

Tax Case regarding input VAT claims

Input VAT claim can be denied even with valid EFD receipt. This case emphasized on the importance of maintaining all documents relating to a transaction.



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On 6 August 2025, The Court of Appeal of Tanzania delivered a landmark and decisive judgment in Jack's (Tanzania) Limited vs. Commissioner General, Tanzania Revenue Authority "TRA" (Civil Appeal No. 529 of 2023).

The Case overview:

TRA were of the position that although the company produced fiscalized EFD receipts with valid VRNs and supplier details, the input VAT was not claimable. This was primarily due to the company being unable to provide further proof that the transaction was genuine and actually took place. Hence TRA assessed the company.

The company, being aggrieved, objected and appealed against the assessments. Finally, The Court of Appeal upheld the TRA's and the Tax Revenue Appeals Tribunal's view that despite the company producing EFD receipts, it had not proved that the transaction was genuine, therefore unable to claim input VAT.

Key Takeaways from the case:

- A fiscalized receipt alone is not sufficient evidence to claim input VAT;
- Taxpayers should be able to provide substantive evidence that an actual and completed taxable supply did occur in order to claim input VAT. Examples of such evidence would be proof of delivery, payment evidence, store registers, job cards, etc.
- Section 8 of the Tax Administration Act empowers TRA to disregard arranged transactions aimed at obtaining undue tax benefits but must do so reasonably and in accordance with the law.

Bottom Line:

- EFD receipt without evidence that the transaction did take place would not be fit for tax purposes, leading to a risk of disallowance for VAT and CIT purposes;
- Businesses are encouraged to maintain good accounting practices by maintaining clear evidence to support the transaction.



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