

A Guide to Tanzania Investment Centre (TIC) Incentives for Solar Manufacturers

Fiscal Framework, Application Process & Strategic Considerations

Content Partner: J. v. G. technology GmbH

Turnkey solar module production lines — since 1997

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Technical Overview: TIC Incentives for Tanzanian Solar Manufacturers



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

Key Project Data

100–5...

Manufacturing Scale

Typical range for turnkey solar module production lines

>USD ...

Minimum Investment (TIC)

Foreign investor threshold (TIC); typically multi-million for full-line projects

1–3 mo

Approval Timeline

TIC approval phase before project implementation begins

Tanza...

Reference Region

East Africa — assessed case study geography

📄 Line type: Turnkey solar module production line · Source: PVKnowHow / J.v.G. Technology GmbH

What Is the Tanzania Investment Centre (TIC)?

Role & Mandate

- Primary government agency to coordinate, promote, and facilitate investment in Tanzania
- Established under the Tanzania Investment Act, 1997
- Grants Certificates of Incentives (COI) to qualifying investors
- Operates a One-Stop Shop (OSS) consolidating permits, licenses, and registrations

Scope of Services

- Company registration, business licenses, and tax identification
- Work and residence permit facilitation
- Land access coordination and environmental assessment support
- Inter-agency coordination mandated by law across all government departments

Certificate of Incentives (COI): Investment Thresholds

Foreign Investors / Joint Ventures


- Minimum investment: **USD 500,000**
- Applies to wholly foreign-owned enterprises and joint ventures
- A solar module factory typically exceeds this threshold significantly

Tanzanian Citizens (Local Investors)

- Minimum investment: **USD 100,000**
- Applies to wholly locally-owned projects
- Lower barrier designed to promote domestic manufacturing capacity

Strategic Investor Status

- Foreign-majority: \geq **USD 20–50M** (threshold under review post-2022 revisions)
- Local-majority: \geq **USD 20M**
- Unlocks an enhanced incentive package subject to NISC approval

 COI validity: up to 5 years for fiscal incentives; extendable upon application. Non-fiscal incentives valid for the full project implementation period.

Fiscal Incentives Under the COI Framework

Import Duty Exemption

- 75% import duty exemption on deemed capital goods (equipment, machinery, building materials, utility vehicles)
- 0% import duty on project capital goods, computers, and qualifying raw materials
- Tanzania Revenue Authority (TRA) approves the eligible items list

VAT Deferment

- VAT on imported capital goods can be deferred — not paid at point of importation
- Standard VAT rate in mainland Tanzania is 18%; deferment provides significant cash flow relief
- Allows the facility to become operational before the tax liability is settled

Corporate Tax Holiday

- Up to **5 years** corporate income tax holiday available for qualifying strategic investors
- Profits generated during this window are not taxed — enabling accelerated reinvestment
- Zero-rated VAT on exports of manufactured goods

Strategic Investor Status: Enhanced Benefits

Benefit Category	Standard COI Holder	Strategic Investor
Import Duty Exemption	75% on deemed capital goods	Full exemption (case by case)
Corporate Tax Holiday	Reduced rate – 10–20% for 5 yrs	Up to 5 years full holiday
VAT on Exports	Zero-rated	Zero-rated
Withholding Tax on Dividends	Standard 10%	Exemption for defined period
Immigration Quota	Standard work permit process	Guaranteed expatriate quota
Profit Repatriation	Via authorised dealer banks	Guaranteed unconditional transfer

i Strategic Investor thresholds: \geq USD 20M (local-majority) / \geq USD 50M (foreign-majority). Special Strategic Investor: \geq USD 300M. Subject to NISC approval and negotiated terms.

COI Application Process: Key Steps

1 — Company Incorporation

Register company under Tanzanian law (BRELA); obtain Tax Identification Number (TIN)

Obtain NIDA ID if applicable; resolve land ownership or lease (minimum 3-year certified agreement)

2 — Application Submission

Submit via TIC One-Stop Shop (online portal: onestopshop.tic.go.tz)

Required documents: Certificate of Incorporation, Memorandum & Articles of Association, Board Resolution, proof of finance, business plan, land evidence

3 — TIC Evaluation

TIC assesses project scope, capital threshold compliance, and strategic alignment

Application fee: USD 1,100 (Certificate of Incentives fee)

4 — COI Issuance & Incentive Activation

Certificate issued; investor accesses TRA for import duty exemption lists

VAT deferment and other fiscal instruments activated; timeline: typically 1–3 months

Why Solar Manufacturing Qualifies as Strategic

Energy Security

- Reduces reliance on imported fossil fuels
- Supports grid stability and national electrification targets
- Locally produced modules lower the landed cost of solar energy

Job Creation

- Manufacturing facilities create skilled and semi-skilled employment
- Turnkey concept includes on-site team training — no prior experience required
- Multiplier effect across supply chain and services sector

Technology Transfer

- Imports modern manufacturing processes and engineering know-how
- Builds long-term domestic industrial capacity
- Enhances technical capability in line with TIC strategic criteria

Rural Electrification

- Locally produced panels support off-grid and mini-grid solutions
- Reduces import cost and delivery time for remote area projects
- Directly serves national development priorities

Documented Challenges & Practical Considerations

Procedural Challenges

- **Documentation burden:** Detailed business plan, financial projections, and full company records required
- **Bureaucratic coordination:** One-Stop Shop targets efficiency, but inter-departmental timelines vary
- **Land evidence:** Certified lease (min. 3 years) or title deed required upfront
- **Proof of finance:** Evidence of sufficient capital must be submitted before approval

Structural Observations

- TIC process demands patient, structured project preparation
- Strategic investor proposals benefit from highlighting economic contribution (jobs, exports, technology)
- TRA separately approves the list of items eligible for duty exemption — requires coordination
- Turnkey providers with prior project experience can significantly reduce preparation time

Frequently Asked Questions

Can a factory qualify without prior manufacturing experience?

Yes. TIC evaluates financial capacity and project viability, not operational track record. A proven turnkey manufacturing concept with documented training delivery removes the experience barrier for new entrants.

What is the VAT deferment — does it mean no VAT is paid?

VAT is deferred, not permanently waived. Payment is delayed beyond the point of importation, providing cash flow relief during project setup. The liability is settled later under conditions agreed with TRA.

Is the 5-year tax holiday automatic?

No. It is available to investors who obtain Strategic Investor status via NISC approval. Standard COI holders access reduced corporate tax rates. The enhanced holiday must be negotiated and approved on a case-by-case basis.

Strategic Importance of the TIC Framework for Solar Investment

1

Cost Reduction Gateway

Import duty exemptions and VAT deferment directly reduce the capital outlay required to establish a solar manufacturing line in Tanzania

2

Profit Reinvestment Window

A corporate tax holiday of up to 5 years allows early-stage profits to be directed toward debt service, equipment, and workforce development

3

Market Access Anchor

Local production unlocks preferential positioning in Tanzania's growing solar market, supporting both domestic sales and regional export potential

- An experienced European turnkey provider brings documented project methodology that directly addresses the structured proposal requirements of the TIC approval process – reducing preparation time and approval risk for new market entrants.

About the Content Partner

J. v. G. technology GmbH – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |
TÜV-certified module designs | Factory planning to production

www.jvg-thoma.com

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