



**ACT NO. 7 OF 2001**

**I ASSENT**

**{ AMANI ABEID KARUME }**  
**PRESIDENT OF ZANZIBAR**  
**AND**  
**CHAIRMAN OF THE REVOLUTIONARY COUNCIL**

**5 December, 2001**

**AN ACT TO REPLACE PROVISIONS FOR THE IMPOSITION  
OF A TAX TO BE KNOWN AS THE PETROLEUM LEVY ACT  
ON SUPPLIES OF PETROLEUM PRODUCTS AND FOR  
OTHER MATTERS RELATING THERETO AND  
CONNECTED THEREWITH**

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**ENACTED** by the House of Representatives of  
Zanzibar.

**PART I**  
**PRELIMINARY PROVISIONS**

Short title  
and  
Commencement.

1. This Act may be cited as The Petroleum Levy Act, 2001  
and shall come into operation upon being assented to by the  
President.

Interpretation:

2. In this Act unless the context otherwise requires;

"Agent" means a person duly authorized by any taxable  
person under the provisions of this Act, to act on his  
behalf;

"Appeal Tribunal" means the Petroleum Levy Appeals  
Tribunal established under section 19 of this Act;



"Authorized Officer" means any officer acting under the authority of the Commissioner for the purpose of execution of this Act;

"Board" means the Zanzibar Revenue Board established by Act no. 7 of 1996;

"Bonded warehouse" means any structure, or building licensed by the Commissioner for the deposit of petroleum products on which inland taxes on the products have not been paid and which have been entered to be warehoused'

"Commissioner" means the Commissioner of the Board and includes any person to whom the Commissioner has delegated all or any of his function under this Act;

"Company" means any body corporate registered under Company's Decree engaged in the business of importing or marketing Petroleum Products in Zanzibar;

"Government" means the Revolutionary Government of Zanzibar and includes its Parastatals and Body Corporate;

"Gross payment" means prepayment system whereby payments of taxes under the provisions of this Act are made in advance before tax liability becomes due and payable for the purpose of full settlement of tax liability when it becomes due for particular transactions or a given time intervals;

"Import" means to bring or cause to be brought into Zanzibar Petroleum Products;

"Importer" means the duly licensed supplier of petroleum products into Zanzibar;

"Levy" means the Petroleum Levy charged under this Act;

"Marketer" means any person who deals with business of trading of petroleum products in Zanzibar;



"Minister" means the Minister responsible for Finance;

"Owner" in respect of petroleum products includes importer, marketer, and operators of filling stations;

"Petroleum Products" means mineral oil and all products of petroleum as specified in the First Schedule to this Act;

"President" mean the President of Zanzibar and Chairman of the Revolutionary Council;

"Unit" means the amount of money as may be determined from time to time by the Minister through official gazette for the purpose of determining various penalties payable under this Act.

## PART II IMPOSITION OF AND LIABILITY TO PETROLEUM LEVY

Imposition  
Petroleum levy.

3.(1) There shall be charged in accordance with the Provisions of this Act, taxes to be known as the Petroleum Levies on importation and marketing of petroleum products in Zanzibar.

(2) The Levies shall be paid by the Importer or Marketer, as the case may be, to the Commissioner under the headings and at the rates as specified in the second schedule to this Act.

(3) All Petroleum Products held in depots shall be subject to bonded warehouse procedure for the purpose of control of payment of Levies.

(4) The Minister may by order published in the Gazette, amend, vary, or replace the schedules

(5) Where by reason of such amendment, variation, or replacement a higher prices were imposed, the Owner shall pay the difference between the new price and that existed prior to such amendment, variation, or replacement to the Commissioner in relation to all products that are held in stock by the Owner at the date of such changes, likewise the owner may claim the same to the Government when lower taxes are imposed.





**PART III  
ADMINISTRATION**

**Incorporation.**

4. For the purpose of this Act, every Importer or Marketer of petroleum products in Zanzibar shall register or incorporate his Company in Zanzibar.

**Licensing.**

5.(1) Every owner of petroleum products business in Zanzibar shall be duly licensed by the Commissioner upon payment of prescribed fee before the commencement of the business or immediately after the expiry of the issued license.

(2) Every license issued under this section shall expire on the 31<sup>st</sup> day of December of the year of issue.

(3) All applications for license or renewal, as the case may be, shall be made in prescribed form.

(4) The Commissioner may, if he is satisfied that the owner is convicted of offence under this Act or is involved in any act aiming to defraud the payment of the Levy, he may suspend, or revoke such license.

**Notification.**

6. (1) For every importation, the Importer shall submit to the Commissioner a notice in prescribed form indicating description, quantity, and value of his intended importation at least two working days before the arrival of the products in Zanzibar.

(2) Any Importer who fails to give notice under this section shall be guilty of an offence; and shall be liable to a penalty equivalent to 1% of CIF value of the imported petroleum products or 10 units whichever is greater.

**Sales return  
and payment  
of levies.**

7.(1) Every Owner shall submit a return showing the receipts and sales made during the month to the Commissioner within the first seven working days of the month following the month to which the return relates.

(2) Any Owner who fails to submit the return within the prescribed period under subsection (1) of this section shall be liable to a penalty equivalent to 4 units and additional 2 units for every thirty days or part thereof until the return is submitted.



(3) Import Levies imposed under section 3 of this Act, shall be payable to the Commissioner or Custom Authority as the case may be before the Petroleum Products ceases to be under the Customs Control.

(4) Where the Petroleum products are imported and stored under bonded warehouse, all Levies shall be payable under gross payment procedures.

Penalty for  
late payment.

8.(1) Any Levy payable under this Act shall be paid:

- (a) by the Importer within seven days of such importation;
- (b) by the Marketer within seven days of completion of the month to which the sales relates.

(2) Where any Importer or Marketer fails to pay the whole or any part of the Levy due from him in respect of any importation or sales on or before the date specified in subsection (1) of this section:-

- (a) an additional Levy equal to twenty-five per centum of the unpaid amount of the Levy shall thereupon become due and payable by a way of penalty to such Importer or Marketer as the case may be;
- (b) if such amount remains unpaid for more than thirty days after the date upon which it is required to be paid, the rate of the additional Levy prescribed in paragraph (a) shall increase by ten per centum of the amount of the Levy including penalty, if any, remaining unpaid in respect of each period of thirty days or part thereof after such date during which such amount remains unpaid, and such additional Levy by way of penalty shall become due and be payable by such Importer or Marketer, as the case may be.

(3) Any sum payable by way of penalty under this section shall, for the purposes of this Act, be deemed to be Levy and shall be recoverable and collected accordingly.



Prohibition of  
buying fuel  
outside Zanzibar.

9. (1). Subject to a written permission of the Commissioner, every Zanzibar registered sea going vessel shall bunkers its fuel only in Zanzibar for its voyages within Tanzania Waters.

(2) Any Master who contravenes this section shall be guilty of an offence and shall, in addition to any fine payable under this Act, pay all the taxes provided under the schedules to this Act within seven days of such purchase.

(3) The Commissioner may, by notice, suspend the operations of any sea transport until the amount due under subsection (2) is fully paid.

Demand notice.

10.(1) Where the Commissioner is satisfied that any person is liable to pay levy, penalty, or any sum under this Act, he may issue a notice to such person demanding him to pay such levy, penalty or other sum.

(2) Any person served with a demand notice under subsection (1) of this section shall pay to the Commissioner the amount mentioned in the notice within seven days of the date of that notice or any such period as prescribed by the Commissioner in the notice.

Record and  
Accounts books.

11.(1) Every owner shall prepare, maintain and retain of accounts and such other records as required by the Commissioner for such period as may be prescribed.

(2) Any Owner who fails to prepare, maintain, or keep records as required by subsection (1) of this section shall be guilty of an offence and shall be liable to penalty under section 17 of this Act.

#### PART IV ENFORCEMENT

Best judgment  
Assessment.

12. If by reason of lack or inadequacy of any records or where the available records do not reflect the true and correct quantities or receipts of charges in respect of any owner, the Commissioner may assess and estimate to best of his





judgment the amount of petroleum imported or sold and the levy payable by the owner keeping in view any factors he may deem relevant.

Powers of the  
Commissioner.

13.(1) The Commissioner may by a notice in writing, summon any owner to appear before him and or answer such questions, whether orally or in writing, as may be put to him by the Commissioner in respect to his importation or sales.

(2) The Commissioner or any authorized officer may seal off or in any other physical manner prevent the owner of the petroleum products access to any premises for the purpose of the exercise of any power under this Act if such owner:-

- (a) fails to pay all or any part of the taxes, penalty or any other charge payable under this Act;
- (b) refuses to answer written or oral questions put to him by the Commissioner or an authorized officer;
- (c) refuses to appear before the Commissioner after being summoned to do so.

(3) Where the Commissioner is satisfied that any owner has been involved in any fraudulent activity that endangers the payment of the levy; he may revoke or suspend the trading license issued by whatever authority until the owner paid the amount due to him.

(4) Any loss arising due to owner's default under this Act shall be at owner's risk and no claim whatsoever shall be admissible in any court of law against the Commissioner for any act done in good faith in execution of the provisions of this Act.

(5) The Commissioner or any authorized officer shall have the power to seize and forfeit any petroleum products which believed that in land taxes not paid on that products.

(6) Any vessel found conveying petroleum products believed that taxes not paid shall be liable to forfeiture.



Disputes.

14.(1) If any dispute arises as to whether any owner is liable for the levy or any or what amount of Levy is payable from that owner, the owner shall pay the amount demanded by the Commissioner and, not later than ninety days after the date of payment, file an appeal with the Appeals Tribunal for the determination of the matter in dispute.

(2) If in any appeal referred to in subsection (1) the Appeals Tribunal determines that such owner is not liable to pay the levy or that a lesser or no amount was properly payable in respect of the levy, the amount overpaid shall be repaid by the Commissioner.

Offences.

15. Any owner of the petroleum products who:-

- (a) fails to pay the levy or penalty or any other charge payable under this Act to the Commissioner within the prescribed time;
- (b) fails to notify the Commissioner within prescribed period his intention to import petroleum products;
- (c) fails to appear before the Commissioner when summoned to do so;
- (d) fails or refuses to answer fully any question put to him by the Commissioner;
- (e) obstructs or in any way prevents any officer from duly discharging his duties under this Act;
- (f) maliciously maims or wounds any officer while executing his duty;
- (g) denies access to or obstructs any officer authorized by the Commissioner to inspect books of accounts,
- (h) does not have documents or records concerning the petroleum products;
- (i) with intent to evade payment of any levy or penalty due under this Act-





- (i) makes any false statement to the Commissioner or any other authorized officer;
- (ii) fails to give any information or submit any return required to be given or submitted by this Act or gives any such information or submits any such return which is false in any material particular; or
- (iii) does or omits to do any act or thing which is prohibited or, as the case may be, he is required to do under the provisions of this Act,

shall be guilty of an offence and on conviction shall be liable to a fine not less than one million shillings and not exceeding ten million Tanzania shillings or imprisonment for a term not exceeding three years or to both such fine and such imprisonment.

Where the offence is committed by a body of persons.

16. Where any offence under this Act or under any regulations made under this Act is committed by a body of persons then, as well as such body of persons, any person who, at the time of the commission of the offence was concerned, as director, partner or an officer, with the management of the affairs of such body of persons, shall be guilty of an offence and shall be liable to be proceeded against and punished accordingly, unless he proves to the satisfaction of the court that he had no knowledge and could not by the exercise of reasonable diligence have had knowledge of the commission of the offence.

Compounding an offence.

17.(1) The Commissioner may where he is satisfied that any person has committed an offence under this Act by order, compound such offence by requiring such person to make payment of a sum of money provided that:-

- (a) such sum of money shall not be less than five hundred thousand shillings or more than the aggregate of one-fourth of the maximum fine provided for such offence and the whole of the amount of any levy or penalty due from such person;



- (b) the power conferred by this section shall only be exercised where the person admits in writing that he has committed the offence.

(2) Where an offence is compounded in accordance with the provisions of subsection (1) and any proceedings are brought against the offender for the same offence, it shall be a good defense for such offender if he proves to the satisfaction of the court that the offence with which he is charged has been compounded under subsection (1).

(3) Any person aggrieved by any order made under subsection (1) may, within thirty days of such order being made appeal to the Appeals Tribunal.

Recovery of levy.

18.(1) Any amount payable under this Act by way of Petroleum levy, penalty or any other charge shall be a debt due to the Government and may be recovered from such owner as a civil debt by a suit at the instance of the Commissioner in that behalf.

(2) Without prejudice to the method of recovery of the levy and penalties prescribed by subsection (1) to this section, where any amount of levy or penalty is due from any specified owner, the Commissioner may file in a court of Regional magistrate having jurisdiction over the area in which the owner resides or carries on business, a certificate stating-

- (a) the name and address of the person from whom such amount is due.
- (b) the amount due, and upon such certificate being filed in such court such certificate shall be deemed to be a plaint due lodged under order XXXV of the Civil Procedure Code, and the court shall proceed in the manner in accordance with the provisions of that order, and in the event of a decree for payment by the defendant to the Government of the amount found due together with interest thereon at a lending rate in force in commercial banks from the date on which the certificate was filed until payment.



- (c) The provisions of subsection (2) of this section shall apply notwithstanding that the amount involved exceeds the pecuniary jurisdiction of a court of Regional magistrate.
- (d) Every certificate filed in a court of a Regional magistrate pursuant to the provisions of subsection (2) shall be prima facie evidence of the truth of the statements contained in such certificate.
- (e) Without prejudice to any other mode of recovery of such dues, the Commissioner may attach the movable assets of the defaulting taxpayer such as the credit balance of his bank account, stock-in-trade, debts due to him from various debtors, vehicles and equipments and may recover the dues from assets in the prescribed manner.

#### Appeals Tribunal.

19.(1) There shall be Appeal Tribunal for the purpose of hearing and determining appeals as provided in this section.

(2) The Appeal Tribunal shall consist of:

- (a) the chairman who shall be appointed by the President.
- (b) two members appointed by the Minister.
- (c) the Secretary who shall be appointed by the Minister in consultation with the Chairman of the Appeal Tribunal.
- (d) every member of the Tribunal unless earlier relieved from his membership by the appointing authority, shall hold office for a period of three years.

(3) In the appointment of chairman and such members regard shall be made to appointing persons from amongst lawyers, economists, and person with adequate knowledge and experience in business affairs or in the management of a Government or public affairs.





(4) Member of the Appeal Tribunal shall have no business interests likely to affect prejudicially the functions of the Appeal Tribunal.

(5) The Secretary shall be the Registrar of the Appeal Tribunal and shall perform the following duties:-

- (i) to receive the appeals and other documents from the Appellant which come under the jurisdiction of this Act;
- (ii) in consultation with the chairman, to set dates for hearing disputes by the Appeal Tribunal;
- (iii) to ensure that each person who should receive notice of completed or pending action of the Appeal Tribunal are so notified;
- (iv) to issue all subpoenas for the discovery of evidence;
- (v) to perform any other functions that ensure the procedures of the Appeal Tribunal operated smoothly.

The functions of Appeal Tribunal.

20. (1). The functions of the Appeals Tribunal shall be:-

- (a) to hear and determine any case or proceedings and make decision on matters relating to taxes on petroleum products brought before it by the Commissioner or any aggrieved Taxpayer;
- (b) to impose fine up to some specified amount for the offence falling under the provisions of this Act;
- (c) to concur with, suspend and or overrule the decision of the Commissioner;
- (d) to issue orders for temporary and permanent injunction under this Act.

(2) All decisions of the Appeal Tribunal, whether the final judgment or interim matters, shall be made by majority vote of the members.



### MISCELLANEOUS PROVISIONS

Regulations.

21. For the proper management of and giving effect to the intent and purpose of this Act, the Minister may prescribe such regulations and procedures as are considered necessary which shall have same effect as this Act.

Repeal and Savings.

22. The Petroleum Products Act, 1991 is hereby repealed Provided that anything done under the said Act (No.3 of 1991), which is in force on the effective date, shall be deemed to have been made under the provisions of this Act.

#### FIRST SCHEDULE:

### TYPES OF PETROLEUM PRODUCTS

1. Motor Spirit Regular (MSR)
2. Motor Spirit Super (MSP)
3. Illuminating Kerosene (IK)
4. Gas Oil (GO)
5. JET A 1
6. Avgas
7. Diesel Oil (IDO)
8. Heavy Industrial fuel

#### SECOND SCHEDULE: LEVIES IMPOSED

a) IMPORT

- i) Import Duty (according Customs Tariff)
- ii) Excise Duty

(b) INLAND

- i) Petroleum Levy
- ii) Fuel Sector Development Fund
- iii) Road Development Fund



**THIRD SCHEDULE:**  
**VALUE OF UNIT**

One unit is equivalent to Tanzania Shillings one hundred thousand.

Passed in the House of Representatives on the 22nd day of  
October, 2001.

{ KHAMIS JUMA CHANDE }  
CLERK OF THE HOUSE OF REPRESENTATIVES