

# Doing Business 2008

**Tanzania**

COMPARING REGULATION IN 178 ECONOMIES

Doing Business 2008 **Tanzania**

A Project Benchmarking the Regulatory Cost of  
Doing Business in 178 Economies

Doing Business Project  
World Bank Group



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Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at [www.doingbusiness.org](http://www.doingbusiness.org).

# Contents

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Introduction.....	1
Economy rankings.....	2
Reforms.....	3
Summary of indicators.....	6
Starting a business.....	8
Dealing with licenses.....	13
Employing workers.....	18
Registering property.....	22
Getting credit.....	27
Protecting investors.....	31
Paying taxes.....	35
Trading across borders.....	39
Enforcing contracts.....	43
Closing a business.....	47
Topic details.....	51

# Introduction

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*Doing Business 2008* is the fifth in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business -- such as a country's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions, and the underlying strength of institutions -- are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a limited liability company operating in the largest business city.

Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Tanzania along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

The best-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

# Economy Rankings - Ease of Doing Business

Tanzania is ranked 130 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

## Tanzania - Compared to Global Best / Selected Economies:

### Tanzania's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	130
Starting a Business	95
Dealing with Licenses	170
Employing Workers	151
Registering Property	160
Getting Credit	115
Protecting Investors	83
Paying Taxes	104
Trading Across Borders	100
Enforcing Contracts	35
Closing a Business	109

## Reforms - Who is reforming?

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This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. **Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. **Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. **Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. **FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. **Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. **Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. **Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. **Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.



## Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Tanzania	✓										1
	Botswana										✗	-1
	Congo, Dem. Rep.									✓		1
	Mozambique	✓					✓			✓		3
	South Africa					✓		✓				2
	Uganda			✓					✓			2

**Note:** Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

## Summary of Indicators - Tanzania

<b>Starting a Business</b>	<b>Procedures (number)</b>	12
	<b>Duration (days)</b>	29
	<b>Cost (% GNI per capita)</b>	47.1
	<b>Paid in Min. Capital (% of GNI per capita)</b>	0.0
<b>Dealing with Licenses</b>	<b>Procedures (number)</b>	21
	<b>Duration (days)</b>	308
	<b>Cost (% of income per capita)</b>	2365.5
<b>Employing Workers</b>	<b>Difficulty of Hiring Index</b>	89
	<b>Rigidity of Hours Index</b>	40
	<b>Difficulty of Firing Index</b>	60
	<b>Rigidity of Employment Index</b>	63
	<b>Nonwage labor cost (% of salary)</b>	16
	<b>Firing costs (weeks of wages)</b>	32
<b>Registering Property</b>	<b>Procedures (number)</b>	10
	<b>Duration (days)</b>	119
	<b>Cost (% of property value)</b>	5.3
<b>Getting Credit</b>	<b>Legal Rights Index</b>	5
	<b>Credit Information Index</b>	0
	<b>Public registry coverage (% adults)</b>	0.0
	<b>Private bureau coverage (% adults)</b>	0.0
<b>Protecting Investors</b>	<b>Disclosure Index</b>	3
	<b>Director Liability Index</b>	4
	<b>Shareholder Suits Index</b>	8
	<b>Investor Protection Index</b>	5.0
<b>Paying Taxes</b>	<b>Payments (number)</b>	48
	<b>Time (hours)</b>	172
	<b>Profit tax (%)</b>	20.2
	<b>Labor tax and contributions (%)</b>	18.0
	<b>Other taxes (%)</b>	6.1
	<b>Total tax rate (% profit)</b>	44.3

<b>Trading Across Borders</b>	<b>Documents for export (number)</b>	5
	<b>Time for export (days)</b>	24
	<b>Cost to export (US\$ per container)</b>	1212
	<b>Documents for import (number)</b>	7
	<b>Time for import (days)</b>	30
	<b>Cost to import (US\$ per container)</b>	1425
<b>Enforcing Contracts</b>	<b>Procedures (number)</b>	38
	<b>Duration (days)</b>	462
	<b>Cost (% of claim)</b>	14.3
<b>Closing a Business</b>	<b>Time (years)</b>	3.0
	<b>Cost (% of estate)</b>	22
	<b>Recovery rate (cents on the dollar)</b>	20.5

## Starting a Business in Tanzania: Entry Regulation

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When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed the process—or may decide to run their business informally.

The data on starting a business are based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

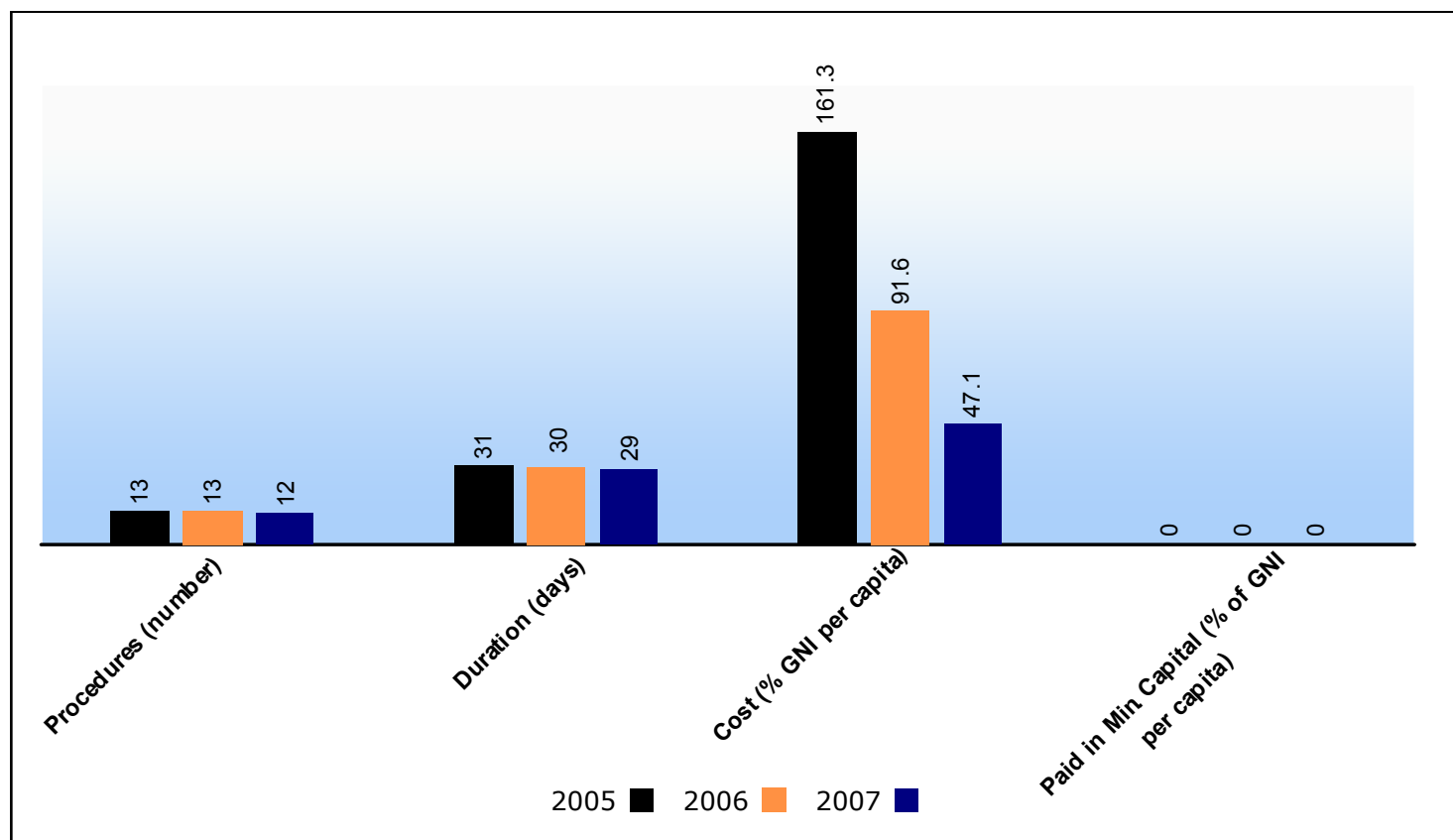
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up capital of 10 times income per capita, turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices; and fuel corruption.

## 1. Historical data: Starting a Business in Tanzania

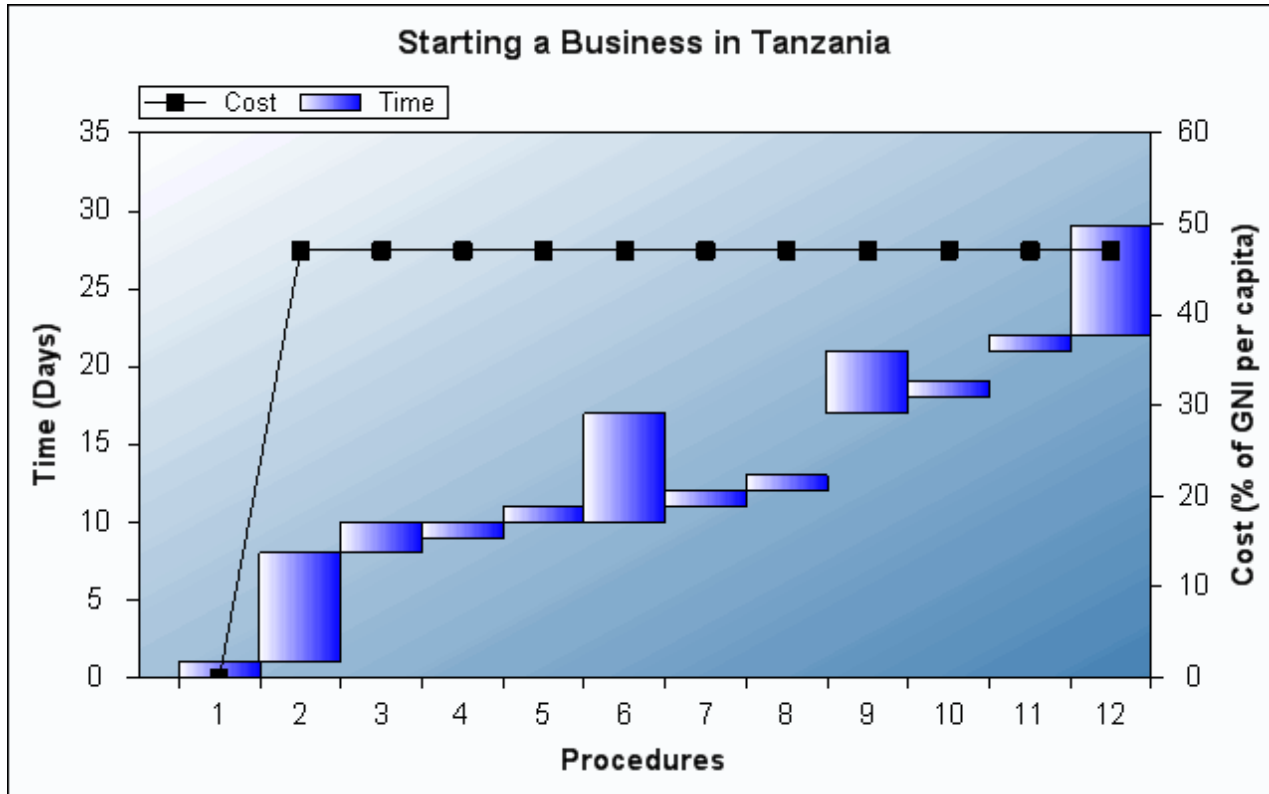
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		101	95
Procedures (number)	13	13	12
Duration (days)	31	30	29
Cost (% GNI per capita)	161.3	91.6	47.1
Paid in Min. Capital (% of GNI per capita)	0.0	0.0	0.0

2. The following graph illustrates the Starting a Business indicators in Tanzania over the past 3 years:



### 3. Steps to Starting a Business in Tanzania

It requires 12 procedures, takes 29 days, and costs 47.06% GNI per capita to start a business in Tanzania.



#### List of Procedures:

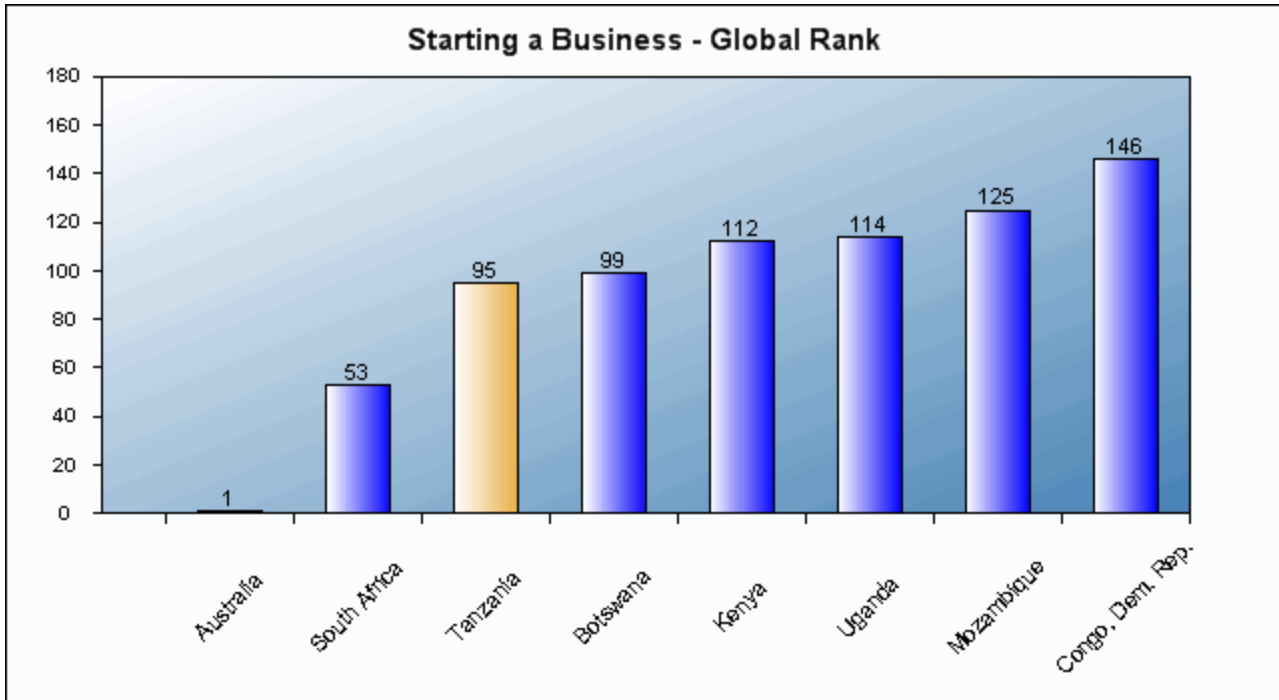
1. Apply for clearance of the proposed company name
2. Certificate of incorporation
3. Apply for TIN
4. Inspection by income tax officials
5. Register for PAYE
6. Business license
7. Signature of town inspector
8. Signature of health inspector
9. Register for VAT
10. VAT/stamp duty inspection
11. Workmen's compensation insurance
12. National provident fund

More details are available in the appendix.

#### 4. Benchmarking Starting a Business Regulations:

Tanzania is ranked 95 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

Ranking of Tanzania in Starting a Business - Compared to best practice and selected economies:



The following table shows Starting a Business data for Tanzania compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

<i>Selected Economy</i>				
Tanzania	12	29	47.1	0.0

<i>Comparator Economies</i>				
Botswana	11	108	9.9	0.0
Congo, Dem. Rep.	13	155	487.2	0.0
Kenya	12	44	46.1	0.0
Mozambique	10	29	21.6	115.8
South Africa	8	31	7.1	0.0
Uganda	18	28	92.0	0.0

\* The following economies are also best practice economies for :

Procedures (number): **Canada, New Zealand**

Paid in Min. Capital (% of GNI per capita): **Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States**



## Dealing with Licenses in Tanzania: Building a Warehouse

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Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure—from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation—the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

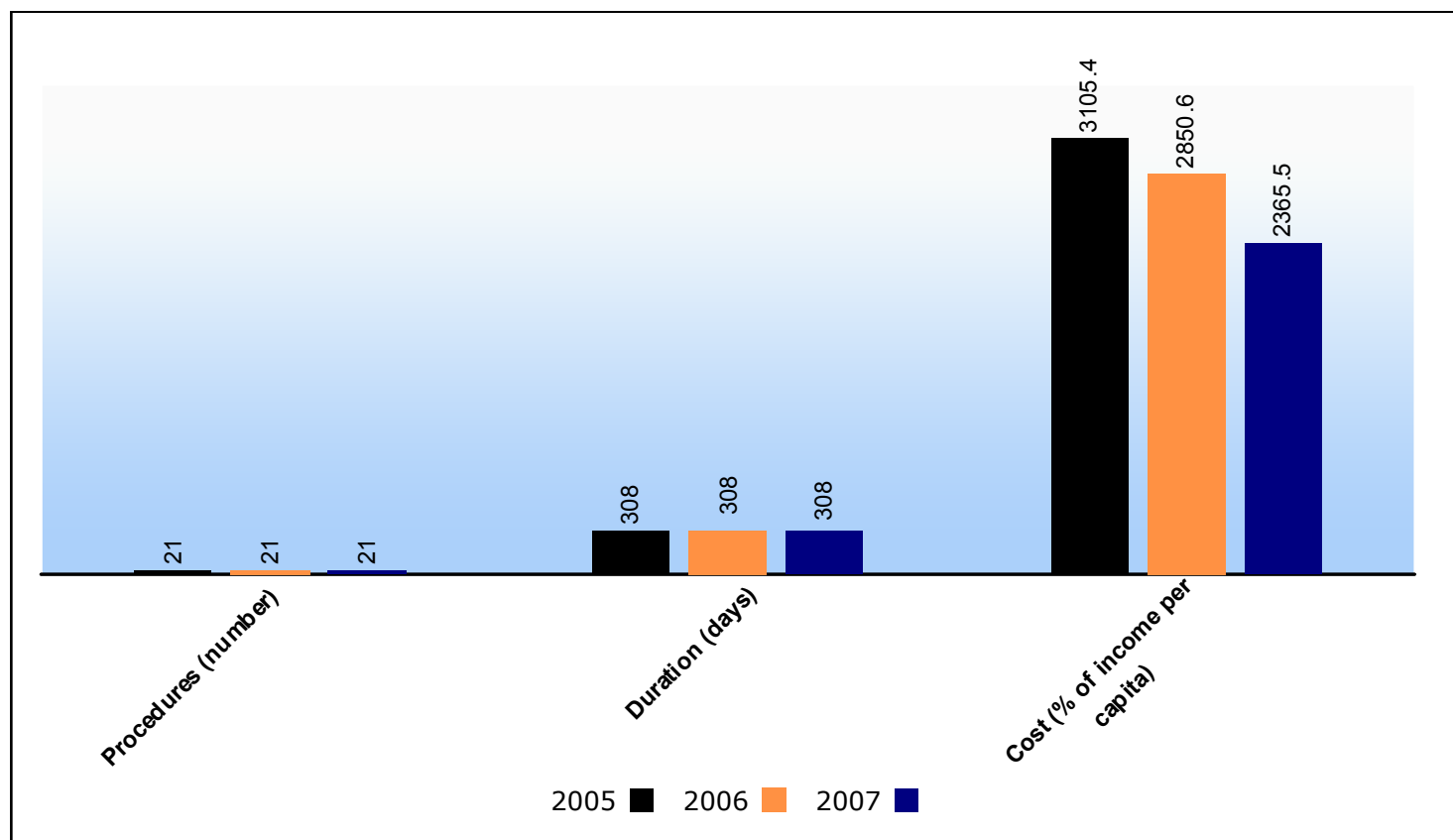
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

## 1. Historical data: Dealing with Licenses in Tanzania

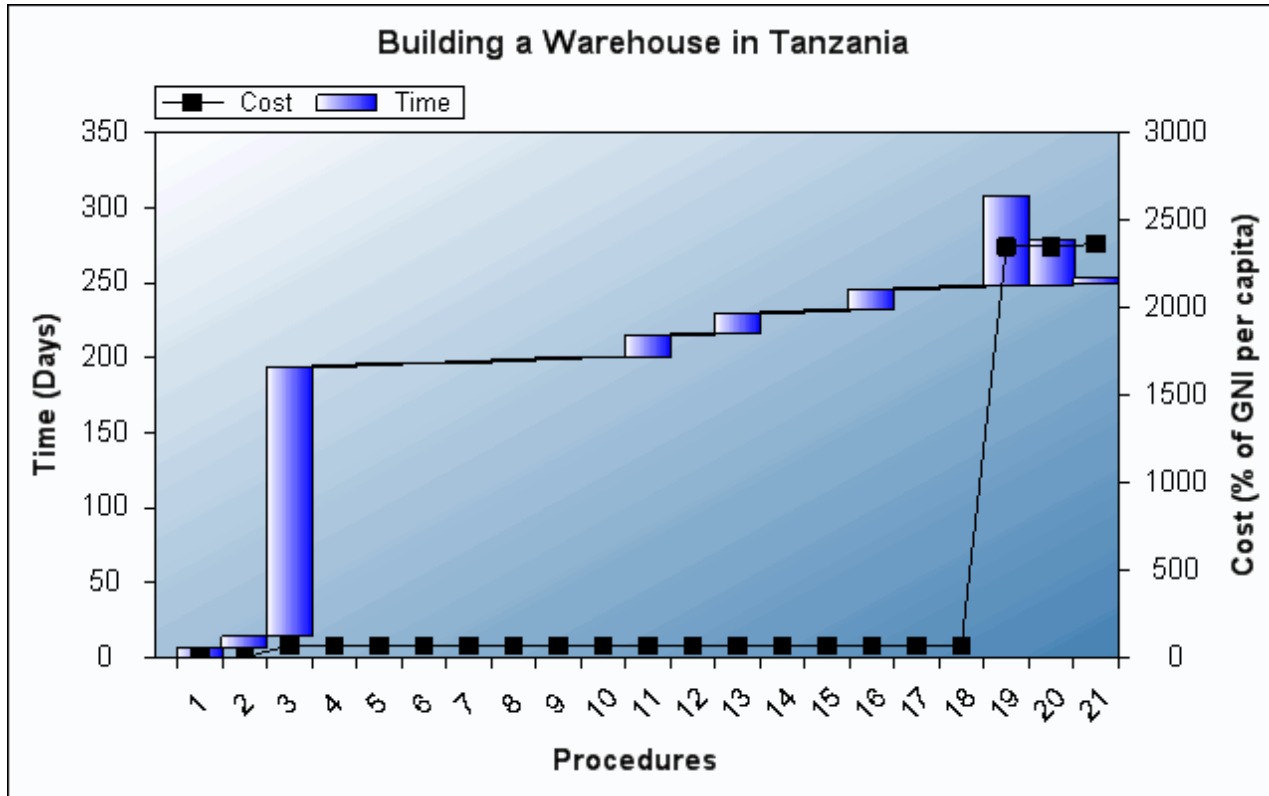
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		168	170
Procedures (number)	21	21	21
Duration (days)	308	308	308
Cost (% of income per capita)	3105.4	2850.6	2365.5

2. The following graph illustrates the Dealing with Licenses indicators in Tanzania over the past 3 years:



### 3. Steps to Building a Warehouse in Tanzania

It requires 21 procedures, takes 308 days, and costs 2,365.55% GNI per capita to build a warehouse in Tanzania.



#### List of Procedures:

1. Obtain location plan from City Council - Ministry of Lands
2. Obtain certified copy of the land rent receipts from the Internal Revenue Authority
3. Obtain building permit
4. Request and receive pre-construction inspection from the City Council officers
5. Request and receive excavation work inspection from the City Council officers
6. Request and receive foundations work inspection from the City Council officers
7. Request and receive concrete work inspection from the City Council officers
8. Request and receive slabs work inspection from the City Council officers
9. Request and receive roof work inspection from the City Council officers
10. Request and receive inspection from the fire department once construction is completed
11. Obtain approval of the building from the fire department upon completion
12. Receive inspection from the health department

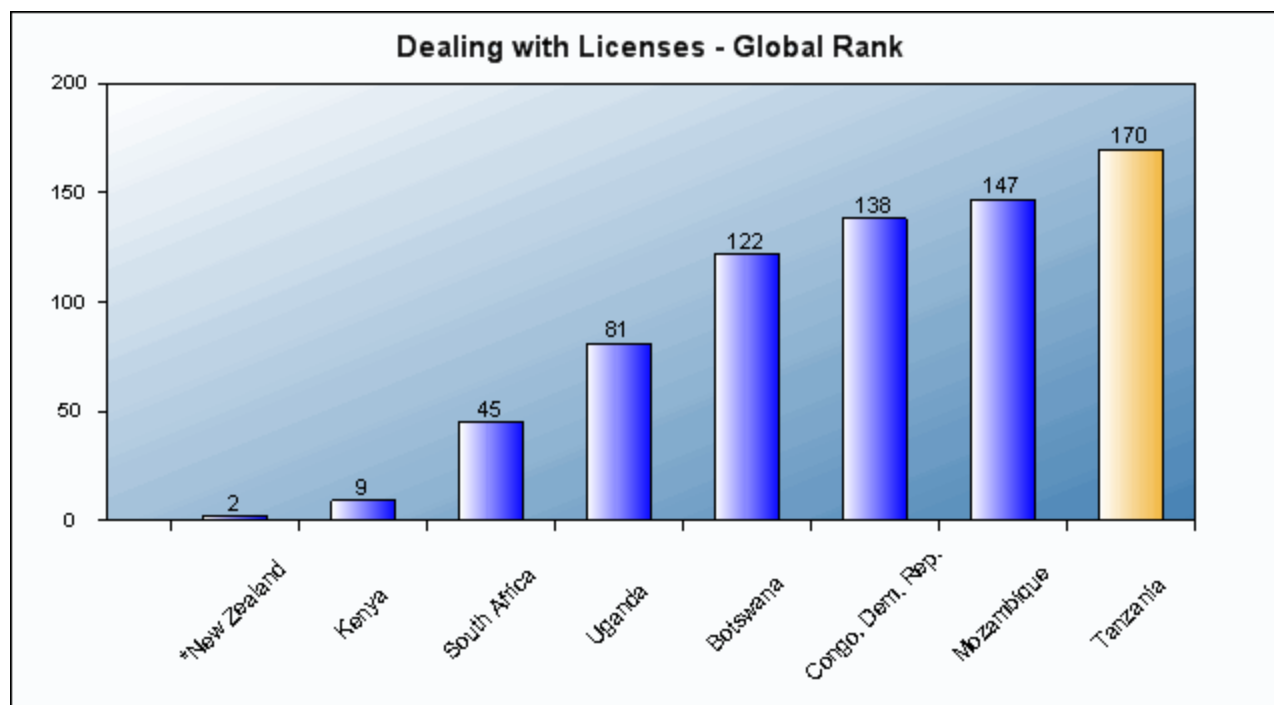
13. Obtain approval of the building from the health department upon completion
14. Apply for occupancy permit from the City Council and request final inspection
15. Receive final inspection from the City Council officers
16. Obtain occupancy permit
17. Apply for electricity connection
18. Receive electricity inspection from Tanesco
19. Obtain electricity connection from Tanesco
20. Obtain water and sewage connection from Dawasa
21. Obtain telephone connection

More details are available in the appendix.

#### 4. Benchmarking Dealing with Licenses Regulations:

Tanzania is ranked 170 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Tanzania in Dealing with Licenses - Compared to best practice and selected economies:



\* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Tanzania compared to best practice and comparator economies:

<b>Best Practice Economies</b>	<b>Procedures (number)</b>	<b>Duration (days)</b>	<b>Cost (% of income per capita)</b>
Denmark	6		
Korea		34	
United Arab Emirates			1.5

<b>Selected Economy</b>			
Tanzania	21	308	2365.5

<b>Comparator Economies</b>			
Botswana	24	167	322.3
Congo, Dem. Rep.	14	322	2112.6
Kenya	10	100	58.8
Mozambique	17	361	705.0
South Africa	17	174	30.4
Uganda	16	143	811.8

## Employing Workers in Tanzania: Labor Regulations

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Every economy has established a complex system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. Doing Business examines government regulation in the area of employment and social security laws.

Three measures are presented: a rigidity of employment index, a nonwage labor cost measure and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective).

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

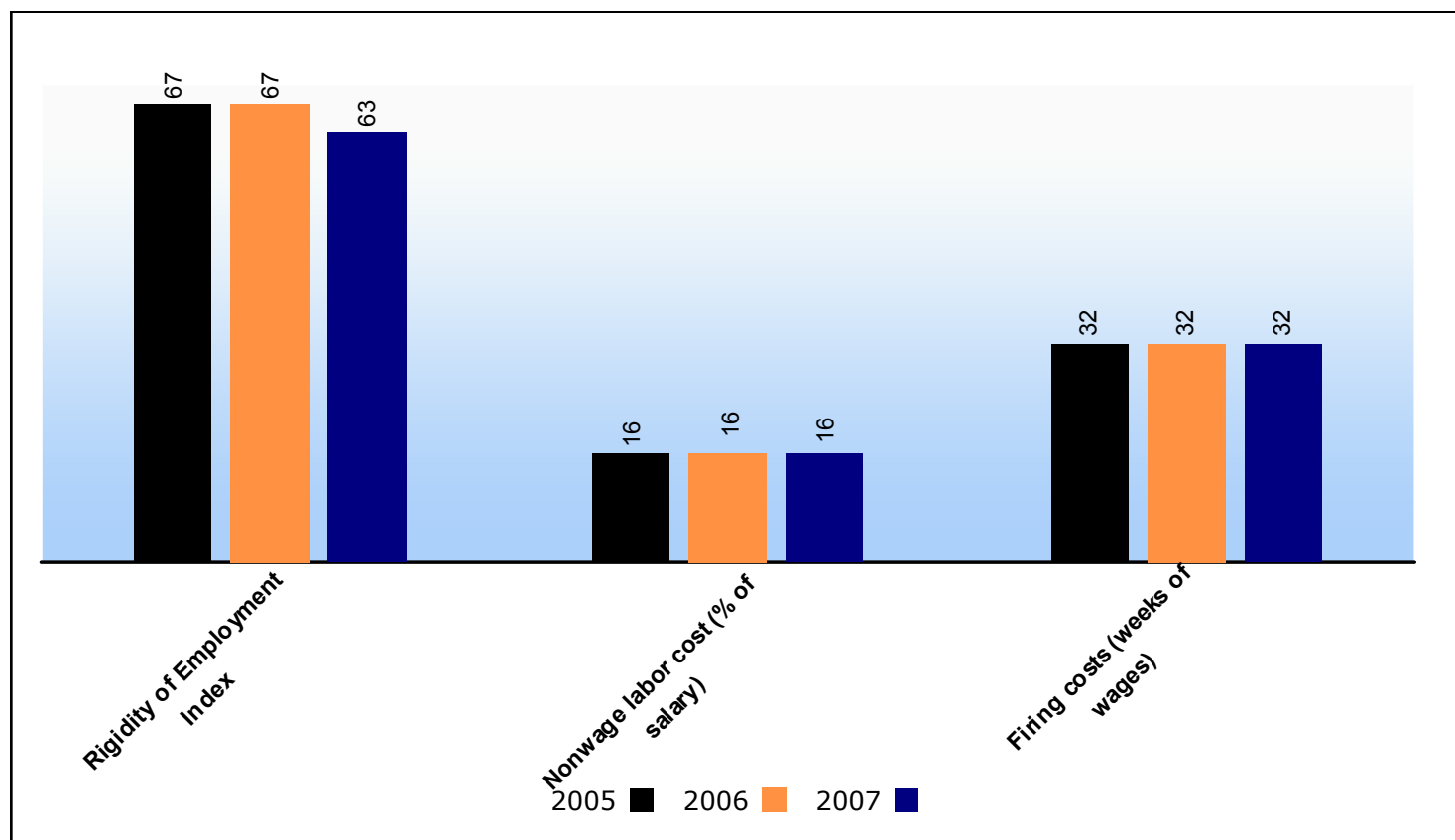
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

## 1. Historical data: Employing Workers in Tanzania

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		150	151
Rigidity of Employment Index	67	67	63
Nonwage labor cost (% of salary)	16	16	16
Firing costs (weeks of wages)	32	32	32

## 2. The following graph illustrates the Employing Workers indicators in Tanzania over the past 3 years:



### 3. Benchmarking Employing Workers Regulations:

Tanzania is ranked 151 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

Ranking of Tanzania in Employing Workers - Compared to best practice and selected economies:



\* The following economies are also best practice economies for Employing Workers: Marshall Islands, Singapore



The following table shows Employing Workers data for Tanzania compared to best practice and comparator economies:

<b>Best Practice Economies</b>	<b>Rigidity of Employment Index</b>	<b>Nonwage labor cost (% of salary)</b>	<b>Firing costs (weeks of wages)</b>
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

<b>Selected Economy</b>			
<b>Tanzania</b>	<b>63</b>	<b>16</b>	<b>32</b>

<b>Comparator Economies</b>			
<b>Botswana</b>	<b>20</b>	<b>0</b>	<b>90</b>
<b>Congo, Dem. Rep.</b>	<b>74</b>	<b>7</b>	<b>31</b>
<b>Kenya</b>	<b>21</b>	<b>4</b>	<b>47</b>
<b>Mozambique</b>	<b>54</b>	<b>4</b>	<b>143</b>
<b>South Africa</b>	<b>42</b>	<b>4</b>	<b>24</b>
<b>Uganda</b>	<b>3</b>	<b>10</b>	<b>13</b>

\* The following economies are also best practice economies for :

**Rigidity of Employment Index: Singapore, United States**

**Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives**

**Firing costs (weeks of wages): New Zealand, United States**

## Registering Property in Tanzania: Regulation of Property Transfer

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Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most countries the data are based on responses from both. Based on the responses, three indicators are constructed:

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

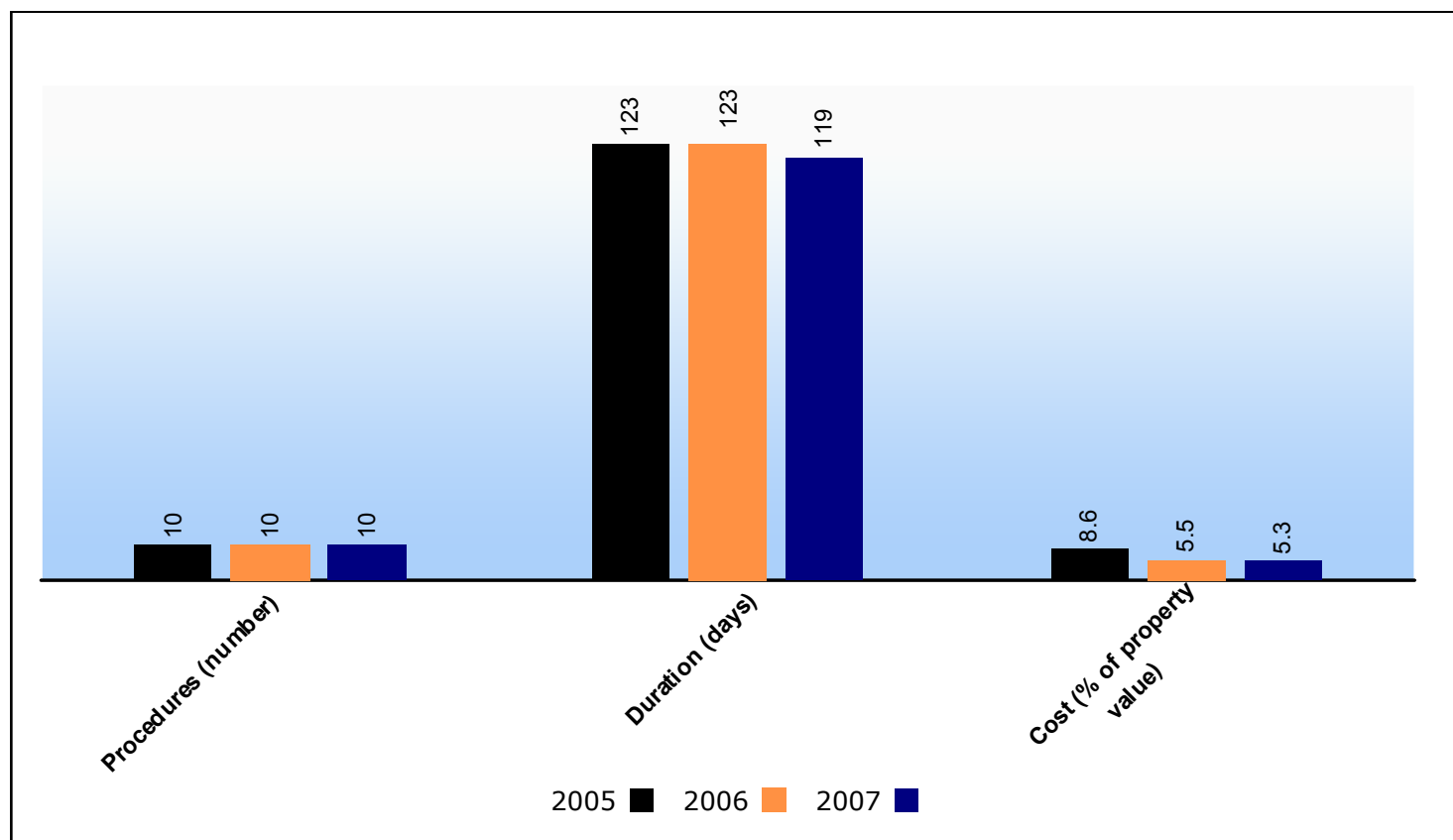
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

## 1. Historical data: Registering Property in Tanzania

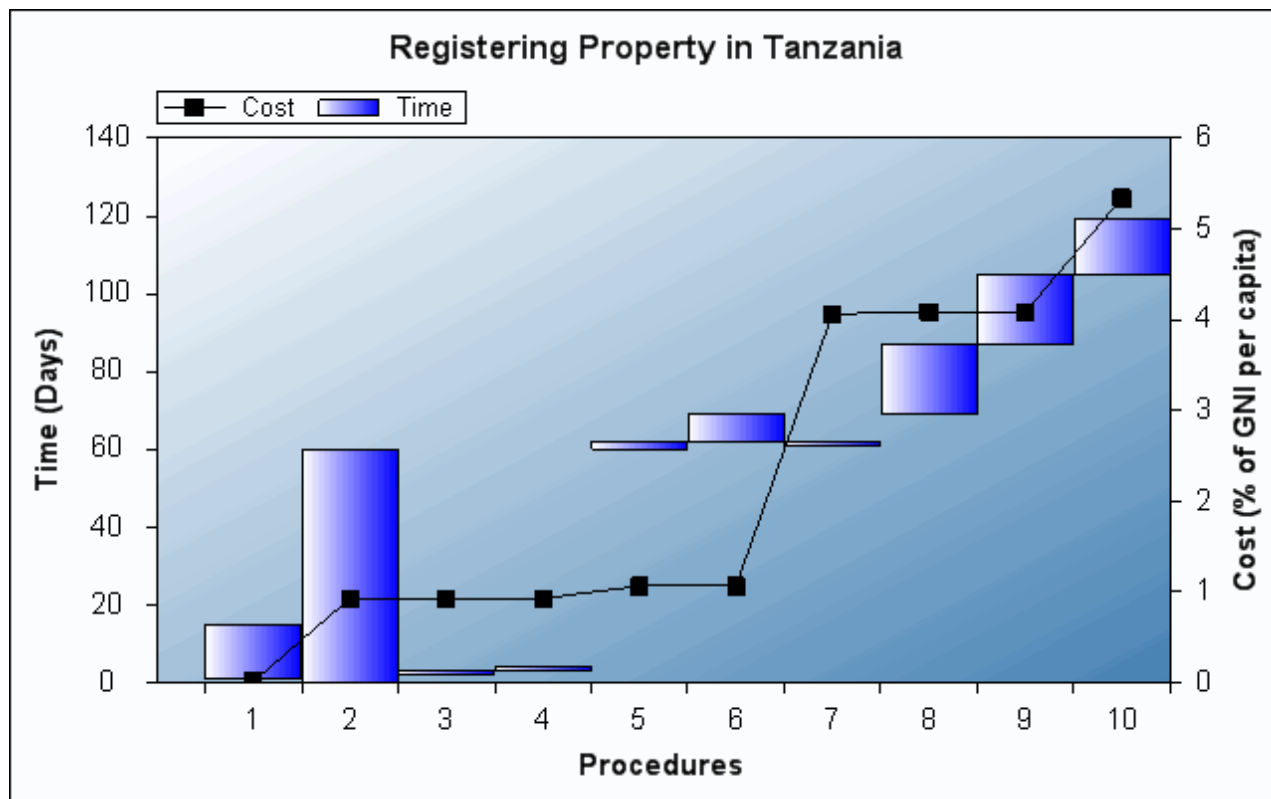
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		156	160
Procedures (number)	10	10	10
Duration (days)	123	123	119
Cost (% of property value)	8.6	5.5	5.3

## 2. The following graph illustrates the Registering Property indicators in Tanzania over the past 3 years:



### 3. Steps to Registering Property in Tanzania

It requires 10 procedures, takes 119 days, and costs 5.34% GNI per capita to register the property in Tanzania.



#### List of Procedures:

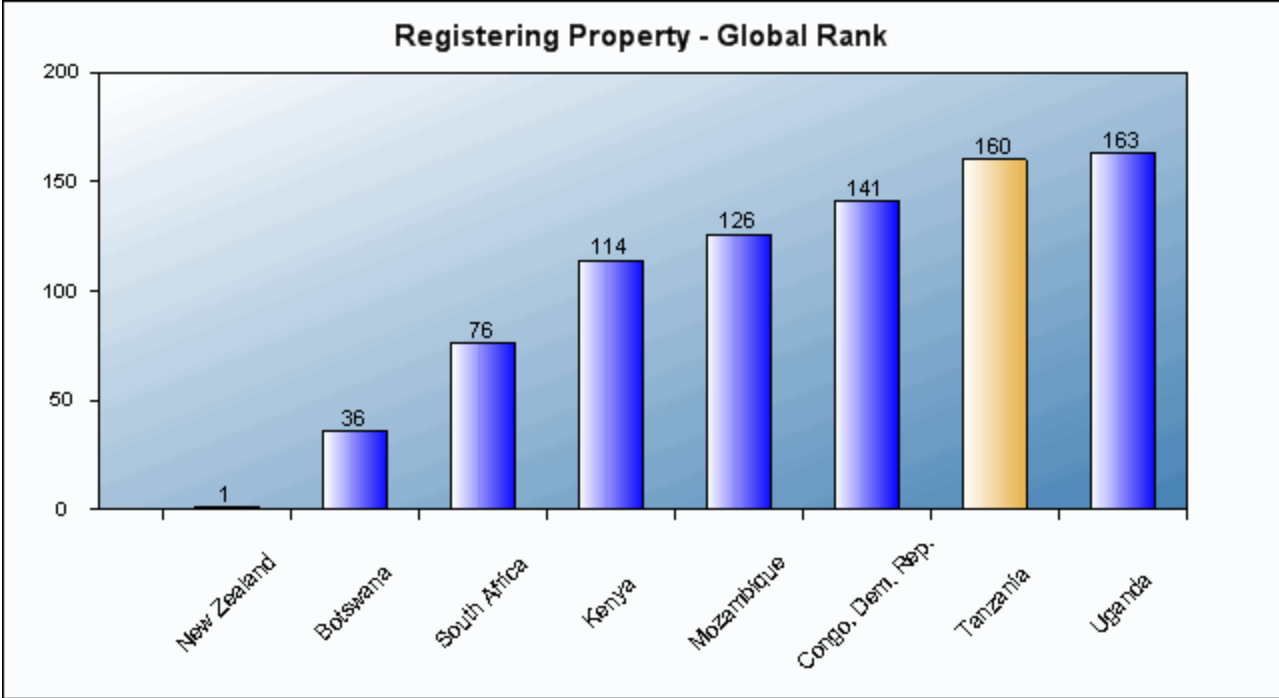
1. Obtain an official search at the Land Registry
2. Obtain a certificate of occupancy for the property at the Land Office
3. Obtain clearance by the Land Ministry of payment of land tax for ten years
4. Obtain a property tax clearance from the Municipality for the last 10 years
5. Obtain a valuation report
6. A government valuer inspects the property to determine its value
7. Notarization and execution of the sale agreement and preparation of the transfer deed
8. Obtain approval for the transfer
9. Obtain a capital gains tax certificate from the Tanzania Revenue Authority
10. The transfer deed is delivered to the Land Officer for its recording under the name of the buyer at the Lands Registry

More details are available in the appendix.

**4. Benchmarking Registering Property Regulations:**

Tanzania is ranked 160 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

Ranking of Tanzania in Registering Property - Compared to best practice and selected economies:



The following table shows Registering Property data for Tanzania compared to best practice and comparator economies:

<b>Best Practice Economies</b>	<b>Procedures (number)</b>	<b>Duration (days)</b>	<b>Cost (% of property value)</b>
<b>New Zealand*</b>		2	
<b>Norway*</b>	1		
<b>Saudi Arabia*</b>			0.0

<b>Selected Economy</b>			
<b>Tanzania</b>	10	119	5.3

<b>Comparator Economies</b>			
<b>Botswana</b>	4	30	5.0
<b>Congo, Dem. Rep.</b>	8	57	9.4
<b>Kenya</b>	8	64	4.2
<b>Mozambique</b>	8	42	8.1
<b>South Africa</b>	6	24	8.8
<b>Uganda</b>	13	227	4.6

\* The following economies are also best practice economies for :

**Procedures (number): Sweden**

**Duration (days): Sweden, Thailand**

**Cost (% of property value): Bhutan**

## Getting Credit in Tanzania: Legal Rights and Credit Information

---

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function—one on credit registries and the other on legal rights of borrowers and lenders.

Credit registries—institutions that collect and distribute credit information on borrowers—can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

- Public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population.
- Private bureau coverage, which reports the number of individuals and firms covered by a private credit bureau as a percentage of the adult population.
- Depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information.

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower’s secured assets upon default, collateral limits the lender’s potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

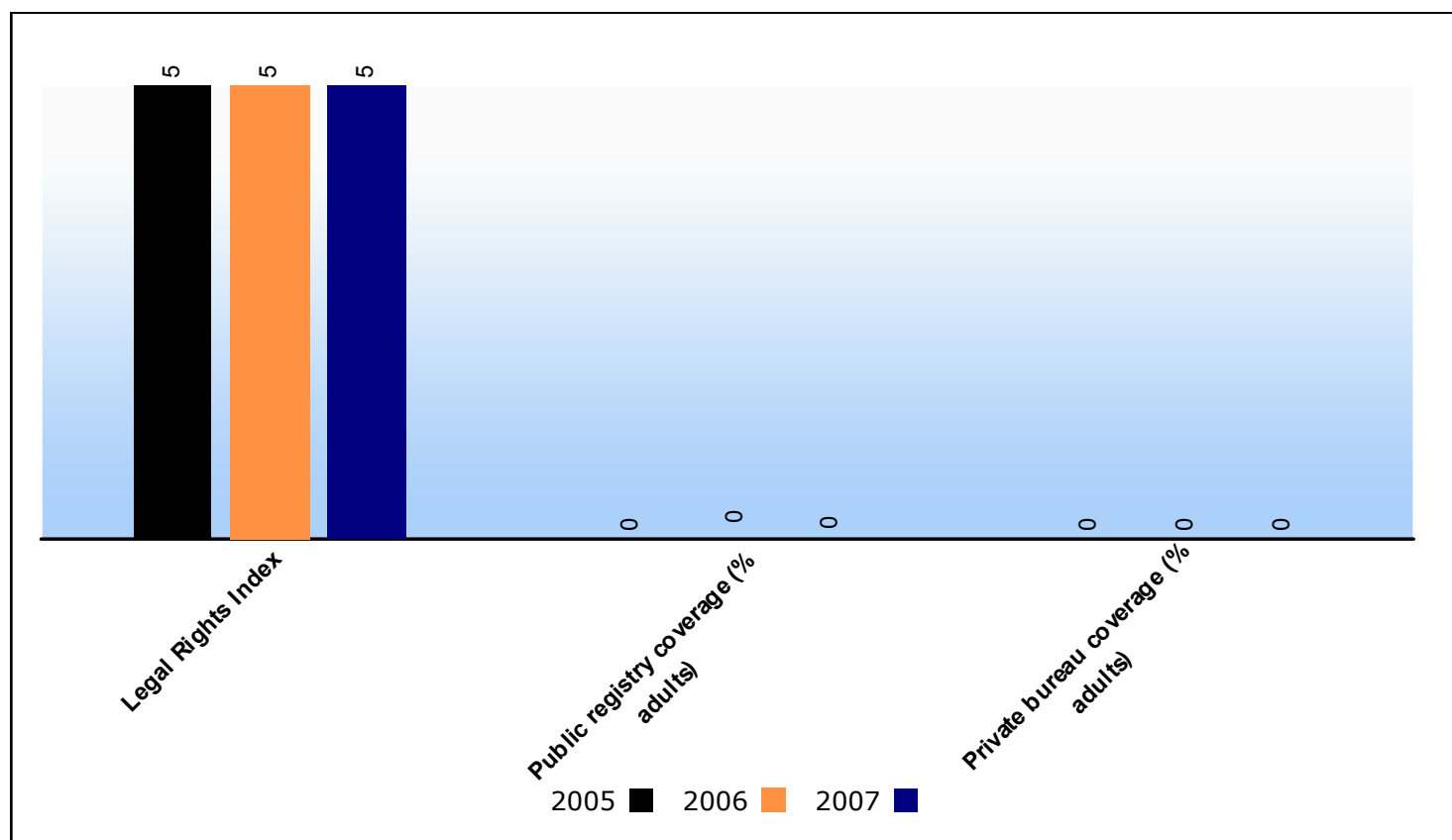
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

## 1. Historical data: Getting Credit in Tanzania

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		111	115
Legal Rights Index	5	5	5
Public registry coverage (% adults)	0.0	0.0	0.0
Private bureau coverage (% adults)	0.0	0.0	0.0

2. The following graph illustrates the Getting Credit indicators in Tanzania over the past 3 years:

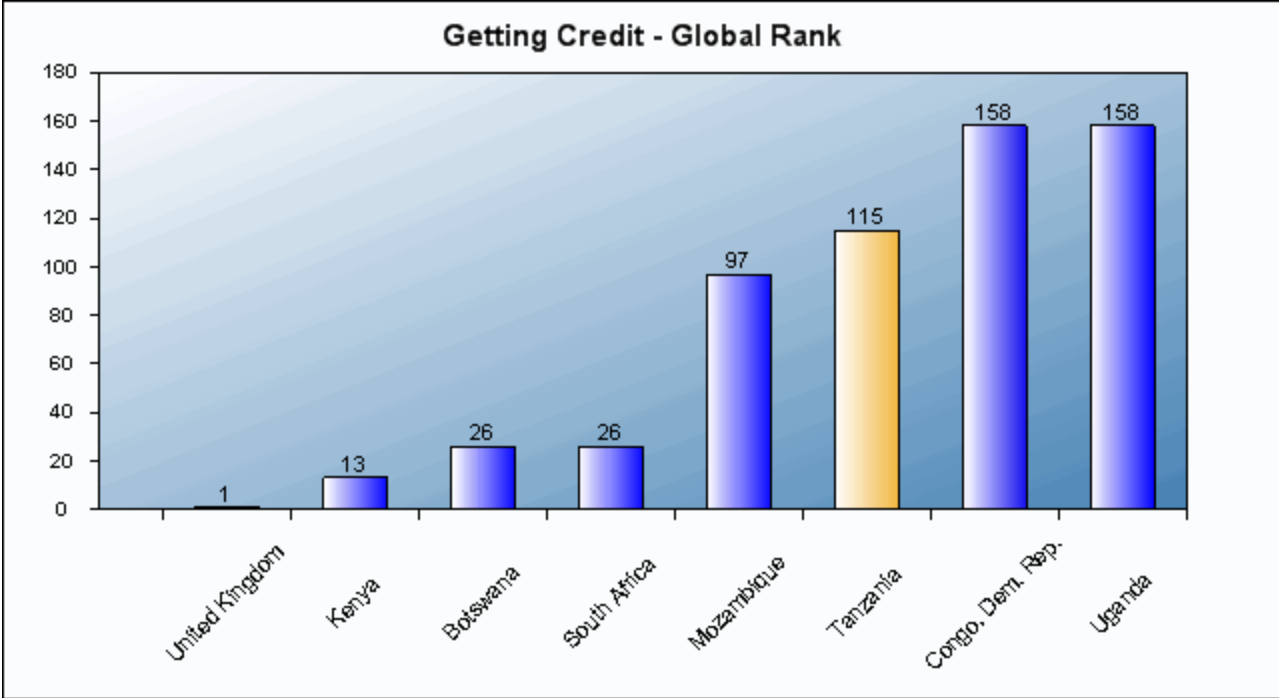




**3. Benchmarking Getting Credit Regulations:**

Tanzania is ranked 115 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

Ranking of Tanzania in Getting Credit - Compared to best practice and selected economies:



The following table shows Getting Credit data for Tanzania compared to best practice and comparator economies:

<b>Best Practice Economies</b>	<b>Legal Rights Index</b>	<b>Public registry coverage (%)</b>	<b>Private bureau coverage (%)</b>
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

<b>Selected Economy</b>			
Tanzania	5	0.0	0.0

<b>Comparator Economies</b>			
Botswana	7	0.0	58.3
Congo, Dem. Rep.	3	0.0	0.0
Kenya	8	0.0	1.5
Mozambique	3	0.9	0.0
South Africa	5	0.0	52.1
Uganda	3	0.0	0.0

\* The following economies are also best practice economies for :

**Legal Rights Index: United Kingdom**

**Private bureau coverage (% adults): Australia, Canada, Iceland, Ireland, New Zealand, Nicaragua, Norway, Sweden, United States**

## Protecting Investors in Tanzania

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Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is unfair to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

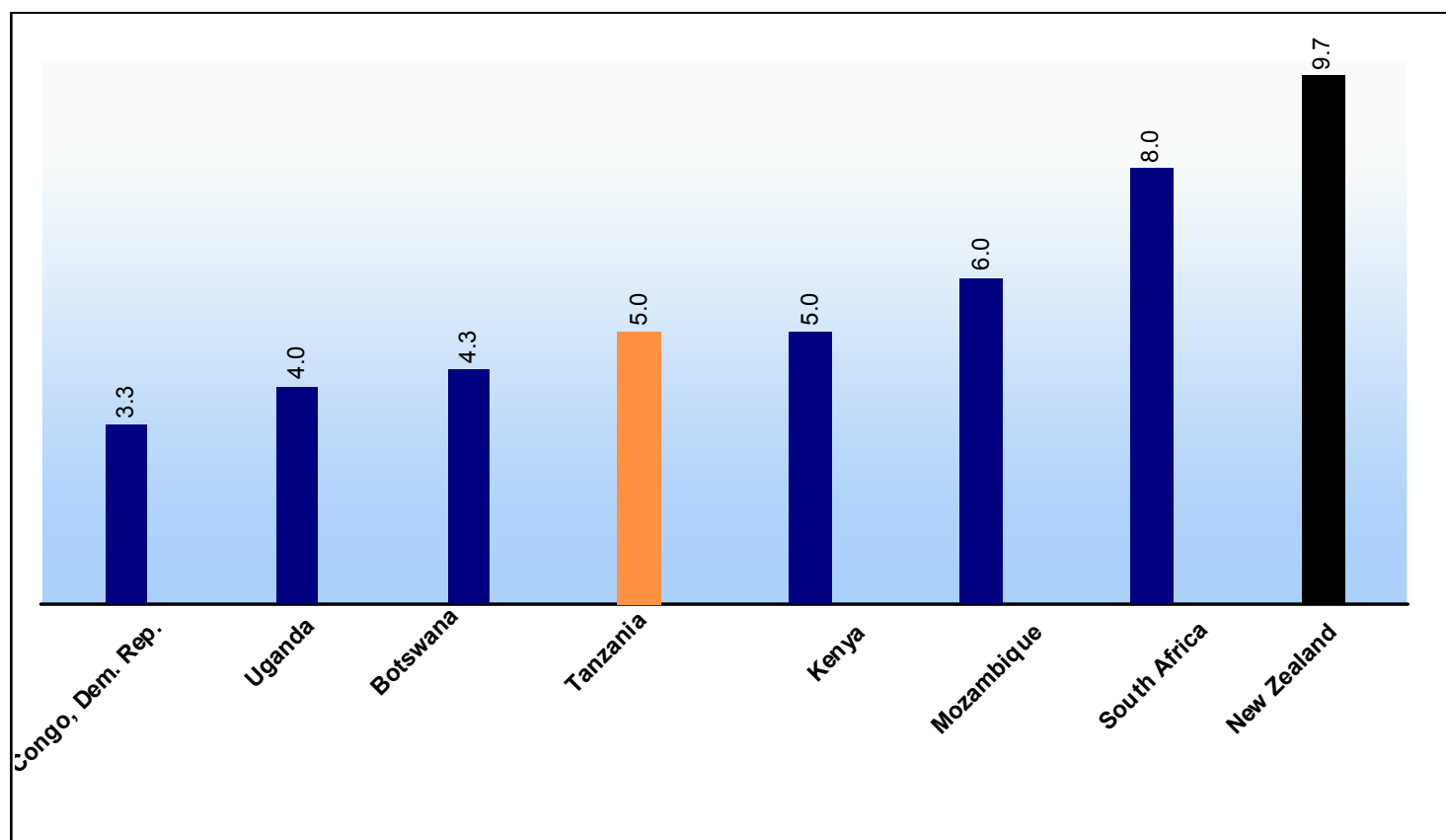
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

## 1. Historical data: Protecting Investors in Tanzania

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		81	83
Investor Protection Index	4.0	5.0	5.0

2. The following graph illustrates the Protecting Investors index in Tanzania compared to best practice and selected Economies:

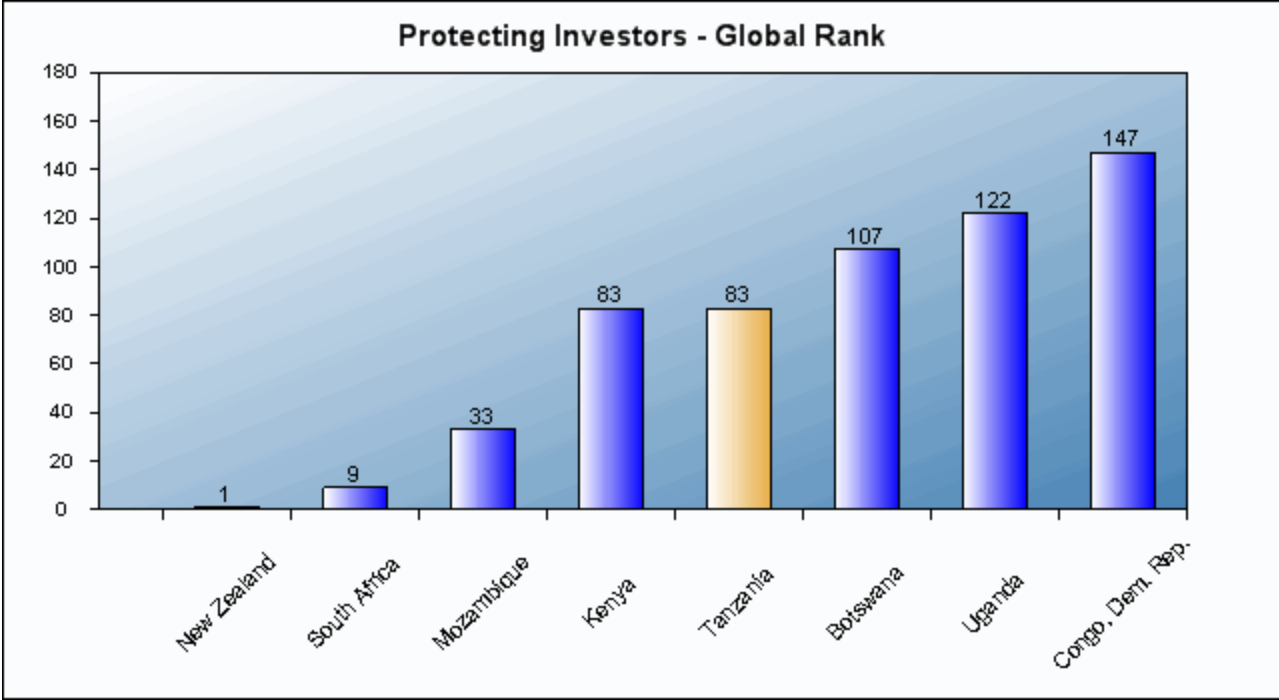


**Note:** The higher the score, the greater the investor protection.

**3. Benchmarking Protecting Investors Regulations:**

Tanzania is ranked 83 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

Ranking of Tanzania in Protecting Investors - Compared to best practice and selected economies:



The following table shows Protecting Investors data for Tanzania compared to best practice and comparator economies:

<b><i>Best Practice Economies</i></b>	<b>Investor Protection Index</b>
<b>New Zealand</b>	9.7

<b><i>Selected Economy</i></b>	
<b>Tanzania</b>	5.0

<b><i>Comparator Economies</i></b>	
<b>Botswana</b>	4.3
<b>Congo, Dem. Rep.</b>	3.3
<b>Kenya</b>	5.0
<b>Mozambique</b>	6.0
<b>South Africa</b>	8.0
<b>Uganda</b>	4.0

## Paying Taxes: Tax Payable and Compliance in Tanzania

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Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

The business starts from the same financial position in each country. All the taxes and contributions paid during the second year of operation are recorded. Taxes and contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

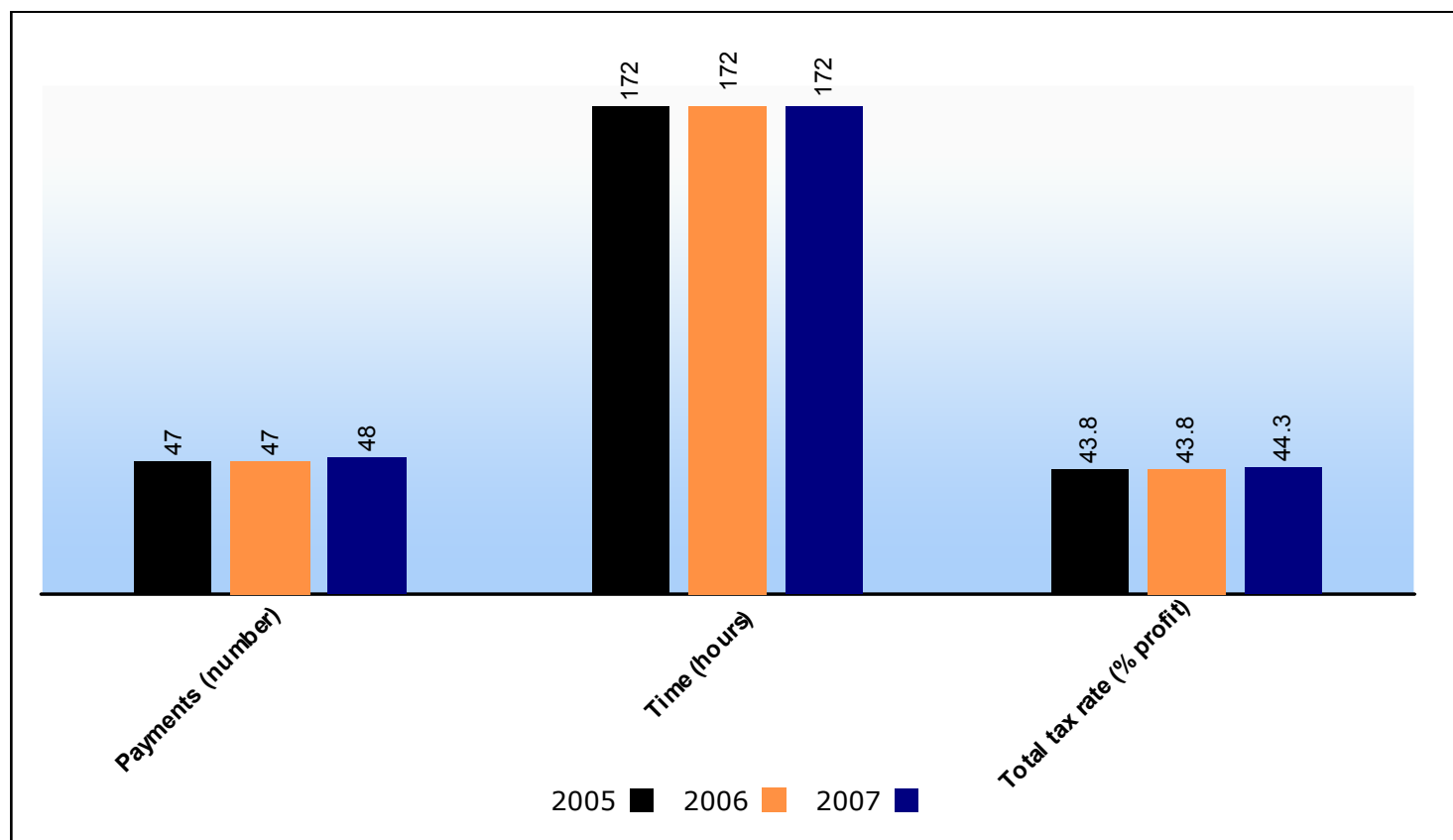
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added or sales tax and labor taxes.
- Total tax rate, which measures the amount of taxes payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

## 1. Historical data: Paying Taxes in Tanzania

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		98	104
Time (hours)	172	172	172
Total tax rate (% profit)	43.8	43.8	44.3
Payments (number)	47	47	48

2. The following graph illustrates the Paying Taxes indicators in Tanzania over the past 3 years:

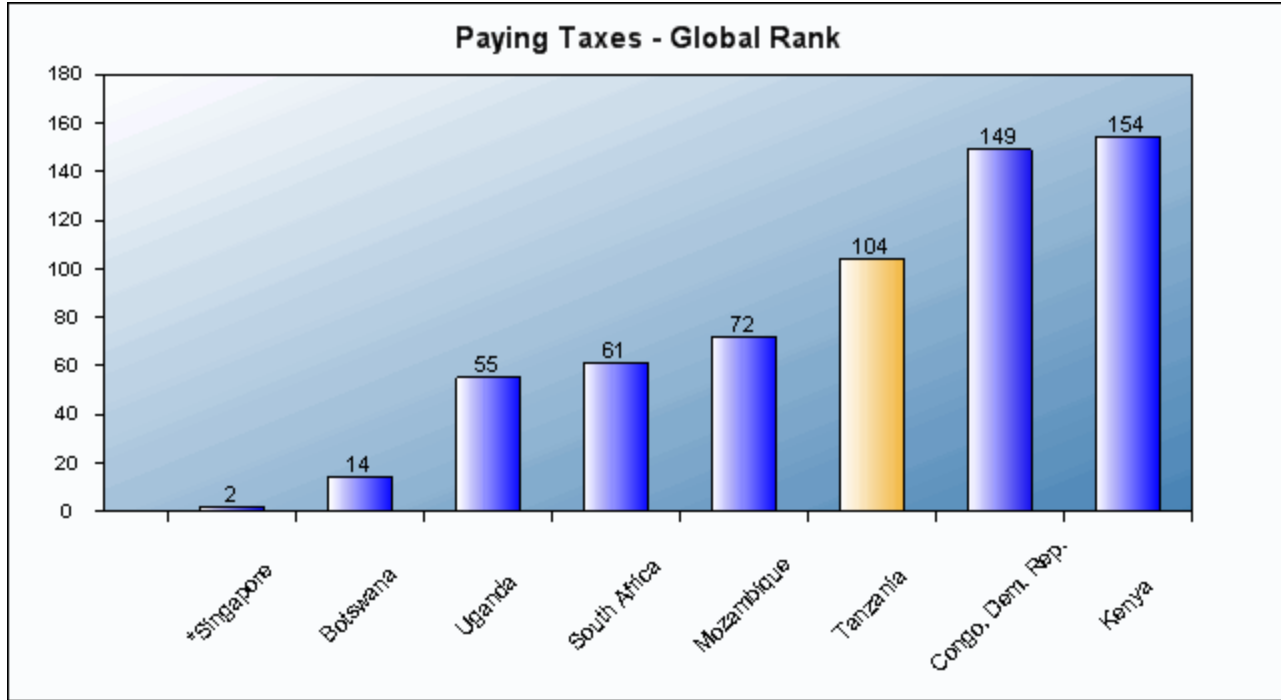




### 3. Benchmarking Paying Taxes Regulations:

Tanzania is ranked 104 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

Ranking of Tanzania in Paying Taxes - Compared to best practice and selected economies:



\* The following economies are also best practice economies for Paying Taxes: Maldives

The following table shows Paying Taxes data for Tanzania compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

<i>Selected Economy</i>			
<b>Tanzania</b>	48	172	44.3

<i>Comparator Economies</i>			
Botswana	19	140	17.2
Congo, Dem. Rep.	32	308	229.8
Kenya	41	432	50.9
Mozambique	37	230	34.3
South Africa	11	350	37.1
Uganda	33	237	32.3

\* The following economies are also best practice economies for :

Payments (number): **Maldives**

Time (hours): **Maldives**

## Trading Across Borders: Importing and Exporting from Tanzania

---

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every official procedure—and the associated documents, time and cost—for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the factory warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

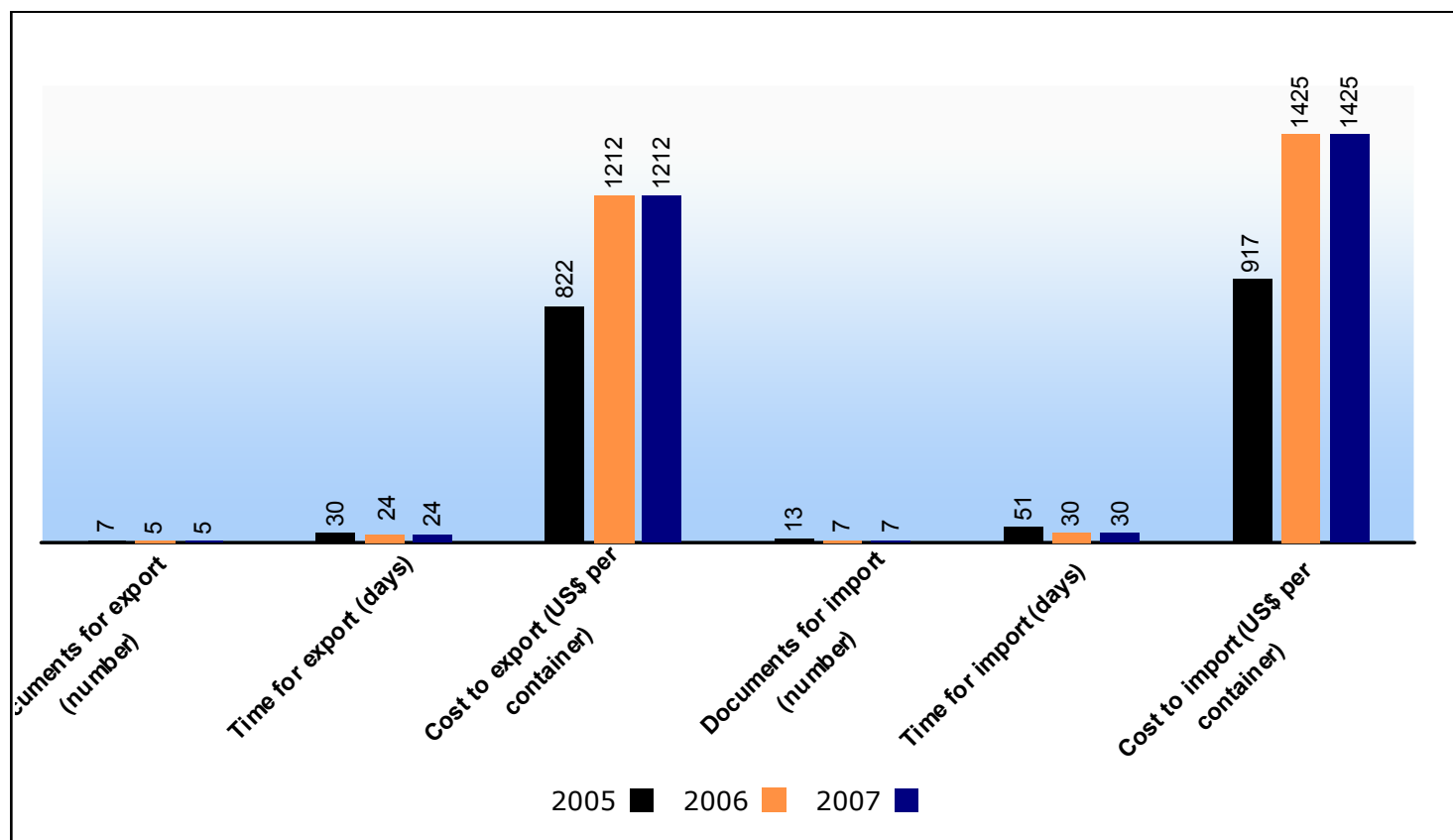
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes.

Countries that have efficient customs, good transport networks and fewer document requirements—making compliance with export and import procedures faster and cheaper—are more competitive globally. That leads to more exports—and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders avoid customs altogether. Instead, they smuggle goods across the border. That defeats the very purpose in having border control of trade—to levy taxes and ensure high quality of goods.

## 1. Historical data: Trading Across Borders in Tanzania

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		90	100
Documents for export (number)	7	5	5
Time for export (days)	30	24	24
Cost to export (US\$ per container)	822	1212	1212
Documents for import (number)	13	7	7
Time for import (days)	51	30	30
Cost to import (US\$ per container)	917	1425	1425

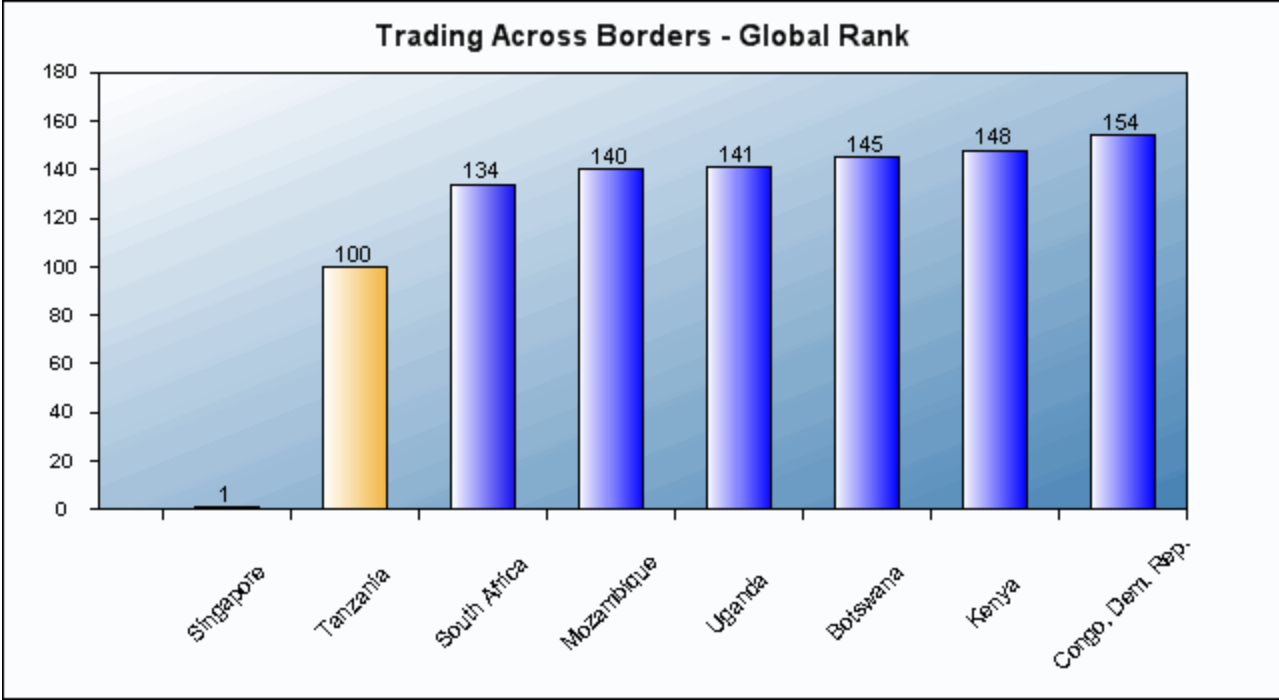
2. The following graph illustrates the Trading Across Borders indicators in Tanzania over the past 3 years:



**3. Benchmarking Trading Across Borders Regulations:**

Tanzania is ranked 100 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

Ranking of Tanzania in Trading Across Borders - Compared to best practice and selected economies:



The following table shows Trading Across Borders data for Tanzania compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

<i>Selected Economy</i>						
Tanzania	5	24	1212	7	30	1425

<i>Comparator Economies</i>						
Botswana	6	33	2328	9	43	2595
Congo, Dem. Rep.	8	46	2307	9	66	2183
Kenya	9	29	1955	8	37	1995
Mozambique	8	27	1155	10	38	1185
South Africa	8	30	1087	9	35	1195
Uganda	6	39	2940	7	37	2990

\* The following economies are also best practice economies for :

Documents for export (number): **Estonia, Micronesia, Panama**

Time for export (days): **Estonia, Singapore**

Documents for import (number): **Sweden**

## Enforcing Contracts: Court Efficiency in Tanzania

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Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

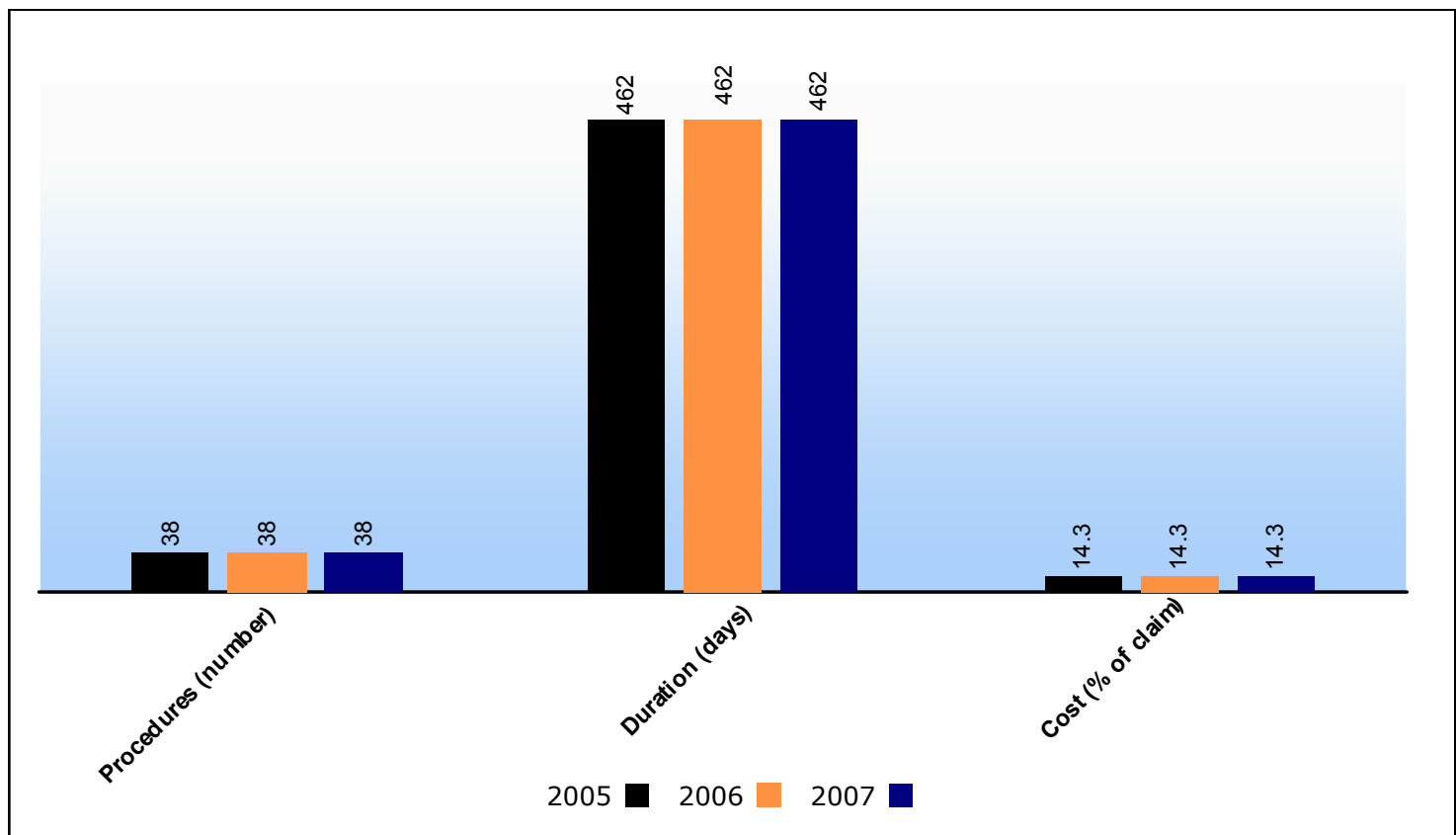
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

## 1. Historical data: Enforcing Contracts in Tanzania

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		34	35
Procedures (number)	38	38	38
Duration (days)	462	462	462
Cost (% of claim)	14.3	14.3	14.3

2. The following graph illustrates the Enforcing Contracts indicators in Tanzania over the past 3 years:

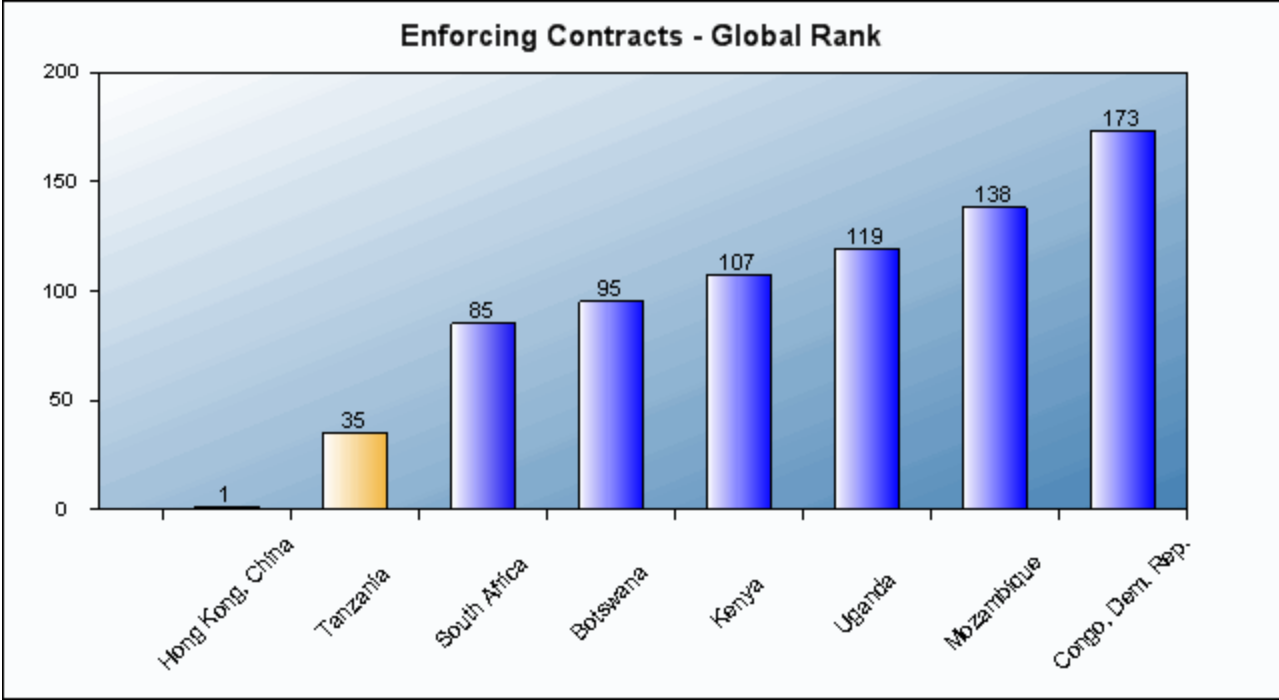




**3. Benchmarking Enforcing Contracts Regulations:**

Tanzania is ranked 35 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

Ranking of Tanzania in Enforcing Contracts - Compared to best practice and selected economies:



The following table shows Enforcing Contracts data for Tanzania compared to best practice and comparator economies:

<i>Best Practice Economies</i>	<b>Procedures (number)</b>	<b>Duration (days)</b>	<b>Cost (% of claim)</b>
<b>Bhutan</b>			0.1
<b>Ireland</b>	20		
<b>Singapore</b>		120	

<i>Selected Economy</i>			
<b>Tanzania</b>	38	462	14.3

<i>Comparator Economies</i>			
<b>Botswana</b>	29	987	28.1
<b>Congo, Dem. Rep.</b>	43	685	151.8
<b>Kenya</b>	44	465	26.7
<b>Mozambique</b>	31	1010	142.5
<b>South Africa</b>	30	600	33.2
<b>Uganda</b>	38	535	44.9

## Closing Business in Tanzania: Bankruptcy

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The economic crises of the 1990s in emerging markets—from East Asia to Latin America, from Russia to Mexico—raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that creditors hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

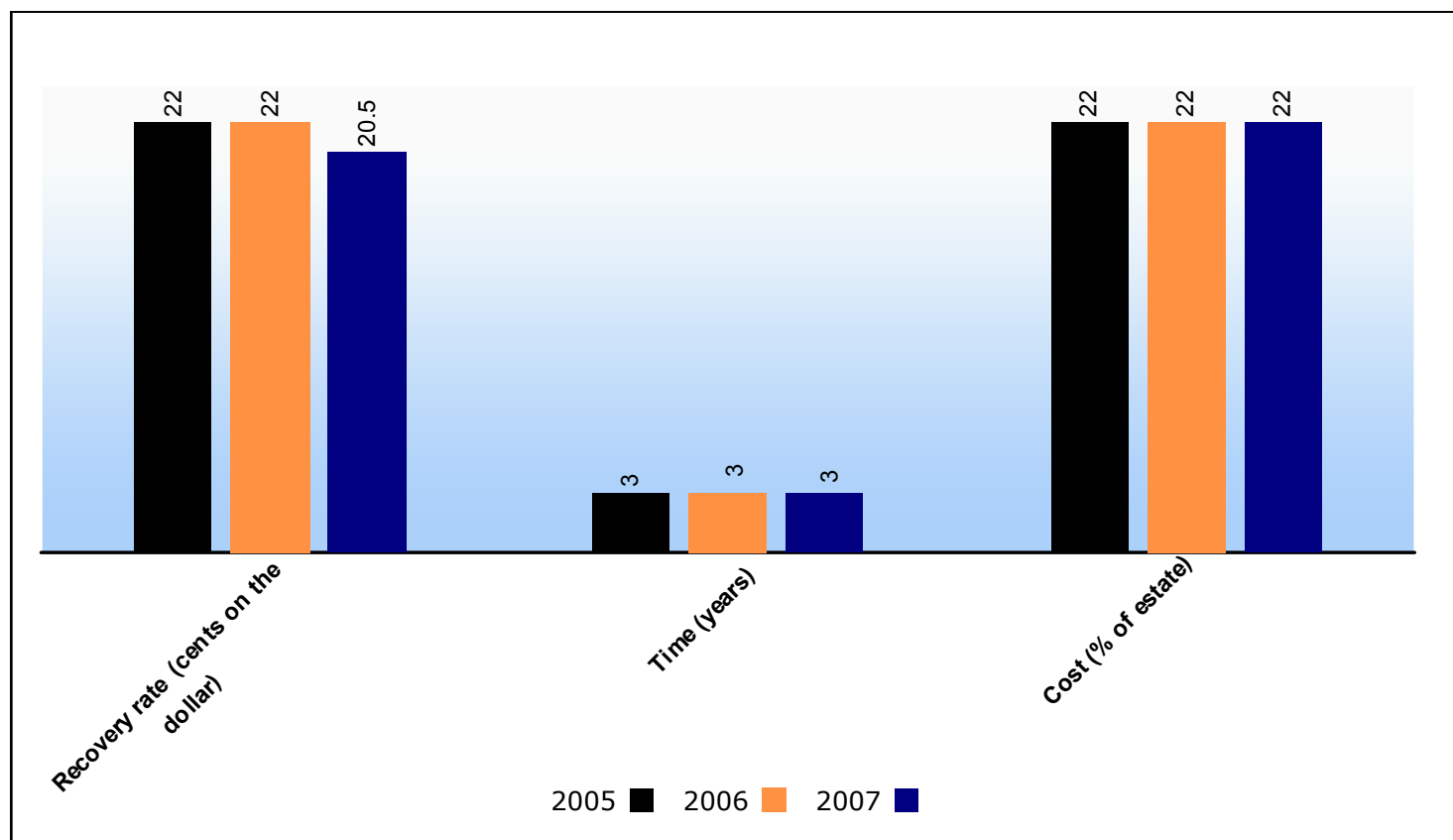
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy is used, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

## 1. Historical data: Closing Business in Tanzania

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		107	109
Time (years)	3.0	3.0	3.0
Cost (% of estate)	22	22	22
Recovery rate (cents on the dollar)	22	22	20.5

## 2. The following graph illustrates the Closing Business indicators in Tanzania over the past 3 years:



**3. Benchmarking Closing Business Regulations:**

Tanzania is ranked 109 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

Ranking of Tanzania in Closing Business - Compared to best practice and selected economies:



The following table shows Closing Business data for Tanzania compared to best practice and comparator economies:

<b>Best Practice Economies</b>	<b>Recovery rate (cents on the</b>	<b>Time (years)</b>	<b>Cost (% of estate)</b>
Colombia			1
Ireland*		0.4	
Japan	92.6		

<b>Selected Economy</b>			
<b>Tanzania</b>	<b>20.5</b>	<b>3.0</b>	<b>22</b>

<b>Comparator Economies</b>			
<b>Botswana</b>	<b>59.8</b>	<b>1.7</b>	<b>15</b>
<b>Congo, Dem. Rep.</b>	<b>2.9</b>	<b>5.2</b>	<b>29</b>
<b>Kenya</b>	<b>31.0</b>	<b>4.5</b>	<b>22</b>
<b>Mozambique</b>	<b>13.9</b>	<b>5.0</b>	<b>9</b>
<b>South Africa</b>	<b>33.2</b>	<b>2.0</b>	<b>18</b>
<b>Uganda</b>	<b>41.0</b>	<b>2.2</b>	<b>30</b>

\* The following economies are also best practice economies for :

Time (years): **Cape Verde**

## Starting a Business in Tanzania

This table summarizes the procedures and costs associated with setting up a business in Tanzania.

### STANDARDIZED COMPANY

*Legal Form:* Private Limited Liability Company

*Minimum Capital Requirement:* None

*City:* Dar es Salaam

### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Apply for clearance of the proposed company name at the Registrar of Companies	1 day	no charge
2	Apply for a certificate of incorporation and of commencement to Registrar of Companies	7 days	TZS 206,200
3	Apply for TIN (Tax Payers' Identification Number) with the Tanzania Revenue Authority	2 days	no charge
4 *	Income tax officials inspect the office site of the new company	1 day, simultaneous with procedure 3	no charge
5 *	Apply for PAYE with the Tanzania Revenue Authority	1 day, simultaneous with procedure 4	no charge
6	Apply for business license from the regional trade officer (depending on the nature of business)	7 days	no charge
7 *	Have the land and town-planning officer inspect the premises and obtain his signature	1 day, simultaneous with procedure 6	transport cost, trivial
8 *	Have the health officer inspect the premises and obtain his signature	1 day, simultaneous with procedure 6	transport cost, trivial
9	Apply for VAT certificate with the Tanzania Revenue Authority	4 days	no charge
10 *	VAT/stamp duty inspection	1 day, simultaneous with procedure 9	no charge
11	Register for the workmen's compensation insurance at the National Insurance Corporation or other alternative insurance policy	1 day	no charge
12	Obtain registration number at the National Social Security Fund (NSSF)	7 days	no charge

\* Takes place simultaneously with another procedure.

**Procedure 1 Apply for clearance of the proposed company name at the Registrar of Companies**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** Requesting clearance for a proposed company name can be done by mail to the Registrar. Applicants submit a letter with a name proposal after which the registry clears it after a search. The registry's search is to establish:

- The availability or non availability of the applied name, and
- Desirability of the name.

Applicants are then advised if the name is available or not after which they prepare a Memorandum and Articles of Association and submit the same for registration process.

When the Memorandum and Articles of Association are prepared and presented for registration, without name clearance, the search is done at the time of registration with a probability of rejection if the search reveals existence of a similar name in the register. Name clearance has been sped up with the computerization of the registry.

**Procedure 2 Apply for a certificate of incorporation and of commencement to Registrar of Companies**

**Time to complete:** 7 days

**Cost to complete:** TZS 206,200

**Comment:** Registration Fee (As per the New Companies Act 2002)

Nominal Share Capital Registration Fee for:

Share capital between 20,000 to 500,000	Tshs. 50,000
Share capital between 500,000 to 1,000,000	Tshs. 80,000
Share capital between 1,000,000 to 2,000,000	Tshs. 100,000
Share capital between 2,000,000 to 3,000,000	Tshs. 120,000
Share capital between 3,000,000 to 5,000,000	Tshs. 150,000
Share capital between 5,000,000 to 10,000,000	Tshs. 180,000
Share capital between 10,000,000 to 30,000,000	Tshs. 200,000
Share capital between 30,000,000 upwards	Tshs. 300,000

Filing Fee: Flat rate of Tshs. 45,000

Stamp Duty: The Original Memorandum and Articles of Association is charged Stamp Duty of Tshs. 6,200 and additional copies are charged Tshs. 5,000

A subscriber, secretary or a person named in the Articles of Association of the Company as the director has to fill in the following forms: (i) Form 1 (Particulars of Directors); (ii) Form 14 (Statement of Compliance with the Requirements of the Company Ordinance); and (iii) Form 15 (Notice of Registered Office of the Company). Upon filing the documents the certificate of incorporation is usually processed within 2-3 days after the certificate of incorporation. Registration forms are free. Business trade names (Cap 213) and companies (Cap 212) can only be registered in Dar es Salaam. A lawyer is not required, but using one is standard practice. There are no standard articles of association, but one is free to adopt Table "A" of the Schedules to the Companies Ordinance. The fee for capital below 1 million should be 10%, but fees are negotiable.

**Procedure 3 Apply for TIN (Tax Payers' Identification Number) with the Tanzania Revenue Authority**

**Time to complete:** 2 days



**Cost to complete:** no charge

**Comment:** There is no fee to be paid at registration for both VAT and TIN. However there is a payment of provision Income Tax at this stage, which is about US\$350 per quarter. This amount can be deferred until commencement of business. Tax registration has been fully computerized. It takes a minimum of 2 days for one to obtain TIN number depending on the number of request made to the Revenue Authority at a particular time.

#### **Procedure 4 Income tax officials inspect the office site of the new company**

**Time to complete:** 1 day, simultaneous with procedure 3

**Cost to complete:** no charge

**Comment:**

#### **Procedure 5 Apply for PAYE with the Tanzania Revenue Authority**

**Time to complete:** 1 day, simultaneous with procedure 4

**Cost to complete:** no charge

**Comment:**

#### **Procedure 6 Apply for business license from the regional trade officer (depending on the nature of business)**

**Time to complete:** 7 days

**Cost to complete:** no charge

**Comment:** The application has to be lodged within 21 days of commencing business. Three signatures are collected from the town or planning officer, health officer, and trade officer. All but the trade officer will inspect the premises. The firm provides the transportation. Two-thirds of the license fee is paid up-front and the rest is due after 8 months. The business license automatically registers the company for various taxes imposed by the Dar es Salaam City Commission, e.g. the development levy.

There is no charge for Companies with a turnover of less than Tshs 40,000,000 and certain health providers. A uniform fee of Tshs 20,000 was introduced for companies with turnover of over Tshs 40,000,000.

#### **Procedure 7 Have the land and town-planning officer inspect the premises and obtain his signature**

**Time to complete:** 1 day, simultaneous with procedure 6

**Cost to complete:** transport cost, trivial

**Comment:** The firm provides transportation.

#### **Procedure 8 Have the health officer inspect the premises and obtain his signature**

**Time to complete:** 1 day, simultaneous with procedure 6

**Cost to complete:** transport cost, trivial

**Comment:** The firm provides transportation.

**Procedure 9 Apply for VAT certificate with the Tanzania Revenue Authority**

**Time to complete:** 4 days

**Cost to complete:** no charge

**Comment:** VAT registration takes 3-5 days if the intended company will have a threshold income of T.Shs.20 million. The procedure takes from 3 to 5 days

**Procedure 10 VAT/stamp duty inspection**

**Time to complete:** 1 day, simultaneous with procedure 9

**Cost to complete:** no charge

**Comment:** Manufacturing firms can apply to the Commissioner for VAT for exemption of VAT on Capital Goods by filing in Form 225. The VAT registration and inspection takes 4 days, so we assume the inspection takes 3 days. When the business per annum turnover is less than \$20,000 the business has to register for stamp duty instead of VAT. The composition number gives the right to pay a lower stamp duty than otherwise (this explain the inspection).

**Procedure 11 Register for the workmen's compensation insurance at the National Insurance Corporation or other alternative insurance policy**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** The employers may opt to take an insurance policy instead of the workmen compensation claims. The insurance business is liberalized in Tanzania. To register for the workmen's compensation insurance, employers are required to fill out the "Workmen's Compensation Tariff Proposal Form". This form should be completed once the firm begins hiring employees and just before the firm becomes operational.

**Procedure 12 Obtain registration number at the National Social Security Fund (NSSF)**

**Time to complete:** 7 days

**Cost to complete:** no charge

**Comment:** It takes 1 week to obtain the registration number.

## Dealing with Licenses in Tanzania

The table below summarizes the procedures, time, and costs to build a warehouse in Tanzania.

### *BUILDING A WAREHOUSE*

*Date as of: January 2, 2007*

*Estimated Warehouse Value:*

*City: Dar es Salaam*

### **Registration Requirements:**

No:	Procedure	Time to complete	Cost to complete
1	Obtain location plan from City Council - Ministry of Lands	7 days	TZS 5,000
2	Obtain certified copy of the land rent receipts from the Internal Revenue Authority	7 days	no charge
3	Obtain building permit	180 days	TZS 300,000
4	Request and receive pre-construction inspection from the City Council officers	1 day	no charge
5	Request and receive excavation work inspection from the City Council officers	1 day	no charge
6	Request and receive foundations work inspection from the City Council officers	1 day	no charge
7	Request and receive concrete work inspection from the City Council officers	1 day	no charge
8	Request and receive slabs work inspection from the City Council officers	1 day	no charge
9	Request and receive roof work inspection from the City Council officers	1 day	no charge
10	Request and receive inspection from the fire department once construction is completed	1 day	no charge
11	Obtain approval of the building from the fire department upon completion	14 days	no charge
12	Receive inspection from the health department	1 day	no charge
13	Obtain approval of the building from the health department upon completion	14 days	no charge
14	Apply for occupancy permit from the City Council and request final inspection	1 day	no charge

15 *	Receive final inspection from the City Council officers	1 day	no charge
16	Obtain occupancy permit	14 days	no charge
17	Apply for electricity connection	1 day	no charge
18	Receive electricity inspection from Tanesco	1 day	no charge
19	Obtain electricity connection from Tanesco	60 days	TZS 10,000,000
20 *	Obtain water and sewage connection from Dawasa	30 days	no charge
21 *	Obtain telephone connection	3 days	TZS 60,000

\* Takes place simultaneously with another procedure.

**Procedure 1 Obtain location plan from City Council - Ministry of Lands**

**Time to complete:** 7 days

**Cost to complete:** TZS 5,000

**Comment:**

**Procedure 2 Obtain certified copy of the land rent receipts from the Internal Revenue Authority**

**Time to complete:** 7 days

**Cost to complete:** no charge

**Comment:**

**Procedure 3 Obtain building permit**

**Time to complete:** 180 days

**Cost to complete:** TZS 300,000

**Comment:** Submit 4 copies of files of documents to City Council for planning approvals and obtaining Building Permit.  
The documents required are: Architectural + Engineering drawings and calculations, including site layout and location plans, plans, elevations, sections of the building including storm water drainage, fire protection, drive ways and parking; Title Deed showing ownership, receipts of payments of land rents and other statutory fees.  
The 4 copies of the files are internally distributed by City Council to: the Health Department, Fire Department, Planning Department, and City Council itself. Each of these entities must approve the project. To speed up the approval, BuildCo should follow up with each of these departments directly. After this approval, the City engineer approves the plans, and then the City Council must approve it. This last approval can take around 3 months because the City Council does not meet often.

**Procedure 4 Request and receive pre-construction inspection from the City Council officers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** BuildCo must notify the City Council 7 days prior to beginning of construction, and within those 7 days the City Council officers should perform the inspection. BuildCo should provide transport for City Council officers to and from the site in order to speed the process.

**Procedure 5 Request and receive excavation work inspection from the City Council officers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 6 Request and receive foundations work inspection from the City Council officers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:** BuildCo must provide transport to City Council officers to and from the site.

**Procedure 7 Request and receive concrete work inspection from the City Council officers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 8 Request and receive slabs work inspection from the City Council officers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 9 Request and receive roof work inspection from the City Council officers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 10 Request and receive inspection from the fire department once construction is completed**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 11 Obtain approval of the building from the fire department upon completion**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Comment:** After receiving the inspection from the fire department, BuildCo will receive a certificate from the fire department that is necessary to obtain the occupancy permit from City Council.

**Procedure 12 Receive inspection from the health department**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 13 Obtain approval of the building from the health department upon completion**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Comment:**

**Procedure 14 Apply for occupancy permit from the City Council and request final inspection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 15 Receive final inspection from the City Council officers**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 16 Obtain occupancy permit**

**Time to complete:** 14 days

**Cost to complete:** no charge

**Comment:**

**Procedure 17 Apply for electricity connection**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 18 Receive electricity inspection from Tanesco**

**Time to complete:** 1 day

**Cost to complete:** no charge

**Comment:**

**Procedure 19 Obtain electricity connection from Tanesco**

**Time to complete:** 60 days

**Cost to complete:** TZS 10,000,000

**Comment:**

**Procedure 20 Obtain water and sewage connection from Dawasa**

**Time to complete:** 30 days

**Cost to complete:** no charge

**Comment:**

**Procedure 21 Obtain telephone connection**

**Time to complete:** 3 days

**Cost to complete:** TZS 60,000

**Comment:**



## Employing Workers in Tanzania

Employing workers indices are based on responses to survey questions. The table below shows these responses in Tanzania.

<b>Employing Workers Indicators (2007)</b>	<b>Answer</b>	<b>Score</b>
<b>Rigidity of Employment Index</b>		<b>63.0</b>
<b>Difficulty of Hiring Index</b>		<b>88.9</b>
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	0	1.0
What is the ratio of mandated minimum wage to the average value added per worker?	0.67	0.67
<b>Rigidity of Hours Index</b>		<b>40.0</b>
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	20	0
<b>Difficulty of Firing Index</b>		<b>60.0</b>
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	Yes	2
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	Yes	1
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	Yes	1
Are there priority rules applying to re-employment?	No	0
<b>Firing costs (weeks of wages)</b>		<b>32.0</b>
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		4.0

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	28.0
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What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
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<b>Nonwage labor cost (% of salary)</b>	<b>16.0</b>
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Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

## Registering Property in Tanzania

This topic examines the steps, time, and cost involved in registering property in Tanzania.

### STANDARDIZED PROPERTY

Property Value: 17,500.00

City: Dar es Salaam

#### Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain an official search at the Land Registry	14 days (simultaneous with procedures 2, 3, and 4)	TZS 2,000 – 4,000
2 *	Obtain a certificate of occupancy (the "Certificate") for the property at the Land Office	60 days (simultaneous with procedures 1, 3, and 4)	TZS 200,000
3 *	Obtain clearance by the Land Ministry of payment of land tax for ten years	1 day (simultaneous with procedures 1, 2, and 4)	no cost
4 *	Obtain a property tax clearance from the Municipality for the last 10 years	1 day (simultaneous with procedures 1, 2, and 3)	no cost
5 *	Obtain a valuation report	2 days (simultaneous with procedure 7)	The official valuation fee is calculated by using the following formula: (Property Value – 200,000) * (1.25/1000) + 550 + valuation approval fee of 0.01% of property value
6	A government valuer inspects the property to determine its value	7 days	Already paid in Procedure 5
7 *	Notarization and execution of the sale agreement and preparation of the transfer deed	1 day (simultaneous with procedure 5)	Approximately 3% of property value
8	Obtain approval for the transfer	14-21 days	TZS 5,000 approval fee
9	Obtain a capital gains tax certificate from the Tanzania Revenue Authority	14-21 days	no cost

10	The transfer deed is delivered to the Land Officer for its recording under the name of the buyer at the Lands Registry	14 days	1% of property value (Stamp duty) + Registration Fee as follows:  (Property value – 100,000) * (2.5/1000) + 1000
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\* Takes place simultaneously with another procedure.

<b>Procedure 1</b>	<b>Obtain an official search at the Land Registry</b>
<b>Time to complete:</b>	14 days (simultaneous with procedures 2, 3, and 4)
<b>Cost to complete:</b>	TZS 2,000 – 4,000
<b>Comment:</b>	The seller must obtain the search of any encumbrance before starting the transaction formally. The document does not necessarily show all the owners of the property in the last 10 years. If the title number of the property is provided then the fee is TZS 2000. If only a plot number is provided then the fee is TZS 4000. The search may take longer than 2 weeks if the file cannot be located due to the disorganization of the Land Registry.
<b>Procedure 2</b>	<b>Obtain a certificate of occupancy (the “Certificate”) for the property at the Land Office</b>
<b>Time to complete:</b>	60 days (simultaneous with procedures 1, 3, and 4)
<b>Cost to complete:</b>	TZS 200,000
<b>Comment:</b>	The seller must obtain the certificate before starting the transaction formally. Normally, the seller already possesses this certificate prior to beginning the transaction. Land in Tanzania is held under a Right of Occupancy from the government and before one obtains the certificate one is given a letter of offer in respect of the property. The process for obtaining the certificate then begins with the District Officer preparing the deed plan and drafting title documents which have to be executed by the seller. These are then sent to the Lands Registry for approval and preparation of the Certificate. The certificate is then sent to the Commissioner for Lands for his approval and signature. After being executed by the Commissioner for Lands, the certificate is then registered by the Lands Registry and a copy is retained by the Lands Registry. This process can take longer if any errors are made in the preparation of the Certificate as these would need to be rectified before the certificate is finalized.
<b>Procedure 3</b>	<b>Obtain clearance by the Land Ministry of payment of land tax for ten years</b>
<b>Time to complete:</b>	1 day (simultaneous with procedures 1, 2, and 4)
<b>Cost to complete:</b>	no cost
<b>Comment:</b>	
<b>Procedure 4</b>	<b>Obtain a property tax clearance from the Municipality for the last 10 years</b>
<b>Time to complete:</b>	1 day (simultaneous with procedures 1, 2, and 3)
<b>Cost to complete:</b>	no cost
<b>Comment:</b>	The seller must obtain clearance by the Municipality of any property tax dues for the last ten years. If the seller is not up-to-date with payments of property tax, then the seller has to pay the arrears along with a penalty as assessed by the Municipal Authority.
<b>Procedure 5</b>	<b>Obtain a valuation report</b>
<b>Time to complete:</b>	2 days (simultaneous with procedure 7)
<b>Cost to complete:</b>	The official valuation fee is calculated by using the following formula: $(\text{Property Value} - 200,000) * (1.25/1000) + 550$ + valuation approval fee of 0.01% of property value

**Comment:** The seller can request the valuation report at the Municipal Valuers office in the Municipality in which the plot is situated. (Note that Dar es Salaam City is made up of three different municipalities.) The valuation report can also be prepared by a private valuer and sent to a government valuer for approval. Regardless, final approval must be given by the Chief Government Valuer. It does not necessarily include or reflect cadastral value of the property.  
Valuation of the property is for purposes of ascertaining Capital Gains Tax.

The documentation shall include:  
Property title issued by the Land Office and/or Land Registry  
Land rent payment clearance for the current year (obtained in Procedure 3)  
ID of the seller (citizenship, photo, if married and property is matrimonial property to prove spouse consent to the transaction.)  
Cadastral map/plan of the property prepared by an architect if it is a lease of part of the property such as a flat in a block building.

**Procedure 6 A government valuer inspects the property to determine its value**

**Time to complete:** 7 days

**Cost to complete:** Already paid in Procedure 5

**Comment:** A government valuer must determine the value of the property and, where necessary, establish a cadastral value and prepare a cadastral plan. The Chief Government valuer does the valuation but if the seller or buyer has had one done by a registered valuer he normally just copies in the reported figure. The valuation report must be approved by the Chief Government Valuer.

**Procedure 7 Notarization and execution of the sale agreement and preparation of the transfer deed**

**Time to complete:** 1 day (simultaneous with procedure 5)

**Cost to complete:** Approximately 3% of property value

**Comment:** A lawyer usually prepares and notarizes the sale agreement, and prepares the transfer deed, which takes about two days. Notarization of the sale agreement is mandatory.  
The process can be delayed if the seller fails to provide all the necessary documents for the preparation of the sale agreement and transfer deed. The process can also be delayed if the parties take a long time to negotiate and execute the documents.  
The cost of preparation is officially 3%, however this is negotiable with the lawyers involved.

**Procedure 8 Obtain approval for the transfer**

**Time to complete:** 14-21 days

**Cost to complete:** TZS 5,000 approval fee

**Comment:** This stage involves obtaining approval from the Commissioner of Lands for the disposition of the property.

Documentation shall include:  
original Certificate of Title  
original Land Rent receipt for the relevant year  
original Valuation Report  
original Valuation Approval receipt  
Transfer Forms  
Forms 29 (form for Notification of a disposition)

Form 30 (form for Application of grant of approval for disposition)  
Copy of Passport/birth certificate (of two directors of the seller and buyer)  
Certificate of Incorporation and Memorandum and Articles of Association of the Company (seller and buyer)  
Board Minutes approving the disposition of the property in respect of the seller and Board minutes approving the purchase in respect of the buyer.

**Procedure 9 Obtain a capital gains tax certificate from the Tanzania Revenue Authority**

**Time to complete:** 14-21 days

**Cost to complete:** no cost

**Comment:** A Capital Gains Tax Clearance Certificate is obtained from the Tanzania Revenue Authority before the name of buyer is recorded in the Land Office or the Land Registry.

**Procedure 10 The transfer deed is delivered to the Land Officer for its recording under the name of the buyer at the Lands Registry**

**Time to complete:** 14 days

**Cost to complete:** 1% of property value (Stamp duty) + Registration Fee as follows:  
 $(\text{Property value} - 100,000) * (2.5/1000) + 1000$

**Comment:** Once approval has been obtained (see procedure 8) the seller then pays the stamp duty and registration fees and also ensures that all the other taxes in respect of the property have been settled including Capital Gains Tax described in procedure 9 above. Once all these fees are paid the transfer is then registered and the buyer is recorded as the owner of the property.

Documentation Requirements:

- Notarized sale agreement and transfer deed
- Capital Gains Tax clearance certificate from the TRA
- Consent letter from the Commissioner of Lands

## Getting Credit in Tanzania

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Tanzania.

Getting Credit Indicators (2007)			Indicator
<b>Private bureau coverage (% adults)</b>	<b>Private credit bureau</b>	<b>Public credit registry</b>	<b>0</b>
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative data distributed?	No	No	0
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	No	0
<b>Coverage</b>	<b>0.0</b>	<b>0.0</b>	
Number of individuals	0	0	
Number of firms	0	0	
<b>Legal Rights Index</b>			<b>5</b>
Does the law allow all natural and legal persons to be party to collateral agreements?			No
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			Yes
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			No
Does a unified registry exist for all security rights in movable property?			No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			No
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			Yes
During reorganization, is management's control of the company's assets suspended?			Yes
Does the law authorize parties to agree on out of court enforcement?			Yes
May parties have recourse to out of court enforcement without restrictions?			Yes



## Protecting Investors in Tanzania

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Tanzania.

Protecting Investors Data (2007)	Indicator
<b>Disclosure Index</b>	<b>2</b>
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	0
Disclosures in published periodic filings (0-2; see notes)	0
Disclosures by Mr. James to board of directors (0-2; see notes)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
<b>Director Liability Index</b>	<b>1</b>
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
<b>Shareholder Suits Index</b>	<b>3</b>
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	0

**Notes:****Extent of Disclosure Index**

*What corporate body provides legally sufficient approval for the transaction?*

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

*Immediate disclosure to the public and/or shareholders*

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

*Disclosures in published periodic filings*

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

*Disclosures by Mr. James to board of directors*

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

**Director Liability Index**

*Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company*

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

*Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company*

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

*Whether a court can void the transaction upon a successful claim by a shareholder plaintiff*

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

*Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company*

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

**Shareholder Suits Index**

*Documents available to the plaintiff from the defendant and witnesses during trial*

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

*Ability of plaintiffs to directly question the defendant and witnesses during trial*

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

## Paying Taxes in Tanzania

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Tanzania, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		52	20.0%	value added		not included
Vehicle tax	1			fixed fee (TZS 20,000)		0.09	
Property tax	1			0.1%	property value	0.15	
Tax on interest	0	withheld		10.0%	interest income	0.26	included in other taxes
Fuel tax	1			TShs 392	per liter	0.55	
City service levy	4			0.3%	turnover	5.30	
Apprenticeship tax	12			6.0%	gross salaries	6.77	
Social security contributions (NSSF)	12		60	10.0%	gross salaries	11.28	
Corporate income tax	5		60	30.0%	taxable profits	20.16	
<b>Totals</b>	<b>48</b>		<b>172</b>			<b>44.3</b>	

### Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

## Trading Across Borders in Tanzania

These tables list the procedures necessary to import and exports a standardized cargo of goods in Tanzania. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	14	520
Customs clearance and technical control	4	240
Ports and terminal handling	4	302
Inland transportation and handling	2	150
Totals	24	1212

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	15	520
Customs clearance and technical control	5	240
Ports and terminal handling	9	515
Inland transportation and handling	1	150
Totals	30	1425

### Export

Bill of lading

Commercial invoice

Customs export declaration

Export license

Packing list

### Import

Bill of lading

Certificate of origin

Collection order

Commercial invoice

Customs import declaration

Import license

Packing list

## Enforcing Contracts in Tanzania

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This topic looks at the efficiency of contract enforcement in Tanzania.

Nature of Procedure (2007)	Indicator
Procedures (number)	38.00
Duration (days)	462.00
Filing and service	72.0
Trial and judgment	300.0
Enforcement of judgment	90.0
Cost (% of claim)*	14.30
Attorney cost (% of claim)	10.0
Court cost (% of claim)	4.3
Enforcement Cost (% of claim)	0.0

**Court information:** Dar es Salaam Resident ("Mahakama ya Wilaya")  
Magistrates Court- Kisutu

\* Claim assumed to be equivalent to 200% of income per capita.