

COMPANY FORMATION AND REGISTRATION IN TANZANIA MAINLAND AND ZANZIBAR.

Introduction.

Formation and registration of the companies in the United Republic of Tanzania is not a Union matter as such companies are registered and monitored under two different laws, The Companies Act Cap 212 of 2002 and The Companies Act NO. 15 OF 2013, in Tanzania Mainland and in Zanzibar respectively, herein after referred as the Acts. Hence, the company which is registered under the laws of Zanzibar will be treated as the foreign company in Tanzania Mainland, and vice versa.

The Acts provide for the requirements and procedure to be adhered before, during and after Registration of the Company in Tanzania.

The Acts recognizes the following types of companies; Private & Public Company and Limited and Unlimited Company.

Private Limited Company is one that has limited the liability of members only to the extent of subscribed shares or guaranteed amount and which does not allow member of public to subscribe to its shares. The law requires that the company shall have at least two shareholders and two directors and not more than 50 shareholders.

Public Limited Company is one that allows members from public to subscribe to its shares, and raise its capital by issuing shares to the public. The law requires that the company should have at least 7 members, the company's memorandum should state the company is Public company. The company can be limited by share or guarantee but must have a share capital.

Procedure for Company Registration.

There are two main types of Company registration in both jurisdiction;

- i. Incorporation of a newly Company under the laws of Tanzania or Zanzibar
- ii. Registration of foreign company as a branch in Tanzania or Zanzibar

- i. Incorporation of a newly Company under the laws of Tanzania or Zanzibar**

Currently the Registration of company is conducted through online system where all the documents are submitted electronically through [BRELA Online Registration System](#) and [ZPBR Online Registration System](#) which are

government agencies for business registration in Tanzania Mainland and Zanzibar.

Firstly, the one who wishes to register a company must conduct the name search, to be sure that the proposed name is available for registration. The name search is made through the online system. *If the name is available for registration, it is advised to file an application for reservation of the said name, the registry will reserve the name by granting exclusive rights over the said name and will not allow other person to register the same.*

Secondly, after the name has been cleared for registration the next step will be preparation of Memorandum and Articles of Association, together with the compliance declaration, Form 14B and Form No.2 in Tanzania Mainland and Zanzibar respectively, declaring that all the requirements relating to the formation of the company have been complied with. The forms are filled and signed by either a proposed director, or company secretary or an Advocate of the High Court engaged in the formation of the company which is sworn before a Commissioner for Oath. All these documents are to be filed with the registrar of companies together with all necessary registration fees.

However, in order to be able to register a company in United Republic of Tanzania, one is required to have copies of National Identification Cards or the passport for all local and foreign prospective shareholders, respectively. In addition to that, in Tanzania Mainland the Local Directors are required to have Tax Identification Number (TIN), obtained from Tanzania Revenue Authority.

Thirdly, the registrar will examine the application and all the document accompanying it, and if the application has complied with all the requirements then the registrar will go on to issue the Certificate of incorporation consist of the incorporation number (same will act as Tax Identification Number of the Company, hence no need to go for Tax Registration), the date of incorporation, signed by the Registrar of Companies or his designated officer and sealed by the Seal of the Registrar of Companies. As such the company will be ready to start its operation.

ii. Registration of foreign company as a branch in Tanzania or Zanzibar

A foreign company can be registered in Tanzania or Zanzibar if such company has an established place of business in Tanzania or Zanzibar. A foreign company is not deemed to have a place of business in Tanzania or Zanzibar solely on account of it's doing business through an agent in Tanzania at the place of business of the agent.

A foreign company seeking to establish a place of business in Tanzania or Zanzibar must deliver the following documents to the Registrar of Companies:

- Certified copy of memorandum and articles of association or other instrument constituting or defining the constitution of the company. If the instrument is not in English, a certified translation is required.
- A list of directors and company secretary of the company.
- A statement of all subsisting charges created by the company.
- Names and addresses of one or more persons, resident in Tanzania authorized to accept on behalf of the company service of process and any other notice required to be served on the company, and to represent the company as its permanent representative at its place of business (with a statement as to the extent of its authority).
- Full address of registered principal office of the company and full address of place of business in Tanzania.
- Statutory declaration made by the director or secretary of the company stating the date on which the company's place of business in Tanzania was established, the business that is to be carried on and if different from the registered name of the company, the name under which that business is to be carried on.
- A copy of the most recent accounts and related reports of the company including, if not in English, a translation of the same.

On completion of the registration, the foreign company will be issued with a [BRELA](#) or [ZPBR](#) **Certificate of Compliance**.

Once a foreign company is registered in the Tanzania or Zanzibar, it has the same powers as if it were a company incorporated in Tanzania or Zanzibar, and is therefore subject to the laws of that Region.

A foreign company that has established a branch in Tanzania must file, among other things, annual accounts in respect of that branch in every calendar year.

Post-Registration Compliance.

Being ready to start operations after registration is not an approval to conduct company business activities, companies are supposed to be compliant with the post-compliance requirements, which include:

VAT Verification Number. Registration for VAT is required by companies with an annual turnover of TZS100 million.

Acquisition of Business License

Prior to making an application for a business license a Tax Clearance Certificate for the business shall be obtained from the Tanzania Revenue Authority.

Depending on which industry/sector, the company has intended to operate, it will have to apply for business license from the relevant authority such as the Trade office in District, Municipal, City and the Ministry of Industry, Trade and Investment, depending on the type of business the company has intended to run.

Filing of Annual Returns

It is a statutory duty for every company incorporated in Tanzania mainland and in Zanzibar to file their Annual Returns with the Registrar of Companies accompanied with Audited Accounts, which are made up to a date not later than the return date. The return date is the date of the anniversary of the company's incorporation. Every annual return shall state the date to which it is made up and shall contain the following information:

- The address of the company's registered office;
- The type of the company whether it is public/private and its principal business activities;
- The name and address of the Company Secretary;
- The name and address of every director of the company, and for each individual director, his nationality, physical address and postal address, date of birth, business occupation and such particulars of other directorships as are required to be kept in the company's register of directors;
- In the case of a corporate director, such particulars of other directorships he holds would be required to be kept in the company's register;
- The register of members and if it is not kept at the company's registered office, the address of the place where it is kept;
- The register of the debenture holders and if it is not kept at the Company's registered office, the address of the place where it is kept;
- The names of the of the present and past shareholders together with their current shareholding or any changes that have been made to their shareholding up to the date of the return;
- Any change that has been made up to the date of the return; and
- Every annual return of the prescribed year should be signed by either a director or the secretary of the company.

Keeping of Books of Accounts

It is a requirement of the law that every company shall keep in English or Swahili proper books of account, which are sufficient to show and explain the company's transactions. The accounts shall disclose with reasonable accuracy at any time, the financial position of the company and enable the directors to ensure that any balance sheet, profit and loss account and cash flow statement prepared complies with the law. The books of account shall be kept at the registered office of the company or at such other place in Tanzania as the directors think fit, and shall at all times be open to inspection by the directors.

Immigration Process

If the directors of the company are foreigners and they intend to personally run the company here in Tanzania, then they are required by the law to obtain from the relevant authorities, the work and resident permit for their safe stay and working in Tanzania. However, if they do not intend to reside in Tanzania, there will be no need to acquire such permits they can apply for a Business Visa which lasts for a shorter period than the permits.

FURTHER INFORMATION:

At [Eden Law Chambers](#), we assist Clients in registration of companies and provide Company Secretarial and Governance Department, which often conducts Legal, Compliance Audit and Spot Checks to its Clients with the aim of ensuring Clients are complying with the law in their business affairs. This article is intended to give you a general overview of the Company Law in United Republic of Tanzania. If you would like further information and clarification on any issue raised in this article, please contact;

Managing Partner

Email; info@edenlawchambers.co.tz

Mobile; +255717141907