


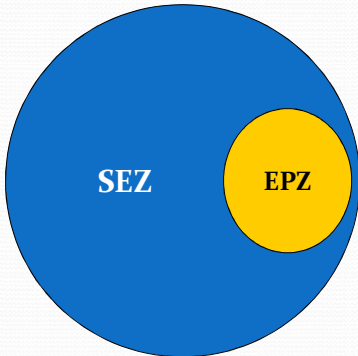
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## INVESTMENT INCENTIVES IN EPZs and SEZs

**Presented by Lamau A. Mpolo– EPZA  
to Tabora Investment Day  
on 19<sup>th</sup> July, 2013**


## TANZANIA'S ECONOMIC ZONES APPROACH








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## OBJECTIVES OF EPZ / SEZ PROGRAM

EPZ PROGRAM	SEZ PROGRAM
<ul style="list-style-type: none"> <li>Promotion and diversification of exports.</li> <li>The attraction of new productive investments.</li> <li>Foreign exchange earnings</li> <li>Employment creation</li> <li>Linkage development with the domestic economy in local resource utilization and promotion of value addition activities in the EPZs</li> <li>Skills and technology transfer</li> </ul>	<ul style="list-style-type: none"> <li>Is a strategy to implement the Mini-Tiger Plan 2020</li> <li>Aimed at fast-tracking economic growth and poverty reduction</li> <li>Involves other sectors than Manufacturing (Agriculture, Trade, Tourism, mining, forestry, etc)</li> <li>Combines Exports and sales in the local market.</li> </ul>




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## KEY FUNCTIONS OF EPZA

- Promotion of EPZ and SEZ programmes
- Licensing and Facilitation of EPZ/ SEZ Investments
- EPZ/ SEZ Infrastructure development



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## EPZ /SEZ LICENSES

*Activities licensed under EPZA:*

**Operators' License:**



- **manufacturing or processing including** breaking bulk, relabeling and repackaging
- **service** like ICT based services, repair, and brokerage

**Developer's License:**


- for development of zone infrastructure

**Service Providers' License:**


- for non-EPZ activities within the EPZs providing support services e.g. banks, catering, freight and consultancy

<div style="display: flex; justify-content: space-between; align-items: center; background-color: #76923c; color: white; padding: 5px;">  <div style="text-align: center;"> <p>THE UNITED REPUBLIC OF TANZANIA EXPORT PROCESSING ZONES AUTHORITY</p> </div>  </div> <h2 style="text-align: center; color: #008000; margin-top: 10px;">EPZ/SEZ ELIGIBILITY</h2>	
EPZ PROGRAM	SEZ PROGRAM
<ul style="list-style-type: none"> <li>• Be new investment.</li> <li>• At least 80% of goods produced/processed should be exported.</li> <li>• Annual export turnover should not be less than US\$ 500,000 for foreign investments and US\$ 100,000 for local investments</li> </ul>	<ul style="list-style-type: none"> <li>• Be new investment</li> <li>• Minimum capital of US\$ 500,000 for Foreign owned investments and US\$ 100,000 for Local owned investments</li> </ul>






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## TYPES OF EPZ/SEZ SETUP

FOR EPZ	FOR SEZ
<ul style="list-style-type: none"> <li>• Industrial Park</li>   <li>• Single Factory Units</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial Parks</li> <li>• EPZs</li> <li>• Free Trade Zones</li> <li>• Free Ports</li> <li>• Tourist Parks</li> <li>• Technological Parks</li> <li>• Banking &amp; Financial centre</li> <li>• Any other Area activities prescribed by the Authority</li> </ul>




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## SECTORS FOR INVESTMENT

FOR EPZ	FOR SEZ
<ul style="list-style-type: none"> <li>• Textiles and Garments</li>   <li>• Agro processing</li>   <li>• Leather processing and manufacture of leather products</li>   <li>• Fish processing</li>   <li>• Wood products</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural &amp; Agro Industrial</li> <li>• Industrial</li> <li>• Tourism</li> <li>• Commercial</li> <li>• Forestry</li> <li>• ICT</li> <li>• Banking &amp; Financial centre</li> </ul>



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## EXISTING ZONES

**EPZs**

- (i) Millennium Business Park (DSM)
- (ii) Hifadhi EPZ (DSM)
- (iii) Kisongo EPZ (Arusha)
- (iv) Global Industrial Park (Pwani)
- (v) Kamal Industrial Estates EPZ (Pwani)

**SEZs**

- Benjamin William Mkapa – Special Economic Zone (BWM-SEZ).
- Kigoma SEZ ( under Development)



## **TABORA SEZ**

- Located at Nzega District
- Size – 1,250 Hectares
- Current Status:
- Area approved by EPZA for Board developmen
- Acquisition of title deed in progress

## **EARMARKED INVESTMENTS IN TABORA**

- Mineral Processing
- Agro-processing (fruits, vegetables, edible oils)
- Processing of Meat and dairy products
- Leather processing
- Honey processing?
- Manufacturing engineering products
- Light assembly
- ICT
- Tourism (Hotels)
- Trade




## **EPZ/SEZ BENEFITS**


- **Employment creation**
- **Revenue collection at District level**
- **Income generation at household level**
- **Promotion of exports**
- **Promotion of new technology**
- **Promotion of value addition**

## **WHAT NEXT?**

- **Complete acquisition of title deed**
- **Obtain approval of survey map**
- **Conduct feasibility study**
- **Prepare masterplan**
- **Develop EDZ infrastructure (power, water, telecommunication network, roads, etc) by Government or PPP or Private sector.**
- **Promote the EDZ to investors**




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## WHY INVEST IN EPZ/ SEZ?

- **Tax Incentives** - *reduce costs, improve profitability*
- **Procedural Incentives** - *reduce bureaucracy, faster start up*
- **Zone Infrastructure Incentives** - *lower investment costs, improve efficiency, security*



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## Investment Incentives under EPZA

### Fiscal Incentives

- 10-year **Corporate Tax holiday** and 30% tax rate on profits thereafter (except for SEZ activities)
- 10-year **Withholding Tax** holiday
- **Duty and VAT** exemption on inputs, raw material, capital goods  
Administrative vehicle, ambulances, firefighting equipment and two staff buses
- **VAT on Utilities and warfage** exemption

### Procedural incentives

- **Operation under one license** issued by EPZ Authority
- **visa at point of entry** to key technical staff.
- **Unconditional transferability of** profits, dividends and royalties
- **One-stop-service center** by EPZA for set-up, facilitation and aftercare (work permits, labour relations, Customs )
- **On-site customs documentation** and inspection





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## EPZ/SEZ START UP COSTS

- **Application fees** (non-refundable US \$250)
- **License fees** (US \$1000 for operators licenses, \$5000 for Developer licenses)
- **Land lease** –\$0.60/ m<sup>2</sup> /annum
- **Factory Sheds** US \$2-\$3.50/ m<sup>2</sup>/month
- **Labour costs** guided by minimum government wage rates and statutory deductions
- **Utilities** less VAT



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## HOW TO JOIN THE EPZ/ SEZ PROGRAM

- Investor makes *enquiry*
- Investor submits a *project proposal*
- Once acceptance, investor completes *application form* and submit them with application fee of US\$ 250
- EPZA evaluates project and provides investor with *letter of approval in principle within 7 days*
- Investor *incorporates EPZ company*, locates in the zone, obtains environmental approval if required
- For Zone development, EPZA facilitates **declaration of land** by Minister for Industry, Trade and Marketing
- Investor *pays license fees* and gets license
- Investor *begins operations !*



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**THANK YOU FOR LISTENING !**