

**CAPITAL MARKETS AND SECURITIES  
AUTHORITY**



**MAMLAKA YA MASOKO YA MITAJI NA  
DHAMANA**

**FISCAL INCENTIVES TO  
INVESTMENTS IN CAPITAL  
MARKETS IN TANZANIA**

## **Fiscal Incentives to Investments in Capital Markets in Tanzania.**

Below are the incentives granted by the Government to issuers with the purpose of encouraging issuance and listing and development of capital markets in Tanzania; and to investors in order to encourage wider participation in share investments:-

### **Fiscal Incentives to Issuers of Securities**

1. Reduced corporate tax from 30% to 25% for the period of three years provided that the issuer has issued at least 35% shares held by the public. The reduced rate is applicable for five years starting from the date of listing. The rationale for this incentive is to attract more listings.
2. Tax deductibility of all IPO costs for the purposes of income tax determination. All IPO costs are accepted by the Tanzania Revenue Authority (TRA) as acceptable expenses used in the generation of income and profits, and therefore are taken into consideration when determining profit for tax purposes. This incentive is meant to make IPO costs tax deductible and extend the benefits to investors;
3. Withholding tax on investment income made by CIS is final tax. Investors in CIS will not be charged tax on the income distributed by CIS after the scheme income taxation. The incentive is intended to develop an interest in the DSE secondary market activities.

### **Fiscal Incentives to Investors in Listed Securities**

1. Stamp duty – there is no stamp duty on the secondary market trades involving listed securities. The incentive is intended to develop an interest in the DSE secondary market activities.
2. Capital gains tax – there is no tax on capital gain realized by selling listed securities. The tax on unlisted securities is 10%. This incentive is aimed at and is meant to encourage them to participate on the DSE secondary market; and
3. Withholding tax on dividend income – this has been reduced from 10% for unlisted securities to 5% for listed securities. The incentive is intended to encourage investor participation on the DSE.
4. Exemption of withholding tax on interest income for listed bonds with maturity of 3 years and above.