

A Brief Summary and Impact of the Anti-Money Laundering Act AMLA 2006 (Amended 2012) and Regulations 2012 (Amended 2019)



Tanzania is one of the fastest developing economies in Africa. This results in both increased opportunities for advancement as well as risk on a global scale. Money Laundering is one of the biggest risks to investment into Tanzania. Safeguards in both technical compliance and effectiveness are required to give confidence to local and international investors. This article will define the concept of money laundering, discuss the relevant aspects of the law and its impact on our esteemed clients.

Money Laundering is used by criminals to convert dirty money into clean money

Money laundering is the process by which any person or persons would like to be able to use money earned from illegal means. The means are defined under Section 3 of the AMLA, we have provided some examples including, terrorism, counterfeiting, armed robbery, extortion, forgery, insider dealing, tax evasion, environmental crime, terrorist funding, etc.

The process is as follows:

1. Placement – Individual or entity participating in the criminal activity places the funds in a manner that provides greater security. This can include, but is not limited to, depositing funds in a bank without adequate due diligence measures, currency exchanges, purchase of assets such as houses and jewellery with cash.
2. Layering – This stage is to make it more difficult to detect and uncover the laundering activity. For example, illegal funds deposited in a financial institution can be converted into monetary instruments such as dollars, coins, cheques, credit cards, and money orders. The funds can also be sent abroad

and deposited in foreign accounts and investments.

3. Integration – This is the stage where the money is returned to the criminal from a reputable source. Some examples include:
 - a. Purchasing art work, high end vehicles, properties using the money deposited in the financial system.
 - b. Opening a business such as a car wash, laundromat, restaurant, department store and concealing the illegal funds as profits.

We will now consider Tanzanian law and the regulatory requirements for the information to be collected at the establishment and during the business relationship.



Insurance Companies and Brokers will request information to determine the identity of the customer

Insurance companies and brokers are included in the definition of

reporting person in section 3 of the AMLA.

Section 15 (1.) (a.) of the Act states that a reporting person shall:

“take reasonable measures to satisfy himself as to the true identity of any applicant seeking to enter into a business persons relationship with him [...] by requiring the applicant to produce an identity official record reasonably capable of establishing the true identity of the applicant.”

Determining the identity of a person differs, depending on the person attempting to establish or continuing the business relationship. The categories of customers stated in the regulations are as follows:

1. Citizens and Residents
2. Entities
3. Foreign Nationals
4. Partnership
5. Trusts

Our client base mainly comprises of citizens and entities (i.e. corporates). We shall thus consider the information required for these categories.

Citizens and Residents (3 (1) (a.) of AMLA Regulations 2012)

1. Full names, residential address including important landmarks close to prospective customer’s residence, date and place of birth.

2. Any or all of, telephone numbers, fax number, postal and email address.
3. Citizens – voter registration card, passport, birth certificate, driving license, national identification card
4. Residents – passport, travel document, residence permit, driver's license or national identification card.
5. An introductory letter from relevant authority such as employer or government official;
6. Employee identity card with an introductory letter from employer
7. Tax Identification Number (if number has been issued to that person)

The above list is not exhaustive and purports to provide the information required as per the law. However, insurance companies and brokers are entitled to ask additional information on a case-by-case basis because of a risk-based approach to assessing the client.

The requirements for foreign and local entities differ. Due to similarities in the information required with some unique requirements for foreign entities the list of information will combine both local and foreign.

Entities (3 (1) (c.) of AMLA Regulations 2012)

1. For local entities, the registered name of the entity. For foreign entities, the name under which it was incorporated.
2. For foreign entities only, The number under which it was incorporated
3. For local entities, the registered address. For foreign entities, address where it is situated for purposes of its incorporation
4. For local entities, the trade name under which the entity

conducts business in Tanzania. For foreign entities, the name under which it conducts business in the country where it is incorporated.

5. For local entities only, a copy of the latest audit report and accounts, and the latest annual report duly certified by the CEO of BRELA.
6. For local entities, the address from which the entity operates. For foreign entities, the address of the company in the country of incorporation and the address from which it operates in Tanzania. For both local and foreign entities, If there are multiple addresses, the address of the office seeking to establish a business relationship or to enter into a single transaction with the reporting person, and the address of its head office.
7. For foreign entities only, the TIN if the number was issued, the Tanzania Investment Centre Certificate where applicable, compliance certificates issued by BRELA, and a resolution of the Board of Directors and power of Attorney granted to its manager, officer or employees to transact on its behalf.
8. The full names, date and place of birth, Tax Identification Number for the following, and any or all of telephone number, fax number, residential, postal and email address of:
 - a. For local entities, the manager's full names, date and place of birth and the TIN. The residential address and

any or all of telephone number, fax number, residential, postal and email address of the directors. For foreign entities, the manager for the entity's affairs in Tanzania.

- b. For foreign and local entities, the individual who is authorized to establish a business relationship with the reporting person on behalf of the entity, and/or the individual, partnership or trust holding 5% or more of the voting rights at a general meeting of the entity.

Successful implementation of the Anti-Money Laundering Act is highly dependent on your understanding of its importance.

The benefits of implementation are incalculable, as Tanzania will become a stronger candidate for foreign investment, have a higher probability of securing loans from the IMF and World Bank for Development Projects, to name just a few.

We are aware of the fact that compliance with the law may be a significant barrier to purchasing insurance and therefore anticipate challenges for all stakeholders. We are pleased to offer our assistance.

For more information, please do not hesitate to visit the Financial Intelligence Unit's website for all legislation related to Anti Money Laundering in Tanzania:

<https://www.fiu.go.tz/Legislation.asp>