TATOA

Tanzania Truck Owners Association

TATOA e-MAGAZINE

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Word from Chairman

Dear Members and Stakeholders,
I hope this message finds you well. Today, I want to address a pressing issue that affects each of us in the transportation sector: the application of Value Added Tax (VAT) on transit cargo transportation services in Tanzania.

As the Tanzania Truck Owners Association (TATOA), we represent a diverse group of over 1,000 truck owners engaged in cargo freighting across the region, particularly within the SADC and Great Lakes area. Our sector is not only vital for our economy—contributing 6.70% to the GDP and employing over 80,000 individuals directly—but also plays a crucial role in facilitating trade and commerce in and out of Tanzania.

The recent discussions surrounding VAT application have raised concerns, particularly regarding the classification of transit cargo as international transport. According to Section 59(3) of the VAT Act, international transport services are zero-rated, which should apply to our transit services given that the goods are merely passing through Tanzania on their way to foreign destinations.

However, complexities arise when the billing involves a Tanzanian-based lead transporter. This introduces an intermediary that could potentially complicate our eligibility for zero-rating. It is crucial that we seek clarity on this issue.

I urge the Tanzania Revenue Authority (TRA) to review the billing structure to better align it with the zero-rating provisions. A formal ruling from the TRA would also provide much-needed guidance on this matter. If VAT is imposed on transit cargo, we risk increasing transport costs, making our services less competitive and potentially driving clients to foreign transporters.

Furthermore, it is important to recognize that 70% of our local transporters operate as subcontractors for larger companies. This interconnectedness is essential for the growth of our logistics sector, and any disruption could stifle local industry development.

In conclusion, I appeal to all stakeholders to reconsider the implications of these VAT changes. Together, we can ensure a thriving transport sector that continues to contribute positively to our economy.

Thank you for your ongoing support and dedication to our industry.

Sincerely,

Elias Lukumay
Chairman, Tanzania Truck Owners Association (TATOA)

Tanzania Truck Owners Association - PIC Meeting Insights

Welcome to the July 2025 Edition

In this issue, we address the critical challenges faced by the Tanzania Truck Owners Association highlighted during the PIC meeting on July 2, 2025.

Current Challenges

Persistent Delays at Tunduma/Nakonde OSBP For the past eight months, the Tunduma/Nakonde One-Stop Border Post (OSBP) has been plagued by significant delays. Trucks now wait **5 to 7** days to cross the border, severely impacting operational costs and causing considerable distress for drivers.

Key Contributing Factors

1. Increase in Cargo Volume

A surge in cargo has overwhelmed the existing processing capabilities at the border. The influx of goods has not been matched with adequate infrastructure or personnel.

2. Scanner Malfunctions

Malfunctioning scanning equipment on the Zambian side has exacerbated delays during cargo inspections, creating bottlenecks throughout the supply chain.

3. Change of Customs Officers

Recent changes in customs officers have drastically reduced daily processing volumes from *250-300 trucks* to only *80-100 trucks*, significantly limiting throughput.

Government Response and Ongoing Concerns

Despite raising these issues with relevant ministries eight months ago, urgent clarity and accountability from the government are still needed regarding actions taken to address the challenges with the Zambian authorities.

Questions for the Committee

Progress on Nakonde OSBP Upgrade: When will the upgrade be completed? Communication gaps have left stakeholders feeling neglected.

Long-term Strategies: What strategies are in place to ensure efficient operation of the Tunduma/Nakonde OSBP?

Scanner Status: What is the update on the scanner currently awaiting acceptance by Zambian authorities?

Recommendations for Immediate Action

1. **Revise the RTO System for Truck Flow**

Propose that truck nominations should not be solely based on destination. Allow both Congolese and Zambian containers to cross simultaneously using dedicated lanes to expedite movement.

2. Cease TRA Penalties for Late Exits

Recommend halting penalties for late exits, as delays often stem from burdensome clearance processes beyond transporters' control.

3. Enhance Communication and Transparency

Establish a mechanism for regular updates on the OSBP upgrade status and ongoing negotiations, fostering trust among stakeholders.

4. Engage in Dialogue with Zambian Authorities

Proactively collaborate with Zambian officials to tackle operational challenges and streamline customs processes through joint task forces.

Conclusion

The ongoing delays at the Tunduma/Nakonde OSBP pose a significant barrier to trade and economic growth. Immediate action from both Tanzanian and Zambian authorities is essential to address these challenges effectively. By implementing the recommendations outlined, we can enhance border efficiency, reduce costs for transporters, and improve the overall trade environment.

Thank you for your attention to this urgent matter. We look forward to your prompt action and support in resolving these critical issues.

Stay informed and engaged with the Tanzania Truck Owners Association as we work together to overcome these challenges!l

Addressing Operational Challenges in Copper Exports

A Call to Action

Dear Members,
We are reaching out to highlight a critical operational challenge impacting our industry, stemming from a new mandate by the Congo Mineral Attaché. This requirement compels the submission of an original Certificate of Compliance for Export of Congolese Copper (CCECC) for all copper exports. Unfortunately, this regulation has led to significant delays at our borders, particularly affecting the Tunduma crossing.

The Current Situation

The enforcement of the original CCECC certificate has resulted in:
Increased Turnaround Times: Trucks are being denied entry without this certificate, which is not routinely issued by mines or agents.

Economic Impact: The delays hinder the timely export of copper, a vital economic activity for our nation.

Inconsistency with Other Routes: This requirement seems to apply only to the Dar es Salaam corridor, while alternative routes such as Durban, Beira, and Lobito face no similar restrictions.

This inconsistency raises questions about the rationale behind these practices and their fairness to our members.

Proposed Solutions

To combat these challenges, we propose the following actions:

1. Sensitization Initiatives: We advocate for targeted initiatives to engage Congolese authorities, urging them to mandate timely issuance of the original CCECC certificates by mines and agents.

2. Grace Period Utilization: The government has granted a 30-day grace period starting July 6, 2025, allowing the use of copies of the CCECC certificate. While this provides temporary relief, it does not resolve the underlying issues.

3. Streamlined Processes: We believe that all necessary verifications should occur in the country of origin to enhance efficiency and reduce bureaucratic delays.

The Broader Implications

The delays we face do not only present logistical hurdles; they also tarnish the reputation of our ports and affect Tanzania's standing in international trade. Given our strategic geographical position, it is crucial to enhance operational efficiency to maintain our competitiveness in both regional and global markets.

A Collaborative Approach

We urge all stakeholders to engage proactively with the relevant Congolese authorities to develop a sustainable solution that facilitates the export process while ensuring the integrity of our transport operations. A collaborative effort is essential for achieving a streamlined and efficient export environment.

Conclusion

Thank you for your immediate attention to this pressing matter. We appreciate your continued support as we work toward resolving these challenges effectively.

Sincerely,
The Tanzania Truck Owners Association (TATOA)

A Collaborative Approach

We urge all stakeholders to engage proactively with the relevant Congolese authorities to develop a sustainable solution that facilitates the export process while ensuring the integrity of our transport operations. A collaborative effort is essential for achieving a streamlined and efficient export environment.

Stay Connected

For updates and further information, please follow us on our social media channels

Addressing Traffic Congestion in Dar es Salaam

Insights for Truck Owners

As members of the Tanzania Truck Owners Association (TATOA), it's crucial to stay informed about the challenges and developments affecting our industry. Recent analyses have highlighted significant causes of traffic congestion in the Dar es Salaam region, impacting transportation efficiency and costs for truck owners. Here's an overview of the findings and potential solutions.

Key Causes of Congestion

Ongoing Infrastructure Projects
Major road construction projects, including the Bus Rapid Transit (BRT) system, are causing diversions and narrowing of roads, leading to increased congestion.

Irregular Parking
Improper parking of freight vehicles, particularly large trucks, on roads and reserves contributes significantly to traffic delays.

Economic Activities Along Roads
The presence of numerous businesses and social activities near major roads creates additional traffic, especially in populated areas like Mbagala and Kariakoo.

Increase in Small Transport Vehicles
The growing number of motorcycles and small vehicles in urban areas adds to the congestion on our roads.

Rising Vehicle Numbers
From 2020 to 2025, the number of freight trucks operating out of Dar es Salaam has surged from 25,000

Addressing Traffic Congestion in Dar es Salaam

42,750, exacerbating the traffic situation.

Lack of Parking for Large Trucks
There is a critical shortage of parking spaces for large trucks awaiting entry into ports, leading to extended waiting times on the roads.

Delay in Implementing BRT Projects
The slow rollout of the BRT system, particularly the second phase, has hindered improvements in public transport, contributing to road congestion.

Poor Road Conditions
Deteriorating roads and vehicles that are not roadworthy further complicate the traffic situation.

Regulatory Framework
The committee has reviewed various laws and regulations impacting road use, including:

The Roads Act, 2007: Prohibits commercial activities on roadways and mandates the removal of broken-down vehicles.

Local Government Regulations: Empower authorities to manage parking effectively and ensure compliance with traffic laws.

Recommendations from Stakeholders
During interviews with stakeholders, several actionable recommendations emerged:

Construct New Markets: Establishing new markets can help reduce the number of street vendors, alleviating congestion.

Dedicated Parking for Large Trucks: Implement specific entry times for large trucks to minimize their impact on urban traffic.

Enhance Public Transport: Strengthening public transport options like BRT can help reduce the number of private vehicles on the roads.

Expand Road Infrastructure: Upgrading and expanding narrow roads will facilitate smoother traffic flow.

Implement Strict Regulations: Enforcing regulations against illegal parking and ensuring compliance with safety standards can significantly improve road management.

Understanding Foreign Exchange

A Guide for Tanzania Truck Owners

As members of the Tanzania Truck Owners Association (TATOA), navigating the complexities of foreign exchange is crucial for our operations, especially in a globalized market. With fluctuating currencies and varying exchange rates, understanding how foreign exchange impacts our business can enhance profitability and reduce risks. Here's what you need to know.

What is Foreign Exchange?
Foreign exchange, or forex, refers to the market where currencies are bought and sold. This market operates 24 hours a day, allowing businesses and individuals to trade currencies from around the world. For truck owners, foreign exchange plays a pivotal role when dealing with cross-border trade, fuel purchases, and maintenance costs.

Why is Foreign Exchange Important for Truck Owners?

Cross-Border Operations
Many truck owners engage in international transport, requiring transactions in foreign currencies. Understanding exchange rates helps in budgeting and pricing services accurately.

Fuel Costs
Fuel prices are often affected by foreign exchange rates. Knowing how currency fluctuations impact fuel costs can help in forecasting expenses and setting competitive prices.

Investment in Equipment
If you're considering purchasing vehicles or parts from abroad, fluctuations in currency can significantly affect the final cost. A strong Tanzanian shilling can lead to lower prices for imported goods.

Income from Exports
For those transporting goods out of Tanzania, the exchange rate can affect profitability. A favorable exchange rate means more local currency for the services provided.

How to Manage Foreign Exchange Risks

Stay Informed
Regularly monitor exchange rates and market trends. This information can help you make informed decisions about when to convert currencies or make purchases.

Use Forward Contracts
Consider using forward contracts to lock in exchange rates for future transactions. This can protect you from adverse fluctuations and help with budgeting.

Fuel Costs

Fuel prices are often affected by foreign exchange rates. Knowing how currency fluctuations impact fuel costs can help in forecasting expenses and setting competitive prices.

Diversify Currency Holdings
If possible, hold accounts in multiple currencies. This strategy allows you to manage your cash flow better and take advantage of favorable exchange rates.

Work with Financial Experts
Collaborating with financial advisors or forex specialists can provide insights and strategies tailored to your business needs.

The Impact of Government Policies
Government policies and regulations can also affect foreign exchange rates. Keeping abreast of changes in trade regulations, tariffs, and monetary policies is crucial for making informed business decisions. TATOA can facilitate discussions with relevant authorities to advocate for policies that support our industry.

Conclusion
Understanding foreign exchange is essential for the success of truck owners in Tanzania, especially in a competitive and interconnected global market. By staying informed and strategically managing currency risks, we can enhance our profitability and ensure the sustainability of our operations.

Let's continue to share knowledge and support each other in navigating the complexities of foreign exchange. For further information and resources, stay connected with TATOA and participate in upcoming workshops and discussions.

Together, we can drive our industry forward!

Understanding GN No. 4887A: The Business Licensing Prohibition

As members of the Tanzania Truck Owners Association (TATOA), staying informed about regulatory changes is essential for our operations. One significant development is the issuance of GN No. 4887A, which addresses business licensing prohibitions effective from July 29, 2025. This article aims to clarify the implications of this regulation for truck owners and operators in Tanzania.

What is GN No. 4887A?

GN No. 4887A is a government notice that establishes new guidelines regarding business licensing in Tanzania. It aims to streamline the licensing process, enhance compliance, and reduce the number of unlicensed operations within various sectors, including transportation and logistics.

Key Provisions of GN No. 4887A

Licensing Requirements

The notice outlines specific requirements for obtaining business licenses, emphasizing the need for compliance with local laws and regulations. Truck owners must ensure they meet these criteria to operate legally.

Prohibition of Unlicensed Operations

Under this regulation, operating without a valid business license is strictly prohibited. This measure aims to create a level playing field and ensure that all businesses adhere to the same standards.

Penalties for Non-Compliance

The regulation stipulates penalties for businesses that fail to comply with licensing requirements. These penalties may include fines, suspension of operations, or even legal action.

Streamlined Application Process

GN No. 4887A also introduces a more efficient application process for obtaining business licenses, making it easier for truck owners to navigate the requirements.

Implications for Truck Owners

Compliance is Key

For truck owners and operators, compliance with GN No. 4887A is crucial. Ensuring that all necessary licenses are obtained will not only keep your business running smoothly but also prevent costly penalties.

Increased Scrutiny

With the implementation of this regulation, there may be increased scrutiny from regulatory authorities. It is essential to maintain accurate records and stay updated on any changes to licensing requirements.

The notice outlines specific requirements for obtaining business licenses, emphasizing the need for compliance with local laws and regulations. Truck owners must ensure they meet these criteria to operate legally.

Opportunities for Legitimate Business Growth

While the regulation may pose challenges, it also presents opportunities for legitimate businesses. By adhering to licensing requirements, truck owners can enhance their credibility and gain the trust of clients and partners.

Employer Obligations on Subsistence Allowance/ Law Governing Subsistence Allowance in Tanzania

In Tanzania, termination of employment carries significant obligations for employers, including payment of terminal dues. Where termination occurs away from the place of recruitment, employers must also address subsistence allowance, making compliance both a legal duty and a financial risk management priority to prevent costly awards.

Case Reference: *Gladness Gasper Kileo & Others vs HJF Medical Research International Inc. (Civil Appeal No. 359 of 2023) [2025] TZCA 818 (7 August 2025)*

Background of the Case

The appellants, senior finance and accounting staff at HJF Medical Research International Inc., were employed on fixed-term contracts running from 18 September 2018 to 18 September 2019. Following an audit that revealed fraudulent transactions amounting to over TZS 866 million, they were suspended with pay and later subjected to disciplinary proceedings.

On 5 December 2019, their contracts were terminated for alleged fraud. They were paid salaries up to the date of termination, leave accruals, and pro-rated annual bonuses.

Dissatisfied, they challenged the termination before the Commission for Mediation and Arbitration (CMA), The CMA found in favour of the employees, awarding repatriation costs, notice pay, 12 months' compensation, and subsistence allowance. On revision, the High Court partly upheld the award but limited the subsistence allowance to the period between termination and the date of the award.

Both parties appealed to the Court of Appeal.

The Court of Appeal's Key Findings

The Court of Appeal made important clarifications on subsistence allowance;

"Subsistence allowance is payable upon repatriation following termination of employment to the former employee's place of engagement or his place of domicile."

And the Court order for the following:

» Transport or transport allowance to their place of recruitment, and
» Subsistence allowance from the date of termination until actual repatriation or settlement of dues.
» Subsistence allowance continues until the employee is transported or fully paid repatriation entitlements.
» Employers must prove actual payment of subsistence allowance and repatriation costs. Internal requisition forms or internal processes are not sufficient evidence. Clear proof, such as bank transfers or signed receipts, is required.

The Court of Appeal's decision in *Gladness Gasper Kileo & Others v. HJF Medical Research International Inc.* strengthens Labour laws Compliance under Tanzanian law. Employers should treat compliance as a legal and financial risk management priority to avoid costly awards.

Key implication to Employers

For employers in Tanzania, the Court of Appeal's decision underscores two critical obligations. ***First,*** subsistence allowance is not a one-off payment but a continuing obligation that arises upon termination where the employee was engaged away from their place of recruitment or domicile. It must be paid from the date of termination and continues to accrue until the employee has either been physically repatriated or has received full settlement of all repatriation entitlements. Second, employers must be able to demonstrate with clear, verifiable evidence that such payments have been made. Internal requisition forms, vouchers, or approvals are insufficient; rather, employers must maintain proper records such as bank transfer slips, signed receipts, or other indisputable proof of payment. Failure to do so exposes employers to significant financial liability, as courts will readily award subsistence allowance until compliance is fully met.

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Accounting

Account Group & Ledgers

Organise & Manage financial accounts with a structured framework that defines ledgers for various financial categories such as revenue, expenses, asset & liabilities.

Manual Vouchers

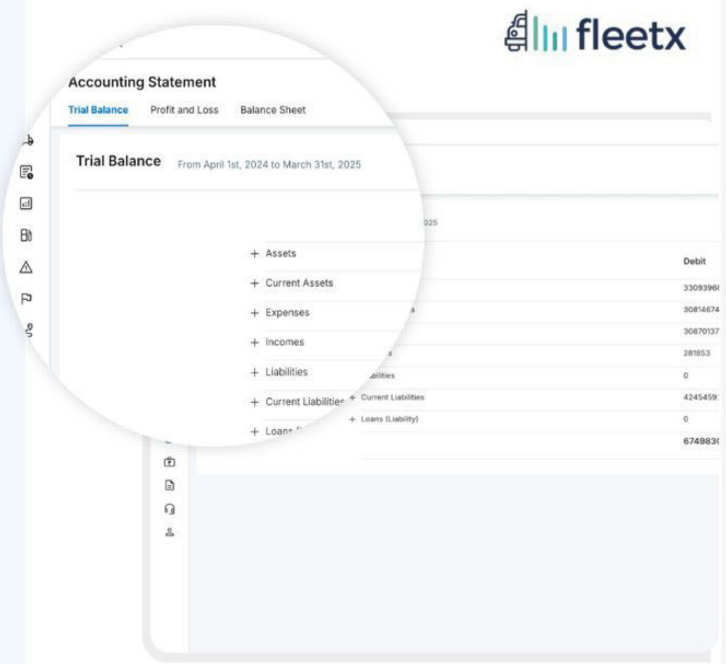
Manually create & record financial transactions within the system. Record transaction deals such as debit/credit amounts, account references, and narration.

Auto Vouchers

Setup automated vouchers based on predefined rules, templates, or recurring transaction patterns.

Safety

The Ledger Transactions feature tracks and manages ledger entries for all financial transactions recorded within the system.



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