



Hart Nurse Ltd
(United Kingdom)

in association with

BDO East Africa

COUNTRY :
TANZANIA

PROJECT NAME :
TANZANIA EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE

TITLE OF CONSULTING SERVICES:
RECONCILIATION OF PAYMENTS MADE BY
THE EXTRACTIVE COMPANIES TO THE
GOVERNMENT

FINAL REPORT



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The Report and all appendices relating to the report are intended for the use of the Tanzania EITI Multi Stakeholder Group for the purpose of that initiative and are not to be relied upon by other parties

Abbreviations and Definitions

Benefit stream	A potential source of economic benefit that the government receives from the oil / gas producing companies
Consultants	Hart Nurse Ltd in association with BDO East Africa
EITI	Extractive Industries Transparency Initiative
MEM	Ministry of Energy and Minerals
MSG	Multi Stakeholder Group
NAO	National Audit Office
NSSF	National Social Security Fund
PSA	Production Sharing Agreement
Reporting Entity	Entity (companies and government) that submit any reporting templates
TEITI	Tanzania Extractive Industries Transparency Initiative
TOR	Terms of Reference
TPDC	Tanzania Petroleum Development Corporation
TRA	Tanzania Revenue Authority
TzS	Tanzanian Shillings

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8^h February 2011

Hart Nurse Limited has been appointed in association with BDO East Africa by The Ministry of Energy and Minerals, Tanzania to undertake the 1st EITI Reconciliation for Tanzania for the period 1st July 2008 to 30th June 2009 and to prepare a Report on this Reconciliation ("Engagement").

The Engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures Engagements. The procedures performed were those set out in the Terms of Reference appended to this report, except where stated otherwise in this report including its appendices.

We set out our findings in report including its appendices. Because the procedures were not designed to constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose of informing the TEITI Multi Stakeholder Group on the matters set out in the terms of reference and is not addressed to any other party or to be used for any other purpose.

This report relates only to the subject matter specifically set out herein and does not extend to any financial statements of any entity taken as a whole.

A handwritten signature in blue ink that reads "Hart Nurse Ltd".

Hart Nurse Limited
Chartered Accountants

A handwritten signature in blue ink that reads "BDO East Africa".

BDO East Africa
Chartered Accountants

1 INTRODUCTION

This is the final report under the Tanzania EITI Reconciliation for the period 1st July 2008 to 30th June 2009.

The report is intended for the use of the Tanzania EITI MSG for the purpose of that initiative and is not to be relied upon by other parties.

The report includes its Appendices.

1.1 Objective

The objective of the Engagement is to ensure the transparency and credibility of certain mineral and gas sector payments and receipts in Tanzania. To this end, the Engagement entailed an analysis and reconciliation of material payments and receipts made by specified Reporting Entities for the period 1st July 2008 to 30th June 2009 in the mineral sector and the gas sector.

1.2 Scope of work

Hart Nurse Ltd and BDO (“the Consultants”) were required to undertake the work set out in the Terms of Reference (TOR) for the Engagement. The Engagement has been carried out under the TOR included as Appendix D.

The reconciliation has been carried out on the cash basis of accounting.

If there are material receipts or payments omitted from the reporting templates by both the paying and receiving entities, our work would not be sufficient to detect them. Any such receipts or payments would not therefore be included in our report.

In conducting our work, we have relied upon the information and explanations obtained from Reporting Entities.

The report incorporates information received up to 4th February 2011. Any information received after this date is not, therefore, included in our report. Certain confirmations, that did not affect data or reconciliations, were subsequently received and have been included where feasible.

1.3 Structure of the report

The report contains:-

- a. An Executive Summary
- b. A brief overview of the extractive sector in Tanzania
- c. A description of the flows included
- d. Our approach to undertaking the Engagement
- e. An aggregation of the flows reported
- f. Identification of unresolved differences, with information about the type of receipt/payment involved and the Reporting Entities whose reported figures remain unreconciled.
- g. A summary of issues arising during the Engagement together with recommendations for improvements in transparency and EITI processes.

Full details of initial differences, adjustments made and unresolved differences are reported, together with other supporting information.

1.4 Acknowledgement

The Consultants would like to express our sincere thanks to Benedict Mushingwe, National Coordinator, Athuman Kwariko from the TEITI Secretariat and to Abdul Omar & Vedasto Rwechungura from the World Bank for their enthusiastic support in the execution of this reconciliation.

2 EXECUTIVE SUMMARY

2.1 Summary of benefit flows

The financial flows reported by government are shown below. These flows are after adjustments made during the reconciliation exercise.

	As reported		Expressed in
	TzS 000	US \$ 000	TzS 000
1. Taxes charged under Income Tax Act, 2004			
Corporate taxes	1,416,622	-	1,416,622
Withholding taxes-technical services	12,907,463	-	12,907,463
Withholding taxes-interest on loans	-	-	-
Withholding taxes-management fees	25,814	-	25,814
Withholding taxes-dividends	-	-	-
Skills Development Levy (SDL)	9,970,802	-	9,970,802
Import Duty	4,773,743	-	4,773,743
Fuel levy	-	-	-
Excise Duty on imports	189,195	-	189,195
2. Sector specific Taxes and Fees			
Royalties	89,886	17,089	22,155,715
License and permit fees; annual rental fees and other charges in consideration of mineral concessions	206,068	698	1,107,347
Profit as per PSA received from TPDC	8,121,324	1,000	9,412,554
Protected Gas Revenue received from TPDC	-	-	-
Local Government Levies	334,683	-	334,683
Dividends on Government shares	-	-	-
Total Taxes	<u>38,035,600</u>	<u>18,787</u>	<u>62,293,938</u>
3. Revenue collected on behalf of the government			
Pay As You Earn (PAYE)	45,388,519	-	45,388,519
National Social Security Fund (NSSF)	20,740,625	-	20,740,625
VAT on gas revenue	-	-	-
Total	<u>66,129,144</u>	<u>-</u>	<u>66,129,144</u>

Converted at the average rate for the period per Oanda (<http://www.oanda.com/currency/historical-rates>) - US\$ = Tzs 1,291.23

Table 2.1

2.2 Unresolved Differences

There were differences between the figures reported by government and the figures reported by companies, which are not reflected above. These differences are described further later in our report (see section 6).

The MSG decided that any difference between payment flows in excess of Tzs 5 million was material. Overall, the unresolved differences at the date of this report were:-

	Tzs millions
Taxes charged under Income Tax Act, 2004	(24,115)
Revenue collected on behalf of the government	657
	US \$ millions
Taxes charged under Income Tax Act, 2004	(18)
Revenue collected on behalf of the government	-

Table 2.2

A negative figure (in brackets) indicates that government reported less than companies, while a positive figure (without brackets) indicates that government reported more than companies.

Notwithstanding its decision on materiality, the reconciler was instructed by the MSG to present a final report taking account of information received from Reporting Entities up to 4th February 2011, even if there were differences in excess of the materiality level. The MSG will engage the Controller and Auditor General from the National Audit Office to investigate the differences remaining at this point.

1.1 Approach to the reconciliation

The methods of data collection and our approach to the reconciliation are set out in section 5.

3 OVERVIEW OF EXTRACTIVE SECTOR IN TANZANIA

In this section, we describe the institutional arrangements in the sector:

- Government agencies
- The private sector

3.1 Government agencies

The government agencies involved in the areas of

- regulation of the mining and gas sector;
- assessment and collection of major financial flows such as royalties;
- monitoring of government finances;
- monitoring of the gas production activities

are described briefly below. The description relates to the period under review, 1st July 2008 to 30th June 2009.

3.1.1 MEM

The Ministry of Energy and Minerals describes its mission as to “set policies, strategies and laws for sustainability of energy and minerals resources to enhance growth and development of the economy.”

MEM is responsible for licensing exploration and production for minerals, gas and petroleum.

Minerals activities are now subject to the Mining Act 2010, but during the period under review, the statutory framework was set out in the Mining Act 1998 and various mining regulations and rules established under the Act:-

- The Mining (Mineral Rights) Regulations 1999;
- The Mining (Mineral Trading) Regulations 1999;
- The Mining (Safe-working and Occupational Health) Regulations 1999;
- The Mining (Environmental Management and Protection) Regulations 1999;
- The Mining (Salt and Iodation) Regulations 1999;
- The Mining (Provisional Licences) Regulations 1999;
- The Mining (Mimerani Controlled Area) Regulations 2001;
- The Mining (Diamond Trading) Regulations 2002;
- The Mining (Gemstone Board) Regulations 2004; and
- The Mining (Dispute Settlement Resolution) Rules 1999.

Further information on the MEM can be found at <http://www.mem.go.tz/>

MEM is responsible for providing information for the EITI reconciliation on royalties, licence and permit fees, annual rental fees and other charges in consideration of mineral concessions, profit as per PSA received from TPDC and protected gas revenue received from TPDC.

3.1.2 TRA

Tax revenues are collected by the Tanzania Revenue Authority, an executive agency under the Ministry of Finance that was established in 1996. The TRA is mandated to collect major taxes including Income Tax, Value Added Tax, Import Duty and Excise Duty.

The TRA is organised into four Revenue Departments:-

- i. Large Taxpayers Department (LTD)
- ii. Customs and Excise Department (C&E)
- iii. Tax Investigations Department
- iv. Domestic Revenue Department

Further information on the TRA can be found at <http://www.tra.go.tz/> .

The TRA departments, LTD & C&E, are responsible for providing information for the EITI reconciliation on the flows set out in section 5.2.

3.1.3 NSSF

The National Social Security Fund, previously the National Provident Fund, was established under the Ministry of Labour as a government department. It was re-organised into a parastatal organisation by Act No. 2 of 1975 which established The Board of Trustees. The National Social Security Fund Act No. 28 of 1997 established the National Social Security Fund (NSSF).

The National Social Security Fund (NSSF) describes itself as a comprehensive Social Security Institution based on internationally recognised Social Security Insurance principles, providing a wide range of short term and long-term benefits:-

- Old Age Pension
- Invalidity Pension
- Survivors Pension
- Employment Injury Benefit
- Social Health Insurance Benefit
- Maternity Benefit
- Funeral Grants Benefit

Further information on the NSSF can be found at <http://www.nssf.or.tz/home.php>

The NSSF is responsible for providing information for the EITI reconciliation on the flows set out in section 5.2.

3.1.4 NAO

The National Audit Office is headed by the Controller and Auditor General (CAG). The CAG is assisted by the Deputy Controller and Auditor General (DCAG).

Functionally NAO has five line divisions each of which is headed by Assistant Auditor General (AAG):-

- Ministerial accounts
- Regional and Local Authorities accounts
- Ministry of Finance (Treasury) accounts
- Public Corporations and Value for Money Audit
- Administration and personnel matters, under the Director of Administration and Personnel

By virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2000), and section 30 (1) of the Public Finance Act No. 6 of 2001 (revised 2004), the Controller and Auditor General is the appointed statutory auditor of revenue and expenditure of all ministries, departments of the government, public authorities and other bodies or authorities which receives funds from the Consolidated Fund.

MEM, TRA, NSSF and TPDC were requested to provide the financial statements for 2008 to 2009 audited by the NAO. Details of financial statements received are set out in Appendix C.

3.2 Private Sector

3.2.1 Mining sector

The Government describes the Mineral Policy of Tanzania, 1997 in the following terms (<http://www.tanzania.go.tz/mining.html>): "The Mineral policy stresses private sector led mineral development while the major roles of the government are regulating, promoting and facilitating. The role of government consists of:

- Policy formulation to accommodate the overall and sectoral government policy framework
- Advising on legislation, regulation and fiscal matters related to the sector
- Revenue collection through royalties, annual rents, prospecting rights and licences
- Monitoring of mining activities
- Collection and maintenance of geo-technical data for promotional purposes
- Provision of extension services to small scale miners
- Administration and inspection of mining activities, and
- Carrying out research on minerals

The mineral policy objectives are:

- to stimulate exploration and mining activities;
- to regulate and improve artisanal mining;
- to ensure that wealth generated from mining support sustainable economic and social development; to minimise or eliminate adverse social and environmental impact of mining activities
- to promote and facilitate mineral and mineral based products' marketing arrangements;
- to alleviate poverty especially for artisan and small scale miners;
- to promote and develop Tanzania as the gemstone centre of Africa

The Mining Act 1998, which regulates mining activity during the period under review, has the main features:

- the right to trade in mineral rights
- simplification and consolidation of past statutes on mining and mineral trading

improved security of tenure through removal of most past ministerial discretionary powers and introducing a mining advisory committee responsible of advising the Minister on decisions to make”

The Mineral Policy was followed up by a revision of the 1979 Mining Act to accommodate changes of government policy. The 1998 Mining Act, effective as of August 1999, envisages small and large-scale mining developed side by side. Tanzanian nationals are given exclusive rights to key roles in the small scale mining sector (mine claim holder, broker, and dealer). Large-scale mining on the other hand, is open to international companies with the needed capital and experience.

During this period, there has been active exploration for minerals, with more than 50 multinational companies and over 250 local companies acquiring mineral rights. By the end of 2005 there were a total of 4,073 prospecting licences issued to different companies. The majority of these licences targeted on gold deposits in the Archaean greenstone belts around Lake Victoria. Other licences were for base metals, iron ore, nickel, industrial minerals, platinum group metals (PGM) and gemstones. The basic data and information on the mineral potential of the country is collected through geological mapping and publication of geological maps.

Multinational companies which are active in mineral exploration in Tanzania are African Barrick Gold, AngloGold Ashanti, and Resolute Mining Limited..

The six main gold mines are (*source MEM*):

- Golden Pride in Nzega with 2.8 M oz. resource, which became operational in 1998.
- Geita Gold Mine with 20.0 M. oz resource, which became operational in 2001.
- Bulyanhulu Gold Mine with 14.6 M oz. resource, which became operational in 2000.
- Buzwagi Gold Mine
- North Mara Mine with 4.1 M. oz resource, which became operational in 2001.
- Tulawaka Mine in with 1.7 M. oz resource, which commenced production in March 2005

In addition to gold, Tanzania has been a significant diamond producer for several decades, with the bulk of production coming from the Williamson Diamonds Mine at Mwadui where commercial production began in the 1940s. El Hillal Minerals Ltd, a Tanzanian company, also produces diamonds from a mine in the Mwadui vicinity.

There has been significant increase in tanzanite mining activities in the country. The only large scale gemstone mine is that of tanzanite at Mererani, operated by TanzaniteOne Mining Ltd. Traditionally, tanzanite has been mined by small-scale miners since it was discovered in 1967.

These nine mining operations are included in the TEITI reconciliation:

<u>Operating company</u>	<u>Site</u>	<u>Ownership</u>
Bulyanhulu Gold Mine Limited	Bulyanhulu	African Barrick Gold
Pangea Minerals Limited	Buzwagi	African Barrick Gold
Pangea Minerals Limited	Tuluwaka	African Barrick Gold
North Mara Gold Mine Limited	North Mara	African Barrick Gold
Geita Gold Mine	Geita	AngloGold Ashanti
Resolute Tanzania Limited	Golden Pride	Resolute Mining Ltd
Williamson Diamonds Limited	Mwadui	Petra Diamonds (75%) Tanzanian State (25%)
El-Hillal Minerals Limited	Mwadui	Private
Tanzanite One Mining Limited	Mererani	Private

3.2.2 Gas sector

There is no legislation dealing specifically with the gas sector, which operates according to the terms of the Production Sharing Agreements (PSAs) and certain government regulations applying to operations. A Gas Law is currently under consideration.

Tanzania has so far made four discoveries of natural gas fields so far in the vicinities of

- Songo Songo Island (about 250 km South of Dar es Salaam, in 1974),
- Mnazi Bay (about 450 km South of Dar es Salaam, in 1982),
- Mkuranga (about 60 km South of Dar es Salaam, in December 2007) and
- Kiliwani North (about 2.5 km South East of Songo Songo Island, in April 2008).

Only two gas fields, Songo Songo and Mnazi Bay were producing during the period under review. Available data indicate that the proven and probable reserves in the Songo Songo gas field are estimated at 810 billion standard cubic feet (BCF), while proven, the probable and possible reserves stand at 1.10 trillion standard cubic feet (TCF). The proven, the probable and possible gas reserves in Mnazi Bay vicinities are estimated at 2.2 TCF.

Four entities are actively carrying out downstream natural gas regulatory activities, namely Tanzania Petroleum Development Corporation (TPDC), Songas Limited, PanAfrican Energy Tanzania Limited, and Maurel et Prom (the company that took over the operatorship of Mnazi Bay Production Sharing Agreement from Artumas Group & Partners (Gas) Limited effectively from 1st December 2009). Only TPDC with passive roles is licensed, others are contractors operating on their behalf and on behalf of TPDC, as licensed entities through several agreements between them.

Orca Exploration Group operates one licence in Tanzania through its subsidiary company Pan African Energy (Tanzania) Ltd. The licence contains the large Songo Songo gas field which is positioned on and slightly offshore Songo Songo Island (SSI).

Orca operates a gas processing facility on SSI on behalf of Songas Limited (Songas) on a no loss, no gain basis. The plant supplies natural gas to a 25 km 12" offshore pipeline and a 207 km 16" onshore pipeline and is used by the power sector and industrial markets in the Dar es Salaam area. Songo Songo was Tanzania's first natural gas development.

The infrastructure at the plant includes two gas processing trains each rated at 35 MMscfd (70 MMscfd total); a high pressure 25-kilometre 12” offshore pipeline and a 207-kilometre 16” onshore pipeline. Songas operates the high pressure pipeline system.

With demand for gas having increased since production began in 2004, the current infrastructure limits result in a serious bottleneck. To address this issue, Songas has approved the re-rating of the current gas processing plant on Songo Songo Island to 90 MMscfd following certification of the increased rate by Lloyds Register. This additional processing capability has allowed Orca to enter into new Additional Gas sales contracts to meet growing customer demand, particularly from the Tanzania power sector¹.

¹ Source: <http://www.orcaexploration.com>

4 OVERVIEW OF FINANCIAL FLOWS

Presentation of the covered financial flows schematically shows:-

DIAGRAM 1

TEITI: COVERED FINANCIAL FLOWS
 (excluding Gas Sector specific flows)

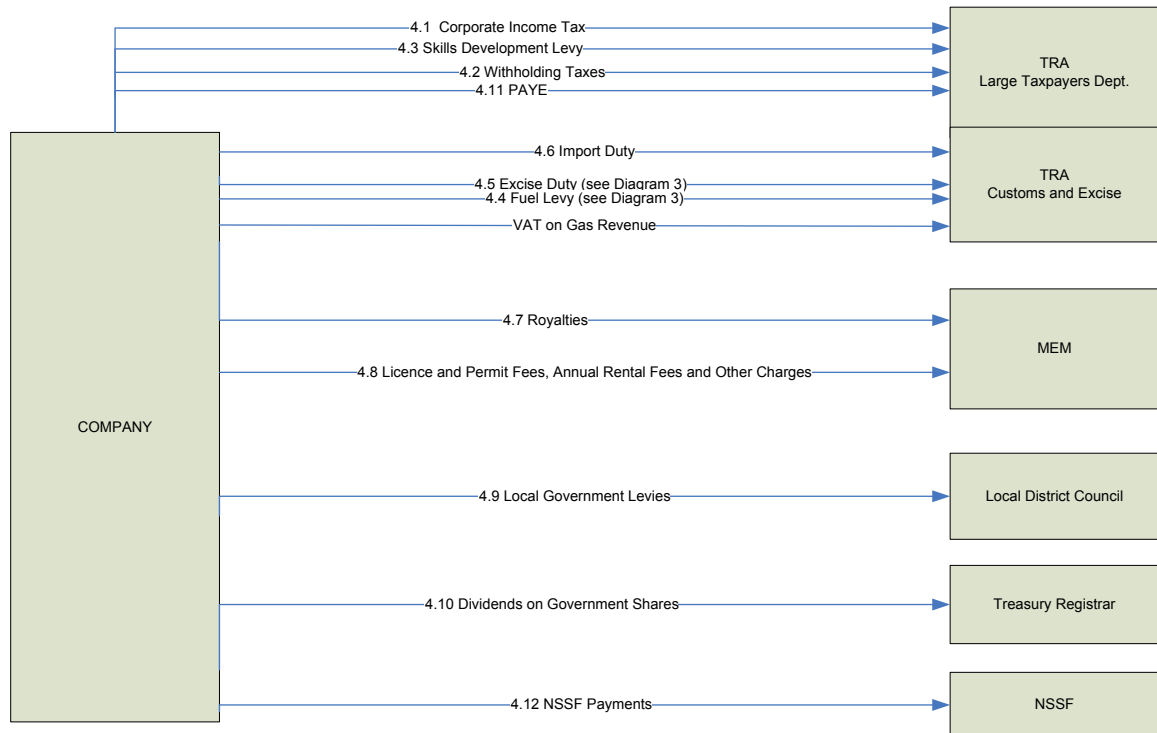


DIAGRAM 2

TEITI: COVERED FLOWS SPECIFIC TO THE GAS SECTOR

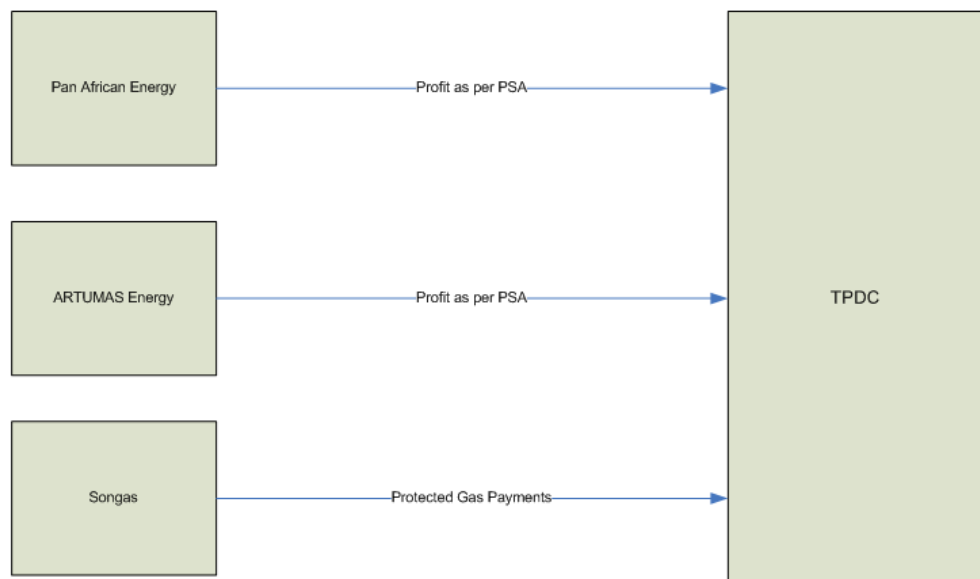
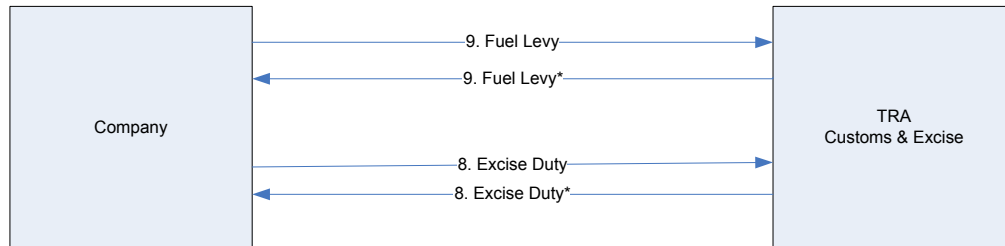


DIAGRAM 3

TEITI: FUEL LEVY & EXCISE DUTY



* Repayment by government of fuel levy paid in excess of US\$ 200,000 based on substantiated claims.

NB This refers to cash paid, not to entitlement / liability

There follows a short narrative description of the flows set out above (paragraph numbers refer to the flow number in the diagram).

These are the flows for which the MSG requested Reporting Entities to provide information; in fact, no information was provided for some of these, so the inclusion of a description of the flow does not mean that amounts will have been reported.

4.1 Corporate income taxes

Corporation Income Tax is levied on corporation taxable profit for all companies registered and/or carrying business in Tanzania. The applicable corporation income tax rate is 30% usually paid in two stages. The provisional tax is paid based on taxpayer’s own estimates at the beginning of the business year; and final tax is paid after the official assessment of the total income in the respective year of income.

4.2 Withholding taxes

Withholding is a scheme of tax payment administered by Income Tax Department whereby taxes are withheld at source. The taxes withheld are off set against final personal and corporation income taxes on resident tax payers, where as such taxes are final charges in respect of non-resident taxpayers.

4.2.1 Withholding taxes - technical services (mining business)

Payments for technical services with regarding to mining business are liable for withholding tax. The applicable rate is 5% and 15% of the liable amount for residents and non residents respectively.

4.2.2 Withholding taxes - interest on loans

This relates to withholding tax on interest income earned by individuals and companies. The applicable rate is 10% of the liable income for both residents and non residents. The financial institutions are withholding agents for this tax.

4.2.3 Withholding taxes - management fees

A payment made to a non resident person, other than payment made to an employee by his employer, as a consideration for any services of managerial, technical or professional nature is liable for a withholding tax at 15%.

4.2.4 Withholding taxes - dividends

Dividend income paid to a resident from a company listed in the Dar es Salaam Stock Markets is liable to a dividend tax at the rate of 5% and 10% for unlisted companies. Dividend tax withheld at source is a final tax. In the mining sector, dividends paid to non residents attract withholding tax at the rate of 10%. The companies declaring dividends are the collecting agents.

4.3 Skills and Development Levy

Skills and Development levy is payable to the Commissioner of Income Tax by the employer by the seventh day following month end and is calculated at 6% of emoluments, payable monthly. This is an employer cost, not deductible from the employee.

4.4 Fuel Levy

This is the tax levied on importation of petroleum products to the country and is specifically levied on two products only, which are Gasoline and Gas oil.

4.5 Excise Duty

Excise duty is levied on certain consumer goods on importation. In Tanzania, the main items subject to excise duties are beer, cigarettes, petroleum, soft drinks and motor vehicles. Excise duty is charged at a specific or ad-valorem rate, and the tax base for the ad-valorem rate is the C.I.F value plus the import duty. The applicable ad-valorem excise duty rates are 7%, 10%, 20%, 30% and 120%. The due date of paying the duty depends on the product. For imported products, excise is payable before clearance through customs. The complete list of excisable products and rates can be found in the Customs in East Africa booklet.

4.6 Import duties

This is the duty levied on CIF value of goods imported in to the country. Import duty rates for goods imported from countries outside the EAC are 0% for raw materials, 10% for intermediate goods and 25% for finished goods. Imports from Kenya have been subject to import duty at a reducing rate over a period of 5 years since commencement of the Customs Union in 2005 and the rate has been reduced to 0% with effect from January 2010. Imports from Uganda are not subject to import duty. Goods will only enjoy the preferential community tariffs if they meet the EAC Customs Union Rules of Origin.

4.7 Royalties

A 3% royalty is charged on gold and all other minerals, 5% on diamond and 12.5% for petroleum and gas.

4.8 Licence and permit fees; annual rental fees and other charges in consideration of mineral concessions

Various fees are paid to the local authorities and the Ministry of Energy and Minerals by the gas and mining companies at different rates.

4.9 Local Government Levies

All mining companies pay an annual local government levy of USD 200,000 to the local government where the mines are located.

4.10 Dividends on Government shares

These dividend payments made by companies to the government with regard to the government shareholding in these companies.

4.11 PAYE (Pay As You Earn)

PAYE is a method of collecting personal income tax, which is a tax on resident person's annual income obtained world-wide and on the Tanzania source income for non-residents. The income includes any gains or profits from business, employment or services rendered; dividend income or interest earned from any bank operating in the United Republic. The Personal Income tax is charged on progressive rates. The minimum marginal tax rate is 14% while the maximum marginal tax rate is 30% for monthly incomes in excess of TzS 720,000.

The personal income tax in Tanzania is collected using two methods. For salaried employees the tax known as PAYE is withheld by employers, using the above schedule on payroll preparation. The withheld tax is submitted on monthly basis to the Commissioner of Income Tax. The second method is used for sole traders and self-employed individuals where assessment of their annual incomes is made based on filed returns. They are then required to pay personal tax on quarterly instalments.

4.12 NSSF

Contribution to the National Social Security Fund (NSSF) is based on gross cash emoluments made to the employee (inclusive of cash allowances and benefits) as follows:

- 10% payable by employer; and
- 10% payable by employee (deducted from employees' wages)

Contributions are compulsory for employers in the private sector. A deduction is allowed to the employer equal to the actual contribution or the statutory amount, whichever is the lesser. No deduction allowed for non-approved pension funds, including foreign pension schemes.

5 APPROACH, METHODOLOGY AND WORK DONE

5.1 *Elements of the reconciliation work*

The approach adopted for the reconciliation was as follows:-

The reconciliation has been carried out on a cash accounting basis. Templates to capture the required financial and physical data where applicable were prepared and were approved by the MSG. These templates were issued by the Chairman of the TEITI MSG to the Reporting Entities, with a timetable for completion (see section 5.6).

Templates were returned by Reporting Entities to the Chairman of the TEITI MSG or to the TEITI Secretariat, and passed on to us.

The quality of data provided for reconciliation was the responsibility of the Reporting Entities. It was not our role to check the quality or completeness of the provided data. If, however, differences were noted then we undertook certain checks on the items that were not agreed.

The payments and receipts were subject to reconciliation between receiving and paying entities; the flows reported by Reporting Entities were compared. If the reported payment and receipt agreed, no further work was done. In conducting our work, we have relied upon the information and explanations obtained from Reporting Entities.

If a difference was revealed, we undertook the following:

1. Government entities and companies were contacted and visited for the purpose of investigating the differences and requesting the completion of any missing information.
2. For any update of the data templates, supporting documents were always requested and provided before we accepted the change.
3. For differences in financial transactions, we obtained supporting documents from both the Government and the related company. The reported figures were validated with supporting documents and the company accounting records and the Entities concerned were notified and requested to produce further information. As appropriate, meetings were held to reconcile differences and view supporting information.

Revisions to the data were incorporated and the resulting payments and receipts were aggregated and reported.

Differences were caused because:

- Some reporting companies used the accruals basis when completing the data templates rather than using the cash basis as specified for this reconciliation
- Some companies reported included on their templates information relating to periods outside the scope of the reconciliation
- Companies were unclear about whether to complete the templates in US\$ or in TzS
- TRA made errors in completing the templates, which mixed up different revenue flows - e.g. PAYE included with withholding tax and SDL

- Government Reporting Entities told us that the government systems made it difficult for them to provide the information required
- The time elapsed since the period for which the reconciliation was covering meant that information had to be retrieved from archive
- There were cut-off differences - i.e. payments made at the end of the period were not received until the beginning of the following period
- Companies included revenue flows which were not within the scope of the reconciliation
- There was confusion over how fuel levy and excise duty should be reported in the templates. Fuel levy and excise duty are payable by the importer of fuel. In the case of mining companies, the fuel importer passes on the charges to the mining company, which is then entitled to be re-imbursed by the government for any excise duty paid and for any fuel levy paid in excess of \$200,000 p.a. Companies reported the fuel levy and excise duty paid to the fuel importer as a payment to government, but TRA cannot identify the receipt, which it actually receives from the fuel importer.

The situation is further confused because some mining companies import their fuel directly.

Oil sector

The scope of the work was limited to the mining and gas sectors and did not include the oil sector.

5.2 Data Sources

Company data is taken from data collection templates returned to us by the companies.

Government information was provided by the following:

Corporate taxes	
Withholding taxes-technical services	
Withholding taxes-interest on loans	TRA - large taxpayers department (LTD)
Withholding taxes-management fees	
Withholding taxes-dividends	
Skills Development Levy	
Import Duty	TRA - Customs & Excise
Fuel levy	
Excise Duty on imports	
Royalties	
License and permit fees; annual rental fees and other charges in consideration of mineral concessions	MEM
Profit as per PSA received from TPDC	MEM
Protected Gas Revenue received from TPDC	MEM
Local Government Levies	Local government
Dividends on Government shares	Treasury Registrar
Pay As You Earn (PAYE)	TRA (LTD)
National Social Security Fund (NSSF)	NSSF
VAT on gas revenue	TRA (LTD)

5.2.1 International Standards on Auditing - companies

In accordance with EITI Criterion No. 2, data is to be taken from accounts that have been audited to international standards.

Copies of audited accounts covering the calendar years 2008 – 2009 were requested from all reporting companies and government entities. A listing of the accounts provided is included as Appendix C. All financial statements submitted to us had been audited without qualification. The audit opinions in the audited accounts received state that the accounts were prepared under International Standards on Auditing.

We have requested confirmation from companies that the data supplied by them in template form was consistent with their financial statements audited to international standards. The TEITI MSG determined that the representation from company senior management was sufficient for this purpose. Confirmations from some companies are awaited (Appendix B).

5.2.2 International Standards on Auditing – government

In accordance with EITI Criterion No. 2, data provided by government is to be taken from accounts that have been audited to international standards.

Following consultations between the TEITI secretariat, the Consultants and the Auditor General, it has been established that government accounts and the financial statements of state agencies and state-owned companies are prepared and are subject to various forms of audit in accordance with Tanzanian Law. MEM, NSSF and TRA have provided copies of their financial statements, whose audit opinions state that they have been audited under International Standards on Auditing.

5.3 Participants in the EITI Reconciliation

It is the responsibility of the TEITI MSG to specify government and other entities which receive material flows or which make material payments. The entities which the TEITI MSG determined were to be included in the 2008 – 2009 Report are:-

Government

- Ministry of Energy and Minerals
- Tanzania Revenue Authority
- National Social Security Fund
- Tanzania Petroleum Development Corporation
- Treasury Registrar
- District governments in
 - Geita
 - Nzega
 - Kishapu
 - Tarime
 - Kahama
 - Simanjiro
 - Biharmulo
 - Ilala*

*Omitted from the initial MSG list, which covered only local governments where mining companies operated; Ilala was identified as a recipient by Pan African and the relevant local government office confirmed receipt

Companies	<u>Operation</u>	<u>Mineral</u>
▪ Pangea Minerals Ltd	Buzwagi	Gold
▪ Pangea Minerals Ltd	Tulawaka	Gold
▪ Bulyanhulu Gold Mine Ltd	Bulyanhulu	Gold
▪ North Mara Gold Mine Ltd	North Mara	Gold
▪ Williamson Diamonds Ltd	Mwadui	Diamonds
▪ Resolute (Tanzania) Ltd	Golden Pride	Gold
▪ Geita Gold Mining Ltd	Geita	Gold
▪ El Hillal Minerals Ltd	Mwadui, Shinyanga	Diamonds
▪ Tanzanite One Mining Ltd	Arusha	Tanzanite
▪ Pan African Energy Tanzania Ltd		Gas
▪ Artumas Group & Partners (Gas) Ltd		Gas
▪ Songas		Gas

5.4 Materiality

The MSG determined that the first reconciliation should include the nine largest mining operations and the three gas producing companies (including TPDC).

The threshold at which differences between payments and revenue are to be considered immaterial during the reconciliation was set by the MSG at 5 million Tanzanian shillings.

Notwithstanding, the reconciler was instructed by the MSG to present a final report taking account of information received from Reporting Entities up to 4th February 2011, even if there were differences in excess of this level.

The MSG would decide what action should be taken subsequently in respect of differences remaining at this point.

5.5 Authority of data templates

The TEITI MSG issued data collection templates in July 2010 to the Reporting Entities set out in section 3.3 above, with the exception of the Treasury Registrar and Songas.

Following further discussion with the MSG at the end of our inception visit, the MSG has determined that import duties represent a material flow, to be reported as part of the EITI exercise, and accordingly issued templates on 6th/7th December 2010 to Reporting Entities requesting information on receipts / payments of this flow. Additional templates were also sent by MSG to the District Governments at this time. Templates were also subsequently issued to remaining Reporting Entities.

A copy of the final revised templates is included in Appendix E.

Templates were returned to the Chairman of the TEITI MSG or to the Secretariat.

1 SUMMARY OF TRANSACTION FLOWS

1.1 *Overview of flows*

A summary of the figures initially reported by government and by companies, together with adjustments made during the reconciliation and any differences remaining unresolved, is set out on in the tables on the following pages.

The adjustments made and the unresolved differences are set out by type of flow in sections 6.2 ff. Details of the adjustments made, and any differences remaining unresolved, are set out for each company in Appendix A.

The summaries which follow contain information received by 4th February 2011. In some cases, it was not possible to obtain information and analyses from Reporting Entities in order to reconcile fully the differences revealed by a comparison of the initial template information.

El Hillal provided a schedule of royalties and returned a template including figures for the calendar year 2009, which could not be used since it covered the wrong period.

TRA did not return template 2 (see Appendix E) for Bulyanhulu Gold Mine Ltd.

In the table which follow, where government reported less than companies in total, the difference is shown as a negative figure (in brackets); where government reported more than companies in total, the difference is shown as a positive figure (no brackets).

SUMMARY OF TRANSACTION FLOWS REPORTED - TzS

	<u>Initial templates</u>			<u>Adjustment</u>		<u>Adjusted figures</u>		<u>Unresolved differences</u>
	<u>Government</u>	<u>Company</u>	<u>Difference</u>	<u>Government</u>	<u>Company</u>	<u>Government</u>	<u>Company</u>	
	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>
1. Taxes charged under Income Tax Act, 2004								
Corporate taxes	3,478,183	473,943	3,004,240	(2,061,561)	796,440	1,416,622	1,270,382	146,240
Withholding taxes-technical services	8,106,498	17,419,173	(9,312,675)	4,800,965	(2,731,835)	12,907,463	14,687,339	(1,779,876)
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-
Withholding taxes-management fees	-	31,747	(31,747)	25,814	(5,932)	25,814	25,814	-
Withholding taxes-dividends	-	-	-	-	-	-	-	-
Skills Development Levy (SDL)	8,967,098	14,020,167	(5,053,069)	1,003,704	(3,756,833)	9,970,802	10,263,334	(292,532)
Import Duty	4,773,743	3,104,732	1,669,011	-	379,952	4,773,743	3,484,684	1,289,059
Excise Duty on imports	-	2,995,699	(2,995,699)	-	(2,721,999)	-	273,700	(273,700)
Fuel levy	189,195	35,920,348	(35,731,153)	-	(17,074,570)	189,195	18,845,778	(18,656,583)
2. Sector specific Taxes and Fees								
Royalties	29,123,132	3,930,411	25,192,721	(29,033,246)	(3,536,508)	89,886	393,902	(304,016)
License and permit fees; annual rental fees and other charges in consideration of mineral concessions	663,130	617,505	45,625	(457,062)	(260,438)	206,068	357,067	(150,999)
Profit as per PSA received from TPDC	8,121,324	9,951,178	(1,829,854)	-	2,134,166	8,121,324	12,085,344	(3,964,020)
Protected Gas Revenue received from TPDC	-	-	-	-	-	-	-	-
Local Government Levies	1,364,048	958,419	405,629	(1,029,365)	(494,700)	334,683	463,719	(129,036)
Dividends on Government shares	-	-	-	-	-	-	-	-
Total	64,786,351	89,423,322	(24,636,971)	(26,750,751)	(27,272,257)	38,035,600	62,151,063	(24,115,463)
3. Revenue collected on behalf of the government								
Pay As You Earn (PAYE)	53,778,032	57,848,814	(4,070,782)	(8,389,513)	(13,210,349)	45,388,519	44,638,465	750,054
National Social Security Fund (NSSF)	16,206,535	26,992,505	(10,785,970)	4,534,090	(6,158,579)	20,740,625	20,833,926	(93,301)
VAT on gas revenue	-	-	-	-	-	-	-	-
Total	69,984,567	84,841,319	(14,856,752)	(3,855,423)	(19,368,928)	66,129,144	65,472,391	656,753

Table 6.1

SUMMARY OF TRANSACTION FLOWS REPORTED - US \$

	<u>Initial templates</u>			<u>Adjustment</u>		<u>Adjusted figures</u>		<u>Unresolved differences</u> <u>US \$ 000</u>
	<u>Government</u> <u>US \$ 000</u>	<u>Company</u> <u>US \$ 000</u>	<u>Difference</u> <u>US \$ 000</u>	<u>Government</u> <u>US \$ 000</u>	<u>Company</u> <u>US \$ 000</u>	<u>Government</u> <u>US \$ 000</u>	<u>Company</u> <u>US \$ 000</u>	
1. Taxes charged under Income Tax Act, 2004								
Corporate taxes								
Withholding taxes-technical services	-	6,632	(6,632)	-	(6,632)	-	-	-
Withholding taxes-interest on loans								
Withholding taxes-management fees								
Withholding taxes-dividends								
Skills Development Levy (SDL)	-	5,141	(5,141)	-	(5,141)	-	-	-
Import Duty								
Excise Duty on imports	-	200	(200)	-	-	-	200	(200)
Fuel levy								
2. Sector specific Taxes and Fees								
Royalties	17,089	46,059	(28,970)	-	(11,923)	17,089	34,136	(17,047)
License and permit fees; annual rental fees and other charges in consideration of mineral concessions	698	1,362	(664)	-	(32)	698	1,330	(632)
Local Government Levies	1,000	1,400	(400)	-	(400)	1,000	1,000	-
Dividends on Government shares	-	-	-	-	-	-	-	-
Total	18,787	60,794	(42,007)	-	(24,128)	18,787	36,666	(17,879)
3. Revenue collected on behalf of the government								
Pay As You Earn (PAYE)	-	21,689	(21,689)	-	(21,689)	-	-	-
National Social Security Fund (NSSF)	-	7,563	(7,563)	-	(7,563)	-	-	-
VAT on gas revenue								
Total	-	29,252	(29,252)	-	(29,252)	-	-	-

Table 6.2

6.2 Corporate taxes

Corporate taxes, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000
Corporate taxes	3,478,183	473,943	(2,061,561)	796,440	1,416,622	1,270,382
	Initial difference	3,004,241			Unresolved differences	146,240

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Williamson Diamonds	379,775
TPDC	(233,535)
	146,240

Templates were not returned by:

El-Hillal Minerals Limited

6.3 Withholding taxes

Withholding taxes, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>
Withholding taxes	8,106,498	17,450,920	4,826,779	(2,737,767)	12,933,278	14,713,153
	Initial difference				Unresolved differences	
		(9,344,421)				(1,779,875)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Artumas Group & Partners (Gas) Ltd	264,577
North Mara Mining Ltd	(985,608)
Pangea	(804,634)
Williamson Diamonds Limited	(250,020)
Resolute (T) Limited	(3,953)
Tanzanite One Mining Limited	(237)
	(1,779,875)

Templates were not returned by:

El-Hillal Minerals Limited

6.4 Skills & Development Levy

Skills and Development Levy, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000
Skills & Development Levy	8,967,098	14,020,167	1,003,704	(3,756,833)	9,970,802	10,263,334
	Initial difference	(5,053,069)			Unresolved differences	(292,531)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Pangea Minerals	124,923
Bulyanhulu Gold Mine Ltd	30,671
Resolute (T) Ltd	3,303
Williamson Diamonds	(14,712)
TPDC	47,156
Artumas Group & Partners (Gas) Ltd	30
Tanzanite One Ltd	(114,778)
Pan African Energy Tanzania Ltd	(125,746)
North Mara Gold Mine Ltd	(265,038)
El Hillal	21,659
	(292,531)

Templates were not returned by:

El-Hillal Minerals Limited

6.5 Import Duties

Import Duties, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000
Import Duties	4,773,743	3,104,732	-	379,952	4,773,743	3,484,684
	Initial difference	1,669,011			Unresolved differences	1,289,059

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Artumas Group & Partners (Gas) Ltd	1,591
TPDC	4,892
Pan African Energy Tanzania Ltd	4,113
North Mara	(959,889)
Pangea	260,576
Resolute	(601)
Geita	2,276,597
Williamson Diamonds	(364,298)
El Hillal	4,065
Tanzanite One	62,013
	1,289,059

Templates were not returned by:

El-Hillal Minerals Limited

6.6 Fuel Levy

Fuel Levy, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>
Fuel Levy	0	2,995,699	-	(2,721,999)	0	273,700
	Initial difference	(2,995,699)			Unresolved differences	(273,700)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Tanzanite One Mining Limited	0
Geita Gold Mining Ltd	(273,700)
	(273,700)

Templates were not returned by:

El-Hillal Minerals Limited

6.7 Excise Duty

Excise Duty, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>
Excise Duty	189,195	35,920,348	-	(17,074,570)	189,195	18,845,778
	Initial difference	(35,731,153)			Unresolved differences	(18,656,583)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

North Mara Mining Ltd	8,633
Pangea	4,187
Resolute (T) Limited	37
Williamson Diamonds Limited	(17,286)
Tanzanite One Mining Limited	(297,183)
Geita Gold Mining Limited	(18,354,972)

Templates were not returned by:

El-Hillal Minerals Limited

Geita Gold Mining Limited told us they paid the Excise duties; however, TRA did not report it on the grounds that the company is exempt and therefore would qualify for a refund of whatever amount of excise duties they would have paid.

6.8 Royalties

Royalties, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000
Royalties	29,123,132	3,930,411	(29,033,246)	(3,536,508)	89,886	393,902
	Initial difference	25,192,722			Unresolved differences	(304,016)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

El-Hillal Minerals Limited	(35,342)
Artumas Group & Partners (Gas) Ltd	(268,675)
	(304,016)

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	US \$ 000	US \$ 000	US \$ 000	US \$ 000	US \$ 000	US \$ 000
Royalties	17,089	46,059	-	(11,923)	17,089	34,136
	Initial difference	(28,970)			Unresolved differences	(17,047)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Williamson Diamonds	(146)
Tanzanite One Ltd	(374)
North Mara Gold Mine Ltd	(740)
Resolute (T) Ltd	(962)
Bulyanhulu Gold Mine Ltd	(2,115)
Geita Gold Mining Ltd	(2,566)
Pangea Minerals	(10,143)
	(17,047)

Templates were not returned by:

El-Hillal Minerals Limited

However El Hillal provided the schedule of royalties indicating their payments during the period under review.

MEM reported receipts from royalties in both TzS and US\$, although in fact royalties are paid in US\$. The figures have been adjusted accordingly.

Payments reported by companies for royalties were higher overall than the receipts reported by government (MEM). Company figures for payments were supported by analyses showing dates of payment and official receipts issued from the government.

MEM has said that its manual systems have made it difficult to retrieve information relating to the reconciliation period.

6.9 Licence and Permit Fees

Licence and permit fees, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000
Licence & permit fees	663,130	617,505	(457,062)	(260,438)	206,068	357,067
	Initial difference	45,625			Unresolved differences	(150,998)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Bulyanhulu Gold Mine Ltd	1,299
El-Hillal Minerals Limited	102
Artumas Group & Partners (Gas) Ltd	(151,233)
TPDC	(1,167)
	(150,998)

Templates were not returned by:

El-Hillal Minerals Limited

Artumas Group & Partners (Gas) Ltd did not respond to our request for additional information.

6.10 Profit as per PSA received from TPDC

Payments are made to TPDC by Pan African Energy and Artumas Group, for TPDC's share of profits under the PSAs. These payments were reported by Pan African & Artumas, and the corresponding receipt was reported by TPDC, as follows:

	<u>Tzs</u>
Payment by Pan African Energy (Tanzania) Ltd	3,927,470,764
Payment by Artumas Group & Partners Ltd	161,204,909
Total reported by companies	4,088,675,673
Receipt reported by TPDC	5,862,502,575
Difference	1,773,826,902

The flow is described as "Profit gas revenue .. received from TPDC", rather than "by TPDC" and MEM reported the amount received from TPDC in respect of profits of TPDC. In discussion with TPDC, it was decided that the corresponding payment by TPDC for the financial year ended 30th June 2009 should be reported, for comparison with the amount reported as received by MEM. The resulting difference has not been explained.

In accordance with this presentation, the figure initially reported by TPDC on its template required adjustment to record the amount paid to MEM, as shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>
Profit as per PSA received from TPDC	8,121,324	9,951,178	-	2,134,166	8,121,324	12,085,344
		(1,829,854)			Unresolved differences	(3,964,020)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

TPDC	(3,964,020)
	(3,964,020)

6.11 Local Government Levies

Local government levies, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>	<u>TzS 000</u>
Local government levies	1,364,048	958,419	(1,029,365)	(494,700)	334,683	463,719
	Initial difference	405,629			Unresolved differences	(129,036)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Tanzanite One Ltd	(41,461)
Pan African Energy Tanzania Ltd	(87,575)
	(129,036)

Templates were not returned by:

El-Hillal Minerals Limited

Pan African Energy Tanzania Limited made payments to Ilala Local Government; Ilala was not originally requested by MSG to confirm the revenue.

6.12 PAYE

Pay As You Earn, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000
Pay As You Earn	53,778,032	57,848,814	(8,389,513)	(13,210,349)	45,388,519	44,638,465
	Initial difference	(4,070,782)			Unresolved differences	750,054

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Williamson Diamonds	231,915
Pangea Minerals	1,065,144
North Mara Gold Mine Ltd	254,348
Bulyanhulu Gold Mine Ltd	181,938
TPDC	278,453
Tanzanite One Mining Limited	(284,957)
Artumas Group & Partners (Gas) Ltd	(17,688)
Geita Gold Mining Ltd	(365,497)
Pan African Energy Tanzania Ltd	(636,443)
El Hillal	42,840
	750,054

Templates were not returned by:

El-Hillal Minerals Limited

6.13 NSSF

NSSF, as reported initially by the government and by companies, together with the adjustments made during the reconciliation and any differences remaining unresolved, are shown below:

	Initial templates		Adjustment		Adjusted figures	
	Government	Company	Government	Company	Government	Company
	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000	TzS 000
National Social Security Fund	16,206,535	26,992,505	4,534,090	(6,158,579)	20,740,625	20,833,926
	Initial difference				Unresolved differences	
		(10,785,970)				(93,301)

Analysis of unresolved differences

Differences which have not been resolved were as set out below; figures are shown with brackets where the government has reported more than the companies, while figures without brackets are where government has reported less than companies

Pangea Minerals	343,014
El Hillal Minerals Ltd	75,592
North Mara Gold Mine Ltd	9
Williamson Diamonds	(2,764)
Pan African Energy Tanzania Ltd	(112,454)
TPDC	(183,420)
Artumas Group & Partners (Gas) Ltd	(213,276)
	(93,301)

Templates were not returned by:

El-Hillal Minerals Limited

7 ISSUES AND RECOMMENDATIONS

Arising from our work with the various stakeholders, we have a number of observations on the process of producing the first reconciliation for Tanzania and recommendations for improvements for following years.

7.1 *Planning and preparation*

7.1.1 **Definition of flows**

The flows defined initially for inclusion in the EITI reconciliation did not encompass all payments which, after further consideration, the MSG determined should be included. During the course of our inception visit, we noted that import duties had not been included, which companies stated were a material flow. Following our inception report, the MSG issued a new template to capture import duties. The new template also included a requirement that gas companies should report protected gas payments made to TPDC and VAT on gas revenue.

Some companies reported payments to the Parastatal Pension Fund (PPF) in the section on the templates for payments to NSSF. Such payments, while not specific to the extractive sector, are similar in nature to payments made to the NSSF. However, payments to PPF were not defined by the MSG as covered, and accordingly any such flows reported by companies have not been included in the reconciliation.

We recommend that the flows to be included in the next reconciliation are re-examined and re-confirmed, by way of a separate scoping exercise commissioned by the MSG.

7.1.2 **Training & instruction**

Knowledge of the templates and the flows which should be included was generally sparse among the staff required to complete them and provide explanations subsequently. This led to unnecessary differences being reported and additional time for Reporting Entities in preparing and amending information, as well as leading to increased effort in the reconciliation. The templates were issued with minimal instructions.

There was confusion over what payments were to be reported in the template for "Profit as per PSA received from TPDC". The company concerned reported the payments it had made to TPDC in respect of this item, TPDC reported the amounts it received from the company, while MEM reported on this line a figure for receipts from TPDC.

We recommend that the MSG arranges appropriate training for staff in government departments and companies, and improves the instructions accompanying the templates.

7.1.3 Government systems

Government departments informed us that they had difficulty providing information both because of the manual nature of many of their systems and because the information is not necessarily available in the formats required for the EITI reconciliation.

It is not possible to comment on the government systems in detail because we did not have occasion to examine them as part of this Engagement, however it is clear that government staff had some difficulty in providing correct information within the timescales required.

We recommend that the government staff involved in the EITI reconciliation should receive training in the objectives and requirements of EITI so that they can prepare better to provide the information for the next reconciliation

7.1.4 Contacts at companies at wrong level

Reporting Entities nominated senior individuals as contact points for the exercise. Whilst these individuals could provide impetus and direction, they had insufficient availability and detailed knowledge to assist with the day to day reconciliation exercise.

We recommend that Reporting Entities should nominate a middle management contact, typically from the finance function, for purposes of assisting with the EITI reconciliation. This would be in addition to nominating a senior contact as the EITI sponsor within the company.

7.1.5 Lack of awareness among Reporting Entities about the exercise

During our dealings with Reporting Entities, there was limited awareness of the EITI requirements among the staff we dealt with. This led to inaccurate completion of data collection templates initially and delays in resolving issues arising. For example, templates sent to TRA were distributed internally to the Large Taxpayers Department but not to Customs & Excise, nor to the gas division.

We recommend that training is provided to staff in government and companies to raise awareness of the EITI implementation in Tanzania and the objectives and requirements of the Initiative.

7.2 Cash basis and currency

The templates provided for receipts/payments to be reported in TzS and US\$, without providing any explanation of which currency column should be used. This resulted in companies providing information in US\$ and then having to re-submit templates with payments in the actual currency (TzS). There was no clear instruction on the use of the cash basis, resulting in companies providing information on an accruals basis.

We recommend that the design of the templates be re-considered and that guidance on completion (type of currency, cash basis) be clearly included.

7.3 Follow up current exercise

As at 4th February, the cut off date for receipt of explanations in order to produce our report by the deadline set by the MSG, we had not been able to obtain complete explanations of differences between government and company returns, despite strenuous efforts in approaching government departments and companies to obtain further information. This has meant that at the date of completing the reconciliation, differences remain unresolved in excess of the MSG's level of materiality.

We recommend that the MSG should follow up with any entities which did not return templates to obtain this information; and that unresolved differences should be properly and independently investigated.

7.4 Devolved government reporting

Differences were difficult to reconcile for flows where payment was made to government regionally and consolidated centrally by government. Payment of royalty is an example of such an area.

We recommend that government systems for reporting and consolidating regional payments should be reviewed and improved.

7.5 Provision of information

Data collection templates and information required to be able to reconcile differences between government and company figures were not provided on a prompt and timely basis. This is perhaps understandable, since this exercise was being carried out for the first time in Tanzania. The next reconciliation should note such delays and put in place measures to mitigate them, such as training (see above) and capacity building generally.

We recommend that the TEITI Secretariat and government should remain active in future reconciliations and give clear leadership to ensure that Reporting Entities report promptly and fully.

7.6 Issue and return of templates

Templates were issued by and returned to the Chairman of the TEITI MSG or the Secretariat. In order to maintain and to demonstrate the independence of the data collection process, the TEITI MSG and Secretariat should not be involved in the issue or receiving of EITI templates.

We recommend that templates should be issued to Reporting Entities by the Reconciler and returned by these entities directly to the Reconciler.

7.7 Future methodology

7.7.1 Scope of future reconciliations

The first TEITI reconciliation nominated eight mining companies in production and three gas companies (including TPDC) as covered by the exercise.

We recommend that the MSG should consider extending the scope of future reconciliations to other companies in the mining and gas sector, and also in the oil sector, in line with EITI criteria which apply to all companies in the whole extractive sector.

7.7.2 Timeliness of future reporting

The current reconciliation covers the period 1st July 2008 to 30th June 2009 and will be concluded in February 2011.

We recommend that future reconciliations are conducted annually and completed within eight months of the end of the year to which they relate.

8 APPENDICES

8.1 APPENDIX A - Summary of flows and adjustments by company

8.2 APPENDIX B - Letters of Representation from companies

8.3 APPENDIX C – Financial Statements: copies received

8.4 APPENDIX D – Reconciler’s Terms of Reference

8.5 APPENDIX E - Data collection templates

8.6 APPENDIX F – Persons met

APPENDIX A – Summary of flows and adjustments by company

The tables on the following pages show the figures initially reported by government and companies, the adjustments made during the course of the reconciliation, the figures for government and companies after adjustment, and any unreconciled differences remaining.

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B1. Bulyanhulu Gold Mine Limited

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	
1. Taxes charged under Income Tax Act, 2004	5,671,061,570	4,755,064,034	915,997,536	(1,264,346,973)	(379,020,559)	4,406,714,597	4,376,043,474	30,671,123	
Corporate income tax	1,000,000,000		1,000,000,000	(1,000,000,000)		-	-	-	1
Withholding taxes-technical services	1,258,361,175	884,303,479	374,057,696	(374,057,877)		884,303,298	884,303,479	(181)	2
Withholding taxes-interest on loans			-			-	-	-	
Withholding taxes-management fees			-			-	-	-	
Withholding taxes-dividends			-			-	-	-	
Skills Development Levy (SDL)	3,412,700,395	3,870,760,555	(458,060,160)	109,710,904	(379,020,559)	3,522,411,299	3,491,739,995	30,671,304	
Import Duty			-			-	-	-	
Fuel Levy			-			-	-	-	
Excise Duty			-			-	-	-	
2. Sector specific Taxes and Fees	6,479,118,051	-	6,479,118,051	(6,477,818,851)	-	1,299,200	-	1,299,200	
Royalties	6,215,808,851		6,215,808,851	(6,215,808,851)		-	-	-	3
License and permit fees	1,299,200		1,299,200			1,299,200	-	1,299,200	
Profit as per PSA received from TPDC									
Protected Gas Revenue received from TPDC									
Local Government Levies	262,010,000		262,010,000	(262,010,000)		-	-	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	22,857,743,353	23,601,508,652	(743,765,300)	(661,729,532)	(1,587,433,023)	22,196,013,821	22,014,075,629	181,938,191	
Pay As You Earn (PAYE)	16,219,121,473	16,099,487,215	119,634,258	(1,525,129,090)	(1,587,433,023)	14,693,992,383	14,512,054,192	181,938,191	4
National Social Security Fund (NSSF)	6,638,621,880	7,502,021,438	(863,399,558)	863,399,558		7,502,021,438	7,502,021,438		1
Grand total	35,007,922,973	28,356,572,686	6,651,350,287	(8,403,895,356)	(1,966,453,582)	26,604,027,618	26,390,119,104	213,908,514	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
TRA did not provide any support for the receipt of corporate income tax. Bulynhulu did not report this amount	1	(1,000,000,000)	
TRA provided breakdown information which revealed that the amount was initially included erroneously.	2	(374,057,877)	
MEM, shifted to USD reconciliation.	3	(6,215,808,851)	
TRA initially included TZS 1.4 Billion and TZS 376 Million relating to the period before July 1, 2008 and SDL respectively. The prior period amounts were removed and the SDL amounts moved to SDL flow	4	(1,525,129,090)	
Bulyanhulu initially included this amount which related to the prior period after June 30, 2009	4		(1,587,433,023)
NSSF provided revised and supported amounts of TZS 7,502,021,438, initial amounts were erroneous and revised	5	863,399,558	
Other		(152,299,096)	(379,020,559)
Grand Total		(8,403,895,356)	(1,966,453,582)

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B1.1 Bulyanhulu Gold Mine Limited (USD amounts)

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	
1. Taxes charged under Income Tax Act, 2004	-	3,093,403	(3,093,403)	-	(3,093,403)	-	-	-	
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	-	660,022	(660,022)	-	(660,022)	-	-	-	5
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	-	2,433,381	(2,433,381)	-	(2,433,381)	-	-	-	6
Import Duty	-	-	-	-	-	-	-	-	
Fuel Levy	-	-	-	-	-	-	-	-	
Excise Duty	-	-	-	-	-	-	-	-	
2. Sector specific Taxes and Fees	4,538,527	6,925,549	(2,387,022)	-	(200,000)	4,538,527	6,725,549	(2,187,022)	
Royalties	4,338,527	6,453,349	(2,114,822)	-	-	4,338,527	6,453,349	(2,114,822)	
License and permit fees	-	72,200	(72,200)	-	-	-	72,200	(72,200)	
Local Government Levies	200,000	400,000	(200,000)	-	(200,000)	200,000	200,000	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	-	14,947,164	(14,947,164)	-	(14,947,164)	-	-	-	
Pay As You Earn (PAYE)	-	10,067,411	(10,067,411)	-	(10,067,411)	-	-	-	7
National Social Security Fund (NSSF)	-	4,879,753	(4,879,753)	-	(4,879,753)	-	-	-	8
Grand total	4,538,527	24,966,116	(20,427,589)	-	(18,240,567)	4,538,527	6,725,549	(2,187,022)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
The amount was wrongly reported in USD by Bulyanhulu, the payments were made by companies in TZS and received in TZS by TRA.	5		(660,022)
The amount was wrongly reported in USD by Bulyanhulu, the payments were made by companies in TZS and received in TZS by TRA.	6		(2,433,381)
The amount was wrongly reported in USD by Bulyanhulu, the payments were made by companies in TZS and received in TZS by TRA.	7		(10,067,411)
The amount was wrongly reported in USD by Bulyanhulu, the payments were made by companies in TZS and received in TZS by NSSF.	8		(4,879,753)
Other			(200,000)
Grand Total		-	(18,240,567)

The company provided support for figures included in the templates for royalties paid, with analyses showing dates of payment and official receipts issued by the government. MEM has said that its manual systems have made it difficult to retrieve information relating to the reconciliation period.

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B2. North Mara Gold Mine

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	Tz\$	
1. Taxes charged under Income Tax Act, 2004	3,394,231,831	6,997,185,518	(3,602,953,688)	1,401,051,502	-	4,795,283,333	6,997,185,518	(2,201,902,186)	
Corporate income tax			-			-	-	-	
Withholding taxes-technical services	429,237,516	2,345,080,955	(1,915,843,439)	930,235,751		1,359,473,267	2,345,080,955	(985,607,688)	
Withholding taxes-interest on loans			-			-	-	-	
Withholding taxes-management fees			-			-	-	-	
Withholding taxes-dividends			-			-	-	-	
Skills Development Levy (SDL)	1,264,494,439	2,000,348,561	(735,854,122)	470,815,751		1,735,310,190	2,000,348,561	(265,038,371)	
Import Duty	1,691,867,138	2,651,756,002	(959,888,865)			1,691,867,138	2,651,756,002	(959,888,865)	
Fuel Levy			-			-	-	-	
Excise Duty on Imports	8,632,738		8,632,738			8,632,738		8,632,738	
2. Sector specific Taxes and Fees	5,957,956,117	-	5,957,956,117	(5,957,956,117)	-	0.18	-	0.18	
Royalties	5,697,319,018	-	5,697,319,018	(5,697,319,018)	-	0.18	-	0.18	1
License and permit fees	1,797,500	-	1,797,500	(1,797,500)	-	-	-	-	
Profit as per PSA received from TPDC									
Protected Gas Revenue received from TPDC									
Local Government Levies	258,839,599	-	258,839,599	(258,839,599)	-	-	-	-	
Dividends on Government shares			-			-	-	-	
3. Revenue collected on behalf of the government	14,087,863,520	11,426,683,071	2,661,180,450	(2,406,823,060)	-	11,681,040,460	11,426,683,071	254,357,390	
Pay As You Earn (PAYE)	11,083,674,038	8,422,502,590	2,661,171,449	(2,406,823,060)		8,676,850,978	8,422,502,590	254,348,389	2
National Social Security Fund (NSSF)	3,004,189,482	3,004,180,481	9,001			3,004,189,482	3,004,180,481	9,001	
Grand total	23,440,051,468	18,423,868,589	5,016,182,879	(6,963,727,675)	-	16,476,323,793	18,423,868,589	(1,947,544,796)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Payments of Withholding tax and SDL were wrongly reported by TRA under PAYE flow. Adjusted to the correct flows	1	1,401,051,502	
MEM, shifted to USD reconciliation.	2	(5,697,319,018)	
correct flows. TRA had included payments relating to the period before July 1, 2008 and these were adjusted for	3	(2,406,823,060)	
Other		(260,637,099)	
Grand Total		(6,963,727,675)	-

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B2.1 North Mara Gold Mine (USD amounts)

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government US \$	Company US \$	Difference US \$	Government US \$	Company US \$	Government US \$	Company US \$	Unresolved differences US \$	
1. Taxes charged under Income Tax Act, 2004	-	3,457,935	(3,457,935)	-	(3,457,935)	-	(3,457,935)	-	
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	-	1,862,758	(1,862,758)	-	(1,862,758)	-	-	-	3
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	-	1,595,177	(1,595,177)	-	(1,595,177)	-	-	-	4
Import Duty	-	-	-	-	-	-	-	-	
Fuel Levy	-	-	-	-	-	-	-	-	
Excise Duty	-	-	-	-	-	-	-	-	
2. Sector specific Taxes and Fees	4,219,553	4,983,908	(764,355)	-	(32,123)	4,219,553	4,951,785	(732,232)	
Royalties	3,949,081	4,721,203	(772,122)	-	(32,123)	3,949,081	4,689,080	(739,999)	
License and permit fees	70,472	62,705	7,767	-	-	70,472	62,705	7,767	
Local Government Levies	200,000	200,000	-	-	-	200,000	200,000	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	-	7,979,766	(7,979,766)	-	(7,979,766)	-	-	-	
Pay As You Earn (PAYE)	-	6,711,331	(6,711,331)	-	(6,711,331)	-	-	-	5
National Social Security Fund (NSSF)	-	1,268,434	(1,268,434)	-	(1,268,434)	-	-	-	6
Grand total	4,219,553	16,421,608	(12,202,055)	-	(11,469,823)	4,219,553	1,493,850	(732,232)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #	
The amount was wrongly reported in USD by North Mara, the payments were made by companies in TZS and received in TZS by TRA.	3	(1,862,758)
The amount was wrongly reported in USD by North Mara, the payments were made by companies in TZS and received in TZS by TRA.	4	(1,595,177)
The amount was wrongly reported in USD by North Mara, the payments were made by companies in TZS and received in TZS by TRA.	5	(6,711,331)
The amount was wrongly reported in USD by Bulyanhulu, the payments were made by companies in TZS and received in TZS by NSSF.	6	(1,268,434)
Others		(32,123)
Grand Total		(11,469,823)

The company provided support for figures included in the templates for royalties paid, with analyses showing dates of payment and official receipts issued by the government. MEM has said that its manual systems have made it difficult to retrieve information relating to the reconciliation period.

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B2.2. Pangea Gold Mine Limited (Tulawaka and Buzwagi)

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	2,309,096,939	6,329,644,792	(4,020,547,853)	3,200,724,676	(404,875,263)	5,509,821,614	5,924,769,529	(414,947,914)	
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	875,490,962	4,680,819,340	(3,805,328,378)	2,910,748,833	(89,945,104)	3,786,239,795	4,590,874,236	(804,634,441)	1
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	889,583,577	1,109,566,102	(219,982,525)	289,975,843	(54,930,160)	1,179,559,420	1,054,635,942	124,923,478	
Import Duty	539,835,044	279,259,350	260,575,694	-	-	539,835,044	279,259,350	260,575,694	
Fuel Levy	-	260,000,000	(260,000,000)	-	(260,000,000)	-	-	-	4
Excise Duty	4,187,355	-	4,187,355	-	-	4,187,355	-	4,187,355	
2. Sector specific Taxes and Fees	4,489,729,590	-	4,489,729,590	(4,489,729,590)	-	-	-	-	
Royalties	4,105,462,288	-	4,105,462,288	(4,105,462,288)	-	-	-	-	2
License and permit fees	125,067,302	-	125,067,302	(125,067,302)	-	-	-	-	
Profit as per PSA received from TPDC	-	-	-	-	-	-	-	-	
Protected Gas Revenue received from TPDC	-	-	-	-	-	-	-	-	
Local Government Levies	259,200,000	-	259,200,000	(259,200,000)	-	-	-	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	11,352,881,777	7,177,360,652	4,175,521,124	(2,994,195,519)	(226,831,943)	8,358,686,257	6,950,528,709	1,408,157,548	
Pay As You Earn (PAYE)	9,079,976,721	5,247,469,178	3,832,507,542	(2,994,195,519)	(226,831,943)	6,085,781,201	5,020,637,235	1,065,143,966	3
National Social Security Fund (NSSF)	2,272,905,056	1,929,891,474	343,013,582	-	-	2,272,905,056	1,929,891,474	343,013,582	
Grand total	18,151,708,305	13,507,005,444	4,644,702,861	(4,283,200,433)	(631,707,207)	13,868,507,872	12,875,298,238	993,209,634	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
TRA and Bulyanhulu provided breakdown information as well as evidence of payment which revealed that was paid in respect of withholding tax, however, TRA initially erroneously included the amount in the PAYE	1	527,131,224	
Pangea provided evidence of payment of the amount made in July 2008. Initially TRA did not include it.	1	638,964,223	
Royalties were wrongly reported in TZS by MEM, the payments were made by companies in USD and received in USD by MEM, moved to USD reconciliation.	2	(4,105,462,288)	
TRA and Bulyanhulu provided breakdown information as well as evidence of payment which revealed that was paid in respect of withholding tax, however, TRA initially erroneously included the amount in the PAYE	3	(527,131,224)	
Fuel levy was wrongly reported in TZS by the company, the evidence of payments revealed that the company made the payment in USD, moved to USD reconciliation by its equivalent USD amount.	4		(260,000,000)
Others		(816,702,368)	(371,707,207)
Grand Total		(4,283,200,433)	(631,707,207)

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 B2.2. Pangea Gold Mine Limited (Tulawaka and Buzwagi)-USD

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	
1. Taxes charged under Income Tax Act, 2004	-	5,422,088	(5,422,088)	-	(5,222,088)	-	(5,222,088)	(200,000)	
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	-	4,109,583	(4,109,583)	-	(4,109,583)	-	-	-	5
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	-	1,112,505	(1,112,505)	-	(1,112,505)	-	-	-	
Import Duty	-	-	-	-	-	-	-	-	
Fuel Levy	-	200,000	(200,000)	-	-	-	200,000	(200,000)	
Excise Duty	-	-	-	-	-	-	-	-	
2. Sector specific Taxes and Fees	2,290,346	12,457,076	(10,166,730)	-	-	2,290,346	12,457,076	(10,166,730)	
Royalties	2,038,650	12,182,091	(10,143,441)	-	-	2,038,650	12,182,091	(10,143,441)	
License and permit fees	51,696	74,985	(23,289)	-	-	51,696	74,985	(23,289)	
Local Government Levies	200,000	200,000	-	-	-	200,000	200,000	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	-	6,326,008	(6,326,008)	-	(6,326,008)	-	-	-	
Pay As You Earn (PAYE)	-	4,910,735	(4,910,735)	-	(4,910,735)	-	-	-	6
National Social Security Fund (NSSF)	-	1,415,273	(1,415,273)	-	(1,415,273)	-	-	-	
Grand total	2,290,346	24,205,172	(21,914,826)	-	(11,548,096)	2,290,346	7,234,988	(10,366,730)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
The amount was wrongly reported in USD by Pangea, the payments were made by companies in TZS and received in TZS by TRA.	5		(4,109,583)
The amount was wrongly reported in USD by Pangea, the payments were made by companies in TZS and received in TZS by TRA.	6		(4,910,735)
The amount was wrongly reported in USD by Pangea, the payments were made by companies in TZS and received in TZS	7		(1,415,273)
Others			(1,112,505)
Grand Total		-	(11,548,096)

The company provided support for figures included in the templates for royalties paid, with analyses showing dates of payment and official receipts issued by the government. MEM has said that its manual systems have made it difficult to retrieve information relating to the reconciliation period.

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B5. Resolute Tanzania Limited

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	2,014,549,498	7,758,929,052	(5,744,379,554)	349,356,647	(5,393,809,088)	2,363,906,145	2,365,119,964	(1,213,819)	
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	1,264,041,989	1,617,351,754	(353,309,765)	349,356,647	-	1,613,398,636	1,617,351,754	(3,953,118)	
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	637,886,180	634,583,279	3,302,901	-	-	637,886,180	634,583,279	3,302,901	
Import Duty	112,583,851	113,184,931	(601,080)	-	-	112,583,851	113,184,931	(601,080)	
Fuel Levy	-	2,108,431,385	(2,108,431,385)	-	(2,108,431,385)	-	-	-	1
Excise Duty	37,478	3,285,377,703	(3,285,340,225)	-	(3,285,377,703)	37,478	-	37,478	2
2. Sector specific Taxes and Fees	3,436,603,125	3,662,516,643	(225,913,518)	(3,436,603,125)	(3,662,516,643)	-	-	-	
Royalties	3,171,752,734	3,301,906,202	(130,153,468)	(3,171,752,734)	(3,301,906,202)	-	-	-	3
License and permit fees	15,534,922	132,010,441	(116,475,519)	(15,534,922)	(132,010,441)	-	-	-	
Profit as per PSA received from TPDC									
Protected Gas Revenue received from TPDC									
Local Government Levies	249,315,469	228,600,000	20,715,469	(249,315,469)	(228,600,000)	-	-	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	3,073,203,222	3,820,394,179	(747,190,957)	768,732,354	21,541,397	3,841,935,576	3,841,935,576	0.30	
Pay As You Earn (PAYE)	2,691,123,748	2,669,582,351	21,541,397	-	21,541,397	2,691,123,748	2,691,123,748	0.50	
National Social Security Fund (NSSF)	382,079,474	1,150,811,828	(768,732,354)	768,732,354	-	1,150,811,828	1,150,811,828	-	4
Grand total	8,524,355,845	15,241,839,874	(6,717,484,029)	(2,318,514,124)	(9,034,784,334)	6,205,841,721	6,207,055,540	(1,213,819)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Confirmed by Resolute (T) Ltd that excise duty and fuel levy are paid by Oil marketing Company to TRA and they invoice Resolute, so TRA would not have a record of Resolute payments for these, Resolute has provided evidence of the invoices.	1		(2,108,431,385)
Confirmed by Resolute (T) Ltd that excise duty and fuel levy are paid by Oil marketing Company to TRA and they invoice Resolute, so TRA would not have a record of Resolute payments for these, Resolute has provided evidence of the invoices.	2		(3,285,377,703)
Royalties were wrongly reported in TZS by MEM and Company, the payments were made by companies in USD and received in USD by MEM, shifted to USD reconciliation.	3	(3,171,752,734)	(3,301,906,202)
NSSF provided revised amounts and the initial figures were revised accordingly	4	768,732,354	
Others		84,506,256	(339,069,044)
Grand Total		(2,318,514,124)	(9,034,784,334)

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B5.1 Resolute Tanzania Limited-USD Payments

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	
1. Taxes charged under Income Tax Act, 2004									
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	-	-	-	-	-	-	-	-	
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	-	-	-	-	-	-	-	-	
Import Duty	-	-	-	-	-	-	-	-	
Fuel Levy	-	-	-	-	-	-	-	-	
Excise Duty	-	-	-	-	-	-	-	-	
2. Sector specific Taxes and Fees	2,317,162	3,321,424	(1,004,262)	-	-	2,317,162	3,321,424	(1,004,262)	
Royalties	2,055,757	3,017,392	(961,635)			2,055,757	3,017,392	(961,635)	
License and permit fees	61,405	104,032	(42,627)			61,405	104,032	(42,627)	
Local Government Levies	200,000	200,000	-			200,000	200,000	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	-	-	-	-	-	-	-	-	
Pay As You Earn (PAYE)	-	-	-	-	-	-	-	-	
National Social Security Fund (NSSF)	-	-	-	-	-	-	-	-	
Grand total	2,317,162	3,321,424	(1,004,262)	-	-	2,317,162	3,321,424	(1,004,262)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Grand Total		-	-

The company provided support for figures included in the templates for royalties paid, with analyses showing dates of payment and official receipts issued by the government. MEM has said that its manual systems have made it difficult to retrieve information relating to the reconciliation period.

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 B6. Geita Gold Mining Ltd

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	5,425,676,516	42,871,964,310	(37,446,287,794)	450,957,158	(20,643,255,377)	5,876,633,673	22,228,708,933	(16,352,075,260)	
Corporate income tax			-						
Withholding taxes-technical services	1,229,829,997	4,855,428,741	(3,625,598,744)	450,957,158	(3,174,641,586)	1,680,787,155	1,680,787,155	(0)	1
Withholding taxes-interest on loans			-						
Withholding taxes-management fees			-						
Withholding taxes-dividends			-						
Skills Development Levy (SDL)	1,780,975,432	5,194,537,304	(3,413,561,872)		(3,413,561,872)	1,780,975,432	1,780,975,432	(0)	
Import Duty	2,276,596,533		2,276,596,533			2,276,596,533	-	2,276,596,533	
Fuel Levy		541,098,000	(541,098,000)		(267,398,000)	-	273,700,000	(273,700,000)	
Excise Duty	138,274,554	32,280,900,265	(32,142,625,711)		(13,787,653,919)	138,274,554	18,493,246,346	(18,354,971,792)	2
2. Sector specific Taxes and Fees	6,304,490,376	499,200,000	5,805,290,376	(6,071,390,376)	(266,100,000)	233,100,000	233,100,000	(0)	
Royalties	6,070,290,376		6,070,290,376	(6,070,290,376)		(0)	-	(0)	3
License and permit fees	1,100,000		1,100,000	(1,100,000)		-	-	-	
Profit as per PSA received from TPDC									
Protected Gas Revenue received from TPDC									
Local Government Levies	233,100,000	499,200,000	(266,100,000)		(266,100,000)	233,100,000	233,100,000	-	
Dividends on Government shares			-						
3. Revenue collected on behalf of the government	10,281,624,611	30,749,584,014	(20,467,959,403)	2,756,351,439	(17,346,111,247)	13,037,976,050	13,403,472,767	(365,496,717)	
Pay As You Earn (PAYE)	9,060,924,611	21,049,661,178	(11,988,736,567)		(11,623,239,850)	9,060,924,611	9,426,421,328	(365,496,717)	
National Social Security Fund (NSSF)	1,220,700,000	9,699,922,836	(8,479,222,836)	2,756,351,439	(5,722,871,397)	3,977,051,439	3,977,051,439	0	
Grand total	22,011,791,502	74,120,748,324	(52,108,956,822)	(2,864,081,779)	(38,255,466,623)	19,147,709,723	35,865,281,701	(16,717,571,978)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Geita Gold Mining also provided analysed and supported information of TZS 1,680,787,154.68 for Withholding tax, initially they included the payments from July 2009 to June 2010	1		(3,174,641,586)
Geita provide analysed information of TZS 1,780,975,432 for SDL, initially they included the payments from July 2009 to June 2010	2		(3,413,561,872)
Geita provide analysed information of TZS 18,493,246,346 for Excise duty, initially they included the payments from July 2009 to June 2010	3		(13,787,653,919)
Royalties were wrongly reported in TZS by MEM, the payments were made by companies in USD and received in USD by MEM, shifted to USD reconciliation.	4	(6,070,290,376)	
Geita provide analysed information of TZS 9,426,421,328 for PAYE, initially they included the payments from July 2009 to June 2010	5		(11,623,239,850)
Geita provide analysed information of TZS 3,977,051,439 for NSSF, initially they included the payments from July 2009 to June 2010	6		(5,722,871,397)
NSSF provide analysed information of TZS 3,977,051,439 for NSSF receipts, initial amounts not correct, revised	6	2,756,351,439	
Others		449,857,158	(533,497,999)
Grand Total		(2,864,081,779)	(38,255,466,623)

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B6.1 Geita Gold Mine- (USD payments)

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	
1. Taxes charged under Income Tax Act, 2004									
Corporate income tax			-						
Withholding taxes-technical services			-						
Withholding taxes-interest on loans			-						
Withholding taxes-management fees			-						
Withholding taxes-dividends			-						
Skills Development Levy (SDL)			-						
Import Duty									
Fuel Levy			-						
Excise Duty			-						
2. Sector specific Taxes and Fees	4,292,809	18,875,654	(14,582,845)		(12,016,456)	4,292,809	6,859,198	(2,566,388)	
Royalties	3,828,809	18,179,434	(14,350,625)		(11,784,236)	3,828,809	6,395,198	(2,566,388)	4
License and permit fees;	264,000	296,220	(32,220)		(32,220)	264,000	264,000	-	
Local Government Levies	200,000	400,000	(200,000)		(200,000)	200,000	200,000	-	
Dividends on Government shares			-						
3. Revenue collected on behalf of the government			-						
Pay As You Earn (PAYE)			-						
National Social Security Fund (NSSF)			-						
Grand total	4,292,809	18,875,654	(14,582,845)	-	(12,016,456)	4,292,809	6,859,198	(2,566,388)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Geita provide analysed information of USD 6,395,198 initial amount included the payments for July 2009-June 2010, revised	4		(11,784,236)
Others			(232,220)
Grand Total		-	(12,016,456)

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 B7. Williamson Diamonds Limited

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	1,269,923,017	1,212,701,531	57,221,486	1,463,365,810	1,787,128,063	2,733,288,827	2,999,829,594	(266,540,767)	
Corporate income tax	379,774,741	-	379,774,741	796,439,658	796,439,658	1,176,214,399	796,439,658	379,774,741	1
Withholding taxes-technical services	362,411,856	603,763,172	(241,351,317)	533,724,326	542,392,851	896,136,182	1,146,156,023	(250,019,842)	1a
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	449,291,026	528,861,137	(79,570,110)	133,201,826	68,343,641	582,492,852	597,204,777	(14,711,925)	2
Import Duty	76,185,833	60,531,623	15,654,210	-	379,951,914	76,185,833	440,483,537	(364,297,704)	
Fuel Levy	-	-	-	-	-	-	-	-	
Excise Duty	2,259,561	19,545,598	(17,286,037)	-	-	2,259,561	19,545,598	(17,286,037)	
2. Sector specific Taxes and Fees	2,007,968,695	74,680,719	1,933,287,976	(1,933,287,976)	-	74,680,719	74,680,719	0	
Royalties	1,682,096,233	-	1,682,096,233	(1,682,096,233)	-	0	-	0	3
License and permit fees:	251,191,743	-	251,191,743	(251,191,743)	-	-	-	-	4
Profit as per PSA received from TPDC	-	-	-	-	-	-	-	-	
Protected Gas Revenue received from TPDC	-	-	-	-	-	-	-	-	
Local Government Levies	74,680,719	74,680,719	-	-	-	74,680,719	74,680,719	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	4,824,668,856	3,435,149,811	1,389,519,045	(1,463,365,810)	(302,996,903)	3,361,303,046	3,132,152,907	229,150,138	
Pay As You Earn (PAYE)	3,652,304,889	1,820,215,684	1,832,089,205	(1,463,365,810)	136,808,855	2,188,939,079	1,957,024,538	231,914,540	5
National Social Security Fund (NSSF)	1,172,363,967	1,614,934,127	(442,570,160)	-	(439,805,758)	1,172,363,967	1,175,128,369	(2,764,402)	6
Grand total	8,102,560,567	4,722,532,060	3,380,028,507	(1,933,287,976)	1,484,131,160	6,169,272,591	6,206,663,220	(37,390,629)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Royalties were wrongly reported in TZS by MEM, the payments were made by companies in USD and received in USD by MEM, shifted to USD reconciliation.	1	(1,682,096,233)	
A total liability of TZS 1,463,365,810 (Corp tax TZS 796 Million, SDL TZS 133 Million and WT TZS 533 Million) was settled through an offset with TRA against WDL claimed VAT refund. WDL provided support letters from TRA and amounts added to their figure. TRA wrongly credited the payment under PAYE account. The government figures have been amended to reflect the settlement under the correct headings. The company figures have also been amended to reflect the settlement. The adjustments are:			
Corporate income tax		796,439,658	796,439,658
Withholding taxes - technical services		533,724,326	533,724,326
SDL		133,201,826	133,201,826
PAYE		(1,463,365,810)	471,669,150
Others		(251,191,742)	(450,903,799)
Grand Total		(1,933,287,976)	1,484,131,160

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Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	
1. Taxes charged under Income Tax Act, 2004	-	-	-	-	-	-	-	-	
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	-	-	-	-	-	-	-	-	
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	-	-	-	-	-	-	-	-	
Import Duty	-	-	-	-	-	-	-	-	
Fuel Levy	-	-	-	-	-	-	-	-	
Excise Duty	-	-	-	-	-	-	-	-	
2. Sector specific Taxes and Fees	1,000,386	1,729,534	(729,148)	-	(106,595)	1,000,386	1,622,939	(622,553)	
Royalties	749,868	1,002,483	(252,614)	-	(106,595)	749,868	895,888	(146,020)	7
License and permit fees	250,518	727,051	(476,533)	-	-	250,518	727,051	(476,533)	8
Local Government Levies	-	-	-	-	-	-	-	-	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	-	-	-	-	-	-	-	-	
Pay As You Earn (PAYE)	-	-	-	-	-	-	-	-	
National Social Security Fund (NSSF)	-	-	-	-	-	-	-	-	
Grand total	1,000,386	1,729,534	(729,148)	-	(106,595)	1,000,386	1,622,939	(622,553)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Grand Total		-	-

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 B8. El-Hillal Minerals Limited

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	25,724,837	-	25,724,837	-	-	25,724,837	-	25,724,837	
Corporate income tax			-			-	-	-	
Withholding taxes-technical services			-			-	-	-	
Withholding taxes-interest on loans			-			-	-	-	
Withholding taxes-management fees			-			-	-	-	
Withholding taxes-dividends			-			-	-	-	
Skills Development Levy (SDL)	21,659,368		21,659,368			21,659,368	-	21,659,368	
Import Duty	4,065,469		4,065,469			4,065,469	-	4,065,469	
Fuel Levy			-			-	-	-	
Excise Duty			-			-	-	-	
2. Sector specific Taxes and Fees	89,987,571	125,227,410	(35,239,839)	-	-	89,987,571	125,227,410	(35,239,839)	
Royalties	89,885,856	125,227,410	(35,341,554)			89,885,856	125,227,410	(35,341,554)	
License and permit fees; annual rental fees and other charges for mineral concessions	101,715		101,715			101,715	-	101,715	
Profit as per PSA received from TPDC			-			-	-	-	
Protected Gas Revenue received from TPDC			-			-	-	-	
Local Government Levies	0		-			-	-	-	
Dividends on Government shares			-			-	-	-	
3. Revenue collected on behalf of the government	118,432,070	-	118,432,070	-	-	118,432,070	-	118,432,070	
Pay As You Earn (PAYE)	42,840,076		42,840,076			42,840,076	-	42,840,076	
National Social Security Fund (NSSF)	75,591,994		75,591,994			75,591,994	-	75,591,994	
Grand total	234,144,478	125,227,410	108,917,068	-	-	234,144,478	125,227,410	108,917,068	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Grand Total		-	-

TANZANIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
 REPORT ON THE TEITI RECONCILIATION FOR THE PERIOD
 1ST JULY 2008 TO 30TH JUNE 2009

Tanzania Extractive Industries Transparency Initiative (TEITI)
 Reconciliation for the period July 1, 2008 to June 30, 2009
 B9. Tanzanite One Mining Limited

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	Ts\$	Ts\$	Ts\$	Ts\$	Ts\$	Ts\$	Ts\$	Ts\$	
1. Taxes charged under Income Tax Act, 2004	2,263,134,640	821,329,787	1,441,804,853	(1,858,000,777)	(66,011,154)	405,133,863	755,318,633	(350,184,770)	
Corporate income tax	1,858,000,777	-	1,858,000,777	(1,858,000,777)	-	-	-	-	
Withholding taxes-technical services	60,038,934	60,275,995	(237,061)	-	-	60,038,934	60,275,995	(237,061)	
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	247,278,583	340,359,461	(93,080,878)	-	21,697,325	247,278,583	362,056,786	(114,778,203)	
Import Duty	62,013,180	-	62,013,180	-	-	62,013,180	-	62,013,180	
Fuel Levy	200	86,169,832	(86,169,632)	-	(86,169,832)	200	-	200	
Excise Duty	35,802,966	334,524,499	(298,721,533)	-	(1,538,646)	35,802,966	332,985,853	(297,182,887)	
2. Sector specific Taxes and Fees	365,949,225	305,099,327	60,849,898	(339,046,895)	(236,736,275)	26,902,330	68,363,052	(41,460,722)	
Royalties	276,676,695	234,602,067	42,074,628	(276,676,695)	(234,602,067)	-	-	-	
License and permit fees	62,370,200	2,134,208	60,235,992	(62,370,200)	(2,134,208)	-	-	-	
Profit as per PSA received from TPDC	-	-	-	-	-	-	-	-	
Protected Gas Revenue received from TPDC	-	-	-	-	-	-	-	-	
Local Government Levies	26,902,330	68,363,052	(41,460,722)	-	-	26,902,330	68,363,052	(41,460,722)	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	1,738,413,131	2,138,253,696	(399,840,565)	100,717,911	(14,165,465)	1,839,131,042	2,124,088,231	(284,957,189)	
Pay As You Earn (PAYE)	899,154,561	1,118,304,808	(219,150,247)	65,806,942	899,154,561	1,184,111,750	1,184,111,750	(284,957,189)	
National Social Security Fund (NSSF)	839,258,570	1,019,948,888	(180,690,318)	100,717,911	(79,972,407)	939,976,481	939,976,481	-	
Grand total	4,367,496,996	3,264,682,810	1,102,814,186	(2,096,329,761)	(316,912,894)	2,271,167,235	2,947,769,916	(676,602,681)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
TRA could not produce any proof of receipt of the amount. Tanzanite One did not reported such payment.	1	(1,858,000,777)	
		(238,328,984)	(316,912,894)
Grand Total		(2,096,329,761)	(316,912,894)

TANZANIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
 REPORT ON THE TEITI RECONCILIATION FOR THE PERIOD
 1ST JULY 2008 TO 30TH JUNE 2009

Tanzania Extractive Industries Transparency Initiative (TEITI)
 Reconciliation for the period July 1, 2008 to June 30, 2009
 Tanzanite One Mining Limited-USD

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	
1. Taxes charged under Income Tax Act, 2004									
Corporate income tax	-	-	-	-	-	-	-	-	
Withholding taxes-technical services	-	-	-	-	-	-	-	-	
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	-	-	-	-	-	-	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	-	-	-	-	-	-	-	-	
Import Duty	-	-	-	-	-	-	-	-	
Fuel Levy	-	-	-	-	-	-	-	-	
Excise Duty	-	-	-	-	-	-	-	-	
2. Sector specific Taxes and Fees	128,601	527,524	(398,923)	-	-	128,601	527,524	(398,923)	
Royalties	128,601	502,984	(374,383)			128,601	502,984	(374,383)	
License and permit fees	-	24,540	(24,540)			-	24,540	(24,540)	
Local Government Levies	-	-	-			-	-	-	
Dividends on Government shares	-	-	-			-	-	-	
3. Revenue collected on behalf of the government									
Pay As You Earn (PAYE)	-	-	-	-	-	-	-	-	
National Social Security Fund (NSSF)	-	-	-	-	-	-	-	-	
Grand total	128,601	527,524	(398,923)	-	-	128,601	527,524	(398,923)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Grand Total		-	-

TANZANIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
 REPORT ON THE TEITI RECONCILIATION FOR THE PERIOD
 1ST JULY 2008 TO 30TH JUNE 2009

Tanzania Extractive Industries Transparency Initiative (TEITI)
 Reconciliation for the period July 1, 2008 to June 30, 2009
 B10. Pan African Energy (Tanzania) Limited

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	526,454,669	688,837,143	(162,382,474)	25,814,235	(14,934,986)	552,268,904	673,902,157	(121,633,253)	
Corporate income tax	240,407,890	240,407,890	-	-	-	240,407,890	240,407,890	-	
Withholding taxes-technical services	196,753,039	206,393,716	(9,640,677)	-	(9,640,677)	196,753,039	196,753,039	-	
Withholding taxes-interest on loans	-	-	-	-	-	-	-	-	
Withholding taxes-management fees	-	31,746,704	(31,746,704)	25,814,235	(5,932,469)	25,814,235	25,814,235	-	
Withholding taxes-dividends	-	-	-	-	-	-	-	-	
Skills Development Levy (SDL)	85,180,560	210,288,833	(125,108,273)	-	638,160	85,180,560	210,926,993	(125,746,433)	
Import Duty	4,113,180	-	4,113,180	-	-	4,113,180	-	4,113,180	
Fuel Levy	-	-	-	-	-	-	-	-	
Excise Duty	-	-	-	-	-	-	-	-	
2. Sector specific Taxes and Fees	1,813,840,151	4,015,045,679	(2,201,205,528)	(1,813,840,151)	(3,927,470,764)	-	87,574,915	(87,574,915)	
Royalties	1,813,840,151	-	1,813,840,151	(1,813,840,151)	-	-	-	-	1
License and permit fees	-	-	-	-	-	-	-	-	
Profit sharing as per PSA	-	3,927,470,764	(3,927,470,764)	-	(3,927,470,764)	-	-	-	2
Protected Gas Revenue received from TPDC	-	-	-	-	-	-	-	-	
Local Government Levies	-	87,574,915	(87,574,915)	-	-	-	87,574,915	(87,574,915)	
Dividends on Government shares	-	-	-	-	-	-	-	-	
3. Revenue collected on behalf of the government	981,074,530	1,687,791,277	(706,716,747)	44,888,254	87,068,603	1,025,962,784	1,774,859,880	(748,897,097)	
Pay As You Earn (PAYE)	380,249,728	1,013,693,962	(633,444,234)	-	2,998,537	380,249,728	1,016,692,499	(636,442,771)	
National Social Security Fund (NSSF)	600,824,802	674,097,315	(73,272,513)	44,888,254	84,070,067	645,713,056	758,167,382	(112,454,326)	
Grand total	3,321,369,350	6,391,674,099	(3,070,304,749)	(1,743,137,662)	(3,855,337,147)	1,578,231,688	2,536,336,952	(958,105,264)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Pan African revealed that there were not paying any royalties to MEM. It was confirmed by MEM	1	(1,813,840,151)	
Flow required is between TPDC and MEM, company flow not being collected	2		(3,927,470,764)
Others		70,702,489	72,133,617
Grand Total		(1,743,137,662)	(3,855,337,147)

TANZANIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
 REPORT ON THE TEITI RECONCILIATION FOR THE PERIOD
 1ST JULY 2008 TO 30TH JUNE 2009

Tanzania Extractive Industries Transparency Initiative (TEITI)
 Reconciliation for the period July 1, 2008 to June 30, 2009

B11. Artumas Group and Partners Limited

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	2,535,834,713	2,269,636,543	266,198,169	-	-	2,535,834,713	2,269,636,543	266,198,169	
Corporate income tax			-			-	-	-	
Withholding taxes-technical services	2,430,333,012	2,165,756,077	264,576,935			2,430,333,012	2,165,756,077	264,576,935	1
Withholding taxes-interest on loans			-			-	-	-	
Withholding taxes-management fees			-			-	-	-	
Withholding taxes-dividends			-			-	-	-	
Skills Development Levy (SDL)	103,910,873	103,880,466	30,407			103,910,873	103,880,466	30,407	1
Import Duty	1,590,828		1,590,828			1,590,828	-	1,590,828	2
Fuel Levy			-			-	-	-	
Excise Duty			-			-	-	-	
2. Sector specific Taxes and Fees	-	581,112,286	(581,112,286)	-	(161,204,909)	-	419,907,377	(419,907,377)	
Royalties		268,674,844	(268,674,844)			-	268,674,844	(268,674,844)	3
License and permit fees; annual rental fees and other charges for mineral concessions		151,232,532	(151,232,532)			-	151,232,532	(151,232,532)	3
Profit sharing as per PSA		161,204,909	(161,204,909)		(161,204,909)	-	0	(0)	3
Protected Gas Revenue received from TPDC						-	-	-	
Local Government Levies			-			-	-	-	
Dividends on Government shares			-			-	-	-	
3. Revenue collected on behalf of the government	336,346,616	567,310,808	(230,964,192)	-	-	336,346,616	567,310,808	(230,964,192)	
Pay As You Earn (PAYE)	336,346,616	354,034,445	(17,687,829)			336,346,616	354,034,445	(17,687,829)	
National Social Security Fund (NSSF)	0	213,276,363	(213,276,363)			-	213,276,363	(213,276,363)	
Grand total	2,872,181,329	3,418,059,637	(545,878,308)	-	(161,204,909)	2,872,181,329	3,256,854,728	(384,673,399)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
Flow required is between TPDC and MEM, company flow not being collected			(161,204,909)
Grand Total		-	(161,204,909)

TANZANIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
 REPORT ON THE TEITI RECONCILIATION FOR THE PERIOD
 1ST JULY 2008 TO 30TH JUNE 2009

Tanzania Extractive Industries Transparency Initiative (TEITI)
 Reconciliation for the period July 1, 2008 to June 30, 2009

B12. Tanzania Petroleum Development Corporation (TPDC)

Taxes, fees and other charges paid from companies to government	Initial templates			Adjustment		Adjusted figures			Notes
	Government	Company	Difference	Government	Company	Government	Company	Unresolved differences	
	TzS	TzS	TzS	TzS	TzS	TzS	TzS	TzS	
1. Taxes charged under Income Tax Act, 2004	79,028,997	260,516,422	(181,487,425)	-	-	79,028,997	260,516,422	(181,487,425)	
Corporate income tax		233,534,940	(233,534,940)				233,534,940	(233,534,940)	
Withholding taxes-technical services			-				-	-	
Withholding taxes-interest on loans			-				-	-	
Withholding taxes-management fees			-				-	-	
Withholding taxes-dividends			-				-	-	
Skills Development Levy (SDL)	74,137,471	26,981,482	47,155,989			74,137,471	26,981,482	47,155,989	
Import Duty	4,891,526		4,891,526			4,891,526		4,891,526	
Fuel Levy			-				-	-	
Excise Duty			-				-	-	
2. Sector specific Taxes and Fees	8,325,991,840	6,194,630,064	2,131,361,776	-	6,096,547,959	8,325,991,840	12,291,178,023	(3,965,186,183)	
Royalties									
License and permit fees; annual rental fees and other charges for mineral concessions	204,667,531	332,127,489	(127,459,958)		(126,293,289)	204,667,531	205,834,200	(1,166,669)	
Profit sharing as per PSA	8,121,324,309	5,862,502,575	2,258,821,734		6,222,841,248	8,121,324,309	12,085,343,823	(3,964,019,514)	1
Protected Gas Revenue received from TPDC									
Local Government Levies			-				-	-	
Dividends on Government shares			-				-	-	
3. Revenue collected on behalf of the government		237,283,353	95,032,574	-	-	332,315,927	237,283,353	95,032,574	
Pay As You Earn (PAYE)	332,315,927	53,862,962	278,452,965			332,315,927	53,862,962	278,452,965	
National Social Security Fund (NSSF)	0	183,420,391	(183,420,391)				183,420,391	(183,420,391)	
Grand total	8,405,020,837	6,692,429,839	2,044,906,925	-	6,096,547,959	8,737,336,764	12,788,977,798	(4,051,641,034)	

Adjustments were made to the initial templates for the reasons set out below

Commentary	Note #		
TPDC has provided audited revised Amount of TZS 12,085,343,823 for the amount paid to MEM	1		6,222,841,248
Others		-	(126,293,289)
Grand Total		-	6,096,547,959

APPENDIX B - Letters of Representation from Companies

Letters of Representation were received from each of the numbered entities shown below.

1. Resolute Tanzania Limited
2. African Barrick Gold Tanzania
 - a. Tulawaka Gold Mine
 - b. Bulyanhulu Gold Mine
 - c. North Mara Gold Mine
3. TPDC
4. Williamson Diamonds Limited
5. Geita Gold Mining Limited
6. MEM
7. NSSF

Copies of the letters received are included in the following pages.

Letters of Representation were not received from:-

- TRA
- Artumas Group & Partners Limited
- El Hillal
- Pan African Energy



RESOLUTE (TANZANIA)
LIMITED

Manager and Agent for the
GOLDEN PRIDE PROJECT

Our Ref: RTL.4100/4876/DM-gbm

4 February 2011

Hart Nurse Ltd
The Old Coach House
Southern Road
Thame, Oxfordshire
OX9 2ED
United Kingdom

Dear Sirs,

RE: TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. We have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. The amounts set out in the reporting templates were extracted from books and records of Resolute (Tanzania) Limited that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully,



Don B. McLeod
Managing Director
Resolute (Tanzania) Limited



African Barrick Gold Tanzania
P.O. Box 1081,
Dar es Salaam,
Tanzania
Plot 1736 Kahama Road/
Hamza Aziz Road,
Msasani Peninsula

Tel: (+255 22) 2164200
Fax: (+255 22) 2164201
barricktz@barrick.com
www.africanbarrickgold.com
Reg no: 158851

Ref: **ABG/600/753/TAX**

4th February 2011

Hart Nurse Ltd
The Old Coach House
Southern Road
Thames
Oxfordshire OX9 2ED

Dear Sirs,

TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. We have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. The amounts set out in the reporting templates were extracted from books and records of Tulawaka Gold Mine that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully;

For: Deo Mwanyika

Vice President: Corporate Affairs

Bulyanhulu Gold Mine
P.O. Box 891,
Kahama Shinyanga,
Tanzania
Tel: (+255 28) 2520604/8
Fax: (+255 22) 2600 222

North Mara Gold Mine
P.O. Box 422,
Tarime,
Tanzania
Tel: (+255 28) 262 1900/1804/1785
Fax: (+255 28) 262 1903

Buzwagi Gold Mine
P.O. Box 105529,
Dar es Salaam,
Tanzania
Tel: (+255 22) 2164200
Fax: (+255 22) 2164201

Tulawaka Gold Mine
P.O. Box 23153,
Dar es Salaam,
Tanzania
Tel: (+255 28) 2520617/8
Fax: (+255 22) 2600 355



African Barrick Gold Tanzania
P.O. Box 1081,
Dar es Salaam,
Tanzania
Plot 1736 Kahama Road/
Hamza Aziz Road,
Msasani Peninsula

Tel: (+255 22) 2164200
Fax: (+255 22) 2164201
barricktz@barrick.com
www.africanbarrickgold.com
Reg no: 158851

Ref: **ABG/600/752/TAX**

4th February 2011

Hart Nurse Ltd
The Old Coach House
Southern Road
Thames
Oxfordshire OX9 2ED

Dear Sirs,

TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. We have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. The amounts set out in the reporting templates were extracted from books and records of North Mara Gold Mine that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully;

For: Deo Mwanyika

Vice President: Corporate Affairs

Bulyanhulu Gold Mine
P.O. Box 891,
Kahama Shinyanga,
Tanzania
Tel: (+255 28) 2520604/8
Fax: (+255 22) 2600 222

North Mara Gold Mine
P.O. Box 422,
Tarime,
Tanzania
Tel: (+255 28) 262 1900/1804/1785
Fax: (+255 28) 262 1903

Buzwagi Gold Mine
P.O. Box 105529,
Dar es Salaam,
Tanzania
Tel: (+255 22) 2164200
Fax: (+255 22) 2164201

Tulawaka Gold Mine
P.O. Box 23153,
Dar es Salaam,
Tanzania
Tel: (+255 28) 2520617/8
Fax: (+255 22) 2600 355



African Barrick Gold Tanzania
P.O. Box 1081,
Dar es Salaam,
Tanzania
Plot 1736 Kahama Road/
Hamza Aziz Road,
Msasani Peninsula

Tel: (+255 22) 2164200
Fax: (+255 22) 2164201
barricktz@barrick.com
www.africanbarrickgold.com
Reg no: 158851

Ref: **ABG/600/752/TAX**

4th February 2011

Hart Nurse Ltd
The Old Coach House
Southern Road
Thames
Oxfordshire OX9 2ED

Dear Sirs,

TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. We have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. The amounts set out in the reporting templates were extracted from books and records of Bulyanhulu Gold Mine that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully;

For: Deo Mwanyika

Vice President: Corporate Affairs

Bulyanhulu Gold Mine
P.O. Box 891,
Kahama Shinyanga,
Tanzania
Tel: (+255 28) 2520604/8
Fax: (+255 22) 2600 222

North Mara Gold Mine
P.O. Box 422,
Tarime,
Tanzania
Tel: (+255 28) 262 1900/1804/1785
Fax: (+255 28) 262 1903

Buzwagi Gold Mine
P.O. Box 105529,
Dar es Salaam,
Tanzania
Tel: (+255 22) 2164200
Fax: (+255 22) 2164201

Tulawaka Gold Mine
P.O. Box 23153,
Dar es Salaam,
Tanzania
Tel: (+255 28) 2520617/8
Fax: (+255 22) 2600 355

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

Cables and Telegrams: "MAFUTA"

Ref No: TPDC-C/B10/62

7th February, 2011



P.O. BOX 2774

Telephone: +255 22 2200110/2200103/4

Fax: +255 22 2200113

Dar es Salaam

Email: tpdemd@raha.com

Website: <http://www.tpdc-tz.com>

Hart Nurse Ltd.,
The Old Coach House,
Southern Road,
Thames,
Oxfordshire OX9 2ED,
United Kingdom.

Dear Sir,

Re: TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. We have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. The amounts set out in the reporting templates were extracted from books and records of Tanzania Petroleum Development Corporation that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you.

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully,

TANZANIA PETROLEUM DEVELOPMENT CORPORATION

Y.S.M. Killagane

MANAGING DIRECTOR

WILLIAMSON DIAMONDS LIMITED

P O Box 9470
Dar es Salaam
Tanzania



Tel: +255 28 2763872
Fax: +255 28 2762965
Email: wdl@wdl.co.tz
website: www.petradiamonds.com

4 February 2011

Hart Nurse Ltd
The Old Coach House
Southern Road
Thame
Oxfordshire OX9 2ED
UK

Dear Sirs,

TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. We have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. The amounts set out in the reporting templates were extracted from books and records of Williamson Diamonds Limited that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully,

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a long horizontal line that ends in a small hook.

Charl Barnard
Country Manager and General Mine Manager



PO Box 532 \ Geita \ Tanzania \ Tel: + 255 282 520 500 \ Fax: +255 282 520 502

Dar es Salaam Office: 5th Floor \ Nyerere Towers \ Plot 1249 \ 11 Bibi Titi \ Morogoro Road \ Dar es Salaam

GEITA GOLD MINING LIMITED

4th February 2011

Hart Nurse Ltd
The Old Coach House
Southern Road
Thame
Oxfordshire OX9 2ED
UK

Dear Sirs,

TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. we have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. the amounts set out in the reporting templates were extracted from books and records of Geita Gold Mining Limited that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully,

Gary Davies
Managing Director.

[signed under the authority of the Board]

Managing Director
Geita Gold Mine

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS**

Telegrams "ENERGY",
Telephone 255-22-2117156-9
Fax:255-22-2123688



754/33 SAMORA AVENUE,
P .O. BOX 2000,
DAR ES SALAAM.

In reply please quote:

Ref. No: DB 88/594/01/Vol.I/43

7th February, 2011.

Hart Nurse Ltd
The Old Coach House
Southern Road
Thame
Oxfordshire OX9 2ED
UK

Dear Sirs,

Re: TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. we have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. the amounts set out in the reporting templates were extracted from books and records of the Ministry of Energy and Minerals that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Rose Waniha'.

Rose Waniha

For: **PERMANENT SECRETARY**



NATIONAL SOCIAL SECURITY FUND

Head Office: Benjamin W. Mkapa Pension Towers, Azikiwe St. P.O. Box 1322, Dar es Salaam
Tel.: +255 22 2163400-19 Fax: +255 22 2200019 Email: info@nssf.or.tz

February 4, 2011

Hart Nurse Ltd
The Old Coach House
Southern Road
Thame
Oxfordshire OX9 2ED
UK

Dear Sirs,

TANZANIA EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (TEITI)

In connection with the reconciliation being undertaken for the Tanzania EITI Multi Stakeholder Group (MSG), we confirm that to the best of our knowledge and belief:

1. we have fully declared, in the reporting templates returned to you, the financial amounts paid and/or received by us in the period 1st July 2008 to 30th June 2009, as regards the financial flows specified by the MSG;
2. the amounts set out in the reporting templates were extracted from books and records of National Social Security Fund (NSSF) that formed the basis for preparation of financial statements covering that period; the amounts set out in the templates are consistent with the respective financial statements, a copy / copies of which have been provided to you;

We confirm that the above representations are made on the basis of extensive enquiries of management and staff with the relevant knowledge and experience, including where appropriate the inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of these representations to you.

Yours faithfully,


Sadi Shemliwa
For DIRECTOR GENERAL

APPENDIX C – Financial statements: copies received

Summary of audited financial statements provided

<u>Company</u>	<u>Year ending</u>		<u>Year ending</u>	<u>ISA</u>
	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>30/06/2009</u>	
Bulyanhulu Gold Mine Ltd	x	x		Yes
North Mara Gold Mine Ltd	x	x		Yes
Pangea Minerals Ltd	x	x		Yes
Resolute (Tanzania) Ltd	n/a	n/a	x	Yes
Geita Gold Mine	x	x		Yes
Tanzanite One Mining Ltd	x	x		Yes
Williamson Diamonds	x	x		Yes
Pan African Energy Tanzania Ltd	x	x		Yes
TRA	n/a	n/a	x	Yes
MEM	n/a	n/a	x	Yes
NSSF	n/a	n/a	x	Yes
TPDC	n/a	n/a	x	Yes
El Hillal	No financial statements provided			
Artumas Group & Partners				

The use of International Standards on Auditing (ISA) is taken from information in the audit report

APPENDIX D – Reconciler’s Terms of Reference

Terms of Reference for Consultancy Service in Carryout Reconciliation of Payments made by the Extractive Companies to the Government

Background

1. On 18 November, 2008, the Government of the United Republic of Tanzania issued a public statement of its decision to join the Extractive Industries Transparency Initiatives (EITI) to increase transparency and accountability in the national extractive industries.

2. EITI is a global coalition of governments, companies, civil society, and investors committed to implement standardized and internationally recognized procedures for transparency in natural resource management. EITI programs help civil society groups, media and public at large to systematically review and assess what is being paid by the companies to, and received by government agencies. By making information on payments and revenues public, EITI improves trust among these groups and reduces risk of conflict and promote stability, which are essential in attaining sustainable economic development.

3. The Tanzania EITI chapter is steered by a 16 member Multi Stakeholder Group Tanzania Extractive Industries Transparency Initiative ((TEITI-MSG)) drawn from Civil Society Organizations, Extractive Companies and the Government. The TEITI-MSG is supported by the TEITI Secretariat established within the Ministry of Energy and Minerals. The TEITI Secretariat is responsible for the day-to-day implementation of activities under the guidance of the TEITI-MSG. The MSG-TEITI led successfully towards achieving the first milestone, EITI Sign-Up phase. Accordingly during the 4th EITI Global meeting which was held on 16th February, 2009 in Doha, Qatar, Tanzania was given an **EITI Country Candidate Status** after having been successfully completed the requirements for the EITI Sign-Up phase.

4. The implementation of subsequent prerequisite EITI activities leading to full **EITI Country Compliant Status** is underway. These activities include among others, reconciliation of data, figures and volumes related to payments made by the Extractive Companies to the Governments. Under EITI Guidelines, this task should be undertaken by an independent Reconciler.

5. The TEITI-Secretariat wishes to engage a qualified and experienced consultant (the “Consultant”) to carry out reconciliation of payments made by mining, oil, and gas companies against revenues received by the Government, as provided in the EITI Guidelines for Reconciler.

Procedure for reconciliation

6. In carrying out this task Reconciler will be required to:
- (i) Review reporting template and comment to its adequacy for the assignment and make suggestions for improvement of future report;
 - (ii) Document the procedure with a view to replication subsequent reconciliations (standard methodology) to facilitate future reconciliation by indicating:-
 - (a) Points of contact in each entity;
 - (b) Destination of each flow;
 - (c) Data availability dates ;
 - (d) Explanations for missing data or blank lines;
 - (e) Special problems encountered and methods used to resolve them;
 - (f) Details related to each situation where reconciliation was not possible as well as attempts made at reconciliation and the reason why a solution was not found; and
 - (g) Other relevant information.

Scope of Services

7. The scope of the first EITI report will cover nine (9) major mining operations and three (3) gas producing companies; and will adopt the Ghana reporting template framework with addition of skills development levy; fuel levy and Excise duty. The assignment shall constitute the following:

- (a) Review of companies audited accounts and determine their conformity to international standards. Ascertain consistency and correspondence between the figures reported by the extractive companies and those provided by the Government of the United Republic of Tanzania (URT) and agencies. In the event of a discrepancy, the Reconciler shall seek explanations from the parties concerned;
- (b) Carryout reconciliation of payments and revenues;
- (c) Prepare an actual overview of mineral and gas production for the periods in question;

- (d) Make recommendations on the methodology to be used on a regular basis and on the mechanism necessary to carry out this task successfully;
- (e) Document problems encountered and solutions found;
- (f) Document situations in which reconciliation has not been possible to resolve; and
- (g) Submit a report at the end of these activities.

Work Plan

8. At the commencement of the assignment, the Consultant shall, s prepare an inception report detailing work plan for the implementation of the entire task and submit the plan to the TEITI Secretariat for approval before proceeding to implement it within one week after signing the contract. The draft work plan shall include details of the proposed scope, adequacy of reporting template, content and format of the 1st EITI Report.

Reporting Requirements

9. The Reconciler shall prepare and submit the following reports to the TEITI-Secretariat:-

- (a) A draft EITI report which shall be prepared and submitted one week before the end of the assignment in accordance with the *EITI Guidelines for the Preparation of Reconciliation Reports* containing, among other things:-
 - (i) a narrative summary of the objectives of the assignment and the work accomplished;
 - (ii) disaggregated data for the mining, and gas operating and exploration companies on the one hand, and the Government and its entities on the other; and
 - (iii) a narrative of the analyses, comments, and recommendations.
- (b) Final EITI report that include comments from TEITI-Secretariat on the draft report in accordance to the terms of reference to be submitted in 25 copies along with an electronic before the end of the contract.

10. The Reconciler shall report to the TEITI-Secretariat and liaise on a day-to-day basis with the Head of the Secretariat on contractual and on all technical matters pertaining to the implementation of the Project. The Head of the Secretariat will be the Reconciler's contact person in the course of implementation of the Project.

Support to be Provided by the TEITI

11. The TEITI Secretariat will provide the Reconciler with the following support:-

- i) Liaison with the members of the TEITI-MSG;
- ii) Liaison with reporting entities (extractive companies and all the relevant Ministries and Government agencies) to facilitate Reconciler's work; and
- iii) Provide any of the reference materials mentioned in this assignment.

DURATION OF THE PROJECT

12. The Reconciler will be allocated a total of 3.0 man-months to reconcile the last reported companies' and Government audited accounts. The Project shall be completed within 60 days from its date of commencement, and all efforts shall be made to meet the following schedule of key milestones.

Time from Start of Assignment	Milestone
7 days	Completion and presentation of the Work plan.
45 days	Completion of the reconciliation and compilation of draft report.
60 days	Completion of final reconciliation report (1 st EITI report).

APPENDIX E – Data collection templates

These templates were issued in December 2010, replacing the templates issued in July 2010.

Minerals Template

B. Input Template for the Host Government

The Government of United Republic of Tanzania reporting on:

..... (Name of the Company)

Reporting period.....

Mineral product.....

A1. Scope 1: Statutory Taxes

Taxes Charged Under Income Tax Act, 2004

No.	Types of Tax	Value (Currency)	
		TZS	USD
1	Corporate taxes		
2	Withholding Taxes - Technical Services		
3	Interest on Loan		
4	Management Fees		
5	Dividends		
6	Skills Development Levy		
Customs Duties			
7	Import Duty		
8	Excise Duty on Imports		
9	Fuel Levy		

Sector Specific Tax and Fees

10	Royalties		
11	License & permit fees; annual rental fees and other charges in consideration of mineral concessions		
12	Local Government Levies		
13	Dividends on Government shares		

A2. Scope 2: Revenue Collected on Behalf of the Government

	Description	Value (Currency)	
		TZS	USD
14	PAYE		
15	NSSF		

Host Government Sign Off

We acknowledge our responsibility for the fair presentation of the Reporting Template in accordance with the reporting Guidelines.

.....
Name
 Signature

.....
Position
 Date

Official Stamp

Oil and Gas Template

A. Input Template for the Company

Name of the Company:

Reporting period.....

Petroleum product.....

A1. Scope 1: Statutory Taxes

Taxes Charged Under Income Tax Act, 2004

No.	Types of Tax	Value (Currency)	
		TZS	USD
1	Corporate taxes		
2	Withholding Taxes - Technical Services		
3	Interest on Loan		
4	Management Fees		
5	Dividends		
6	Skills Development Levy		
Customs Duties			
7	Import Duty		
8	Excise Duty on Imports		
9	Fuel Levy		

Sector Specific Tax and Fees

10	Royalties		
11	License & permit fees; annual rental fees and other charges in consideration of oil and gas concessions		
12	Profit as per PSA paid to TPDC	Pan African Energy	
		Artumas Energy	
13	Protected Gas Payments made to TPDC	Songas	
14	Local Government Levies		

A2. Scope 2: Revenue Collected on Behalf of the Government

	Description	Value (Currency)	
		TZS	USD
15	PAYE		
16	NSSF		
17	VAT on Gas Revenue		

Management Sign Off

We acknowledge our responsibility for the fair presentation of the Reporting Template in accordance with the reporting Guidelines.

.....

Name

Signature

.....

Position

.....

Date

Official Stamp

APPENDIX F – Persons met

1) During Inception Visit

<u>Date</u>	<u>Person (s) met</u>	<u>Position</u>	<u>Location</u>
12- Nov	Benedict Mushingwe	TEITI Coordinator	MEM
	Bernard Mungwe	Procurement Consultant	MEM
	Mark Bomani	MSG Chairman	Bomani offices
	Vedasto Rwechungura	World Bank- Mining & TEITI Project Consultant	World Bank office
13- Nov	Abdul Omar	World Bank Regional EITI	World Bank office
	Benedict Mushingwe	TEITI Coordinator	MEM
	Bernard Mungwe	Procurement Consultant	MEM
	Ebahart Dilliwa	MEM- Project Geologist- Gas	MEM
15- Nov	Dr DP Kafumu	MEM- Commissioner for Minerals	MEM
	Zawadi SF Nzotta	TRA - Manager for Audit	TRA
16- Nov	Erastus G Mtenga	TRA - Assistant Audit Manager	TRA
	Mohammed R Ngude	TPDC - Chief of Research & Planning, Marketing & Investments Dept	TPDC
	Andrew Wray	Barrick Gold- Head of Investor Relations & Corporate Development	Barrick Gold
18- Nov	Deo Mwanyika	Barrick Gold- Vice President: Corporate Affairs	Barrick Gold
	Rose Waniha	MEM- Chief Accountant	MEM
	19- Nov	Juma Mshihiri	NAO - Assistant Auditor General (Treasury)
Abdul Omar		World Bank- Regional EITI	World Bank office
Emmanuel Mungunasi		World Bank- Economist AFTPZ	World Bank office

2) During Reconciliation

<u>Person (s) met</u>	<u>Position</u>	<u>Organisation</u>
Rehema H. Chuma	Senior Operations Officer	NSSF
Sadi Shemliwa	Compliance Manager	NSSF
Natalia Cherevatova	Operations Analyst	World Bank office
Shabani Porini	Senior Accountant	Barrick Gold Williamson Diamonds
Omar H Mwin'dadi	Financial Manager	Diamonds
Dr Joyce Singano	Director Finance	TPDC
Mbogo Munubi	Chief Accountant	TPDC
Priscus Ngowi	Senior Accountant	TPDC
Bizimana Ntuyabaliwe	Finance Manager	Pan Africa Energy
Herbert Kabyemela	Manager Monitoring and Compl (LTP)	TRA
Zahariya Mtunguja	Principal Tax Officer (LTP)	TRA
Gerald Mturi	Corporate Administration Manager	Resolute Tanzania
David Jairo	Permanent Secretary	MEM
Athumani Kwariko	TEITI Secretariat	MEM
Farai Manyemba*	Finance Director	TanzaniteOne Mining
Grace Nzitta*	Accountant	El-Hillal Minerals
Godvictor Nyimo*	Tax Manager	Geita Gold Mine
Michael Monaghan*	Mine Manager	Geita Gold Mine

*by correspondence