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THE INCOME TAX ACT, 1973

ARRANGEMENT OF SECTIONS

PART I

PRELIMINARY

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|----------------|-------------------------------|
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| 2. | Interpretation. |

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20. Ascertainment of income of insurance companies.
21. Members' clubs and trade associations.

[ss. 14-16]

PART III

EXEMPTION FROM TAX

Certain income exempt from tax, etc.

14.—(1) Notwithstanding anything in Part II, the income specified in the First Schedule which accrued in or was derived from the United Republic or such other of the Partner States as may be so specified, shall be exempt from tax to the extent so specified.

(2) The Minister may, by order in the *Gazette*, amend, vary or replace the First Schedule.

Minister may exempt incomes from tax

15.—(1) The Minister may, by order in the *Gazette* provide—

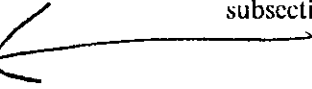
(a) that any income or class of incomes accrued in or derived from the United Republic shall be exempt from tax to the extent specified in such order; or

(b) that any exemption under the First Schedule shall cease to have effect either generally or to such extent as may be specified in such order.

(2) The Minister may, by order in the *Gazette*, exempt from tax such portion of the income of an agricultural marketing organization as the Minister is satisfied has been or will be paid into a reserve fund established by such organization for price stabilization and every such exemption shall be subject to such administrative and accounting regulations as the Minister may, by order, specify either generally or in relation to any such particular organization.

(3) For the purposes of subsection (2) "agricultural marketing organization" means any corporation or other body of persons charged by any written law with the responsibility of an orderly marketing of any agricultural or pastoral product, and "agricultural product" in this subsection includes livestock and any product of livestock.

new sub-section 15(1) A



PART IV

ASCERTAINMENT OF TOTAL INCOME

Deductions allowed

16.—(1) For the purpose of ascertaining the total income of any person for any year of income there shall, subject to section 17, be deducted all expenditure incurred in such year of income which is expenditure wholly and exclusively incurred by him in the production of such income and where under section 31 any income of an accounting period ending on some day other than the last day of such year of income is, for the purpose of ascertaining total income for any year of income, taken to be income for any year of income, then such expenditure incurred during such period shall be treated as having been incurred during such year of income.

(2) Without prejudice to subsection (1) of this section, in computing for any year of income the gains or profits chargeable to tax under paragraph (a) of subsection (2) of section 3, the following amounts shall be deducted—

[ss. 139-140 SCH. I]

(5) Notwithstanding subsections (2), (3) and (4) of this section, the East African Income Tax Management Act, the Income Tax (Allowances and Rates) Act, 1972 and the Personal Tax Act, 1967 shall remain in force for all purposes in relation to the year of income 1973 and the previous years of income.

(6) The transitional provisions contained in the Sixth Schedule shall have effect notwithstanding any provision of this Act to the contrary.

(7) If any difficulty should arise in administering the transition from the previous laws relating to income tax and personal tax to the provisions of this Act, the Minister may, by order in the *Gazette* made at any time within eighteen months of the commencement of this Act, amend the Sixth Schedule.

140. This Act shall extend to Zanzibar as well as Tanganyika:

Provided that in the case of income of an individual ordinarily resident in Zanzibar and which is accrued in or derived from Zanzibar, other than income from the Government of the United Republic, the rates of tax and provisions relating to personal allowances in force immediately before the coming into force of this Act shall apply as if subsections (2) and (3) of section 139 had not been enacted, so however that the provisions of subsection (5) of section 139 and the provisions of the Sixth Schedule to this Act shall apply *mutatis mutandis* in relation to all such incomes for the year of income 1974 and subsequent years of income to the same extent as those provisions apply to the incomes for the year of income 1973 and the preceding years of income.

Application
to
Zanzibar

FIRST SCHEDULE
(Section 14)

EXEMPTIONS

PART I

INCOME ACCRUED IN, DERIVED FROM OR RECEIVED IN UNITED REPUBLIC WHICH IS EXEMPT FROM TAX

1. So much of the income of any person as is expressly exempted from income tax by or under the provisions of any written law for the time being in force, to the extent provided by such written law.
2. The income of any person who, or organization which, is exempt from income tax by or under any written law for the time being in force, to the extent provided by such written law.
3. That part of the income of the President of the United Republic derived from salary, duty allowance and entertainment allowance paid or payable to him from public funds in respect of or by virtue of his office as President of the United Republic.
4. The income of any local authority.
5. Subject to section 29 of this Act the income of any institution, body of person, or irrevocable trust, of a public character established solely for the purposes of the relief of the poverty or distress of the public, or for the advancement of religion or education, in so far as the Commissioner is satisfied that such income is to be expended either within the United Republic or in circumstances in which the expenditure of such income is for purposes which result to the benefit of the residents of the United Republic:

Provided that any such income which consists of gains or profits from a business shall not be exempt from tax unless such gains or profits are applied solely to such purposes and either—

- (i) such business is carried on in the course of the actual execution of such purposes; or

[SCH. I]

(ii) the work in connection with such business is mainly carried on by beneficiaries under such purposes.

6. The income of any person from any management or professional fee, royalty or interest when the Minister certifies that it is required to be paid free of tax by the terms of an agreement to which the Government is a party either as principal or guarantor or that it is in the public interest that such income shall be exempt from tax.

7. The income of any approved pension scheme.

8. The income of any approved pension fund.

9. The income of any approved provident fund.

Amend 10/1984
9A ←

10. The income from the investment of an annuity fund, as defined in section 20 of this Act, of an insurance company.

11. Pensions or gratuities granted in respect of wounds or disabilities caused in war and suffered by the recipients of such pensions or gratuities.

12. Any payment in respect of disturbance, not exceeding three months' salary, made in connection with any change in the constitution of the Government of any of the Partner States or the Community to any person who, before such change, was employed in the public service of any of those Governments or of the Community.

13. The attendance allowances paid to the members and the Chairman of the East African Legislative Assembly and the allowances paid to the Ministerial members of the East African Legislative Assembly.

14. The entertainment allowance paid to the East African Ministers and Deputy East African Ministers.

15. Any fixed allowance paid the Chairman of the East African Legislative Assembly or to the Secretary-General of the Community in respect of entertainment.

16. That part of the income of any officer of the Government or of the Community accrued in or derived from the United Republic which consists of foreign allowances paid to such officer from public funds in respect of this office:

Provided that, where any person to whom such an allowance is paid is granted a deduction under section 16 of this Act in respect of any expenditure incurred in relation to any activity for which the allowance is paid, then the exemption conferred by this paragraph shall not apply to so much of such allowance as is equal to the amount of such deduction.

17. The income of the Corporations of the Community specified in paragraph 2 of Article 71 of the Treaty for East African Co-operation.

18. The income of the East African Development Bank.

19. The income of a scheduled corporation referred to in Part XI of the Act.

20. The emoluments of any officer of the Desert Locust Survey who is not resident in the United Republic.

21. The emoluments of any person in the public service of the Government of such a country in respect of his office under that Government where such person is resident in the United Republic solely for the purpose of performing the duties of his office where such emoluments are payable from the public funds of such country.

22. The emoluments payable out of foreign sources in respect of duties performed in the United Republic in connexion with any technical assistance agreement to which the Government, the Community or a parastatal organization is a party to any non-resident person or to any person who is resident solely for the purposes of performing such duties, in any case where such agreement provides for the exemption of such emoluments and the Minister has, where the Government or the Community is not a party to the agreement, approved such provision by a writing under his hand.

23. Any education grant paid by the Government of the United Kingdom under any agreement between that Government and the Government or the Community and received by any person who is employed in the public service of the United Republic or by the Community.

24. ~~The income of a primary co-operative society~~

new section
F. Act 20/78 re agriculture

25. The income of an Ujamaa Village.

See S. 27
F. Act 12/79

→ new para 26 541

27-31 See opposite page Fin. (No 2) Bill '96

24 (4) The income of a primary cooperative society engaged in business as a Savings and Credit Society.;

Fin. (No. 2) Bill 1996