



HOTELS ASSOCIATION OF TANZANIA

Tourism can easily create thousands of jobs at the lower end of the skills-set within the direct tourist sector, and indirectly through other segments including agriculture, agro- processing, infrastructure and aviation.

In 2011, Tanzania was ranked 110th out of 139 countries in tourism sector competitiveness, despite ranking **second** in the world for its natural resources endowment.

Tourism operators have to seek annual renewal of licenses from the Tanzania Tourism Licensing Board (TTLB, formerly TALA). A costly and uniquely restrictive licensing regulatory environment represents a major barrier for Tanzania to tap fully into its tourism potential.

REFORMS NEEDED: Amendment of Tourism Act and Regulations

- 1) To create a more investor friendly regulatory regime, and facilitate greater sector investment;
- 2) To make one single license valid throughout the country, and require the opening of new branches of hotels, or other tourism investment, to be based only on the consent of the Director of Tourism that the facilities meet the required standards;
- 3) To change the approach to licensing so that it is the entity which is licensed and not the activity or the facility, as under the Tanzanian Law, activities or facilities have no legal identity and cannot make any payments;
- 4) To remove Local Government Authorities (LGA) from dealing with investors, both local and foreign, and collecting tax, imposing levies and issuing permits or licenses, and make it possible for the country to maintain a national market for tourism;
- 5) To remove arbitrary decision-making power, especially the power to order the Board to revoke a license, and the power to add to the list of excluded activities and facilities without compensating the investors
- 6) Encourage integrated market development of the sector whereby a hotel owner may carry out related services or activities such as a travel agency, tour operator, restaurant, bar, fitness center, and cultural heritage. Without having to apply for additional licenses, provided that these are within the hotel area.

fact sheet **urgent need for reform to consolidate growth of the tourism sector**

LICENSING AND REGULATORY PROBLEMS

- High license fees and too many categories of licenses required for each activity within a class of activities.
- Time and money spent in the process of registering business, obtaining licenses, paying taxes, verifying regulations, disputing claims, and visiting a variety of government agencies to receive approvals.
- The tourism business entry conditions and the high start-up capital requirements are restrictive for both local and foreign investors.
- The tourism market is fragmented into hundreds of small markets as the law gives powers to Local Government Authorities to impose permit requirements on tourism operators.
- There is inadequate transparency in the development of laws and regulations within the sector itself.

Over the years, HAT has undertaken a number of studies on tourism licensing and the range of levies that are charged on the hotel industry. The facts from these studies formed the base for this fact sheet.



Samples of annual tourism license fees in Tanzania

Lodges residents: USD 2000
Lodges foreigners: USD 5000
Companies (res.): USD 2000
Companies (for.): USD 5000
One-Star Hotel: USD 1000
Five-star Hotel: USD 2500
Tour Operator (res.): USD 2000
Tour Operator (for.): USD 5000
Mobile camp (res.): USD 2000
Mobile camp (for.): USD 5000

Tanzanian practices quoted from international report:

“Comparison of good (Australia) and bad (Tanzania) practice for design and administration of a tour operator’s license”

“Bad licensing practices include excessive regulatory and financial requirements in Tanzania, which make it difficult for local operators to participate in this market.”

Source: Investment Climate Advisory Service - FIAS 2009

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