ADVOCATE'S COMPANION

Practical Tax Compliance Aspects for Sole Practitioners and Partnership Firms

A publication by:

The Research, Knowledge & Training Committee

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The Managing Partner's Remarks

First and foremost, I would like to take this golden opportunity to extend my profound gratitude to my colleagues at Lawhill & Co. Advocates, Premier Tax & Corporate Law Attorneys "**Lawhill**". The team has been instrumental towards generating this Advocate's Companion. Since its inception, Lawhill has been actively involved in supporting the works of our society, the Tanganyika Law Society "**TLS**". Lawhill was one of the sponsors of the Professional Diversity Conference in 2020, and is glad that, notwithstanding the limited financial resources at our disposal, we have been able to extend our sponsorship to the TLS' 2021 Annual Conference and General Meeting.

I would also like to highlight the crucial fact that, provision of legal services is in the eyes

of tax laws as an income generating business, just like any other business. In this regard, advocates are subject to the rules governing taxation, just like other businesses. Over the past half a decade, the Tanzania Revenue Authority "**TRA**" has been aggressively enforcing tax laws to the legal profession. The measures being taken by TRA to enforce compliance with the prevailing tax laws by advocates, do not entail introducing new requirements. These requirements have been there for more than a decade. It is only that they were not being enforced to their full extent. Members of the legal profession understand that a law does not cease to be law by a mere fact that it has not been enforced. With this in mind, it is crucial and pressing for Legal Practitioners, whether trading as Sole Practitioner or in Partnership, to understand the basic tax compliance issues.

The Lawhill team has been receiving calls from various members of the legal fraternity on their predicaments relating to their tax affairs. There has been an outcry that TRA has been overly aggressive to the legal profession. Noting the increasing predicaments faced by the legal fraternity and the fact that our team could not attend to each and every call on individual basis, the Lawhill Research, Knowledge and Training Committee "**the Committee**" was tasked to find a mechanism that would make it easy for advocates to understand their key tax compliance obligations. I am glad that the Committee has done an extremely wonderful job to come up with this Advocate's Companion. I believe that, this short handbook will be useful for not only advocates but also other professionals in other disciplines, to appreciate their key tax compliance issues.

It is my conviction that, by issuing this companion, Lawhill has discharged a noble duty to the legal profession and the general public as well. Increased awareness and compliance by members of the legal profession, will contribute to the increased tax base and consequently, an increase in tax revenues to finance public services.

Hadija Kinyaka
Managing Partner

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Last but not least, I wish to extend my gratitude to the entire Lawhill Staff; lawyers, supporting staff and interns for their dedications and hard work. Them being agile and innovative, account for the success achieved by Lawhill so far. They all have remained invaluable assets to Lawhill.

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PART ONE

INTRODUCTION

Provision of legal services is in the eyes of tax laws as an income generating business, just like any other business. In this regard, lawyers are subject to the rules governing taxation just like other businesses. Over the past half a decade, the Tanzania Revenue Authority "TRA'' has been aggressively enforcing tax laws to the legal profession. The measures being taken by TRA to enforce compliance with tax laws by advocates, do not entail introducing new requirements. These requirements have been there for more than a decade. It is only that they were not being enforced to their full extent. With this in mind, it becomes crucial for a Legal Practitioner, whether trading as a Sole Practitioner or in Partnership, to understand the basic tax compliance issues. This Advocate's companion, aims at providing a reader with the basic practical tax compliance for both Sole Practitioners and those under the umbrella of a Law Firm.

PART TWO

A SOLE PRACTITIONER AND INCOME TAX COMPLIANCE ISSUES

Being a Sole Practitioner does not relieve an advocate from complying with the provisions of the Income Tax Act, 2004, Cap. 332 R. E. 2019 "**the ITA 2004**". The obligation arises from section 4 (1) (a) of the ITA 2004 that imposes an income tax for each year of income on every person who has total income for the year of income. Total income is the sum of that person's income from each employment, business and investment. This is provided under section 5 of the ITA 2004. A person's chargeable income as provided in section 6 of the ITA 2004 is, for a resident person, that person's income from employment, business or investment irrespective of the source of the income.

It should therefore be appreciated that practising advocates earn income from their profession which is a business as defined under section 3 of the ITA 2004. In this

regard, advocates are liable to income tax on their total income. Specific to advocates' business income, section 8 of the ITA 2004 guides on what should be included as income from business, of interest is, the service fees. Therefore, the legal fees advocates charge their clients for their services, are includible as their income from business. There are provisions in the ITA 2004 governing the modalities for accounting for and payment of income taxes by individuals such as Sole Practitioners.

2.1 Income Tax Payment Procedures for Individuals

2.1.1 Obligation to File Returns of Income

As a general rule, every person, Sole Practitioner inclusive, are required under section 91 (1) of the ITA 2004 to file with the Commissioner, not later than six months after

the end of each year of income, a return of income for that year of income. The return of income shall specify, *inter alia*, a person's chargeable income from each employment, business and investment and the source of that income; the person's total income and the income tax payable under section 4 (1) (a); and any income tax paid by the person for the year of income by withholding, instalment or assessment. These specifications of what the return of income should contain, are stipulated under section 90 (2) of the ITA 2004.

One should note the mandatory requirement for any person who becomes potentially liable to tax by reason of carrying a business or investment, to apply for a Taxpayer Identification Number (TIN) within fifteen days from the date of commencing the business. This is a requirement under section 22 (1) of the Tax Administration Act, 2015,

Cap. 438 R.E. 2019 "**the TAA 2015**". Advocates, whether Sole Practitioners or in Partnerships are persons who are potentially liable to tax by reason of carrying a business, and therefore a TIN is a must for them. The Commissioner may require any person to apply for TIN notwithstanding the requirement of section 22 (1) of the TAA 2015. Acting on the powers under section 22 (2) of the TAA 2015, the Commissioner, towards the end of 2020, required all employees to have TIN.

2.1.2 Documents to be attached to the Returns of Income

There are important documents which must be attached to the return of income as provided under section 91 (2) (e) of the ITA 2004. These are: - any withholding tax certificates supplied to the person under section 85 of the ITA 2004; any statement provided by the person under section 38 of the TAA 2015;

certified financial statements; and any other information that the Commissioner may prescribe.

2.1.3 Persons not required to File Returns of Income

Notwithstanding the general rule that every person shall be required to file returns of income with the Commissioner, there are certain categories of individuals who are exempted from this obligation under section 92 of the ITA, 2004. These are resident individuals who have no income tax payable for the year of income under section 4 (1) (a) of the ITA 2004; or whose income for the year of income consists exclusively of either or both of the following:-

(a) Income from any employment where the employer is required to withhold tax under section 81 from the payments made to the

individual that are included in calculating the individual's income from the employment; or

(b) Gains of the type referred to in section 90 (1) of the ITA 2004.

This means that an advocate who is employed and the employer withholds and remits the advocate's taxes to TRA in the form of Pay As You Earn (PAYE), is exempted from the obligations to file returns of income. This applies to all employees irrespective of the industry they are in. Also, if the individual's income is exclusively from the gains referred in section 90 (1) of the ITA, 2004, these are gains from realization of an interest in land; petroleum or mineral right or buildings situated in the United Republic; shares or securities held in a resident entity. In this latter regard, the resident individual is required to

pay income tax by way of single instalment equal to the ten percent (10%) of the gain.

2.2 Presumptive Income Tax for Individuals

Besides requiring every person to file with the Commissioner returns of income, the ITA 2004, contains provisions that provide for an avenue for individuals to be assessed income tax based on presumptive income tax. The policy makers and drafters of the ITA 2004, found it wise to provide for such avenue due to compliance challenges in filing returns of income. It will be recalled that, a return of income must be accompanied with certified financial statements. These are audited and certified by a Certified Public Account (CPA). The financial statements themselves, must be prepared in accordance with the Generally Accepted Accounting Principles (GAAP). Inevitably, these would require an individual

to employ a qualified accountant to keep track of revenues and expenses as well as engage a CPA holder to audit and certify the financial statements. These compliance requirements, among other reasons, were seen to be too demanding for an individual who operates a barber shop or a small shop.

In order to relieve such individuals of such compliance issues, paragraph 2 of the First Schedule to the ITA 2004, provided for payment of income taxes by individuals on presumptive basis. To qualify for presumptive taxes, the resident individual, the resident Sole Practitioner to be specific, must meet the following requirements for the year of income:-

(a) The individual's income for the year of income consists exclusively of income from a business having a source in the United Republic;

(b) The turnover of the business does not exceed the threshold of Tanzanian Shillings One Hundred Million (Say TZS 100,000,000/=); and

(c) The individual does not elect to disapply paragraph 2 of the First Schedule to the ITA 2004.

The current prevailing amounts and rates of presumptive taxes as provided under paragraph 2 (3) of the First Schedule to the ITA 2004, are as follows:

Turnover	Tax Payable where Section 35 of the TAA 2015 is not Complied with	Tax Payable where Section 35 of the TAA 2015 is Complied with
Where turnover does not exceed TZS 4,000,000/=	NIL	NIL

Where turnover exceeds TZS 4,000,000/= but does not exceed TZS 7,000,000/=	TZS 100,000/=	3% of turnover in excess of TZS 4,000,000/=
Where turnover exceeds TZS 7,000,000/= but does not exceed TZS 11,000,000/=	TZS 250,000/=	TZS 90,000/= plus 3% of turnover in excess of TZS 7,000,000/=
Where turnover exceeds TZS 11,000,000/= but does not exceed TZS 14,000,000/=	TZS 450,000/=	TZS 230,000/= plus 3% of turnover in excess of TZS 11,000,000/=
Where turnover exceeds TZS 14,000,000/= but does not exceed TZS 100,000,000/=	Not applicable	TZS 450,000/= plus 3.5% of turnover in excess of TZS 14,000,000/=

Please note that, the referred section 35 of the TAA 2015 in the table deals with the obligations to maintain documents, whether in paper of electronic form.

Over the years, individuals such as Sole Practitioners had been assessed income tax liabilities based on presumptive income tax. Under this modality, the TRA would just assess one's tax liability for a particular year of income and the assessed tax is payable in four instalments: first instalment being due on or before 31st March; second instalment on or before 30th June; third instalment on or before 30th September; and the fourth instalment on or before 31st December. Once assessed under presumptive income tax, the individual is relieved from filing return of income. Note that a person who is not required to file returns of income, may be requested by the Commissioner to file returns of income, by a notice in writing served on that person and subject to that person's right to elect to file return.

PART THREE

INCOME TAX COMPLIANCE ISSUES FOR PARTNERSHIPS

3.1 Partnership Accorded a 'Legal Status' for Certain Tax Purposes

For income tax purposes, under section 3 of the ITA 2004, a partnership means any association of individuals or bodies corporate carrying on business jointly, irrespective of whether the association is recorded in writing. A general understanding that a partnership is not a legal entity holds good for income tax purposes, however, a partnership is granted a status of legal entity for two key purposes:-

(a) For computation of the chargeable income of the partners. The computation is done at a partnership level and the ultimate tax liabilities are allocated to partners in accordance with their partnership shares; and

(b) For allocation of expenses, in the sense that, expenses are established at a partnership level and ultimately allocated to the partners in accordance with their partnership shares.

Generally therefore, a partnership is a mere conduit pipe through which partners carry out a business and income tax liabilities are assessed on and payable by the individual partners.

3.2 General Obligations of the Partners to File Estimates and Returns of Income

3.2.1 Obligations to File Statement of Estimated Tax Payable

Partners just like Sole Practitioners who qualify or elect to file returns of income, are obligated under section 89 of the ITA 2004, to file a Statement of Estimated Tax Payable (SETP) by the date for the payment of the first

instalment. This date, unless otherwise permitted by the Commissioner, is 30th March. This is based on the fact that under section 20 of the ITA 2004, the year of income of every person is the calendar year. However, an entity (a partnership inclusive) may apply to the Commissioner in writing for approval to change the entity's year of income from the calendar year or twelve month period previously approved by the Commissioner. The SETP shall be in the manner and form prescribed estimating:-

(a) The person's chargeable income for the year of income from each employment, business and investment and source of that income;

(b) The person's total income for the year of income and income tax payable to become payable with respect to that income; and

(c) Any other information that the Commissioner may prescribe.

Once an SETP has been filed, it remains in force for the whole year of income unless the person files with the Commissioner a revised estimate (a revised statement of estimated tax payable – RSETP), together with the reasons for the revision. The RSETP becomes a person's estimated tax payable for the year of income, but only for purposes of calculating instalment payments. So, one may revise the SETP when circumstances change and this revision may either go upwards or downwards. The RSETP must be filed before the end of the person's year of income.

There are two important aspects to remember with regards to filing of SETP and RSETP:-

(a) First, is that, failure to file SETP attracts a penalty under section 78 of the TAA

2015. The penalty is two point five percent (2.5%) of the amount of tax assessable with respect to the return, and in case of an individual, 5 currency point (TZS 75,000/=) for each month or part of the month the failure continues; and

(b) Second, there is an interest that is imposed under section 75 of the TAA 2015, for under estimating tax payable. The interest is calculated at the statutory rate (the prevailing discount rate determined by the Bank of Tanzania (BoT)) compounded monthly, applied to the excess of-

i) The total amount of income that would have been paid by way of instalments during the year of income to the start of the period that person's estimate or revised

estimated equalled the correct amount; over

ii) The amount of income tax paid by instalments during the year of income to the start of period.

Note that the interest for under estimating tax payable applies only where the instalment payer's estimates or revised estimates of income tax payable for a year of income, is less than eighty percent (80%) of the correct amount. The law therefore appreciates that one may not be a 100% correct in estimating his tax liabilities but at least, one could approximately be 80% correct. Whenever, one is of the opinion that the estimates are either underestimated or overestimated, one may file RSETP before end of the year of income. One may revise one's estimates more than once in a year of income.

3.2.2 Obligations to File Final Returns of Income

In addition to filing SETP, instalment payers must file returns of income with the Commissioner not later than six months after the end of each year of income as required by section 91 of the ITA 2004. This means that, where your year of income is the calendar year, the final return of income must be filed on or before 30th June. This obligation is the same as the one discussed with respect of Sole Practitioners who are required to file returns of income. Note that, failure or late filing of returns attracts a penalty under section 78 of the TAA 2015.

3.2.3 Payment of Income Tax by Quarterly Instalments

Once a partner, or Sole Practitioner or any entity "instalment payer" has established a

SETP, an obligation arises from section 88 of the ITA 2004, to pay income tax for the year of income by quarterly instalments. The instalments are payable, where a person's year of income is the calendar year, beginning at the start of the calendar month, on or before the last day of the third, sixth, ninth and twelfth months of the year; and in any other case, at the end of each three-month period commencing at the beginning of the year of income and the final instalment on the last day of the year of income.

3.2.4 General Principles of Taxation of Partnerships

(a) A Partnership is not liable to pay income tax with respect to its total income and is not entitled to any tax credit with respect to that income – see section 48 (1) of the ITA 2004. The reason for this principle is very simple,

remember, a partnership is not a legal entity.

(b) The Partnership income or loss of the Partnership is allocated to partners in accordance with their shares in the partnership – see section 48 (2) of the ITA 2004. The same logic stated above applies, in that a partnership is not a legal entity and therefore any income or loss is allocated to the partners. As stated above, it is a mere conduit pipe where income and losses passes to the Partners.

(c) The amounts derived and expenditure incurred by the partners in common is treated as amount derived or incurred by the partnership not the partners – see section 48 (3) of the ITA 2004. A partnership here is accorded the status of independent entity solely for

purposes of computation of chargeable income of the partners.

(d) Assets owned and liabilities owed by partners in common are treated as owned or owed by the partnership – see section 48 (4) of the ITA 2004. The ownership of the assets begins from the time when they are so owned; and in case of the liabilities are incurred when they begin to be so owed. Assets and liabilities are realised when they cease to be so owned or owed. Again, a partnership here is accorded the status of an independent entity for the sole purposes of owning of assets or owing of liabilities.

(e) All activities of a partnership are treated as conducted in the course of the partnership business – see section 48 (5) of the ITA 2004.

(f) Arrangements between the partnership and its partners are recognized, except those which are taken into account in determining a partner's share under section 50 (4) of the ITA 2004, such as:-

i) Loans made by a partner to a partnership and any interest paid with respect thereto; and

ii) Services provided by a partner to a partnership, including by way of employment, and any other service fee or income from employment payable with respect thereto – see section 48 (6) of the ITA 2004.

(g) If the partnership changes in terms of partners, but at least two existing partners continue to remain, the partnership is treated as the same entity

both before and after the change – see section 48 (7) of the ITA 2004. Note that the change in control rule under section 56 of the ITA 2004 and the consequences thereof may ensue.

(h) Regardless of the residence of the partnership, the partnership income from business for the year of income is chargeable and is calculated as if the partnership were a resident partnership – see section 49 (1) of the ITA 2004.

(i) Again whether the partnership is a resident or non- resident, a partnership loss from a business is treated as a loss of the partnership for the year of income from business i.e. loss of a year of income of a person from any business or investment is calculated as the excess of amounts deducted in calculating the person's income from

the business or investment over amounts included in calculating such income – see section 49 (2) of the ITA 2004.

(j) When calculating a partner's income from a partnership for the year of income of the partner, the partner's share of any partnership income is included i.e. a partnership income from a business of a resident or non-resident partnership for the year of income and deduct the partner's share of any partnership loss i.e. a loss from business of the resident or non-resident partnership for the year of income – see section 50 (1) of the ITA 2004.

(k) A partnership income or loss is allocated to the partners in accordance with the partner's share i.e. the allocation of the income or loss is

equal to the partner's percentage interest in any income of the partnership as set out in the partnership arrangement – see section 50 (2) of the ITA 2004.

(l) The cost and incomings of partner's membership interest in partnership are: amounts included in calculating the partner's income under section 50 (1) of the ITA 2004 and the partner's share determined under section 50 (4) of the ITA 2004 of exempt amounts and final withholding payments derived by the partnership; and the incomings are amounts deducted in calculating the partner's income under section 50 (1) (b) of the ITA 2004, distributions made and partner's share as determined under section 50 (4) of the ITA 2004 – see section 51 of the ITA 2004.

PART FOUR

VALUE ADDED TAX COMPLIANCE ISSUES FOR PROFESSIONALS

4.1 Introduction

Besides income tax compliance, a Sole Practitioners or Partnerships, are to be alive of the mandatory VAT compliance issues. VAT or goods and services tax (GST), is tax on exchanges, that is, it is a tax on the final consumption of goods or services which is collected by instalments. The tax is charged on the "value added' by a taxable person at each stage in the process of production. It is levied on the added value that results from each exchange. It is imposed and payable under section 3 of the Value Added Tax Act, 2014, Cap. 148 R. E. 2019 (the VATA 2014), on taxable supplies and taxable imports. The person who liable to pay VAT under section 4 (b) of the VATA 2014, in the case of a taxable supply made in Mainland Tanzania, is the supplier. Currently the standard VAT rate is 18% of the consideration of the supply.

The purposes of this companion is not to discuss the intricacies of the VAT, rather, we intend to just highlight compliance issues. In this section therefore, we highlight some of the key mandatory compliance issues.

4.2 Registration Requirement for Value Added Tax

Generally, under section 28 of the VATA 2014, a person who is required to be registered for VAT (a taxable person), is the one who has reasonable ground to expect the person's turnover in the twelve (12) months period will be equal to or greater than the registration threshold; or the person's turnover is equal or greater than one half of the registration threshold in the period of six (6) months. Regulation 14 of the Value Added Tax (General) Regulations, 2015, G.N. No. 225 of 19th June, 2015, (the VAT General Regulations, 2015), the registration threshold

is Tanzanian Shillings One Hundred Million (Say TZS 100,000,000/=).

Notwithstanding the general requirement under section 28 of the VATA 2014 on the threshold, there are certain categories of persons who are required to be registered for VAT even though they don't meet the registration threshold. Advocates are among such categories of persons required to be registered for VAT under section 29 (1) of the VATA 2014. You will note that the High Court of Tanzania at Dar es Salaam in *Professor Emmanuel Mjema v. The Managing Editor Dira ya Mtanzania Newspaper and Others*, Reference No. 7 of 2017, at page 3 emphasized on the mandatory requirements to Advocates under section 29 of the VATA, 2014. Regulation 12 of the VAT General Regulations, 2015, guides on application for registration by professional service providers,

advocates being one of them. It is therefore mandatory for advocates whether trading as a Sole Practitioner or in a partnership to be registered for VAT and be allocated a Value Added Tax Registration Number (VRN). Failure to register for VAT is an offence under section 90 of the TAA 2015, whose penalty ranges from 100 currency points (TZS 1,500,000/=) to 200 currency points (TZS 3,000,000/=) or to imprisonment for a term of not less than one year and not more than two years, or to both.

4.3 Accounting for Value Added Tax

In simple terms, VAT operates by way of input taxes and output taxes. As an advocate, whether Sole Practitioner or trading in a partnership, you are supplied with goods and services by other VAT registered person. These may include accounting/auditing services; stationeries; security services; bank

charges; internet services; electricity etc. Those suppliers will charge you VAT at the rate of 18%. The VAT that is charged by your suppliers, is what is known as your "**input tax**."

Along similar lines, when advocates issue invoices/bills their customers, they will charge them VAT at the rate of 18%. This is VAT being collected by advocates from consumers of their services, and this is known as your "**output tax**." Because VAT is an indirect tax whose burden is borne by the final consumer, a VAT registered person is entitled to claim his/her input taxes against the output taxes. This means, what is remitted to TRA is the difference between your input tax and output tax, where your output tax is greater than your input tax. In situation where your input tax is greater than your output tax, you are entitled to claim a refund from TRA on the excess

input tax. Ordinarily, the excess input taxes are claimed as credit when filing VAT returns for the subsequent accounting period.

4.4. Filing of Value Added Tax Returns

Each VAT registered person is mandatorily required to lodge VAT returns on the 20th day of a month after the end of the tax period to which it relates, whether or not that person has a net amount of value added payable for that period. This is a requirement under section 66 (1) of the VATA 2014. Sole Practitioners as well as advocates trading through a partnership need to comply with this requirement of lodging VAT returns for each month. The only difference between a Sole Practitioner and a Partnership is that, in Partnerships, the VAT returns will be lodged through the Partnership and in the partnership's name and VRN. Partners in a

partnership do not register for VAT in their individual names.

It is imperative to be aware that failure to file VAT returns, attracts a hefty penalty for each month or part of the month the failure continues, of two point five percent (2.5%) of the amount of tax assessable with respect to tax return less tax paid by the start of the period towards that amount; and in case of an individual, 5 currency point (TZS 75,000/=) or in case of body corporate 15 currency points (TZS 225,000/=) whichever is higher. One should always bear in mind these penalties do not exonerate one from possible prosecution for tax evasion, which is both an economic and money laundering offence.

PART FIVE

OBLIGATIONS TO PROCURE AND USE ELECTRONIC FISCAL DEVICES

Sole Practitioners as well as advocates trading through a partnership, are obliged to procure and use Electronic Fiscal Devices (EFD) in their businesses. This obligation is codified in the Tax Administration (General) Regulations, 2016, G.N. No. 101 of 18th March, 2016 (the General Regulations, 2016). It is an obligation under Regulation 29 of the General Regulations, 2016 for persons who are obliged to use the EFD for the purposes of the Act, to register with the Commissioner General. Sole Practitioners and Partnerships, are required for purposes of Value Added Tax (VAT) and Income Tax, to procure and use EFD. Non-compliance with these requirements constitute offences, which in the most extreme situation, the consequences are severe as one would easily be charged with money laundering and/or an economic offence. You will also note that recently, in taxation of cost

proceedings, Courts have demanded EFD receipt as evidence of legal costs incurred in prosecuting matters. Failure to produce EFD receipt has led to such costs being taxed off. It is extremely important for advocates, whether Sole Practitioners or in partnerships to be alive of the following offences relevant to failure to procure and use an EFD:

(a) First, it should be appreciated that tax evasion is one of the predicate offences under section 3 read together with section 12 of the Anti-Money Laundering Act, Cap. 423 R. E. 2019 (the AMLA);

(b) Second, under section 57 (1) read together with paragraph 22 of the Economic and Organised Crime Control Act, Cap. 200 R. E. 2019 (the EOCCA), tax evasion is an economic offence;

(c) Third, specific for failure to acquire and use an EFD, is section 86 of the TAA 2015, which imposes a fine, upon conviction of not less than 200 currency points and not more than 300 currency points, or to imprisonment for a term not exceeding three years or both. Note that, 1 currency point is equal to TZS 15,000/=. This means that, 100 currency points is equal to a fine of TZS 3,000,000/= and 300 currency points is equal to a fine of TZS 4,500,000/=; and

(d) Fourth, under section 86 (3) of the TAA 2015, where as a result of failure to procure and use an EFD; or failure to issue an EFD receipt; or an EFD has been issued which is incorrect in any material particular etc, a person upon conviction will be liable in addition to

the penalties referred above, to a fine twice the amount of tax evaded or imprisonment for a term not exceeding three years.

One will note the link of section 86 (3) of the TAA 2015 to the money laundering and economic offence, that is, tax evasion. Tax offences arising from failure to procure and use an EFD are numerous under the TAA 2015; ranging from offence for impeding tax administration to offence for failure to comply with tax law. It is imperative therefore that, advocates strive as much as possible to be complaint with their tax obligations.

FINAL PART

CONCLUSION

This companion summarizes key tax compliance aspects for advocates whether trading as Sole Practitioners or in a partnership. It does not address the key income taxation principles such deductibility of expenses. Similarly, it does not delve into intricate principles of VAT such as what are taxable supplies and where services are zero rated.

These intricate taxation principles cannot be provided in a small piece of work like this. Advocates are therefore encouraged to seek professional advice on those aspects. We recommend to all advocates, whether trading as a Sole Practitioner or in a partnership, to always employ qualified accountant for purposes of handling the accounting aspects.

This latter recommendation is very crucial and indispensable if one desires to be complaint.

Lawhill expects that this companion will provide a very basic understanding of your tax compliance aspects and wishes you well in properly organizing your tax affairs.