

WHAT IS ELECTRONIC FISCAL DEVICES?

Electronic Fiscal Devices (EFDs) are machines designed for use in business. They are used for efficient management and control in areas of sales, analysis and stock control. EFDs are used to issue receipts and invoices for every sale of goods or services made.

EFDs were introduced to VAT registered traders under the Value Added Tax (Electronic Fiscal Device) Regulation, 2010 Government Notice No. 192 published on 8 May, 2010. The regulations are founded in the Finance Act and their main aim is to enhance VAT compliance in Tanzania.

WHAT BUSINESS TRANSACTIONS NEED EFDS?

EFDs can be used in all categories of business transactions relating to goods or services, and the type of machine used is typically determined by the type of transaction in question.

There are currently four types of EFDs machines used in Tanzania; the first type is the **Electronic Tax Register (ETR)**, which is used by retail business that issue receipts manually. The second type is the **Electronic Fiscal Register (EFP)**, which is used by computerized retail outlets. It is connected to a computer network and stores the details of every sale transaction in its fiscal memory. The third type of EFD is the **Electronic Signature Device (ESD)**, a device designed to authenticate by signing any financial document produced on a personal computer. The device uses a special computer program to generate a unique number (signature) which is appended to every document issued by the user system. The fourth and last is the **Electronic Fiscal Pump Printer (EFPP)**. This device is designed for use in Petrol Stations. It is connected to a pump and printed every receipt during the sale transactions.

WHAT ARE THE BENEFITS OF EFDS?

EFDs have several features that make them useful not only to businesses but also to revenue collection agencies. One, information cannot be erased by mechanical, chemical or electromagnetic interferences. EFDs also have irreversible date mechanisms and automatically save configured data on a permanent fiscal memory. In addition, EFDs transmit tax information to TRA automatically, and have a tax memory capacity that stores data for at least 5 years, or the equivalent of 1800 transactions daily. They are also beneficial by helping to avoid conflict during audit and tax assessment. EFDs also simplify objections and appeals against tax assessments and also help in the reduction of tax collection costs.

WHAT ARE EFD OFFENCES?

Offences relating to Electronic Fiscal Devices are provided for in several acts and regulations, I shall only make reference to those found under Regulation 20 to 25 of the Value Added Tax (Electronic Fiscal Devices) Regulations 2010. Examples of offences include failure to use electronic devices, fraudulent use of the devices, and tampering with Electronic Fiscal Device and software. The offences attract penalties of either a fine or an imprisonment term. To read more on EFD offences follow this [link](#)

CONCLUSION

In conclusion EFD devices have the following benefits; they assist TRA in the collection of taxes, traders in the payment of tax, they saves time and money as the devices transmits tax information to TRA automatically, payments are done online and recorded thus avoiding fraudulent practices on both sides.

Although there was a lot of tension when EFD machines were first introduced in the country, EFDs have proved to be time-saving and efficient in terms of collection of taxes. Not only do they improve tax collection by transmitting tax information directly to TRA, but EFDs also help to reduce fraudulent practices since all payments are recorded and transmitted online.

However, there is still need to create awareness about EFDs use and importance in the country's fiscal system, particularly because a lot of business people are still apprehensive about the costs of obtaining EFD machines as well as operating them. With time however, we are seeing many businesses complying with regulations and EFDs are slowly being embraced as important instruments in a business day to day operations.

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