

New Compliance Requirements for Tanzanian Companies Registered under Certificate of Compliance in Zanzibar

Dear Reader,

In a recent move to streamline the registration of companies registered in Zanzibar, the Ministry of Industry and Trade of Zanzibar has issued a public notice that requires companies registered in Mainland Tanzania that have established a place of business in Zanzibar to be registered as foreign subsidiaries under the law of Zanzibar. The move follows the recent amendment of section 238 of the Companies Act, 2013 of Zanzibar by the enactment of section 29 of the Finance Act No. 3 of 2021. The new amendment to section 238 of the Companies Act clearly stipulates that *“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.”*

Following the above changes to the law, the Ministry of Trade and Industry calls on all companies registered in Mainland Tanzania and having a place of business in Zanzibar that were previously issued with a certificate of compliance to undertake new registration so that they are issued with a certificate of incorporation. The effect of the above changes is that companies registered in Mainland Tanzania that have established a place of business in Zanzibar will no longer be considered foreign companies and, therefore, such companies shall be treated as local entities under the Companies Act, 2013. Previously, companies registered in Mainland Tanzania that had established a place of business were considered to be foreign companies and would be issued with a certificate of compliance upon registration.

Subsequent to this amendment, the existing companies that are registered in Mainland Tanzania

and are holding a certificate of compliance in Zanzibar should seek new registration to obtain a certificate of incorporation. The applications for registration must be lodged within 90 days from 21 September 2021 which means that companies registered in Mainland Tanzania and having a certificate of compliance from Zanzibar have until 21 December 2021 to comply with this requirement. Failure to comply means they risk de-registration.

Our corporate team at Dentons EALC East African Law Chambers will be pleased to assist you with any questions or support that you may require to ensure compliance with this new requirement. Please reach out to stella.ndikimi@dentons.co.tz or corliss.kidaha@dentons.co.tz for assistance.