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SPECIAL ECONOMIC ZONES ACT, 2006

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NO. 2 OF 2006

I ASSENT,

JAKAYA M. KIKWETE,
President

26th March, 2006

An Act to make provisions for establishment, development and management of the special economic zones; for creating environment for attraction of local and foreign investment; to facilitate expansion of employment opportunities, attainment of economic growth targets and to provide for matters related therewith and incidental thereto.

[.......................................]

ENACTED by the Parliament of the United Republic of Tanzania.

PART I
PRELIMINARY PROVISIONS

Short title and commencement

1.–(1) This Act may be cited as the Special Economic Zones Act, 2006.

(2) This Act shall come into operation on the date as the Minister may, by notice published in the *Gazette*, appoint.

Application

2. This Act shall apply to Mainland Tanzania.

Interpretation

3. In this Act, unless the context requires otherwise -

"Act" means the Special Economic Zones Act, 2006.

"Authority" means Special Economic Zones Authority established under section 4(1);

"Commissioner General" means the Commissioner General of the Tanzania Revenue Authority as defined under the Tanzania Revenue Authority Act, 1995;

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"Committee" means the Special Economic Zones Committee established under section 6;

"customs authority" means an authority responsible for administration of customs matters in the United Republic of Tanzania;

"customs territory" means an area not within an area declared to be a special economic zone;

"developer" means an investor with right over land in a special economic zone held for purposes of development of special economic zones infrastructure;

"foreign national" in the case of a natural person, means a person who is not a citizen of United Republic of Tanzania, and in the case of a company, a company incorporated under the laws of any other country other than Tanzania in which fifty one percent of the shares are held by a person who is not a citizen of Tanzania, and in the case of a partnership, means a partnership in which the partnership controlling interest is owned by a person who is not a citizen of United Republic of Tanzania;

"investor" means a company incorporated in the United Republic of Tanzania which is licenced by the relevant Licencing Authority to carry on business in special economic zones;

"licence" means a permit granted by the relevant Licencing Authority pursuant to the provisions of section 25(1) to conduct business transactions in a particular special economic zone;

"Minister" means the Minister for the time being responsible for investment;

"non-core business" means economic activities which provide services to investors in the special economic zones and is not eligible to any investment incentives provided under this Act or bound by minimum investment capital stated under subsection (2) of section 27;

"proper officer" means an officer authorized by the Customs Authority to administer customs matters in the special economic zones;

"Licencing Authority" means a Licencing Authority authorized under section 25(1) to issue licences to persons wishing to carry on business in the special economic zones;

"Special economic zone" means an area of land established as such under section 8(1);

"tax relief period" means a period prescribed under Part VII of this Act, during which an investor may not be required to pay taxes and duties in relation to licenced business; and

"zone management company" means a registered company sub-contracted by the Developer to manage a special economic zone.

PART II

ESTABLISHMENT AND COMPOSITION OF SPECIAL ECONOMIC ZONES AUTHORITY

Establishment of Special Economic Zones Authority

4.-(1) There shall be established, for purposes of this Act, an Authority to be known as the Special Economic Zones Authority which shall be responsible for overall policy formulation, coordination and implementation of activities related to establishment and development of special economic zones.

(2) The Authority shall be a body corporate with perpetual succession and a common seal and, shall in its own name be capable of:

(a) acquiring and holding movable and immovable property, to dispose of property and to enter into any contract or other transaction;

(b) suing and being sued; and

(c) doing and suffering from all other acts and things which a body corporate may lawfully do or suffer, for the proper performance of its functions under this Act.

(3) The President shall be the Chairman of the Authority which shall consist of the following members:

(a) the Minister responsible for investments;

(b) the Minister responsible for industry;

(c) the Minister responsible for finance;

(d) the Minister responsible for lands;

(e) the Minister responsible for Local Government;

(f) the Minister responsible for gender;

(g) the Minister responsible for environment;

(h) the Minister responsible for water;

(i) the Minister responsible for labour;

(j) the Minister responsible for infrastructure;

(k) the Minister responsible for foreign affairs;

(l) the Attorney General;

(m) the Chief Secretary;

(n) the Governor of the Bank of Tanzania;

(o) the Chairman of theTanzania Private Sector Foundation; and

(p) four other members appointed by the President recommended by the private sector.

(4) In addition to the functions stipulated under subsection (1), the Authority shall be responsible for:

(a) declaration of an area of land to be a special economic zone;

(b) determination of priority sectors to be promoted in a particular special economic zone;

(c) approving specific financing requirements for the development of special economic zones;

(d) approving special economic zones detailed development plans;

(e) approving the structure and manning levels of the Authority;

(f) approving the budget of the Authority; and

(g) exercising such powers and functions as may be construed necessary for implementation of the provisions of this Act.

(5) The Authority shall have powers to regulate its own procedures.

Appointment and functions of the Executive Director

5.—(1) There shall be an Executive Director who shall be appointed by the President for a term of five years and may be reappointed.

(2) The Executive Director shall be the Chief Executive Officer of the Authority and the Secretary of the Authority.

(3) The Executive Director shall be responsible for:

(a) coordinating functions of various institutions with duties and responsibilities in development and operation of special economic zones;

(b) ensuring timely implementation of the decisions and directives of the Authority;

(c) monitoring and evaluating the general development and operations of special economic zones;

(d) devising consultative mechanism among implementing institutions in the special economic zones;

(e) maintaining records of the decisions of the Authority and other matters related to the implementation of this Act;

(f) preparing detailed development plans and submitting the same to the Authority for approval;

(g) proposing the structure and manning levels required for better performance of the functions of the Authority;

(h) appointing on behalf of the Authority, the staff as may be required for the performance of the activities of the Authority; and

(i) preparing budget of the Authority and submit the same to the Authority for approval.

(4) In appointing officers to the Authority, the Executive Director shall have regard to the need to include persons with the following professions: legal, land, economics, finance, and engineering.

Establishment of Special Economic Zones Committee

6.—(1) There is hereby established a Special Economic Zones Committee comprising of the following public officers:

(a) the Chief Secretary, who shall be the Chairman of the Committee;

(b) the Permanent Secretary of the ministry responsible for investments;

(c) the Permanent Secretary of the ministry responsible for industry;

(d) the Permanent Secretary -Treasury;

(e) the Permanent Secretary of the ministry responsible for local government;

(f) the Deputy Attorney General/Permanent Secretary of the ministry responsible for justice;

(g) the Permanent Secretary of the ministry responsible for energy;

(h) the Permanent Secretary of the ministry responsible for water;

(i) the Permanent Secretary of the ministry responsible for environment;

(j) the Permanent Secretary of the ministry responsible for Infrastructure;

(k) the Permanent Secretary of the ministry responsible for labour;

(l) the Commissioner for Lands;

(m) the Commissioner for Labour;

(n) the Director of Immigration Services;

(o) the Commissioner for Customs; and

(p) the Executive'Director of Tanzania Investment Centre.

(2) The Executive Director shall be the Secretary to the Committee.

(3) The Committee may co-opt any other person to attend the meetings of the Committee.

Duties and functions of the Committee

7.—(1) The Committee shall be responsible for receiving and resolving problems that hinder or are likely to hinder the development and operation of the special economic zones.

(2) The Committee shall meet on ad-hoc basis.

(3) Meetings of the Committee shall be convened by the Secretary of the Committee in consultation with the Chairman of the Committee.

PART III
ESTABLISHMENT OF SPECIAL ECONOMIC ZONES

Establishment of special economic zones

8.–(1) There shall be established special economic zones in selected geographical areas which shall be provided with special business environment to promote priority economic activities for faster economic growth as may be determined, from time to time, by the Authority.

(2) For the purpose of establishment of special economic zone, priority shall be given to economic activities that have maximum propensity to accelerate domestic production, exports promotion or employment generation.

(3) The location of special economic zones shall target areas that provide comparative advantages for attracting investments.

Purpose and objectives of special economic zone

9.–(1) The purpose and objectives for which special economic zones may be established are to enhance:

(a) productivity;

(b) competitiveness;

(c) economic growth;

(d) export promotion; and

(e) employment generation for poverty eradication.

(2) Subject to subsection (1), special economic zones may be established in selected areas which may be developed into agricultural, agro-industrial, industrial, tourism, commercial, forestry, information and communication technology, banking and financial centres and other sectors as may be determined, from time to time, by the Authority.

10.–(1) An area declared as special economic zone shall be under the control and supervision of the Customs Authority in accordance with regulations as the minister responsible for finance shall prescribe for control of persons, goods and services entering into and exiting therefrom.

Relationship of special economic zones with customs territory

(2) For purposes of subsection (1), goods and services destined for special economic zones shall be subject to customs inspection in a special economic zone in which the goods and services are destined.

11. Special economic zones may include one or more of the following areas—

Areas of special economic zones

(a) industrial parks;

(b) export processing zones;

(c) free trade zones;

(d) free ports;

(e) tourist parks;

(f) science and technology parks; or

(g) any other areas as the Authority may, from time to time, prescribe.

12.–(1) For purposes of establishing special economic zone, the Executive Director shall, in consultation with the minister responsible for lands and the local government authority within which that special economic zone is proposed to be established, and other relevant authorities, identify suitable land and submit a proposal to that effect to the Authority for approval.

Procedure for establishment of special economic zones

(2) Where the Authority has approved the area under subsection (1), the Minister shall, by notice published in the *Gazette*, declare the same to be a special economic zone.

(3) Where the Authority refuses to approve the proposed area under subsection (1) as special economic zone, it shall give reasons for such refusal.

(4) The notice under subsection (2) shall include the following particulars –

(a) location and boundaries of the special economic zone;

(b) the components of special economic zone so established in accordance with section 11;

(c) the nature of activities to be promoted in the special economic zone; and

(d) any other information as the Authority may direct or deem necessary.

Land under occupancy by a person other than the Authority

13.–(1) Where land proposed to be declared as special economic zone is under the occupancy of a person other than the Authority, the person with the right over such land shall submit the proposal for declaration of such land as special economic zone to the Executive Director.

(2) The Executive Director shall, within fourteen days of receipt of such proposal, submit the same to the Authority together with his opinion.

(3) The Authority shall deal with the proposal in the same manner as prescribed in section 12.

Time limit for the Authority to make decision

14.–(1) The Authority shall, within sixty days from the date of submission of the proposal by the Executive Director pursuant to subsection (1) of section 12, make a decision on the proposal to declare the proposed area of land to be a special economic zone.

(2) The Executive Director shall, within fourteen days, notify the Developer and other relevant parties of the decision of the Authority pursuant to subsection (1).

Preparation, submission and approval of detailed development plan

15.–(1) The developer shall, upon being informed of the decision of the Authority pursuant to the provisions of subsection (2) of section 14 and within ninety days from the date of receipt of notification, prepare a detailed development plan for the special economic zone and submit the same to the Executive Director.

(2) In preparing the detailed development plan, the Executive Director or developer shall take into account the needs of the local community surrounding the special economic zone relating to the provision of utilities and infrastructure.

(3) For purposes of having orderly and coordinated development and operations of the special economic zone, the Executive Director shall submit copies of the approved development plan to relevant local government authority and institutions or authorities charged with duties to supply utilities and development of infrastructure.

(4) In approving the detailed development plans, the Authority shall, among other things, consider whether the plans sufficiently address the requirements of the local community surrounding the special economic zone.

Agreement for supplying utilities and developing infrastructure in special economic zones

16.–(1) The Executive Director or, as the case may be, developer of special economic zone infrastructure, shall work out an agreement with relevant entities responsible for supplying utilities and development of infrastructure to the special economic zone.

(2) The Agreement stated in subsection (1) may specify–

(a) the nature of rights and obligations to be performed by parties; or

(b) the time within which the relevant entities may supply utilities to or develop infrastructure within the special economic zone.

PART IV
DEVELOPMENT OF SPECIAL ECONOMIC ZONES INFRASTRUCTURE

Government title over land for special economic zones

17.–(1) The Government's title over land to be developed into special economic zone shall vest in the Authority.

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(2) The right over land for special economic zones of a person or group of persons being non-citizens or, in case of body corporate, the majority of its shareholders being non-citizens, shall be dealt with in accordance with the provisions of sections 19 and 20 of the Land Act, 1999.

(3) The relationship between the holder of a right over land of the special economic zone and the investor in the special economic zone shall be governed by an agreement which shall define terms and conditions of such relationship.

Functions of the Authority in development and management of special economic zones

18.–(1) The Authority shall initiate, develop and manage the operations of the special economic zones on behalf of the Government, and for that purpose shall carry out duties and perform the functions as stipulated under this section.

(2) For purposes of initiating, developing and managing operations of the special economic zones, the Authority shall —

(a) acquire land in its name and erect thereon industrial and commercial buildings and lease such buildings to investors for undertaking thereon the special economic zones licenced businesses;

(b) provide basic infrastructure for purposes of operations in the special economic zones;

(c) provide within the special economic zones, utilities a system of sewerage, drainage and removal of refuse and waste for the benefit of special economic zones investors and other users;

(d) prepare national and international programmes for appropriate promotion of the special economic zones;

(e) ensure the provision of security and surveillance, property and equipment maintenance, and availability of restaurants and food services; and

(f) provide commercial information for the benefit of investors in the special economic zones.

(3) In discharging the duties and performing the functions referred to in subsection (2), the Authority shall have powers to subcontract any person to execute any duty and perform any function which the Authority has pursuant to the provisions of this Act.

(4) The Authority may, in discharging the duties and performing the functions stated in this Act, provide such other services, perform such other duties and functions, and exercise such other powers as may be necessary in the attainment of the spirit of this Act.

Participation of private sector in development of special economic zones infrastructure

19.–(1) In discharging its functions, under subsection (1) of section 18, the Authority may sub-contract, the development of the special economic zones infrastructure to a private company.

(2) The Authority or, as the case may be, the developer, shall abide by laws and regulations governing the construction of industry in development of special economic zones.

Powers of the Authority to issue directives

20.–(1) The Authority may, for national economic priorities and interest, issue directives of general and specific nature relating to the development of the special economic zones.

(2) Subject to the prisons of subsection (1), any person to whom the directive has been issued shall ensure compliance thereof and shall further ensure that the directive is integrated within its plan of implementation.

Sources of funds

21. The sources of the funds of the Authority shall include–

(a) sums of money as may be appropriated by the Parliament for that purpose;

(b) returns on investments in the special economic zones infrastructure and industrial sheds;

(c) borrowing;

(d) such donations, grants or bequeaths as the Authority may receive from any person or organization associated with its duties in the special economic zones as provided for in this Act;

(e) proceeds from rent and other service charges derived from the activities in the special economic zones; and

(f) any other moneys received by or made available to the Authority for the purposes of performing its functions under this Act.

Use of the Authority funds

22.–(1) Funds of the Authority shall be used for-

(a) initiating, developing and managing special economic zones infrastructure in accordance with the provisions of this Act;

(b) providing utilities in the special economic zones;

(c) rehabilitating and maintaining special economic zone infrastructure; and

(d) discharging liabilities arising out of implementation of this Act.

(2) The Executive Director shall manage the funds of the Authority.

Management and auditing of funds of the Authority

23.–(1) The funds of the Authority shall be managed in accordance with the provisions of the Public Finance Act, 2001.

Cap. 348

(2) Notwithstanding the provisions of subsection (1), the Authority shall retain all the money accrued to it for its continuous use in carrying out its functions.

(3) Funds of the Authority shall be audited by the Controller and Auditor General.

(4) The Executive Director shall prepare annual report on the implementation of the special economic zones operations and submit the same to the Minister who shall lay the report before the National Assembly.

PART V
LICENSING

Duty to obtain a licence

24. Any person who wishes to carry on any business activity in the special economic zone shall apply to be licenced by the relevant Licencing Authority for the time being authorized by any written law in force to issue licences for that type of business activity.

Licensing for carrying on business in the special economic zones

25.–(1) Any Licencing Authority for the time being authorized by any written law in force to issue licences for specific business activity shall be responsible for issuance of licences for carrying on that particular activity in the special economic zone.

(2) The Executive Director shall facilitate any person wishing to carry on business in a special economic zone in applying for a licence issued under subsection (1).

(3) Notwithstanding any other written law to the contrary, any licenced investor in a special economic zone shall not be required to obtain any other licence issued by another authority for purposes of carrying on licenced activities in the special economic zone.

(4) For purposes of subsection (3), the Executive Director shall notify other relevant authorities responsible for administration of licenced business in special economic zones for purposes of having a coordinated record of licenced businesses within the special economic zones.

Licensing for other businesses within special economic zones

26. Companies intending to provide services within the special economic zones being services which are non-core businesses within special economic zones, shall apply for licences to provide such services to relevant authorities for the time being authorized by law to issue such licences.

Licences for new investments

27.–(1) Licences to be issued pursuant to the provisions of subsection (1) of section 25 shall be issued to new investments that intend to produce goods or services for export markets or for domestic market or accelerate employment generation.

(2) For the purpose of subsection (1), the term "new investment" shall mean investment that inject a minimum capital of US$ 5 million in case of foreign owned investments or a minimum of an equivalent of US$ I million in case of locally owned investments.

(3) For purposes of subsection (2), the term "foreign owned investment" shall mean investment whose fifty one percent shareholding is under the ownership and control of foreign nationals.

Machinery used in customs territory not new investments

28. For the purpose of subsection (1) of section 27, plants and machinery already used for production in the United Republic of Tanzania shall not be deemed to be "new investments" for purposes of applying for a licence under the special economic zones.

Issuance, variation, revocation, cancellation and suspension of licences

29. The issuance, variation, revocation, cancellation or, as the case may be, suspension of a licence issued pursuant to the provision of subsection (1) of section 25, shall be governed by the law under which the licence was issued.

Variation of a licence

30.—(1) A holder of a licence may submit an application to the Licencing Authority requesting variation of a licence, where such variation shall cause the holder to better carry out the business activity for which such a licence is issued.

(2) The Licencing Authority may, after due consideration of the application by a holder of a licence pursuant to subsection (1) and subject to conditions as it may prescribe, vary the conditions of the licence.

(3) The variation of the conditions of the licence pursuant to subsection (2) shall not have the effect of extending the tax relief period originally granted to a licencee.

Appeal against a decision of the Licencing Authority

31. Any person who is aggrieved by a decision of the Licencing Authority in rejecting an application, variation, cancellation or suspension of a licence may appeal and be considered in accordance with the provisions of the written law regulating the business activity which the investor is applying to be licenced or, as the case may be, under which the licence was issued.

PART VI

Management of Special Economic Zones

Management of special economic zones

32.—(1) The administration, management and coordination of the special economic zone whose title is held by the Authority shall be discharged by the Executive Director on behalf of the Authority.

(2) The Executive Director may, for management of the special economic zone referred to in subsection (1), sub-contract such activity to a zone management company.

(3) Where the special economic zone is under occupancy of a person other than the Authority, management of the special economic zone shall be under such person.

Notification by Licencing Authority to the Authority

33. For proper administration, management and coordination of special economic zones the Licencing Authority shall notify the Authority of terms and conditions attached to the licence issued within fourteen days from the date of issuing the licence pursuant to subsection (1) of section 25.

Powers of the Commissioner General

34.-(1) Pursuant to the provisions of subsection (1) of section 10, the Commissioner General may, by notice in writing addressed to any person carrying on any business or activity in the special economic zone —

(a) impose conditions relating to the regulation, restriction or prohibition of entry of goods or categories of goods in a special economic zone;

(b) order such person in a special economic zone, within a period prescribed in the notice, which shall not be less than twenty one days, to remove from the special economic zone, any article, item or thing, as the Commissioner General may specify in such notice.

(2) Any person who receives a notice in accordance with the provisions of subsection (1) shall, within thirty days after receipt of such notice, comply with the notice or raise an objection to the Commissioner General relating to any condition imposed by, or order contained in, such notice.

(3) The Commissioner General shall determine the objection raised under subsection (2) in accordance with Regulations, as shall be prescribed by the Minister responsible for finance.

Restriction on exportation of goods into customs territory by export processing zones' investments

35. Goods which are subject to exemption from duties and taxes within the special economic zone delineated as export processing zone shall not be taken out of the zone except –

(a) as exports outside the customs territory;

(b) as exports into the customs territory subject to:

(i) necessary permits being obtained from the customs authority;

(ii) payment of all applicable import duties, levies and other charges;

(iii) compliance with all customs procedures; and

(iv) the per centum of such exports not exceeding twenty per centum of the total annual production of the investor within the establishment.

Obligations of special economic zones investors

36. An investor shall—

(a) provide suitable markings defining the area of the zone which is under his control, and any other place approved by the customs authority for persons or goods entering or leaving the special economic zones;

(b) provide free of charge office accommodation and suitable weighing scales, measures, signs, security and other facilities for examining and taking account of goods, and for securing them as the proper officer may reasonably require;

(c) keep records of all types of plant, machinery and equipment, raw materials and goods manufactured or processed in the special economic zone and keep that record at all times available for examination by the proper officer in accordance with customs laws and regulations; and

(d) provide all necessary labour and materials for the storing, examining, packing, marking, coopering, weighing and taking stock of the goods in the special economic zone whenever the proper officer may reasonably require.

The Authotity to charge for services rendered

37. The Authority may charge rent, dues.and impose fees and charges for services rendered or facilities provided in the special economic zones.

PART VII

Investment Incentives

Category "A" Investors: Development of Infrastructure

Incentives for developers of infranstructure

38. The Authority or, as the case may be, a developer of a special economic zone shall be entitled to the following incentives-

(a) exemption from payment of taxes and duties for machinery, equipment, heavy duty vehicles, building and construction materials and any other goods of capital nature to be used for purposes of development of the special economic zone infrastructure;

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Incentives

(b) exemption from payment of corporate tax for an initial period of ten years and thereafter a corporate tax shall be charged at the rate specified in the Income Tax Act, 2004;

(c) exemption from payment of withholding tax on rent, dividends and interest for the first ten years;

(d) exemption from payment of property tax for the first ten years;

(e) remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, ambulances, fire fighting equipment and fire fighting vehicles and up to two buses for employees' transportation to and from the special economic zone;

(f) exemption from payment of stamp duty on any instrument executed in or outside the special economic zone relating to transfer, lease or hypothecation of any movable or immovable property in or situated within the special economic zone or any document, certificate, instrument, report or record relating to any activity, action, operation, project, undertaking or venture in the special economic zone;

(g) entitlement to an initial automatic immigrant quota of up to five persons during the start up period and thereafter, any application for extra persons shall be submitted to the Authority which shall, in consultation with the Immigration Department, authorize any additional persons deemed necessary taking into consideration the availability of qualified Tanzanians, complexity of the technology employed by the investor and agreements reached with the investor;

(h) exemption from payment of value added tax on utility charges;

(i) exemption from pre-shipment or destination inspection requirements;

(j) on site customs inspection of goods within special economic zones; and

(k) treatment of goods destined into special economic zones as transit cargo.

CATEGORY "B" INVESTORS: INVESTORS PRODUCING FOR SALE INTO THE CUSTOMS TERRITORY

Incentives for investors selling in customs territory

39. Investors licenced in accordance with subsection (1) of section 25 whose primary markets are within the customs territory shall be entitled to the following incentives —

(a) remission of customs duty, value added tax and any other tax charged on raw materials and goods of capital nature related to the production in the special economic zone;

(b) exemption from payment of withholding tax on interest on foreign sourced loan;

(c) remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, one ambulances, fire fighting equipment and fire fighting vehicles and up to two buses for employees' transportation to and from the special economic zone;

(d) exemption from pre-shipment or destination inspection requirements;

(e) on site customs inspection of goods within special economic zones;

(f) provision of business visa at the point of entry to key technical, management and training staff for a maximum of two months; thereafter the requirements to obtain a residence permit according to the Immigration Act, 1995 shall apply; Cap. 54

(c) exemption from payment of corporate tax for an initial period of ten years and thereafter a corporate tax shall be charged at the rate specified in the Income Tax Act, 2004; Cap. 332

(d) exemption from payment of withholding tax on rent, dividends and interests for the first ten years;

(e) exemption from payment of all taxes and levies imposed by the local government authorities for products produced in the special economic zones for a period of ten years;

(f) exemption from pre-shipment or destination inspection requirements;

(g) on site customs inspection of goods in the special economic zone;

(h) provision of business visa at the point of entry to key technical, management and training staff for a maximum of two months; thereafter the requirements to obtain a residence permit according to the Immigration Act, 1995 shall apply; Cap. 54

(i) remission of customs duty, value added tax and any other tax payable in respect of importation of one administrative vehicle, ambulances, fire fighting equipment and vehicles and up to two buses for employees' transportation to and from the special economic zones;

(j) treatment of goods destined into special economic zone as transit cargo;

(k) exemption from value added tax on utility and wharfage charges;

(l) entitlement to an initial automatic immigrant quota of up to five persons during the start up period and thereafter, any application for an extra person shall be submitted to the Authority which shall, in consultation with the Immigration Department, and Commissioner for Labour authorize any additional persons deemed necessary taking into consideration the availability of qualified Tanzanians, complexity of the technology employed by the investor and agreements reached with the investor;

(m) access to competitive, modern and reliable services available within the special economic zones; and

(n) unconditional transferability through any authorized dealer bank in freely convertible currency of —

(i) net profits or dividends attributable to the investment;

(ii) payments in respect of loan servicing where a foreign loan has been obtained;

(iii) royalties, fees and charges in respect of any technology transfer agreement;

(iv) the remittance of proceeds (net of all taxes and other obligations) in the event of sale or liquidation of the business enterprises or any interest attributable to the investment; and

(v) payments of emoluments and other benefits to foreign personnel employed in Tanzania in connection with the business enterprise.

(2) For purposes of this section "investors licenced primarily for export markets" are investors whose exports are eighty per centum or more of total annual production.

Provisions of tax laws in granting exemptions of duties and taxes

41. Exemptions of duties and taxes provided under Part VII shall be granted in accordance with provisions of the relevant tax laws.

PART VIII
APPLICATION OF OTHER LAWS

Application of Town and Country Planning Act Cap. 355

42. The Town and Country Planning Act shall apply in special economic zones provided that regard shall be on the speedy facilitation in establishing, developing and managing such special economic zones.

Application of labour, occupational health and immigration laws

43. The existing labour, occupational health and immigration laws applicable in the United Republic of Tanzania shall apply in the special economic zones.

Application of environmental laws

44. The environmental laws for the time being in force in the United Republic of Tanzania shall apply in the special economic zones.

PART IX
DISPUTE SETTLEMENT

Settlement of disputes

45.—(1) Where a dispute arises between a foreign investor and the Authority, developer or the Licencing Authority in respect of licenced investment in a special economic zone, all efforts shall be made to settle the dispute through negotiations for an amicable settlement.

(2) A dispute stated under subsection (1) which is not settled through negotiations may be resolved —

(a) in accordance with the laws of United Republic of Tanzania;

(b) within the framework of any bilateral or multilateral agreement on investment protection agreed to by the Government of the United Republic of Tanzania and the Government of the country from where the investor originates; or

(c) in accordance with the rules of procedures for arbitration of the International Centre for Settlement of Investment Disputes.

PART X
POWER TO MAKE REGULATIONS

Power to make regulations

46.—(1) The Minister may make regulations generally for —

(a) development of special economic zones infrastructure;

(b) the administration of this Act;

(c) management of the special economic zones; and

(d) administration of the special economic zones funds.

(2) The Minister for the time being responsible for finance may make regulations for.

(a) the entry and exit of persons, goods and services in the special economic zones; and

(b) the manner in which the Commissioner General may deal with objections raised by investors in special economic zones pursuant to subsection (3) of section 34.

Consulting the Minister in making regulations

47. No regulation shall be made under subsection (2) of section.46 with respect to special economic zones without consultation with the Minister.

PART XI
OFFENCES

Offence for carrying on business without a licence

48. Any person who carries on any business in a special economic zone without being licenced by relevant Licencing Authority shall, if convicted, be liable–

(a) where such a person is a natural person, to a fine not exceeding fifteen million shillings or to imprisonment for a term not exceeding four years or to both, such fine and imprisonment;

(b) where such a person is not a natural person, to a fine not exceeding fifty million shillings.

Offences for uttering false statements

49. Any person who —

(a) in connection with an application for granting of a licence under this Act; or

(b) for purposes of obtaining any investment incentives, permit or approval under this Act,

makes any false statement which he knows to be false or has reasons to believe it is false or knowingly furnishes any false information, commits an offence and shall, on conviction, be liable to a fine not exceeding fifteen million shillings or to imprisonment for a term not exceeding four years or to both such fine and imprisonment.

Offences for transshipment

50.—(1) No person shall trans-ship any products to any other country purporting that such products were produced or manufactured in a special economic zone for purposes of gaining any advantage accorded to United Republic of Tanzania in terms of trade quota under any bilateral, multilateral or regional agreement or protocol.

(2) A person who contravenes subsection (1), commits an offence and, on conviction, shall be liable to —

(a) if such a person is a natural person, to a fine not exceeding twenty million shillings or to imprisonment for a term not exceeding five years or to both such fine and imprisonment; or

(b) if such a person is not a natural person, to a fine not exceeding one billion shillings.

Passed in the National Assembly on the16th February, 2006.

DAMIAN S. FOKA,
Clerk of the National Assembly