



VIBINDO SOCIETY

BARA FACT SHEET

THE BUSINESS ACTIVITIES REGISTRATION ACT 2007

There are ways to improve on the ease of doing business registration and licensing

Doing Business Facts

2004/05: The MKURABITA study on the Diagnostic Analysis of the Extra Legal sector notes 49 administrative procedures for starting a business. Legislation dispersed across 59 Acts.

2006/12: Over 15 pieces of law on business in Tanzania mainland amended to speed up the formalisation process. No comprehensive studies were done to assess the actual progress with Mkurabita Diagnostic Analysis recommendations. A good number of its landmark business reforms proposals were not taken on board.

2012: Comparing procedures (+days) involved in business registration: Tanzania 12(29), Burundi 9 (14), Rwanda 2 (3), Uganda 16 (36) and Kenya 11 (33)

2012: Business registration can only be done manually in Dar es Salaam at the Business Registration and Licensing Agency (BRELA).

Brief history of the BAR Act

2007: The Business Activities Registration Act (BARA) is enacted.

2007-2012: BARA not yet operational: A framework to adopt the law is needed.

2007 -2012: Business Licensing Act of 1972 that was to be replaced by BARA is still operational.

2011: Finance Act passed with amendments to BARA Act in effect reintroducing annual business licence charges. In addition, the LFG Act is amended to enable local governments to charge business license fees.

2012: Business license fees not effected until May 2012. This is likely to be determined during the 2012/13 budget session.



Situational Analysis

- **BAR Act creates hurdles to businesses** with multiple premises as each premise is supposed to be registered separately: This is time consuming and bureaucratic.
- **BAR Act is mainly based on registration of business activities** and not assessing names or establishment of corporate entities and business start-ups. This could lead to double registration of businesses.
- **The implementation challenge;** Section 7 (1) requires the establishment of business registration centres in the jurisdiction of each local government authority. At village level, it is almost impossible; the law should be amended to be applicable at district level.
- **The law creates multiple processes** which increases the cost of doing business.
- **Finance Act 2011 re-introduced annual business licensing** posing challenges on the implementation of BARA. The aim of BARA was to remove business licences under the Business Licences Act, and other nuisance taxes, which made doing business very expensive.



Legal Recommendations

- Amend section 11 of BARA to simplify business registration procedures.
- Amend BARA to provide a single registration for a business entity valid throughout the country and remove the requirement for registering every business premise separately.
- Amend BARA to make BRELA a one-stop business registry point.
- Enable BRELA to expand gradually.
- BRELA to enable clients lodge applications online
- Amend law to state the level of local government involvement in Business Registration Centre.

An example from somewhere in Tanzania

A businessperson complained to the Legal and Human Rights Centre (LHRC) about bureaucratic and long procedures for registering business as it is time consuming and costly. He explained the procedures followed before starting up his new business as follow;

1. Obtain an introductory letter from the local government where payments are involved.
2. At TRA to get TIN number, it took him 20 days.
3. Get application forms at local government (Municipality)
4. Submit these application forms to TRA.
5. Go back again to the local government (Municipality) to register the business.
6. The documents are then forwarded to BRELA.
7. Local government has to have enough applicants before submitting the documents to BRELA.

Local government informs him they cannot say exactly how long it will take to get his business registered

Source: <http://www.mkurabita.go.tz>

Fact sheet of May 2012

SOME FACTS

MKURABITA 2004/2005 study indicated 98% of all businesses operate informally. This means that over 1,482,000 businesses are not registered.

An average smallholder entrepreneur in a 10 year business life cycle obeying the law makes cash payments of U.S\$ 18,200 to the State for all licenses, permits, and approvals. He spends a total of 224 days in government offices petitioning for them. During this time, earnings lost amount to U.S. \$ 9,350.



Continued:

The same entrepreneur would have to wait another 6,443 days for administrators to resolve all his requests, and during that time loses U.S. \$ 15,920 in potential income.

Business Activities Registration Act of 2007 was enacted to remove unnecessary restrictions on business entry regulation by radically streamlining business start-up.

Did it succeed in doing so??

Research and advocacy of Vibindo Society are supported by

