

ATE/CIRC/05/2023

1<sup>st</sup> July 2023

Dear Employers,

**RE: ATE CIRCULAR ON THE AMENDMENT OF THE VOCATIONAL EDUCATION AND TRAINING ACT (CAP. 82)**

The subject above refers.

The Association of Tanzania Employers (ATE) would like to inform all employers that the Finance Act, dated 30<sup>th</sup> June 2023 that was passed by the National Assembly on the 26<sup>th</sup> June 2023 has amended the Vocational, Education and Training Act (Cap. 82) as follows:

**Reduction of Skills Development Levy (SDL) from 4 per centum to 3.5 per centum**

Section 14 has been amended by reducing the Skills Development Levy rate from 4 per centum to 3.5 per centum.

**Removal of the obligation to file SDL return**

Section 16 has been amended to remove the obligation of filing returns from employers who are not required to pay the Skills Development levy.

**Redistribution of SDL collection**

Section 15 has been amended to provide the distribution of the skills development levy, whereby 1/3 of the levy shall be remitted to the Ministry responsible for employment, 1/3 to the Higher Education Students' Loans Board, and 1/3 to VETA. This amendment aims to enable the implementation of Work-Based Skills and Training Initiatives as well as to achieve the objectives of the Fund.

**Grant of exemption power to the Minister of Finance and Planning**

Section 19 has been amended to empower the Minister responsible for finance after consultation with the Minister responsible for Education to exempt payment of levy where the exemption is for the public interest.

ATE commends the Government and the Parliament of Tanzania for the amendments as these measures are not only pivotal in lowering the Private Sector's Wage Bill but also necessary in incentivizing Private Sector Employers to participate cost-effectively in Skills development and employment creation.

We hereby, call upon Employers to capitalize on these incentives and thus support the Government initiatives in promoting Skills Development.

**Below are the new provisions:**

**Amendment of Section 14**

The principal Act is amended in **Section 14** by deleting the words “four per centum” appearing in subsection (2) and substituting for them the words “3.5 per centum”.

**Amendment of Section 15**

The principal Act is amended by repealing **Section 15** and replacing it with the following:

- 15.** The Commissioner shall immediately after collecting the levy under section 14, submit-
- (a) one-third of the amount collected to the Ministry responsible for employment;
  - (b) one-third of the amount collected to the Higher Education Students’ Loans Board; and
  - (c) one-third of the amount collected to the Vocational Education and Training Authority.”.

**Amendment of Section 16**

The Principal Act is amended in **Section 16(1)** by inserting the words “save for an employer who is not required to pay levy” between the words “shall” and “file” .

**Amendment of Section 19**

The principal Act is amended in **Section 19** by adding immediately after subsection (2) the following:

“(3) Save as otherwise provided in subsection (1), the Minister responsible for finance may, in consultation with the Minister and by order published in the Gazette, exempt any person from paying levy: Provided that, such exemption is for public interest”

Kindly be advised.

Yours Sincerely,  
**ASSOCIATION OF TANZANIA EMPLOYERS**



**Ms. Suzanne Ndomba-Doran**  
**CHIEF EXECUTIVE OFFICER**