

Tanzania

## Production Development Funds Act Chapter 125

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# Tanzania

## Production Development Funds Act Chapter 125

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*[Acts Nos. 21 of 1974; 9 of 1977; 25 of 1980; 16 of 1983; 12 of 1985; 13 of 1985; G.Ns. Nos. 40 of 1975; 53 of 1975; 27 of 1976; 5 of 1983; 213 of 1991]*

**An Act to provide for the establishment of production development funds and the management of such funds.**

### 1. Short title

This Act may be cited as the Production Development Funds Act.

### 2. Interpretation

In this Act, unless the context otherwise requires—

"**financial year**" shall have the same meaning as that expression has in the Public Finance Act<sup>1</sup>;

"**fund**" means a production development fund established by or under this Act;

"**Minister**" means the Minister responsible for finance;

"**parastatal organisation**" means—

- (a) a body corporate established by or under any Act other than the Companies Act<sup>2</sup>;
- (b) a trade union registered under the Trade Unions Act<sup>3</sup>;
- (c) any company registered under the Companies Act<sup>4</sup> not less than fifty *per centum* of the issued share capital of which is owned by the Government or a parastatal organisation or, where the company is limited by guarantee, a company in respect of which the amount that the Government or the parastatal organisation which is a member of such company has undertaken to contribute in the event of the company being wound up is not less than fifty *per centum* of the aggregate amount which all the members have undertaken to contribute; and references in this paragraph to a parastatal organisation include references to any such company.

<sup>1</sup> [Cap. 348](#)

<sup>2</sup> [Cap. 212](#)

<sup>3</sup> Cap. 244

<sup>4</sup> [Cap. 212](#)

### 3. Establishment of funds

- (1) There are hereby established production development funds specified in the first column of the Schedule to this Act for the purposes specified opposite thereto in the second column of the said Schedule.
- (2) Every production development fund shall be managed by the parastatal organisation specified in relation thereto in the third column of the Schedule to this Act.
- (3) The Minister may by order in the *Gazette*, amend the Schedule to this Act so as to establish production development funds in addition to those specified by or under this Act or to amend any of the particulars in any of the columns in the said Schedule:

Provided that—

- (a) no fund shall be established under this subsection—
  - (i) unless in the opinion of the Minister the establishment of the fund will significantly contribute to enhancement of the productive capacity of the United Republic;
  - (ii) for any purpose other than—
    - (A) the financing, whether by way of loan or equity, of fixed investment by a parastatal organisation engaged in the production of goods or services;
    - (B) the financing, whether by way of loan or grant, of research by or for the benefit of parastatal organisations or other institutions engaged in the production of goods or services;
    - (C) the financing, whether by way of loan or grant, of the training of citizens of the United Republic by or for the benefit of parastatal organisations or other institutions engaged in the production of goods or services, including the provision of buildings, equipment and ancillary facilities reasonably necessary for the carrying out of the training programme;
- (b) no person other than a parastatal organisation shall be charged with the management of any such fund so established;
- (c) every order made under this subsection shall be submitted for the approval, to be signified by resolution, of the National Assembly within four weeks of the order being made or, if the National Assembly is not meeting or does not meet within such period, at its next meeting and unless the order is so approved, that order shall expire and any fund established pursuant thereto shall be wound up;
- (d) the provisions of paragraph (c) of this proviso shall take effect subject to the proviso to [section 5](#).

### 4. Resources of funds

The resources of each fund shall be—

- (a) such sums as may be provided for the fund by Parliament, either by way of grant or loan;
- (b) such allocation of public revenue raised by taxation or otherwise as may be specified in relation to the fund in the fourth column of the Schedule to this Act;
- (c) such sums as may in any manner become payable to the fund as a result of operations of the fund or sums which may be released by the Treasury Registrar from the allocation of public revenue specified in relation to the fund in the fourth column of the Schedule to this Act and deposited in the fund account required to be opened for the purpose of the fund under [section 5\(1\)](#).

## 5. Management of funds

- (1) The parastatal organisation charged with the management of any fund shall maintain the fund in a separately designated bank account with the National Bank of Commerce and shall manage the same in the accordance with such directions as the Minister may issue:

Provided that the parastatal organisation shall make no payment out of the fund except with the consent in writing of the Treasury Registrar in accordance with the agreed annual expenditure programme.

- (2) Where any payment out of the fund is made for the purchase of any equity investment, such equity investment shall be held by—
  - (a) the parastatal organisation charged with the management of the fund; or
  - (b) any other parastatal organisation; or
  - (c) The Treasury Registrar, as the Treasury Registrar may direct, and any parastatal organisation holding any such equity investment shall, at any time, on the direction of the Treasury Registrar, transfer the equity to any other parastatal organisation specified by the Treasury Registrar or to the Treasury Registrar.
- (3) The Minister may, by regulations, regulate the administration of the funds.
- (4) Any person who makes or authorises any payment out of the fund in contravention of any provision of this Act or of any direction given or of regulation made under this section commits an offence and on conviction is liable to a fine not exceeding fifty thousand shillings or to imprisonment for a term not exceeding five years or to both.

## 6. Accounts and audit

- (1) The parastatal organisation charged with the management of any fund shall cause to be provided and kept proper books of account of the payments made into and out of the fund.
- (2) The accounts in relation to each fund shall be audited annually by the Tanzania Audit Corporation and the audited accounts of fund shall be published at the same time as the audited accounts of the parastatal organisation charged with the administration of the fund are published.

### 6A. Power of Minister to reallocate moneys in funds

- (1) Where the Minister is satisfied that at the close of any financial year there are in any fund moneys which are not immediately required for the purposes of the fund (which moneys shall in this section be referred to as a "surplus"), he may, if in his opinion financial exigencies or the public interest so require, and notwithstanding any provision to the contrary contained in this Act or in any other written law, authorise the application of the whole or any part of the surplus for or towards defraying the development expenditure of any Ministry or Department of the Government in any financial year.
- (2) Every authorisation for the application of any surplus made under this section shall be sufficient authority, without further appropriation, to issue from the fund the sum required for the purpose specified by the Minister.
- (3) Where the Minister authorises the application of any surplus under this section, he shall cause to be laid before the National Assembly a statement concerning the authorisation.

## 7. Power of Minister to reallocate monies in funds

- (1) Where the Minister is satisfied that at the close of any financial year there are in any fund monies which are not immediately required for the purposes of the (which fund monies shall in this section be referred to as a "surplus"), he may, if in his opinion financial exigencies or the public interest

so require, and notwithstanding any provision to the contrary contained in this Act or in any other written law, authorise the application of the whole or any part of the surplus for or towards defraying the development expenditure of any Ministry or Department of the Government in any financial year.

- (2) Every authorisation for the application of any surplus made under this section shall be sufficient authority, without further appropriation, to issue from the fund the sum required for the purpose specified by the Minister.
- (3) Where the Minister authorises the application of any surplus under this section, he shall cause to be laid before the National Assembly a statement concerning the authorisation.

### Schedule

Column 1		Column 2	Column 3	Column 4
Production Development Fund		Purposes for which fund established	Parastatal organisation responsible for management	Financial resources
1.	<p>Sugar and Sugar Products Fund</p> <p><i>[G.Ns. Nos. 44 of 1974; 40 of 1975; 53 of 1975; 148 of 1975; 27 of 1976; 5 of 1983; 213 of 1991]</i></p>	(a) Financing, by way of loan or equity, of fixed investments by parastatal organisations engaged in the production of sugar products;	The Sugar Development Corporation established by the Sugar Development Corporation (Establishment) Order.	(a) Sales tax levied on sugar to the extent of 30 cts per kilo;
	(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production of sugar or sugar products;		(b) the balance of the Sugar Development Fund held by the Sugar Board, which balance shall be transferred to the Sugar Development Corporation for the payment into the Sugar Products Fund.	

Column 1		Column 2	Column 3	Column 4
	(c) financing, by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of sugar or sugar products.			

Column 1		Column 2	Column 3	Column 4
2.	Sisal Products Fund	<p>(a) Financing by way of loan or equity, of fixed investments by parastatal organisations engaged in the production of sisal products;</p> <p>(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production of sisal products;</p> <p>(c) financing, by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of sisal products.</p>	Tanzania Sisal Authority established by the Sisal Industry Act <sup>5</sup> .	One-half of the Export Tax levied on sisal: Provided that the amount so paid into the Sisal Products Fund shall not exceed Shs. 40,000,000/= in any financial year.

<sup>5</sup> [Cap. 30](#)

Column 1		Column 2	Column 3	Column 4
3.	Textile and Garments Fund <i>[G.N. No. 268 of 1973]</i>	(a) Financing, by way of loan or equity, of fixed investments by parastatal organisations engaged in the production of textiles, textile products and garments;	The National Textile Corporation established by the National Textile Corporation (Establishment) Order.	(a) One-half of the export tax levied on cotton;
		(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production of textiles, textile products and garments;		(b) one-tenth of the sales tax levied on locally manufactured articles falling within tariff numbers 51/53/55/56/57/58 and 60-01
		(c) financing, by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of textiles, textile products and garments;		
4.	Beverages Fund <i>[G.N. No. 5 of 1983]</i>	(a) Financing, by way of loan or equity, of fixed investments by parastatal organisations engaged in the production of beverages including soft and alcoholic beverages;	Tanzania Breweries Limited established under the Companies Act <sup>6</sup> of the Laws of Tanzania.	(a) Sales tax levied on beer to the extent of 20 cts per litre;

<sup>6</sup> [Cap. 212](#)

Column 1		Column 2	Column 3	Column 4
		(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production, beverages including soft and alcoholic beverages;		(b) Sales tax levied on soft drinks to the extent of 20 cts per litre;
		(c) financing, by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of beverages including soft alcoholic beverages.		(c) Sales tax levied on Konyagi to the extent of Shs. 5/= per litre.

Column 1		Column 2	Column 3	Column 4
5.	Cashew Industry Fund	<p>(a) Financing, by way of loan or equity, of fixed investments by parastatal organisations engaged in the production processing and marketing of cashew nuts;</p> <p>(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production, processing and marketing of cashew nuts;</p> <p>(c) financing, by way of loan or grant, training of citizens of United Republic by or for the benefit of organisations engaged in the production, processing and marketing of cashew nuts.</p>	The Cashew nut Authority of Tanzania established by the Cashewnut Board of Tanzania Act <sup>7</sup> .	One-half of the export tax on cashew nuts.

<sup>7</sup> [Cap. 203](#)

Column 1		Column 2	Column 3	Column 4
6.	Leather and Leather Products Fund	<p>(a) Financing, by way of loan or equity, of fixed investments by parastatal organisations engaged in the production of leather or leather products;</p> <p>(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production of leather or leather products;</p> <p>(c) financing, by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production of leather or leather products.</p>	The National Development Corporation.	The whole of the production tax on hides and skins levied under the Hides and Skin Trade Act <sup>8</sup> .

<sup>8</sup> [Cap. 120](#)

Column 1		Column 2	Column 3	Column 4
7.	Tourism Fund <i>[G.N. No. 91 of 1969]</i>	Financing, by way of loan or equity, of fixed investments by parastatal organisations engaged in the promotion of tourism in the United Republic.	The Tanzania Tourist Corporation established by the Tanzania Tourist Corporation (Establishment) Order.	The whole of the hotel levy collected under Hotels Act <sup>9</sup> .
8.	Commercial Accountants and Auditors Training Fund	Financing, by way of loan or equity, training of citizens of the United Republic as accountants and auditors having regard to the requirements of the parastatal sector.	The National Board of Accountants and Auditors established by the Accountants and Auditors (Registration) Act <sup>10</sup> .	One-fifth of the business licence fees collected under the Business Licensing Act <sup>11</sup> .

<sup>9</sup> [Cap. 105](#)

<sup>10</sup> [Cap. 286](#)

<sup>11</sup> [Cap. 208](#)

Column 1		Column 2	Column 3	Column 4
9.	Transport and Vehicle Operator and Maintenance Training Fund  <i>[G.N. No. 27 of 1976]</i>	Financing, by way of loan or grant, training of citizens of the United Republic as— <ul style="list-style-type: none"> <li>(a) motor-vehicle operators;</li> <li>(b) motor-vehicle maintenance and repair personnel;</li> <li>(c) store-keepers, stock clerks and purchasing officers in the motor vehicle industry.</li> </ul>	The National Transport Corporation.	One-half of the transport licensing fees levied under the Transport Licensing Act <sup>12</sup> .
10.	Rural Productivity Fund	Financing, by way of loan or grant, of training of citizens of the United Republic in bookkeeping accounting, financial management, husbandry, farm management, construction, public health and other skills relevant to the raising of rural productivity with special reference to the needs of Ujamaa villages.	The Governing Body of the Co-operative College established by the Co-operative College Act <sup>13</sup> .	<ul style="list-style-type: none"> <li>(a) One-twentieth of the export tax levied on coffee;</li> <li>(b) One-half of the tobacco tax levied under the Tobacco (Imposition of Tax) Act.</li> </ul>

<sup>12</sup> [Cap. 317](#)

<sup>13</sup> [Cap. 83](#)

Column 1		Column 2	Column 3	Column 4
11.	Transfer Tax Investment and Management Fund	Financing, by way of loan or equity, small scale industrial investments to increase the country's productive capacity and self sufficiency.	The Tanzania Investment Bank established by the Tanzania Investment Bank Act <sup>14</sup> .	The whole of transfer tax collected by the East African Customs and Excise Department under the Transfer Tax Act.

<sup>14</sup> [Cap. 81](#)

Column 1		Column 2	Column 3	Column 4
12.	Coffee Industry Fund <sup>15</sup>	<p>(a) Financing, by way of loan or equity, of fixed investments by parastatal organisations engaged in the production processing or marketing of coffee and coffee products;</p> <p>(b) financing, by way of loan or grant, research by or for the benefit of organisations engaged in the production, processing or marketing of coffee and coffee products;</p> <p>(c) financing, by way of loan or grant, training of citizens of the United Republic by or for the benefit of organisations engaged in the production, processing or marketing of coffee and coffee products.</p>	The Coffee Authority of Tanzania.	One-tenth of the export tax levied on coffee.
<sup>15</sup>	Act <a href="#">No. 25 of 1980</a> s. 14			

Column 1		Column 2	Column 3	Column 4
13.	Housing Fund <i>[G.N. No. 213 of 1991]</i>	Financing, by way of loan or equity, to organisations or individuals for the construction of residential houses.	The Treasury.	Four percent of payroll levy.
14.	Roads Fund	Financing, by way of loan or equity, for the construction, maintenance and repair of roads.	The Treasury	Five shillings and fifty cents per litre of petrol or diesel payable under the Road and Fuel Tolls Act <sup>16</sup> .

<sup>16</sup> [Cap. 220](#)