%
4.	3,000 to 3,999	19	27	8	0.63%	0.48%	0.90%	0.68%
5.	4,000 to 4,999	39	56	17	0.98%	0.78%	1.40%	1.12%
6.	5,000 to 6,999	70	100	30	1.40%	1.00%	2.00%	1.43%
7.	7,000 to 9,999	88	125	37	1.26%	0.88%	1.79%	1.25%
8.	10,000 to 14,999	224	320	96	2.24%	1.49%	3.20%	2.13%
9.	15,000 to 19,999	427	610	183	2.85%	2.14%	4.07%	3.05%
10.	20,000 to 29,999	672	960	288	0.34%	2.24%	4.80%	3.20%
11.	30,000 to 39,999	770	1,100	330	2.57%	1.93%	3.67%	2.75%
12.	40,000 to 49,999	1,050	1,500	450	2.63%	2.10%	3.75%	3.00%
13.	50,000 to 99,999	1,435	2,050	615	2.87%	1.44%	4.10%	2.05%
14.	100,000 to 199,999	1,771	2,530	759	1.77%	0.89%	2.53%	1.27%
15.	200,000 to 299,999	2,058	2,940	882	1.03%	0.69%	1.47%	0.98%
16.	300,000 to 399,999	2,450	3,500	1,050	0.82%	0.61%	1.17%	0.88%
17.	400,000 to 499,999	2,870	4,100	1,230	0.72%	0.57%	1.03%	0.82%
18.	500,000 to 599,999	3,640	5,200	1,560	0.73%	0.61%	1.04%	0.87%
19.	600,000 to 699,999	4,480	6,400	1,920	0.75%	0.64%	1.07%	0.91%
20.	700,000 to 799,999	4,970	7,100	2,130	0.71%	0.62%	1.01%	0.89%
21.	800,000 to 899,999	5,264	7,520	2,256	0.66%	0.58%	0.94%	0.84%
22.	900,000 to 1,000,000	6,230	8,900	2,670	0.69%	0.62%	0.99%	0.89%
23.	1,000,001 to 3,000,000	6,580	9,400	2,820	0.66%	0.22%	0.94%	0.31%
24.	3,000,001 and above	7,000	10,000	3,000	0.23%		0.33%	

Contacts for this alert

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

Yonazi Mngumi
Associate Director
+255 222 169 162
ymngumi@deloitte.co.tz

Samwel Ndandala
Senior Manager
+255 742 079 332
sndandala@deloitte.co.tz

Charles Kitali
Consultant
+255 743 062 854
ckitali@deloitte.co.tz

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 334,800 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication. No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.