

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF AGRICULTURE

CASHEWNUT BOARD OF TANZANIA



**TAX AND NON-TAX INCENTIVES TO CASHEW PROCESSING
INVESTORS**

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Tax and Non-Tax incentives to Cashew Processing Investors

1.0 INTRODUCTION

Tanzania is the fifth-largest cashew nuts producer in the world and ranks second in Africa behind Ivory Coast providing 20% of African cashew nuts. More than 90% of Tanzania's raw cashews exports is destined in India and Vietnam. Tanzania would like to increase cashew processing in the country and has put in place several Tax and Non-tax incentives to local cashew processing companies aiming to promote production of cashew kernels for export. These incentives include: -

2.0 INCENTIVES

2.1 Tax Incentives

- A.** Through Export Processing Zone Authority Act, the government has put in place several tax incentives including,
 - i. Exemption of corporate tax for 10 years,
 - ii. Exemption of Value Added Tax (VAT) by 100 percent to capital goods
 - iii. Exemption of Withholding Tax by 100 percent to interest of loans sourced internationally, rent and dividends.
- B.** Exemption of export levy on exportation of cashew kernels which is charged to raw cashewnut amounting to 160 USD per ton or 15% of the FOB value, whichever the higher.
- C.** Exemption of 25% of Import Duty on Kernels Vacuum Packaging materials upon submission of importation documents to Tanzania Revenue Authority.

2.2 Non-Tax Incentives

- A.** Availability of land reserved for investments of cashew processing factories in the cashew producing regions provided with all support services and infrastructures such as electricity, water and roads.

All cashew growing regions where investors can establish cashew nut processing factories, have set aside land earmarked as industrial land available for use by foreign investors on lease.

- B.** Tanzania Government through Cashewnut Board of Tanzania has introduced Primary Market System from 2020/2021 production season, which enables domestic processing factories to buy Raw Cashewnuts directly from farmers

through Agricultural Marketing Cooperative Societies and not competing with other exporters through auctions.

- C. Tanzania has plan to increase production from the current 240,000MT to 700,000MT by 2025/2026. This goes along with expansion of cashew growing regions in Central and Northern part of Tanzania. This will result to an extended cashew production season from September to May. This will enable local processors to be assured of availability of raw materials for processing for a longer duration.

3.0 PROCEDURES OF LAND ACQUISITION FOR INVESTMENT

Land ownership is by means of obtaining Right of Occupancy for citizens and for non-citizen from either general or village land. Also, foreign investors may occupy land set aside specifically for investment purpose through a government Granted Derivative Right of Occupancy through Tanzania Investment Centre (TIC) or sub lease through a Granted Right of Occupancy. Right of occupancy for citizen and Derivatives Right for non-citizen may be granted up to 99 years and is renewable.

3.1 Categories of Land Acquisition

Land acquisition is categorized into Reserved land; which includes National parks, Forestry Reserves and Wildlife Conservation areas. Village land; this fall under the jurisdiction of existing registered villages in the country which constitute nearly 70% of all land and General Land; this is the land under granted titles which is under the jurisdiction of the Commissioner of land. The applicant /investor applies for land through Tanzania Investment Centre (TIC) stating the location of the land (if any) and the nature of the project to be undertaken e.g. Agriculture, factories etc. TIC introduces the investor to the respective authority where land is located and plays facilitation role to the applicant.

4.0 CONCLUSION

Cashew nut Board of Tanzania (CBT), invites all interested companies and individuals wishing to invest in Tanzania to utilize this noble opportunity. We assure you full Government support and facilitation.

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