



Zanzibar Abolishes the Requirement of Foreign Subsidiaries

Entities incorporated in Tanzania Mainland can proceed operating as branches in Zanzibar.

The Revolutionary Government of Zanzibar on the 22nd December, 2022 published the Written Laws (miscellaneous Amendment) Act no. 10 of 2022. Among other amendments, the Act amends the Companies Act no.15 of 2013 in which the major amendment is repealing of section 238(3).



Section 12 of the Zanzibar Written Laws (miscellaneous Amendment) Act no. 10 of 2022 provides that:

Section 238 Companies Act is hereby amended by repealing subsection (3)

Before repealing, the said subsection provided as follows:

- 01 “... A company incorporated under the law applicable in Mainland Tanzania shall register a foreign subsidiary company under the law applicable in Zanzibar if it establishes a place of business in Zanzibar.”
- 02 The above provision was a result of the Finance (Public Revenue Management) Act, 2021 (the Act which amended the Companies Act of Zanzibar). This compelled companies already registered as branches to do re-registration and obtain certificate of incorporation instead of certificate of compliance.
- 03 We presume that there will be a smooth transition especially for those companies that had already complied with re-registration into subsidiaries.
- 04 This is a relief to stakeholders and investors as there was a concern on additional compliance costs as well as the diversity of some tax laws between Tanzania Mainland and Zanzibar.



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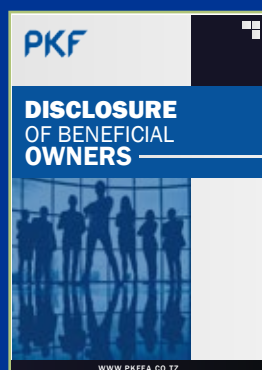
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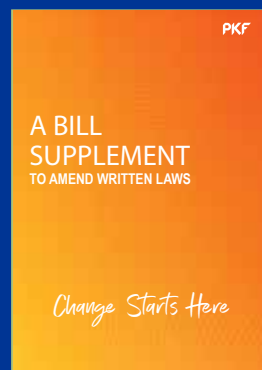
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