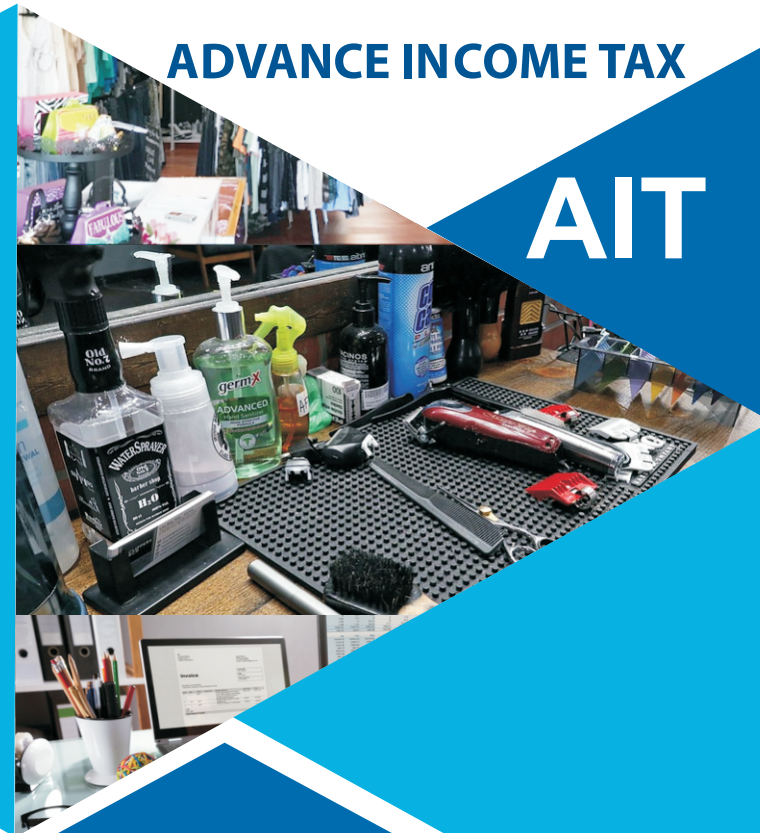


- ASYCUDA generated receipt on which payment was made.
- Any other documents ZRA may deem fit for you to produce.



ADVANCE INCOME TAX

AIT



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What is Advance Income Tax (AIT)?

Advance Income Tax is a tax withheld in respect of imported goods classified as commercial. Commercial goods are goods whose value exceeds US\$2000. This means that goods imported for personal use are excluded from this tax.

Goods for commercial purposes include; goods for resale, for provision of services or for use in businesses. For example, the following importations will attract Advance Income Tax as these goods are considered to be for commercial purposes:-

- a) Goods imported by a person for resale.
- b) Goods imported for provisions of services e.g. a barber imports hair clippers.
- c) Goods for use in the business e.g. a manufacturer of biscuits imports a computer for his accounting depart

Computation of Advance Income Tax

Advance Income Tax is computed at the point of entry at the rate of 15% of the Value for Duty Purposes (VDP) of the imported goods and ment.

Goods imported for personal use are those bought for private use or domestic use, and not intended for business. These will not attract Advance Income Tax. it is not the final tax.

Operation of Advance Income Tax

A waiver for this tax is granted to taxpayers who are compliant with submission of returns and payments of all tax types that they are registered for. The interface between TaxOnline and ASYCUDA World provides for automatic configurations for all AIT waivers. Therefore, all AIT configurations are no longer done manually but are *activated once the taxpayer has a valid Tax Clearance Certificate* (TCC) obtained electronically from TaxOnline System. The AIT waiver configuration is tied to the Tax Clearance Certificate validity period.

Exemptions

Advance Income Tax is not imposed on the following:

- a) Goods imported for personal use;
- b) Persons, Partnerships and organizations exempted by Statutory Instrument No. 29 of 2007:
 - Government Ministries;
 - Organizations whose income is exempt from tax under paragraph 4 of the Second Schedule to the Income Tax Act;
 - Organizations whose income is exempt from tax under paragraph 6 (1) of the Second Schedule to the Income Tax Act; and
 - Any person or Partnership with a valid Tax Clearance Certificate and TPIN issued by the Commissioner-General.

Refund claim process for persons not in business

1. For individuals not in business but have incurred AIT

The individual should submit an annual Income Tax Return at the **end of the charge year** accompanied by copies of the following:

- Customs and Excise Declaration (Form CE 20).
- Customs assessment notice on which the AIT was charged.
- ASYCUDA generated receipt on which payment was made.

- For motor vehicles, you need to show evidence that you are the owner by producing copies of a white book.
- Any other documents ZRA may deem fit for you to produce.

The submitted refund requests go through a process of assessment to verify the correctness of the request.

2. For Persons and Other bodies that are in business

These should claim the AIT paid through the submission of annual returns for the charge year in which the AIT was paid. The return should be accompanied by the following documents;

- Customs and Excise Declaration (Form CE 20).
- Customs assessment notice on which the AIT was charged.
- ASYCUDA generated receipt on which payment was made.
- Any other documents ZRA may deem fit for you to produce.

Note that the AIT will be treated as an advance tax paid already if the attachments are not availed to support the refund application.

3. Turnover Tax Cases

The taxpayer will claim the AIT paid through the Turnover Tax return for **month 12 (December tax return)** by attaching copies of the following documents;

- Customs and Excise Declaration (Form CE 20).
- Customs assessment notice on which the AIT was charged.