



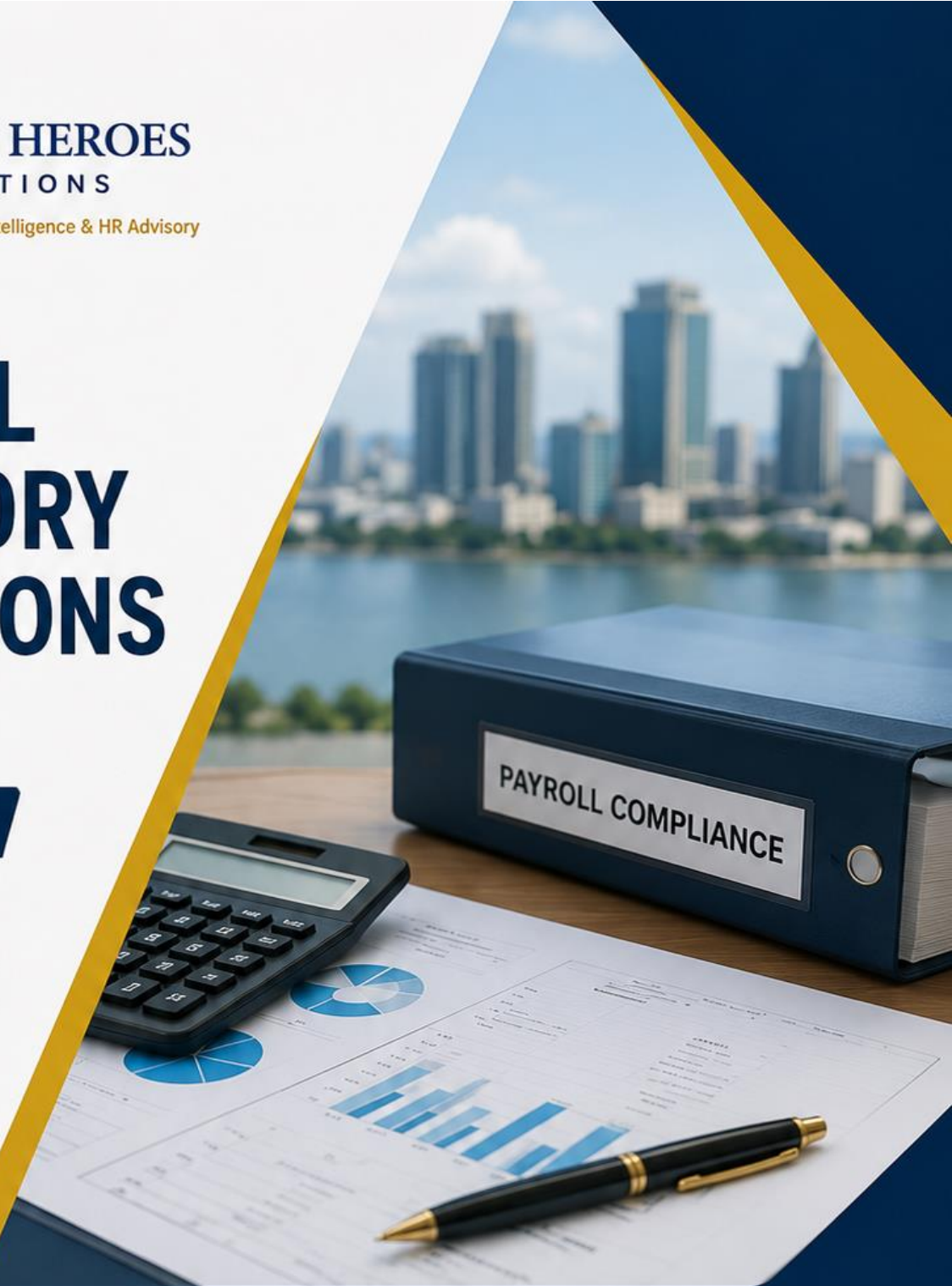
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PAYROLL STATUTORY DEDUCTIONS GUIDE

(TANZANIA)

A practical guide to the mandatory statutory deductions and employer contributions required under Tanzanian labour and tax laws.



STAY COMPLIANT

Avoid penalties and legal risks



PROTECT EMPLOYEES

Ensure employee rights and social security



REDUCE RISKS

Minimize exposure to penalties



STRENGTHEN BUSINESS

Build trust and maintain positive compliance

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PAYROLL STATUTORY DEDUCTIONS GUIDE (TANZANIA)

This practical guide outlines the mandatory statutory deductions and employer contributions required under Tanzanian labour and tax laws. Ensuring accurate payroll compliance minimizes exposure to severe penalties, protects employee rights, and maintains positive relations with the Tanzania Revenue Authority (TRA) and social security funds.

1. MANDATORY EMPLOYEE DEDUCTIONS (WITHHELD FROM GROSS PAY)

- **Pay As You Earn (PAYE)**

PAYE is a withholding tax applied to an employee's taxable income (Basic Salary + Allowances + Benefits in Kind). It is calculated on a progressive scale defined by the TRA. Employers are legally obligated to deduct this tax and remit it to the TRA. Failure to deduct or remit PAYE makes the employer liable for the principal tax, plus statutory penalties and interest.

- **National Social Security Fund (NSSF) - Employee Portion**

Every employee in the private sector must be registered with NSSF. The statutory contribution is 20% of the employee's gross pay. The standard structure requires 10% to be deducted from the employee's gross salary, while the employer covers the remaining 10%.

- **Higher Education Students' Loans Board (HESLB)**

If an employee is a beneficiary of a higher education loan, the employer is required by law to deduct 15% of the employee's basic salary upon receiving formal notification from HESLB, remitting it directly to the Board until the loan is liquidated.

2. MANDATORY EMPLOYER CONTRIBUTIONS (EMPLOYER COST)

- **National Social Security Fund (NSSF) - Employer Portion**

The employer must contribute an amount equal to 10% of the employee's gross salary toward their NSSF pension.

- **Workers Compensation Fund (WCF)**

The WCF provides compensation for employees who suffer occupational injuries or diseases. For the private and public sectors, the employer must contribute 0.5% of the total monthly gross wage bill. This is entirely an employer cost and must not be deducted from the employee's salary.

- **Skills Development Levy (SDL)**

SDL is payable by employers who employ ten (10) or more employees. The rate is currently set at 3.5% of the total gross monthly wage bill. Like WCF, this is an employer expense and cannot be passed on to the employee.

3. STATUTORY REMITTANCE DEADLINES

Statutory Body	Type of Deduction	Rate / Amount	Remittance Deadline
TRA (PAYE)	Tax (Employee)	Progressive Brackets	7th of the following month
TRA (SDL)	Levy (Employer)	3.5% of Gross Wage Bill	7th of the following month
NSSF	Pension (Joint)	20% Total (10% Emp / 10% Emplr)	Last day of the following month
WCF	Compensation (Employer)	0.5% of Gross Wage Bill	Last day of the following month
HESLB	Loan Repayment (Employee)	15% of Basic Salary	As stipulated by HESLB notice

4. PAYROLL RISKS & BEST PRACTICES

- Taxable Allowances: Ensure all cash allowances (transport, housing, communication) are properly subjected to PAYE and NSSF. Misclassifying these to avoid tax is a major audit risk.
- Benefits in Kind: Non-cash benefits (e.g., school fees paid for an employee's child, company car) must be quantified and taxed according to TRA guidelines.
- Accurate Record Keeping: Maintain clear, itemized payslips for all staff. Payslips must show gross pay, itemized deductions, and net pay to comply with ELRA.
- Expatriate Payroll: Ensure foreign workers have valid work and residence permits before processing their payroll to avoid heavy immigration and labour penalties.

Need help managing your payroll compliance?

EN HR Heroes Solutions offers comprehensive Payroll Outsourcing, Statutory Compliance Audits, and Tax Advisory for Tanzanian employers.

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