

GOVERNMENT NOTICE No. 182 Published On. 12/2/2021

THE LOCAL GOVERNMENT FINANCES ACT,

(CAP. 290)

REGULATIONS

(Made under section 68)

THE LOCAL GOVERNMENT FINANCES (COLLECTION AND MANAGEMENT OF
SERVICE LEVY FROM COMMUNICATION INDUSTRY) REGULATIONS, 2021

PART I
PRELIMINARY PROVISIONS

Citation 1. These Regulations may be cited as the Local
Government Finances (Collection and Management of
Service Levy from Communication Industry) Regulations,
2021.

Interpretation 2. In these Regulations, unless the context otherwise
requires-
“Act” means the Local Government Finances Act;
“licence holder” means a holder of:
 (a) network facility licence;
 (b) content service licence;
 (c) network service licence;
 (d) application service licence; or
 (e) installation and maintenance of electronic
 communication licence;
“Ministry” means the Ministry responsible for local
government;
“service levy” means a service levy imposed on licence
holders at the rate of 0.3 percent of the turnover
after deduction of value added tax and excise
duty pursuant to the provisions of the Act.

PART II
COLLECTION AND MANAGEMENT OF SERVICE LEVY

Establishment
of centralised
system

3.-(1) There is hereby established a centralised system for collecting, managing and accounting for service levy collected from the licence holders.

(2) For the purpose of efficient and effective collection of service levy, the Ministry shall:

- (a) be an agent of the local government authorities in collecting service levy from the licence holders;
- (b) establish a database of licence holders and their scope of operations;
- (c) in consultation with the Tanzania Communications Regulatory Authority, evaluate, assess and collect service levy from the licence holders; and
- (d) remit moneys collected as service levy to the local government authorities in accordance with the provisions of the Act.

Authorised
officer

4. The Permanent Secretary in the Ministry shall be an authorised officer for the purpose of administration of these Regulations and in discharging his duties, such authorised officer may be assisted by public officers as the Minister may determine.

Powers and
functions of
authorised
officer

5.-(1) The authorised officer shall:

- (a) ensure that service levy is collected and remitted in accordance with provisions of the Act; and
- (b) periodically develop and review the formula for allocation and disbursement of moneys collected as service levy.

(2) In the discharge of duties, the authorised officer shall have powers to:

- (a) require a licence holder to maintain such books, documents or records for the provision of communications services, networks or associated facilities;
- (b) inspect, within working hours, any such books, or records relating to the provisions of

- communications services, networks or associated facilities in the possession of a licence holder;
- (c) require a licence holder to submit audited financial statements to him; and
- (d) require from a licence holder any information that is necessary for determination of service levy.

Determination
of service levy

6.-(1) Subject to the provisions of the Act, in determining service levy to be paid by a licence holder, the authorised officer shall consider audited financial statements of a licence holder and such other information as he may determine.

(2) For the purpose of determining service levy, a licence holder shall submit to the Ministry the following information:

- (a) audited financial statements for the immediate past financial year within six months after the end of the licence holder's financial year;
- (b) quarterly estimated turnover after deducting the excise duty and the value added tax not later than twenty five days after the end of the quarter; and
- (c) any document or information that the Ministry may deem necessary for determining service levy to be paid by the licence holder.

(3) A licence holder who-

- (a) refuses, without reasonable cause, to supply the information under sub regulation (1); or
- (b) wilfully misleads or attempts to mislead the Ministry,

commits an offence and shall upon conviction be liable to a fine of not less than two hundred thousand shillings but not exceeding one million shillings or to imprisonment for a term of not less than twelve months and not exceeding twenty four months or to both.

Payment
procedures and
modalities

7.-(1) Subject to the provisions of the Act, a licence holder shall pay service levy to the Ministry on quarterly basis within the period of thirty days after the end of the quarter in question.

(2) The service levy to be paid under sub regulation

(1) shall be paid on the basis of quarterly estimated turnover after deducting the excise duty and the value added tax.

(3) A licence holder shall effect payment of service levy through an electronic collection system as may be determined by the Ministry.

(4) A licence holder who fails to pay service levy after the due date commits an offence and shall, upon conviction, be liable to a fine of not less than two hundred thousand shillings but not exceeding one million shillings or to imprisonment for a term of not less than twelve months but not exceeding twenty four months or to both.

(5) Without prejudice to the provisions of sub regulation (4), the Ministry may charge interest of five per centum of the accrued amount after every thirty days.

Management of
moneys
collected as
service levy
Cap. 348 ,

8.-(1) Subject to the provisions of the Public Finance Act and the Act, all moneys collected by the Ministry as service levy shall be kept in an account opened for such purpose.

(2) The moneys deposited in the account shall not, in any way, be used for any purpose other than being remitted to the local government authorities.

(3) Notwithstanding sub regulation (2)-

(a) the moneys deposited in the account may be used for covering costs relating to:

(i) collection, management and accounting for moneys collected as service levy;

(ii) monitoring and evaluation the centralised system established under these Regulations;

(b) the Ministry shall use one per centum of the collected service levy.

Remittance of
service levy

9.-(1) In determining the amount of service levy to be remitted to the local government authority, the Minister shall consider factors such as technology, network coverage, presence and scope of service provided by a licence holder as he deems fit.

(2) The Ministry shall remit moneys collected as service levy to the local government authorities not later than

forty five days from the end of the quarter in question.

(3) The moneys remitted pursuant subregulation (2) shall form part of the moneys collected by local government authorities from other sources and shall be used and accounted for in accordance with the provisions of the relevant written laws.

Reconciliation

10.-(1) The authorised officer shall, after six months from the end of each financial year of a licence holder, reconcile service levy collected on the basis of quarterly estimated turnover and actual annual turnover of a licence holder.

(2) Pursuant to sub regulation (1), where after reconciliation it appears that a licence holder has:

- (a) paid less than what he was supposed to pay as service levy, the authorised officer shall require the licence holder to pay the remaining sum within thirty days from the date of such requirement; or
- (b) paid more than what he was supposed to pay as service levy, the authorised officer shall cause such additional payment to be carried forward in the account of the licence holder.

PART III GENERAL PROVISIONS

Conflict
resolution

11.-(1) A licence holder who is not satisfied with any decision relating to imposition of service levy under these Regulations may lodge a complaint to the Minister within thirty days from the date of receiving the decision.

(2) The Minister shall, within thirty days, determine such complaint and his decision shall be final.

*Local Government Finances (Collection and Management of Service Levy from
Communication Industry)*

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Saving
provisions

12. All moneys accrued to the local government authorities as service levy from licence holders before 1st July, 2020 shall be exempted from the conditions stipulated under these Regulations.

Dodoma
1st February, 2021

SELEMANI S. JAFO,
*Minister of State,
President's Office-Regional
Administration and Local
Government*