

CHAPTER 286

THE ACCOUNTANTS AND AUDITORS (REGISTRATION) ACT [PRINCIPAL LEGISLATION] ARRANGEMENT OF SECTIONS

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SCHEDULE

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CHAPTER 286

THE ACCOUNTANTS AND AUDITORS (REGISTRATION) ACT

An Act to provide for the establishment of a National Board of Accountants and Auditors, the conduct of professional examinations in accountancy and auditing, the registration of accountants and auditors and for related matters.

[15th January, 1973]

[GN. No. 7 of 1973]

Acts Nos.
33 of 1972
2 of 1995
7 of 2021

PART I

PRELIMINARY PROVISIONS

Short title

1. This Act may be cited as the Accountants and Auditors (Registration) Act.

Interpretation
Acts Nos.
2 of 1995 s. 2
7 of 2021
ss. 2 and 3

2.-(1) In this Act, unless the context otherwise requires-
“accountancy” means a practice in which a professional accountant provides the measurement, recognition, preparation, analysis or disclosure of financial and relevant non-financial information, or auditing of or provision of assurance and advisory services on financial information and, where applicable, non-financial information and preparing and analysing tax information;

“accountant” means a person registered with the Board as a certified public accountant to perform accountancy functions;

“accounting technician” means a person registered by the Board as such and having met the conditions stipulated for that registration;

- “annual gross turnover or gross revenue” means the volume of business transacted by a business entity or organisation in a year measured in sales or revenue;
- “Appeals Board” means the Appeals Board referred to in section 25;
- “assets” includes property or right owned by a business entity that has money values whether it be tangible or intangible, movable or immovable property;
- “audit firm” means an institution registered as such by the Board to provide audit services to a private or public entity;
- “auditor” means a person registered as a certified public accountant in public practice, holding a valid practising certificate issued under this Act to perform auditing functions;
- “Board” means the National Board of Accountants and Auditors established by section 3;
- “certified public accountant” means a person registered as a certified public accountant;
- “certified public accountant in academics” means a person registered as such pursuant to section 8;
- “certified public accountant in public practice” means a person registered as such under section 8;
- “Executive Director” means the Chief Executive of the Board appointed under section 6;
- “firm” means a body of registered certified public accountant carrying on business for fee, reward or other monetary consideration in the United Republic whether incorporated or unincorporated;
- “graduate accountant” means a person who has successfully completed the professional examination as recognised by the Board but lacks the working experience to qualify for registration as certified public accountant or certified public accountant in public practice;
- “member” in relation to-
- (a) the Board, means a member appointed pursuant to the First Schedule;

- (b) a registered member, means a member registered by the Board in accordance with section 8; and
- (c) the Appeals Board, means a member appointed under section 25;

“Minister” means the Minister responsible for the accountancy profession;

“register” means a register of members and firms maintained by the Board in accordance with section 8;

“registered accountant” means an accountant whose name is for the time being entered on the Register of certified public accountants;

“registered auditor” means an auditor whose name is for the time being entered on the Register of certified public accountants in public practice.

“registered member” means a person registered in any of the categories specified under section 8 of this Act;

“reporting entity” means an entity that prepares or is required to prepare financial statement;

“public interest entity” means a reporting entity with unique characteristics as shall be prescribed by the Board;

“standards” includes financial reporting standards, auditing standards, ethical standards, educational standards and any other standards issued by the Board;

“tuition provider” means an institution accredited and registered by the Board to conduct review classes for candidates preparing to sit for the National Board of Accountants and Auditors (Tanzania) examinations.

PART II THE BOARD

Establishment of Board

3.—(1) There is hereby established a Board to be known as the National Board of Accountants and Auditors.

(2) The Board shall-

- (a) be a body corporate with perpetual succession and a common seal;

(b) in its corporate name, be capable of suing and being sued; and

(c) for and in connection with the purposes of this Act, be capable of acquiring, holding and disposing of movable and immovable property in its corporate name.

(3) The provisions of the Schedule to this Act shall have effect as to the constitution and proceedings of the Board and otherwise in relation to the Board.

(4) The Minister may, by order published in the *Gazette*, amend, add to, vary or revoke and replace the provisions of the Schedule to this Act.

Functions of
Board
Acts Nos.
2 of 1995 s. 3
7 of 2022 s. 4

4. Subject to the provisions of this Act and any regulations made hereunder, the functions of the Board shall be-

(a) to promote and provide opportunities and facilities for the study of, and for the training in, accountancy, auditing and allied subjects;

(b) to conduct examinations and to grant diplomas, certificates and other awards of the Board in accountancy, auditing and allied subjects;

(c) to sponsor, arrange and provide facilities for conferences, seminars, discussions and consultations on matters relating to accountancy and allied subjects;

(d) to arrange for the publication and general dissemination of materials produced in connection with the work and activities of the Board;

(e) to stipulate accountancy or auditing standards and guidelines as appropriate and to ensure the compliance of the standards and guidelines by the subjects;

(f) to maintain a register of registered members;

(g) to consider and decide upon applications for registration and to effect registration of practising accountants, accountants, accounting technicians and practising firms;

(h) to regulate the activities and conduct of registered members;

- (i) to evaluate foreign accountancy qualifications for exemption from parts of the Board's examination;
- (j) to formulate the appropriate National Accountancy Scheme and syllabi and oversee that accountancy syllabi in training institutions throughout the country are in accordance with the National Accountancy Scheme and syllabi;
- (k) to supervise and regulate accountancy training conducted by the tuition providers;
- (l) to conduct audit quality review of accountancy services;
- (m) to foster collaboration between the Board and other institutions dealing with accountancy services;
- (n) to evaluate internal institutional accountancy qualifications for exemption from parts of the Board's examination; and
- (o) to carry out such other functions after consultation with the Minister.

Immunity of members

5. A member of the Board shall not be personally liable for any act or default of the Board done or omitted in good faith in the course of carrying out the responsibilities and functions of, or exercising the powers conferred upon, the Board.

Appointment of Executive Director
Acts Nos.
2 of 1995 s. 2
7 of 2021 s. 5

6.-(1) Subject to subsection (2), the Minister shall appoint the Executive Director of the Board on such terms and conditions as he may determine.

(2) A person shall be eligible to be appointed as Executive Director, if he-

- (a) is a holder of at least master degree in accounting, finance, management or economics;
- (b) has an accountancy professional qualifications obtained from a recognised institution;
- (c) is registered by the Board as a certified public accountant or certified public accountant in public practice; and
- (d) has at least ten years work experience out of which, eight years being in managerial position.

(3) The Executive Director shall be responsible to the Board for the administration and management of the functions and affairs of the Board.

Disclosure of
information
Act No.
7 of 2021 s. 6

7.-(1) A person who is or has been-

- (a) an employee of or a consultant employed by the Board; or
- (b) a member of the Board or committee established under this Act,

shall not disclose any information relating to the affairs of the Board or of any other person which he has obtained during the performance of his duties or the exercise of his functions under this Act, unless such disclosure is made-

- (i) with the written authorisation of the person from whom the information was obtained;
- (ii) in accordance with this Act or any other written law; or
- (iii) in compliance with an order of the court.

(2) A person who is or has been-

- (a) an employee of or a consultant employed by the Board; or
- (b) a member of the Board or of any committee established under this Act,

shall not, for his own personal benefit or benefit of any other person, make use of any information which has been obtained by him in the performance of his duties or the exercise of his functions.

(3) For the purposes of this section, “disclosure or making use of any information” includes permitting any other person to have access to any information relating to the affairs of the Board.

(4) A person who contravenes this section commits an offence and on conviction, shall be liable to a fine of not less than two million shillings but not exceeding five million shillings or to imprisonment for a term of not less than one year but not exceeding three years or to both.

[s. 6A]

PART III

REGISTRATION

Registration of
members
Act No.
2 of 1995 s. 4
7 of 2021 s. 7

8.—(1) Subject to the provisions of subsection (2), a person shall upon-

- (a) payment of prescribed fee to the Board;
- (b) making an application to the Board in the prescribed manner; and
- (c) meeting relevant qualification requirements specified pursuant to this Act,

be entitled to be registered under this Act and have his name entered in the Register as-

- (i) a graduate accountant or in the acronym “GA”;
- (ii) a certified public accountant in public practice or in the acronym “CPA-PP”;
- (iii) a certified public accountant or in the acronym “CPA”;
- (iv) a certified public accountant in academics;
- (v) an auditor for public interest entity;
- (vi) a practising firm;
- (vii) an accounting technician or in the acronym “AT”;
- (viii) a temporary certified public accountant or in the acronym “TCPA”;
- (ix) a temporary certified public accountant in public practice or in the acronym “TCPA-PP”;
- (x) an honorary member;
- (xi) a retired member; or
- (xii) any other category of members as may be determined by the Board.

(2) For the purpose of subsection (1), the Board shall, by by-laws published in the *Gazette*, specify conditions and qualifications necessary for registration of each category under subsection (1).

(3) Notwithstanding the provisions of subsection (1), accountants and auditors who were recognised and registered as such prior to 15th January, 1972 shall, unless disqualified

for any other reason under this Act, continue to be members registered under this section.

(4) A person registered under this section shall be issued with a certificate of registration.

(5) A person who does not qualify for registration under subsection (1) but who is an accounting or auditing personnel and has not completed relevant studies to qualify for registration, shall have a title in accordance with the prescription of titles as shall be issued by the Executive Director.

(6) The Executive Director shall keep and maintain a register of registered members and firms in which shall be entered all categories of persons registered under this section.

[s. 7]

Publication of
Register and list
Acts Nos.
2 of 1995 s. 5
7 of 2021 s. 2

9.—(1) The Executive Director shall cause to be published in the *Gazette*, as soon as may be practicable after registration, the name, address and qualifications of each registered members and subject to the directions of the Board, may cause to be so published any amendment to or deletion from the register.

(2) The Executive Director shall cause to be published in the *Gazette*, as soon as may conveniently be after the first day of January in each year, a list containing the names, addresses and qualifications of all registered members remaining on the register at the close of the previous year together with the list of practising firms.

[s. 8]

Publication of
list *prima facie*
evidence of
registration
Act No.
7 of 2021 s. 8

10.—(1) A publication under the provisions of section 9 shall be *prima facie* evidence that the persons named therein are registered under this Act, and the deletion from the register of the name of any person notified by such publication shall be *prima facie* evidence that, that person is not so registered.

(2) The registers, lists and all copies or extracts which purport to have been certified under the hand of the Executive Director shall be receivable in all courts and tribunals or other

bodies authorised to receive evidence as *prima facie* evidence of the facts stated therein.

[s. 9]

Repealed

11–15. [Repealed by Act No. 7 of 2021 s. 9.]

[ss.10-14]

Temporary
registration as
certified public
accountant or
auditor
Act No.
2 of 1995 s. 12

16.–(1) Where a person satisfies the Board-

- (a) that he is not ordinary resident public in Mainland Tanzania;
- (b) that he is or intends to be present in Mainland Tanzania in the capacity of a professionally qualified accountant or auditor for the express purpose of carrying out a specific assignment for which he has been engaged; and
- (c) that he is, or, immediately prior to entering Mainland Tanzania, was practising or employed as an accountant or auditor in such a capacity as to satisfy the Board of his fitness to serve the public as a certified public accountant or auditor,

the Board may, if it thinks fit, direct that, such person shall be registered under this section as a certified public accountant or, a certified public accountant in public practice either for a period not exceeding one year or for the duration of any specific assignment.

(2) An application for registration under this section shall be in the prescribed form, accompanied by the prescribed fee, and the Board may require an applicant to appear before it for the purposes of considering his application and shall require every applicant to produce documentary evidence of his work or employment immediately prior to his entering Mainland Tanzania.

(3) Registration of a person under this section shall continue only for the period or for the duration of the assignment as is directed by the Board under subsection (1) and on its termination such person shall cease to be so registered; and in

case of doubt the decision of the Board as to the termination of the assignment shall be conclusive.

(4) A person registered under this section shall, in relation to the period or the duration of the assignment as is directed by the Board under subsection (1) and to things done and omitted in the course of such assignment, be treated as being duly registered under this Act as an authorised accountant or, an authorised auditor but in relation to other matters shall be treated as not so registered.

[s. 15]

Repealed

17. [Repealed by Act No. 2 of 1995 s. 8.]

[s. 16]

PART IV CONTROL OVER CONDUCT OF REGISTERED AUDITORS AND ACCOUNTANTS

Power to cancel
registration
Acts Nos.
2 of 1995 s. 9
7 of 2021 s. 2

18.—(1) The Board may, direct that the name of a registered members be deleted from the classification where the person or firm has-

- (a) failed within a period of six months from the date of an enquiry sent by the Executive Director by registered letter to the address appearing in the register against his name, to notify the Executive Director of his current address;
- (b) requested that his name be deleted from the register, in which case the person may be required to satisfy the Board by affidavit lodged with the Executive Director that no criminal proceedings or proceedings under section 22 or 23 are being or are likely to be taken against him; or
- (c) been found by the Board to be guilty of such misconduct as is specified in section 22.

(2) The Executive Director shall delete from the register the name of every deceased person.

(3) The Executive Director shall rectify or delete any entry in any register which has been incorrectly or fraudulently made or procured.

(4) Except in the circumstances specified in paragraph (a) of subsection (1) and in subsection (2), every deletion from a register, transfer to another register or reclassification of registration shall be notified by the Executive Director to the person concerned by a registered letter to the address appearing in the register against his name immediately prior to such deletion, transfer or reclassification, as the case may be.

(5) Subject to the provisions of section 21, a person whose name has been deleted from a register under this section shall cease from the date of such deletion to be registered for the purposes of this Act.

[s. 17]

Issuance of,
and procedure
of obtaining
certificate of
practice
Acts Nos.
2 of 1995 s.10
7 of 2021 s. 10

19.—(1) Notwithstanding the other provisions of this Act, no person shall, whether incorporated or unincorporated, practise as an accountant or auditor unless he applies and obtains a certificate of practice from the Board.

(2) The certificate issued pursuant to this section and section 20 shall be valid for a period of three years and may, upon application in the prescribed manner and upon payment of fees prescribed by the Board, be renewed.

[s. 18]

Issuance of,
and procedure
of obtaining,
certificate of
clearance
Act No.
2 of 1995 s. 10

20.—(1) A firm other than a firm issued with a certificate of clearance shall not carry on business as auditors or accountants whether corporate or incorporate.

(2) The Executive Director shall issue a certificate of clearance to a firm that applies for that certificate after ascertaining-

- (a) the registration status of the members or partners of that firm;
- (b) the manpower capabilities of the firm; and
- (c) the classification in which the members or partners of the firm are registered

(3) The certificate of clearance issued under subsection (2) shall state the classification of the registration of members and partners of the firm.

(4) Where a person under subsection (1) applies in a prescribed manner for a certificate of practice and after paying a prescribed fee, the Board may issue a certificate of practice to that person.

[s. 19]

Restoration to
register
Act No.
2 of 1995 s.11

21.-(1) Where the name of any person or firm has been deleted from a register under section 18, the name of that person or firm shall not be again entered in the register except by direction of the Board.

(2) Where the name of any person or firm has been deleted from a register, transferred from one register to another or the registration relating to him has been re-classified, or where the effect of the registration of any person or firm has been suspended in the terms of section 22(d), the Board may, either on its own motion or on the application in the prescribed manner of the person or firm concerned, and in either case after holding such inquiry as the Board may deem fit, direct that-

- (a) the deletion, transfer or re-classification be confirmed;
- (b) the name of that person or firm be restored to the register;
- (c) the re-classification be cancelled; or
- (d) the suspension of the effect of the registration of that person or firm be terminated.

(3) A direction given by the Board under subsection (2) may include provisions for the date upon which restoration to the register, cancellation of the re-classification or the termination of suspension of the effect of registration shall take effect and for the payment by the person or firm concerned of such fee, not exceeding the fee payable on an application for registration, as the Board may determine.

[s. 20]

Powers to
suspend
registration, etc.
Acts Nos.
2 of 1995 s.12
7 of 2021 s. 11

22. Where any registered member is convicted of any offence against this Act or is, after due inquiry held by the Board, found to have been guilty of any act or omission amounting to improper disgraceful or gross, negligent professional conduct, the Board may-

- (a) caution or censure such registered member;
- (b) direct that his name be transferred to another register;
- (c) direct that his name be transferred to a lower classification in a register;
- (d) direct that, during such period as the Board may specify, the registration of his name shall not have effect; or
- (e) direct that his name be deleted from the register, and any Certificate of Practice or any other certificate issued to him by the Board under section 19 or 20 be returned to the Board for cancellation.

[s. 21]

Proceedings at
inquiry
Act No.
2 of 1995 s. 13

23.-(1) Upon any inquiry held by the Board under section 22, the person or firm whose conduct is being inquired into shall be entitled to appear and to be heard in person or by a legal representative of the firm but shall not be entitled to be represented by an advocate.

(2) For the purposes of proceedings at any inquiry held by it, the Board shall have power-

- (a) to administer oaths;
- (b) to summon persons to attend and give evidence; and
- (c) to order the production of documents.

(3) All summonses and orders issued under the hand of the Chairman or the Vice-Chairman of the Board shall be deemed to be issued by the Board.

(4) The Chairman, or in his absence, the Vice-Chairman, shall record or cause to be recorded a summary of any oral evidence given at an inquiry held by the Board.

(5) Subject to the provisions of this section and of any regulations made under section 51, the Board shall have power to regulate its own procedure at an inquiry held by it.

Cap. 16

(6) For the purpose of Chapter XI of the Penal Code, an inquiry held by the Board shall be deemed to be judicial proceedings.

[s. 22]

Disobedience of summons and refusal to give evidence
Act No. 2 of 1995 s. 14

24. A person who, having been served with a summons or an order issued under the provisions of section 23, refuses or omits without sufficient cause to attend at the time and place mentioned in the summons, or refuses without sufficient cause to answer fully and satisfactorily to the best of his knowledge and belief all questions put to him by or with the concurrence of the Board, or refuses or omits without sufficient cause to produce any document in his possession or under his control which is specified in the order, commits an offence and on conviction shall be liable to a fine not exceeding two hundred thousand shillings:

Provided that, every person giving evidence before the Board shall, in respect of any evidence given by him or any document produced by him, be entitled to all privileges to which he would be entitled as a witness before the High Court.

[s. 23]

PART V APPEALS

Establishment of Accountants and Auditors Appeals Board
Act No. 7 of 2021 s. 12

25.—(1) There is hereby established an appeals board to be known as the Accountants and Auditors Appeals Board which shall consist of-

- (a) a Chairman who shall be appointed by the President from amongst retired judges or any person with qualifications which may warrant such person to be appointed as a judge; and
- (b) six other members appointed by the Minister as follows:
 - (i) a law officer representing the Attorney General, who shall be the Vice-Chairman;
 - (ii) one senior member from the Ministry responsible for finance;

- (iii) one senior member from the Bank of Tanzania;
- (iv) one senior member representing higher learning institutions; and
- (v) two members from association representative of all accountancy professionals or private sector.

(2) The Accountants and Auditors Appeals Board shall have power to regulate its own proceedings.

[s. 24]

Appeals
Against decisions
of Board
Acts Nos.
2 of 1995 s. 15
7 of 2021 s. 13

26.—(1) A person or firm aggrieved by a decision of the Board-

- (a) to refuse to register his name;
- (b) to delete his name from a register;
- (c) to transfer his name from one register to another;
- (d) to reclassify his registration;
- (e) to refuse to enter his name in the register or under the classification applied for;
- (f) to refuse to restore his name to the register;
- (g) to suspend the effect of registration of his name;
- (h) to refuse to enter the firm's name in the register of practicing firms; or
- (i) to suspend the effect of registration of the firm in the register,

may appeal to the Appeals Board against the decision of the Board and in any such appeal the Appeals Board may give such directions in the matter as it thinks proper.

(2) The Board may appear as respondent and be heard on any appeal against its decision and, for the purposes of enabling directions to be given as to the costs of any such appeal, the Board shall be deemed to be a party thereto, whether or not it shall appear at the hearing of the appeal.

(3) The Attorney General may make rules regulating appeals to the Appeals Board under this section and providing for the taking of further evidence, the fees to be paid, the procedure to be followed and the manner of notifying the Board of an appeal, and until any such rules are made, and subject to any such rules when made, the provisions of the Civil Procedure Code, shall apply as if the decision or direction of the Board

were a decree of a court exercising original jurisdiction and as if the Appeals Board were the High Court.

(4) The Appeals Board shall, for the purposes of an appeal under this section, have all the powers which the High Court has in the exercise of its appellate jurisdiction in civil matters.

[s. 25]

PART VI

EFFECT OF REGISTRATION AND CONSEQUENCES OF NON-REGISTRATION

Use of certain
styles and titles
Acts Nos.
2 of 1995 s. 17
7 of 2021 s. 14

27. A person who is registered under this Act shall, in so far as his name remains in the register, be entitled to adopt and to use the style and title specified under section 8.

[s. 26]

Offences relating
to use of styles
and titles
Acts Nos.
2 of 1995 s. 18
7 of 2021 s. 15

28. A person who-

- (a) not being a registered member or firm, falsely pretends to be a registered member or firm;
- (b) not being a person entitled to use any style or title referred to in section 27, uses such style or title or uses any other name, style, title or description, implying, whether in itself or in the circumstances in which it is used, that such person is entitled to use such style or title;
- (c) not being a certified public accountant in public practice, holds himself out, whether directly or by implication, to be a certified public accountant in public practice;
- (d) not being a certified public accountant in public practice or a certified public accountant, holds himself out, whether directly or by implication, to be a certified public accountant in public practice;
- (e) not being a certified public accountant in public practice, certified public accountant or graduate accountant holds himself out, whether directly or by implication, to be a graduate accountant;

- (f) being a graduate accountant or an accountant technician holds himself out whether directly or by implication to be a certified public accountant in public practice or a certified public accountant;
- (g) not being a firm issued with a certificate of clearance, holds himself out, whether directly or by implication as having a certificate of clearance; or
- (h) not having at least one member or partner as a registered certified public accountant in public practice or certified public accountant,

commits an offence and on conviction, shall be liable-

- (i) in the case of an individual person, to a fine of not less than five million shillings but not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both; and
- (ii) in the case of a practising firm, to a fine of not less than five million shillings or ten percent of the firm's gross audit fee, whichever is greater, provided that the amount charged shall not exceed thirty million shillings.

[s. 27]

Practice review of
audit firm
Act No.
7 of 2021 s. 16

29.-(1) For the purpose of enhancing audit quality, the Board may review the practice of any audit firm and for that purpose, the Board may-

- (a) inspect any relevant document in the possession or under the control of the audit firm, make copies of or take any abstract of or extract from any document; and
- (b) seek information or clarification from the audit firm.

(2) An audit firm shall, at the request of the Board, produce any relevant document in its possession or under its control for the purposes of subsection (1).

(3) Where the Board is satisfied that upon audit conducted the audited report does not meet the required standards, the Board may-

- (a) order the audit firm to pay a fine of not less than five million shillings or ten percent of the firm's gross audit

- fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings; or
 (b) impose sanctions prescribed under section 22.

[s. 27A]

Restriction
 on practice as
 certified public
 accountant in
 public practice or
 certified public
 accountant
 Acts Nos.
 2 of 1995 s. 19
 7 of 2021 s. 17

30.—(1) A person other than a certified public accountant or a certified public accountant in public practice shall not carry on businesses as an accountant or, an auditor.

(2) For the purposes of this section a person shall be deemed to be carrying on the business of an accountant or an auditor if he, for a fee, reward or any other material consideration whatsoever, renders to another person in Tanzania, services as an accountant or an auditor:

Provided that, a person shall be deemed not to be carrying on business of an accountant or an auditor if he renders such services to his employer by whom he is employed under a contract of service on a full-time basis.

(3) It shall be unlawful for a body of persons, whether corporate or unincorporated, to carry on business as accountants or certified public accountant in public practice:

Provided that, where the majority of the partners, shareholders or members, of such body of persons are certified public accountants in public practice, the remaining being certified public accountants, then the body of persons may lawfully carry on business as auditors.

(4) Where a shareholder, partner or member of a body of persons, whether corporate or unincorporated, carrying on business as auditors or accountants dies, such body of persons may, notwithstanding the provisions of subsection (3), continue to carry on the business until such time as the administration of the estate of the deceased is completed, as if such legal representatives were certified public accountants or, authorised auditors.

(5) This Act shall not be construed as entitling any body of persons, whether corporate or unincorporated, to be registered as, or as empowering the Executive Director to register any

body of persons as, certified public accountant in public practice or certified public accountants.

(6) A person who contravenes the provisions of this section commits an offence and on conviction shall be liable-

- (a) in the case of an individual person, to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both; and
- (b) in the case of a practising firm, to a fine of not less than ten million shillings or ten percent of the firm's gross audit fee, whichever is greater, provided that, the amount charged shall not exceed twenty million shillings.

[s. 28]

Restriction on
employment of
accountants
Acts Nos.
2 of 1995 s. 20
7 of 2021 s. 18

31.-(1) A person shall not employ or continue to employ as an auditor any person who is not a certified public accountant in public practice.

(2) A person shall not employ or continue to employ as an accountant any person who is not-

- (a) a certified public accountant; or
- (b) a graduate accountant.

(3) A person shall not take up or continue in any employment as an auditor unless he is a certified public accountant in public practice.

(4) A person shall not take up or continue in any employment as an accountant unless he is a certified public accountant, or graduate accountant.

(5) A person shall not take or continue in any employment as an accounting technician unless he is an accounting technician.

(6) A person who contravenes the provisions of this section commits an offence and on conviction shall be liable-

- (a) in the case of an individual person, to a fine not exceeding ten million shillings or to imprisonment for a term not exceeding two years or to both; and
- (b) in the case of a practising firm, to a fine of not less than ten million shillings or ten percent of the firm's

gross audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings.

(7) In this section “employ” means employ under a contract of service or under a contract for services and “employment” shall be construed accordingly.

(8) Where an employer employs any person as a trainee accountant for the purpose of affording such employee an opportunity of being trained as an accountant, this section shall not apply to such employer or such employee in relation to the employee’s employment for the period of twelve months immediately following the employment or appointment of such employee in or to the office of a trainee accountant:

Provided that, no person who, having been employed by one employer as a trainee accountant, shall be employed by or take up employment with another or subsequent employer as a trainee accountant save for a period representing the difference between twelve months and the period or the aggregate of periods during which he was employed as such by his previous employer or employers, and any contravention of the provisions of this proviso shall be an offence against this section and be punishable in accordance with the provisions of subsection (6).

(9) The provisions of this section shall extend to every employment as an accountant or auditor in the service of the United Republic, but shall not extend to the employment by the Government or any other person or body of persons, or the Controller and Auditor General.

[s. 29]

32.—(1) Every body of persons, whether corporate or unincorporated, engaged in the United Republic in any trade, business or profession, which has-

- (a) assets in the United Republic, the value of which exceeds seven hundred million shillings; or
- (b) an annual gross turnover in the United Republic exceeding five hundred million shillings,

Compulsory
employment of
certified public
accountant in
public practice
Acts Nos.
2 of 1995 s. 21
7 of 2021 s. 19

shall employ at least one certified public accountant or one certified public accountant in public practice.

(2) Without prejudice to the provisions of subsection (1) of this section, every body of persons, whether corporate or unincorporated, engaged in the United Republic in any trade, business or profession, which has-

- (a) assets in the United Republic the value of which is less than three hundred million shillings; or
- (b) an annual gross turnover in the United Republic which is less than one hundred and fifty million shillings,

shall keep proper books of accounts.

(3) Any body of persons which contravenes the provisions of this section commits an offence and on conviction shall be liable to a fine not exceeding fifty million shillings.

[s. 30]

Submission of
audited financial
statements
Act No.
7 of 2021 s. 20

33.-(1) Financial statements prepared under this Act shall be audited by a certified public accountant in public practice.

(2) Every auditor shall, within thirty days from the date of completion of the report, submit to the Board the auditor's audited financial statements and annual report.

(3) For the purpose of subsection (2), the Board shall establish a database for keeping the audited financial statements submitted under this section.

(4) An auditor shall be responsible and accountable for financial statements audited and submitted by him to the Board under this section.

(5) A person who contravenes the requirements of this section commits an offence and on conviction, shall be liable to a fine of not less than five million shillings but not exceeding ten million shillings or ten percent of the firm's gross audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings.

(6) For the purpose of this section, "auditor" includes an audit firm.

[s. 30A]

Board may
review financial
statements and
reports
Act No.
7 of 2021 s. 20

34.—(1) The Board may, on its own motion or upon request by any user of the audited financial statements, review the audited financial statements and reports of a reporting entity submitted under section 33.

(2) For the purpose of subsection (1), the Board may require production of further information or clarification from-

- (a) any officer or director of a public interest entity or other entities; and
- (b) any auditor or audit firm responsible for the audit of the financial statements of that entity.

(3) A person who refuses to produce further information under this section, commits an offence and on conviction, shall be liable to a fine not exceeding twenty million shillings or to imprisonment for a term not exceeding two years or to both.

[s. 30B]

Monitoring
of registered
member
Act No.
7 of 2021 s. 20

35.—(1) For the purpose of ensuring compliance with the provisions of this Act, the Board shall monitor the conduct of any registered member and, for that purpose, the Board may seek information or clarification from the registered member.

(2) A registered member who refuses to provide information or clarification sought under this section commits an offence and on conviction, shall be liable to a fine not exceeding five million shillings or to imprisonment for a term not exceeding two years or to both.

[s. 30C]

Provisions
relating to income
tax returns
Acts Nos.
2 of 1995 s. 22
7 of 2021 s. 21

36.—(1) A person shall not submit his income tax return to the appropriate authority unless such return has been prepared by a certified public accountant or audited by a certified public accountant in public practice.

(2) The provisions of subsection (1) shall not apply to an individual-

- (a) the whole of whose income is derived from employment;
or
- (b) the whole of whose gross annual income is less than five million shillings.

- Cap. 332 (3) For the purposes of subsection (1)-
 “appropriate authority” means the public officer to whom
 income tax return is required to be submitted under the
 Income Tax Act;
- Cap. 332 “income tax” means the tax payable under the Income
 Tax Act;
- Cap. 332 “income” and “gross income” shall mean income or, gross
 income as defined in the Income Tax Act, but accrued in
 or derived from the United Republic.

Cap. 212 (4) Every audited financial statement of a body corporate
 required to be submitted to any public officer or public
 authority under the Companies Act or any other written law
 shall be certified by a certified public accountant in public
 practice.

(5) A person who contravenes any of the provisions of this
 section commits an offence and on conviction, shall be liable-

- (a) in the case of an individual person, to a fine of not less
 than five million shillings but not exceeding ten million
 shillings or to imprisonment for a term not exceeding
 two years or to both; and;
- (b) in the case of a practising firm, to a fine of not less
 than ten million shillings or ten percent of the firm’s
 gross audit fee, whichever is greater, provided that,
 the amount charged shall not exceed thirty million
 shillings.

[s. 31]

Repealed 37. [Repealed by Act No. 2 of 1995 s. 23.]

[s. 32]

Repealed 38. [Repealed by Act No. 2 of 1995 s. 24.]

[s. 33]

No prosecution
 for offences under
 Part VI 39.-(1) A person shall not be prosecuted for any offence
 under this Part where such offence is committed within the
 period of twelve months immediately succeeding the date of
 commencement of this Act.

(2) The Minister may, by order in the *Gazette*, extend the period of twelve months provided for in subsection (1) by such further period as he may specify in such order.

[s. 34]

PART VII

ACTIVITIES OF THE BOARD AND FINANCIAL PROVISIONS

Board may
delegate its
functions
Act No.
7 of 2021 s. 22

40.—(1) The Board may delegate its functions under this Act to any officer or committee of the Board.

(2) Notwithstanding subsection (1), the Board shall not delegate its powers to-

- (a) invest, prescribe fees, charges and commissions, borrow or lend money; and
- (b) issue final examination results, save for provisional results.

[s. 35]

Accounts and
audit
Acts Nos.
2 of 1995 s. 26
7 of 2021 s. 23

41.—(1) The Board shall keep proper books of account, and shall prepare the annual financial statements for the immediate preceding financial year not later than the 30th day of September in the following financial year in accordance with the prescribed accounting standards issued by the Board.

(2) The annual financial statements shall be audited by the Controller and Auditor-General or an auditor appointed by the Controller and Auditor-General.

(3) The Board shall, as soon as possible after receiving the audited report from the Controller and Auditor-General, submit to the Minister the audited financial statements.

[s. 36]

Chairman's report
Act No.
2 of 1995 s. 26

42. The Chairman shall, at the end of each financial year, prepare a report of the activities of the Board during that financial year and submit such report to the Minister.

[s. 37]

Funds of Board **43.** The funds and resources of the Board shall consist of-

- (a) such sums as may be provided for the purposes of the Board by Parliament, either by way of grant or loan;
- (b) such sums as the Board may receive by way of grant or loan from any person or organisation;
- (c) such sums as the Board may, with the consent of the Minister, borrow for the purposes of the Board; and
- (d) such sums as may, in any manner, become payable to or vested in the Board either under the provisions of this Act or any other written law, or incidental to the carrying out of its functions.

[s. 38]

Power to invest
Cap. 53 **44.** The Board shall have power to invest its funds in such investments as are authorised by, and subject to such conditions as are prescribed by, the Trustee Investments Act in relation to investments of funds by a trustee.

[s. 39]

Annual performance report
Acts Nos.
2 of 1995 s. 27
7 of 2021 s. 24 **45.**-(1) The Board shall prepare and submit to the Minister within four months after the close of each financial year the annual report on the performance of the Board for the previous financial year.

(2) The Minister shall, at the earliest available opportunity, cause a copy of the report referred to under subsection (1) to be laid before the National Assembly.

[s. 40]

Financial year
Act No.
7 of 2021 s. 25 **46.** The financial year of the Board shall be the period of one year ending on the 30th June.

[s. 40A]

Minister may give directions **47.** The Minister may, by writing under his hand, give the Board directions of a general or specific nature, and the Board shall comply with every such direction.

[s. 41]

PART VIII

GENERAL PROVISIONS

Offences
Acts Nos.
2 of 1995 s. 28
7 of 2021 s. 26

48. A person who-

- (a) fraudulently makes, or causes or permits to be made, any false or incorrect entry in the register or any copy thereof;
- (b) fraudulently procures or attempts to procure, whether for himself or any other person, registration as a certified public accountant in public practice, certified public accountant, graduate accountant or accounting technician; or
- (c) makes or certifies any statement which is false in a material particular, or which is misleading, with a view to gaining any advantage, concession or privilege under this Act, whether for himself or for any other person, commits an offence and on conviction, shall be liable-
 - (i) in the case of an individual person, to a fine of not less than ten million shillings or to imprisonment for a term not exceeding two years or to both; and
 - (ii) in the case of a practising firm, to a fine of not less than ten million shillings or ten percent of the firm's gross audit fee, whichever is greater, provided that, the amount charged shall not exceed thirty million shillings.

[s. 42]

Compounding of
offences
Act No.
7 of 2021 s. 27

49.-(1) Notwithstanding the provisions of this Act relating to penalties, where a person admits in writing that he has committed an offence under this Act, the Executive Director or a person authorised by him in writing may, at any time prior to the commencement of the proceedings by a court of competent jurisdiction, compound such offence and order such person to pay a sum of money not exceeding one half of the amount of the fine to which such person would otherwise have been liable to pay if he had been convicted of such offence.

(2) Where the person fails to comply with the compounding order issued under this section within the prescribed period, the Executive Director or a person authorised by him may, in addition to the sum ordered, require the person to pay an interest at the rate prescribed in the regulations.

(3) Where the person fails to comply with subsection (2), the Executive Director may enforce the compounding order and interest accrued thereof in the same manner as a decree of a court.

(4) The Executive Director shall submit quarterly reports of all compounded offences under this section to the Director of Public Prosecutions.

(5) Offences to be compounded under this section and the manner of compounding offences shall be as prescribed in the regulations made under this Act.

[s. 42A]

Consent of
Director of Public
Prosecutions

50. A person shall not be prosecuted for an offence under this Act save with the consent of the Director of Public Prosecutions.

[s. 43]

Regulations
Acts Nos.
2 of 1995 s. 29
7 of 2021 s. 27

51. Subject to the provisions of section 52, the Minister may, after consultation with the Board and by notice published in the *Gazette*, make regulations generally for the better carrying out of the provisions of this Act and any such regulations may provide for-

- (a) the conduct of the business of the Board and the procedure to be followed by the Board in any inquiry under this Act;
- (b) the appointment by the Board amongst its members of subcommittees and the co-option of persons; and
- (c) anything which is permitted or required by this Act to be prescribed, other than any matter or thing to be prescribed by the Board.

[s. 44]

By-laws
Act No.
2 of 1995 s. 30

52.–(1) With the consent of the Minister, the Board may, for the better carrying out of its objects and functions, make by-laws-

- (a) prescribing degrees, diplomas, certificates, awards and other qualifications which shall be recognised as entitling the holder to registration under this Act;
- (b) prescribing diplomas, certificates and other awards which may be conferred or granted by the Board;
- (c) prescribing the conditions which must be satisfied before any diploma, certificate or other award may be granted;
- (d) prescribing the manner in which diplomas, certificates or other awards may be granted;
- (e) regulating the conduct of examinations;
- (f) prescribing fees for admission to any course offered by the Board;
- (g) prescribing fees payable by the candidates for any examination held or conducted by the Board;
- (h) providing for and regulating disciplinary proceedings against the officers of the Board, the students and candidates;
- (i) prescribing rules for professional conduct and ethics for accountants and auditors;
- (j) prescribing rules, terms and conditions for registration;
- (k) prescribing the fees to be paid on application for registration, the issue of certificate of practice and for extracts copies and lists of, or in relation to, entries in the register;
- (l) prescribing classification within the registers for different levels or types of qualifications and competence;
- (m) prescribing the scale of fees which may be charged by accountants and auditors for services rendered by them;
- (n) authorising the Executive Director to arbitrate on any dispute as to fees charged by any accountant;

- (o) prescribing rules and procedures for exemption of part of the Board's examination scheme; and
- (p) prescribing anything which may, or is required to be prescribed by the Board.

(2) It shall not be necessary for the by-laws made under this section to be published in the *Gazette*.

[s. 45]

Proceedings of Board not to be invalid by reason of irregularity

53. An act or proceeding of the Board shall not be invalid by reason only of the number of the members not being complete at the time of such act or proceeding or of any defect in the appointment of any member or of the fact that any member was at the time in question disqualified or disentitled to act as such.

[s. 46]

General offence Act No. 7 of 2021 s. 29

54. A person who contravenes any of the provisions of this Act for which no specific penalty is provided, commits an offence and on conviction, shall be liable to a fine of not less than five million shillings but not exceeding ten million shillings or to imprisonment for a term of not less than six months but not exceeding two years or to both.

[s. 48]

Repeal Ord. No. 16 of 1952

55. [Repeals the Accounts (Designation) Ordinance].

[s. 47]

SCHEDULE

(Made under section 3(3))

CONSTITUTION AND PROCEEDINGS OF THE BOARD

Composition of Board, Chairman and members' tenure of office Act No. 2 of 1995 s. 31

- 1.**—(1) The Board shall consist of a chairman who shall be appointed by the President.
- (2) The Minister shall, after consultation with the Board, appoint—
- (a) the Executive Director;
 - (b) six other members,

Provided that, no person shall be appointed unless he has knowledge and practical experience of accountancy profession.

(c) five other members to be recommended by the association representative of all accountancy professionals.

(3) The Executive Director appointed under subparagraph (2) shall be an *ex officio* member of the Board.

(4) The chairman of the Board may, unless he resigns or his membership is otherwise terminated, hold office for a maximum of two consecutive terms of three years in respect of each term.

(5) A member of the Board shall hold office for three years unless-

(a) he resigns;

(b) he otherwise vacates his office;

(c) his appointment is revoked by the appointing authority; or

(d) he fails to attend to three consecutive meetings without reasons to the satisfaction of the Board.

(6) The appointing authority may fill in any vacancy occurring in the membership, and may revoke the appointment of any member, and appoint a replacement in accordance with subparagraph (2).

(7) A member may resign by giving notice in writing to the appointing authority of his intention to do so.

(8) In this paragraph "appointing authority" means the Minister.

Election of Vice-Chairman
Act No.
2 of 1995 s. 31

2.-(1) The members shall elect a Vice-Chairman of the Board from amongst their number.

(2) The Vice-Chairman shall hold office for a period of three years from the date of his election and shall be eligible for re-election.

Meetings of Board

3.-(1) Subject to the provisions of subparagraph (2), the Board shall meet not less than four times in every year and all meetings of the Board shall be convened by the Chairman, or in his absence from the United Republic or incapacity through illness, the Vice-Chairman, who shall appoint a suitable time, place and date for the holding of each meeting.

(2) The Chairman, or in his absence from the United Republic or incapacity through illness, the Vice-Chairman, shall convene special meeting of the Board on a request in writing signed by not less than four members of the Board for such a meeting and shall cause the meeting to be held within twenty-one days of the receipt by him of such request.

(3) The Chairman, or in his absence, the Vice-Chairman shall preside at the meeting of the Board, and in the absence of both the Chairman and the Vice-Chairman, the members present at the meeting shall elect one of their number to be Chairman for that meeting.

Quorum and voting at meetings
Act No.
2 of 1995 s. 31

4.-(1) Five members shall constitute a quorum at any meeting of the Board.

(2) All acts, matters and things authorised to be done by the Board shall be decided by resolution at a meeting of the Board at which a quorum is present.

(3) A decision of the majority of members present and voting at a meeting of the Board shall be deemed to be a decision of the Board.

(4) Every member of the Board shall have one vote and in the event of an equality of votes, the Chairman of the meeting shall have a second or casting vote in addition to his deliberative vote.

(5) Notwithstanding the provisions of subparagraph (2), where the Chairman so directs, a decision may be made by the Board without a meeting by circulation of the relevant papers among all the members and the expression in writing of their views, but any member shall be entitled to require that any such decision shall be deferred until the subject matter is considered at a meeting of the Board.

(6) The Board shall appoint Committees as are necessary to conduct the affairs of the Board.

Minutes of meetings	5. Minutes in proper form of each meeting of the Board shall be kept and shall be confirmed by the Board at the next meeting and signed by the Chairman of the meeting.
Procedure	6. Subject to the provisions of this Schedule and to any regulations which may be made under this Act, the Board shall have power to regulate its own procedure.
Seal of Board	7. The seal of the Board shall not be affixed to any instrument except in the presence of the Chairman, the Vice-Chairman or the secretary and one other member of the Board.
Executive Director to be secretary	8. The Executive Director shall act as the secretary of the Board and shall be entitled to be present and speak, but not to vote, at the meetings of the Board.
Staff	9. The Board may, with the consent of the Minister, appoint such other officers as it may consider necessary on such terms and conditions as may be prescribed by regulations made under section 51.