

**ZANZIBAR INVESTMENT  
PROMOTION AGENCY  
(ZIPA)**

***GUIDELINES TO INVESTORS***

***MINISTRY OF FINANCE AND ECONOMIC AFFAIRS  
P.O. BOX 2286  
ZANZIBAR***

**TEL: 255-54-233026/231169 FAX: 255-54-232737 E-mail [zipa@zanzinet.com](mailto:zipa@zanzinet.com)**

**MARCH, 2001**

## **GUIDELINES TO INVESTOR**

**ZIPA is operating under 1986 Investment Act. Its main objective is to promote and facilitate investments in Zanzibar. The act highest priority is to strengthen the Balance of Payment through encouraging Private Investments.**

**Zanzibar is a fast growing economy, liberalized, politically and economically stable with ample skilled and trainable work force. Zanzibar prides itself to be an important transit point, which could serve the huge market of more than 300 million inhabitants of East, Central and South Africa Region. It is also a Gateway to the Gulf and Far East.**

## **OBJECTIVES**

**When the Zanzibar Government embarked upon an economic policy which strive to attract foreign and domestic investments, the main objectives of the policy were:-**

- i) To offer more employment opportunities to Zanzibaris.**
- ii) To improve balance of payments especially through encouraging production for export to earn foreign exchange.**
- iii) To enable transfer of technology.**
- iv) To exploit and to develop natural resources and**
- v) To develop human resources.**

## **INVESTMENT PROPOSAL**

- Application form is available at ZIPA for US\$200**
- Submission of Project Profile which must be copied 10 times.**
- Applicant should also submit the following:-**
  - (a) C.V. of all Investors/Sponsors/Directors**
  - (b) Three passport size photographs of each above.**
  - (c) Photocopied details of passport.**
  - (d) Proof of availability of funds for the project.**
  - (e) Company registration.**
  - (f) Police clearance certificate from the country of origin.**

**Environmental aspect, please state measures which you will take in case of harmful effluent (direct or indirect) and hazardous waste.**

## **ONE STOP CENTRE**

**ZIPA is a one stop centre for investors. We identify investment opportunities, secure work and resident permits, tax exemptions and advice on investment protection under the Act.**

## **AREAS AND SECTORS OF INVESTMENT**

**Following are sector and areas which are open for private investment:**

- 1.1 AGRICULTURE: This sector includes the following areas:**
  - 1.1.1 Fruits**
  - 1.1.2 Horticulture**
  - 1.1.3 Spices**
  - 1.1.4 Sugar**
  - 1.1.5 Rubber**
  - 1.1.6 Food**
  
- 1.2 LIVESTOCK AND ANIMAL HUSBANDRY:**
  - 1.2.1 Dairy farming**
  
- 2.0 FISHERIES:**
  - 2.1 Deep sea fishing**
  - 2.2 Fish farming**
  - 2.3 Sea-weed Farming**
  
- 3.0 TOURISM:**
  - 3.1 1<sup>st</sup> Class Hotel – (4-5 Star, or on capital room ratio between US\$ 10,000 – 15,000).**
  - 3.2 1<sup>st</sup> Class Restaurant**
  - 3.3 Tourist related services**
    - 3.3.1 Game fishing**
    - 3.3.2 Tour operator (with exception of ground handling).**

#### **4.0 INDUSTRIES:**

- 4.1 Manufacturing**
- 4.2 Processing**
- 4.3 Assembling plant**
- 4.4 Construction and maintenance**

#### **5.0 TRANSPORT AND COMMUNICATION:**

- 5.1 Transport by Air**
- 5.2 Transport by Sea**
- 5.3 Telecommunication**

#### **6.0 SERVICES:**

- 6.1 Health**
- 6.2 Education**
- 6.3 Financial**
- 6.4 Import and Export**
- 6.5 Bakeries, Confectioneries and ice cream making (whole sale only).**

**AREAS RESTRICTED TO FOREIGN INVESTORS**  
**Barbershops, Hair dressing, Beauty saloons and Retail shops**

#### **INCENTIVES**

- 1) Government lease on land for 49 years with extension or renewal programme.**
- 2) No rent for the lease during the construction period.**
- 3) No customs and import duties for machinery and capital goods during construction period.**
- 4) Raw materials which are subjected directly to manufacturing process for the trial operations, shall be exempted from import duties.**
- 5) All goods imported for the personal use of expatriates shall be exempt from import duties for a period of six months commencing from the date of first arrival in Zanzibar.**
- 6) Finished products which are to be exported shall be exempt from export duties.**

- 7) Any declared reinvestment (at the proposal stage) for the first three years of operations shall be exempted from paying corporate tax.
- 8) 100% retention is allowed.
- 9) Repatriation of dividends after taxation.
- 10) Investment allowance of 25% on any capital investment available once, at any time during the project cycle.

#### **EXEMPTION OF IMPORTED CAPITAL GOODS**

ZIPA issues letter of exemption for imported capital goods. A clearing agent should complete the normal Customs Declaration Form clearly and accurately showing the appropriate tariff code. Attached copies of shipping documents including packing list, bill of lading, airway bill, copies of commercial invoices and copy of Customs Entry Form.

Documents should be submitted to ZIPA for clearance and payment of service charge of 5% on applicable duties.

#### **FACILITIES**

Issuance of work and resident permits:

ZIPA acquires work and resident permit for investors after submitting the following:-

1. 7 passport size photographs for Investor/Expatriate
2. 3 copies of C.V.
3. 3 sets of photocopies of passport
4. 3 copies of police clearance from the country of origin
5. 3 copies of employment contract for Expatriates
6. Income tax clearance

**Fees for work permit (in Tshs):**

	<u>PERIOD</u>	<u>INVESTOR</u>	<u>EXPATRIATE</u>
Application	One year	60,000.00	75,000.00
Renewal	One year	30,000.00	50,000.00
Temporary (6 months)	six months	-	35,000.00

**Fees for resident permit (in US \$):**

	<u>PERIOD</u>	<u>INVESTOR</u>	<u>EXPATRIATE</u>	<u>DEPENDENT</u>
Application	Two years	1,600.00	800.00	100.00
	One year	800.00	300.00	50.00
Renewal	One year	800.00	300.00	50.00
Temporary	six months	-	300.00	-

**N.B.:** Illegal Employment is an offense and is subjected to penalty. Late renewal of work/resident permits is subjected to penalty.

**Acquisition of Land:**

Land is a Government owned, it can only be acquired by lease through Department of Lands and Survey (DLS). However signing lease agreement with DLS is subjected to approval of project by ZIPA.

Investors are strongly advised to refrain from entering private agreements on land acquisition/lease. The Government does not recognize such transactions however attested they are. Only DLS is legally responsible for administering land lease prior approval by ZIPA.

Payment on land is as follows:-

**LAND LEASE RATES AS AT MARCH 2001**

USAGE	OCCUPIERS	RATE PER METER SQ. PER YEAR (IN TSHS)			RATE PER HECTARE PER YEAR (IN TSHS)		
		URBAN LAND	RURAL LAND FERTILE BARREN		URBAN LAND	RURAL LAND FERTILE BARREN	
INDUSTRIAL	FOREIGNERS	0.25*	0.25*	0.10*	2,500*	2,500*	1,000*
	CITIZENS	15.00	15.00	10.00	150,000.00	150,000.00	100,000.00
HOTEL	FOREIGNERS	0.30*	0.35*	0.20*	3,000*	3,500*	2,000*
	CITIZENS	60.00	60.00	45.00	600,000.00	600,000.00	450,000.00
AGRICULTURE	FOREIGNERS	0.05*	0.05*	0.03*	500*	500*	300*
	CITIZENS	5.00	5.00	2.00	50,000.00	50,000.00	20,000.00
SERVICES	FOREIGNERS	0.1*	0.1*	0.1*	1,000*	1,000*	1,000*
	CITIZENS	10.00	10.00	10.00	100,000.00	100,000.00	100,000.00
RESIDENTIAL	FOREIGNERS	0.2*	0.2*	0.2*	2,000*	2,000*	2,000*
	CITIZENS	10.00	10.00	10.00	100,000.00	100,000.00	100,000.00

\*US DOLLARS

**INFRASTRUCTURE**

Availability of Electricity:

TARIFFS	MINIMUM CONSUMPTION PER MONTHS (SHS)	PRICE KWH (1)	TSHS.	PRICE KVA
For Domestic Use	650.00	0 - 100	13	
		101 - 300	29	
		> 300	37	
Industrial Medium	30,000.00	0 - 5,000	31	1500
		> 5,000	60	
Industrial Large	120,000.00	ALL	31	1500
Commercial	3,100.00	0 - 100	31	
		101 -	37	
		1000	50	
		> 1000		

Availability of Water:

Plenty of water is available in Zanzibar. Rates are reasonable

### **Communication Facilities**

**There are four main telecommunication companies which connect Zanzibar to the world. Tanzania Telecommunication (TTCL, MOBITELE , TRITELE and ZANTELE) Rates for International calls are reasonable.**

### **Work Force:**

**There is ample skilled work and trainable force to serve investment projects. English is understood and can be spoken by many Zanzibaris. Wages are comparatively low.**