

## REPEAL OF SECTION 238 (3) OF THE ZANZIBAR COMPANIES ACT NO. 15 OF 2013.



On 22nd December 2022, the President of Zanzibar assented to the Written Laws (Miscellaneous Amendments) Act, 2022 which amended various laws, including repeal of section 238 (3) of the Companies Act No. 15 of 2013. The repeal of section 238(3) dispensed the requirement for companies incorporated in Tanzania Mainland with a place of business in Zanzibar, to register a subsidiary company in Zanzibar.

### **The position of the law prior to the Written Laws (Miscellaneous Amendments) Act, 2022.**

Prior to the 2022 and 2021 amendments, the provision of Section 238 of the Zanzibar Companies Act, 15 of 2013, provided that: “all foreign companies, that is, companies incorporated outside Zanzibar which after the appointed day, establish a place of business in Zanzibar, and to companies incorporated outside Zanzibar, which have before appointed day, established a place of business within Zanzibar and continue to have an established place of business within Zanzibar on and after appointed day”.

Further, Section 238 of the Zanzibar Companies Act, 15 of 2013, was later amended by section 29 of the Finance (Public Revenue Management) Act 2021, by adding a new subsection three (3), which provided that:

“Notwithstanding the provisions of subsections (1) and (2) of this section, a company incorporated under the law applicable in Mainland Tanzania shall register a foreign subsidiary company under the law applicable in Zanzibar if it establishes a place of business in Zanzibar”.

The amendments made under section 238 (3), required companies incorporated in Tanzania mainland with a place of business or branch in Zanzibar, to register a foreign subsidiary company under the laws of Zanzibar. The 2021 amendments in effect thereof resulted into the need of companies registered in Tanzania Mainland with a branch or place of business in Zanzibar, to re-register Tanzania Mainland companies as foreign subsidiaries and obtain a certificate of incorporation under the laws applicable in Zanzibar.

## **Conclusion**

Following the repeal of section 238 (3) of the Companies Act No, 15 of 2013, effected through the Written Laws (Miscellaneous Amendments) Act, 2022, the companies registered in Tanzania Mainland can now either operate as a branch or by incorporating a company in Zanzibar. In respect to the abovementioned regulatory changes, it is now firm that the position has been reinstated whereby companies incorporated in Tanzania Mainland are no longer required to register a subsidiary company upon establishing a place of business in Zanzibar.

### **FURTHER INFORMATION:**

This editorial is intended to give you a general over view of the Law. If you would like further information and clarification on any issue raised in this editorial, please contact.

**Patrick Sanga**  
Partner

E: [p.sanga@vemmaattorneys.co.tz](mailto:p.sanga@vemmaattorneys.co.tz)  
M: +255 686 999 993

**Bernard Nkwabi**  
Associate

E: [b.nkwabi@vemmaattorneys.co.tz](mailto:b.nkwabi@vemmaattorneys.co.tz)  
M: +255 689 016 142