

Dar es Salaam, June 26th, 2024

N°2024-0271010

**Subject: Addressing Urgent Challenges Faced by Foreign Investors in Tanzania**

Dear Honourable Minister,

We are writing to express our concerns regarding both recent and ongoing challenges faced by foreign investors in Tanzania, specifically related to the taxation administration practices of the Tanzania Revenue Authority (TRA).

As you are aware, our nations have made significant progress in attracting and expanding quality international investment into Tanzania over the last few years, emphasizing good governance and best practices through regular trade missions and meetings within our business community. Business investment registrations increased from US\$3 billion in 2022 to US\$5.5 billion in 2023, reflecting good progress by the Tanzania Investment Centre.

However, we believe the good work being done by so many to restore Tanzania's reputation as a destination for FDI is now being undermined. Many of our investors are encountering significant disruption due to unevidenced notices from the TRA demanding payments and account reconciliations dating back up to 15 years. Many businesses have faced 'bank agency notices' that freeze accounts, halt operations and negatively impact employee salaries and supplier cashflow. Companies have signed tax concession agreements with the Tanzania Investment Centre and line ministries, only to be advised that the TRA will neither recognize nor honour the agreements because they have not been "gazetted" in Dodoma. Investors also report that TRA agents levy extraordinary tax bills not supported by Tanzanian law, threaten investors and Tanzanian partners when companies protest or appeal these practices, and freeze or seize bank accounts and company assets without notification nor timely legal recourse.

Over the years, these companies have undergone:

- Audits by major international audit firms, approved by the Tanzanian government, to ensure adherence to international auditing standards;
- TRA audits of these audits, which are conducted every 1-2 years;
- TRA internal investigations of audits conducted by the TRA, effectively resulting in double audits.

Despite these rigorous procedures, companies are now receiving notices with additional demands for tax payment. For instance, one company received a notice for TZS 1.2 billion, demanding resolution within three working days for discrepancies dating back 12 years, under the threat of having their operational accounts frozen and funds withdrawn. The company had to halt nearly all business operations to address the issue.

We understand this trend has caused a significant number of businesses to register bankruptcy, hundreds of companies to slow or halt business operations to resolve inflated and incorrect assessments, and foreign shareholders to review or pause investments in Tanzania. Some new investors report that their companies are deciding not to invest in Tanzania after learning of the experience of existing investors with the TRA.

Consistency, clarity and predictability of the regulatory environment are crucial to support business growth and attract further investment. While our businesses strive to comply with Tanzanian laws and meet their obligations, the current approach does not foster a conducive business environment and risks divestment and a return to declining confidence in Tanzania as a destination for quality FDI.

**We respectfully request a meeting with yourself, Minister of Finance, Minister of Investment and Planning, Minister for Industry and Trade and the Commissioner General of TRA to discuss a more amicable and constructive way forward. We are grateful for your earliest consideration of and response to this urgent issue.**

We remain committed to working collaboratively with the Tanzanian government to find solutions to these challenges which shore up and further rebuild confidence in Tanzania's business environment, in line with the country's ambition to achieve inclusive economic growth and become an upper middle-income country.

Please accept, honorable Minister, the assurance of our highest consideration.

H.E. Michael A. Battle Sr. Ambassador of United States of America to Tanzania  
H.E. David Concar, British High Commissioner to Tanzania  
H.E. Wiebe de Boer, Ambassador of the Kingdom of Netherlands to Tanzania  
Mags Gaynor, Chargé d'affaires and Deputy Ambassador of Ireland to Tanzania  
H.E. Nabil Hajlaoui, Ambassador of France to Tanzania  
H.E. Peter Huyghebaert, Ambassador of Belgium to Tanzania  
H.E. Kyle Nunas, Canadian High Commissioner to Tanzania  
Seungyun Lee, Chargé d'affaires and Deputy Ambassador of Korea to Tanzania  
H.E. Charlotta Ozaki Macias, Ambassador of Sweden to Tanzania  
H.E. Thomas Terstegen, Ambassador of Federal Republic of Germany to Tanzania

**TO**

**Hon. January Makamba,  
Minister of Foreign Affairs and East African Cooperation  
DODOMA**

**Copied to:**

Office of the Prime Minister  
President's Office, Minister of Investment and Planning  
Minister of Finance  
Commissioner General TRA  
President's Office – Planning Commissioner  
Executive Director, Tanzania Investment Centre