

Tax compliance alert

Tax alert No. 06-2018:
December 18

Revision of Corporate Income Tax Estimates for income year ending 31 December 2018 is due to TRA on or before 31 December 2018

General

For accounting periods ending 31 December 2018, the due date to revise the Corporate Income Tax Estimates initially estimated for the year is on or before 31 December 2018. The aim of revising the estimates is to avoid underestimation or overstatement of tax.

Both underestimation and overestimation of tax are undesirable for the business due to the significance of respective implications namely (i) punitive underestimation interests in case of underestimation of tax and (ii) long processes to obtain cash refunds from the Tanzania Revenue Authority or TRA in the case of overpaid taxes. Ark strongly believes that an awareness of these consequences is quite useful for any business undertaking in the process to manage business risks in view of taxation matters.

Through this alert, we encourage you to assess your performance for the year using actual numbers to November 2018 and estimated results for December 2018 to come up with reasonable revised tax estimates.

Return of revised estimated tax payable

It is important to note that, in case there is a need to revise your estimates for the year, either upwards or downwards, you should ensure you file a revised Statement of Estimated Tax Payable to the TRA. It is only after filing such a revised statement that the initial estimate becomes ineffective otherwise TRA will have the right to demand the tax as originally estimated.

Alternative Minimum Tax (AMT)

If your business has been in tax losses for the past 2 years, including the current year, then your estimates should consider an AMT provision which is 0.5% of your turnover for the year. This is payable to the TRA on or before 31 December 2018.

Ark is there for you

In case you require our assistance in accomplishing this, please get back to us no later than 24 December 2018 for us to have sufficient time to assist you with the revision. Otherwise we are happy to address your queries on this matter through our usual contacts.

Contacts:

John Shimbala, Partner/Director
Mobile: +255 766 798 508
Email: jshimbala@ark.co.tz

Godfrey Temba, Partner/Director
Phone: +255 767 810 970
Email: gtemba@ark.co.tz

Ark Associates Limited
369, Toure Drive – Oysterbay
P O Box 23197
Dar es salaam, Tanzania
Tel +255 2222 96800
Email: info@ark.co.tz

This publication is intended to provide you with a general compliance guide and does not constitute a professional tax advice. Do contact us in case of any questions requiring a formal advice or position of the law.

© 2018 ark. All Rights Reserved.
Ark Associates Limited is an independent entity incorporated and resident in Tanzania since 17 May 2016. The company is licensed to provide Professional Taxation and Accountancy Services.

For more information please visit our website through www.ark.co.tz

