

TANZANIA CIVIL AVIATION AUTHORITY



ISO 9001 2015 Certified

CREDIT POLICY

JULY 2025

CONTENTS

LIST OF ABBREVIATIONS	iii
1.0 INTRODUCTION	1
2.0 POLICY OBJECTIVES	2
3.0 SCOPE	3
4.0 POLICY STATEMENTS	3
4.1 Credit Granting Decision	3
4.2 Responsibility of Credit Management	3
4.3 Criteria for Credit Eligibility	4
4.4 Risk Assessment	4
4.5 Credit Terms	4
4.6 Credit Control	6
4.7 Billing Process	7
4.8 Credit Application	7
5.0 CUSTOMER OBLIGATIONS	7
6.0 PAYMENT METHOD	8
7.0 COMPLIANCE	8
8.0 REVIEW	8
9.0 EFFECTIVE DATE	8



LIST OF ABBREVIATIONS

BRELA	-	Business Registrations Licensing Authority
Doc	-	Document
GePG	-	Government Electronic Payment Gateway
IATA	-	International Air Transport Association
ICAO	-	International Civil Aviation Organization
ICH	-	IATA Clearing House
PoS	-	Point of Sales
USD	-	United States Dollar



1.0 INTRODUCTION

Tanzania Civil Aviation Authority (TCAA) is established under the Civil Aviation Act, Cap. 80 (R.E.2020) (Act).

The Act mandates the Authority to provide safety, security and economic oversight of the Tanzania's civil aviation industry and air navigation services. The regulated services fall under three (03) categories: air transport services, aeronautical airport services (airside airport operations, ground handling, in-flight catering and aviation fueling) and air navigation services.


The Act empowers the Authority to ensure that its revenue is sufficient to meet operational and capital expenditures. The Authority's revenues are generated from the fees and charges collected based on various aeronautical services provided to the industry and the public by the Authority.

As a common business practice, the Authority grants credit to some of its customers by billing and allowing them to settle the bills after the services have been provided. ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082/7) advocates the need for service providers to indicate the credit terms.

The Credit Policy consists of the objectives, policy statements, scope, payment methods, compliance, Risk assessment, Reporting and Monitoring, review and effective date.


An effective revenue collections policy requires formal procedures that ensure receivables are collected within a credit limit. Late payments can disrupt cash flow and harm the Authority's ability to execute its mandate. To keep receivables flowing smoothly, the Authority will use different procedures to encourage customers to pay.





The Policy is intended to guide Management in making informed decisions to ensure that all outstanding debts are effectively and efficiently collected.



2.0 POLICY OBJECTIVES



The Policy aims at achieving sustainable, effective and efficient credit management and revenue collection. It provides a framework in which the targets are set, outlining the necessary measures to guide the entire range of actions in credit management. All related activities and actors would be harmonized with a view of improving the quality of credit management and revenue collection. Trade receivables are to be reduced to a sectoral benchmark level. The Credit Policy will guide the Authority in the credit management and ensure that everyone within the Authority understands the working procedures and exhibit financial control over trade receivables.



The objectives of this credit policy include the following:

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- i) To guide the credit management process by outlining credit standards and terms of credit to be adhered to;
 - ii) To create an enabling environment that will enhance the willingness to pay by customers and thus reduce follow-up and recovery costs;
 - iii) To ensure stable liquidity conditions and reduction of Accounts Receivable Turnover Ratio to less than 60 days;
 - iv) To enhance transparency, regular monitoring and reporting;
 - v) To Mitigate issues that may impair revenue collection efficiency;
 - vi) To facilitate seamless business transactions with customers through structured and predictable credit arrangements.

- vii) To continue improving the relationship between the Authority and interested parties.

3.0 SCOPE

The policy will cover all the Authority's revenue collections from the services that are provided on credit.

4.0 POLICY STATEMENTS

4.1 Credit Granting Decision

In order to ensure the Authority's objectives are efficiently and effectively achieved as per the Strategic Plan, the Authority will grant the credit facility to eligible customers. The status of credit beneficiaries shall be subject to periodic reviews to ensure that the Authority is aware of any potential changes that may negatively affect the eligibility criteria of the operator.

4.2 Responsibility of Credit Management

The responsibility for credit management rests not solely with the Finance Section but with the entire Management of the Authority. Effective credit management requires coordination across departments to ensure that credit is granted prudently, payments are collected on time, and financial risks are minimized.

While the Finance Section shall oversee the operational aspects of credit management — including monitoring receivables, issuing reminders, and maintaining customer records overall accountability lies with Management to support and enforce credit-related decisions.

Any significant actions regarding credit terms, recovery measures, or sanctions against defaulters shall be subject to review and approval by the Authority's Management to ensure consistency with financial policies and Strategic Plan.



4.3 Criteria for Credit Eligibility

The Authority reserves the right to grant a credit facility to an Operator or Service Provider. However, to qualify for a credit facility, a Service Provider shall be required to fulfil either of the following conditions:

- i) To be an International Air Transport Association (IATA) and IATA Clearing House (ICH) Member;
- ii) To be an airline operating on a schedule basis, and it must be in continuous operations for at least six (6) months;
- iii) To be an Operator or Service Provider who has been settling financial obligations on time for at least one (1) year;
- iv) A Domestic Operator shall have a valid Air or Ground Handling Services License issued by the Authority, and
- v) Any other condition may be deemed by the Director General.

4.4 Risk Assessment

To safeguard the financial sustainability of the Authority, credit risk shall be assessed before granting any facility. The following measures shall be employed:

- i) Customer credit history with the Authority or other regulatory bodies.
- ii) Financial stability and ability to pay (based on audited financial statements or bank guarantees).
- iii) Reputation and regulatory compliance status.


4.5 Credit Terms

The terms of the credit shall be as follows:

- i) Local operators shall pay air navigation charges within 30 days after the month of operations;

- ii) IATA customers shall pay Air Navigation Charges and safety fees within 60 days from the billing date;
- iii) International and domestic scheduled airlines shall submit monthly returns to the Authority on or before the 15th of the subsequent month on the total embarked passengers, accompanied by relevant bank transfer slips;
- iv) Interest (compound) shall be charged for late payments or non-payment of all other receivables at the rate of 5% per month except for safety fee;
- v) Where a collector fails or neglects to remit the safety fees collected to the Authority, within the period prescribed under subsection (iii and iv above), he shall be liable to pay a penalty of 25% of the fee remaining unpaid and an additional penalty of 10% of the fee remaining unpaid for every thirty (30) days or part thereof during which the moneys continue to be unremitted.
- vi) When the principal amount or interest remains unpaid for at least three months, the Credit Facility shall automatically expire, and services shall only be provided when the operator makes an advance payment;
- vii) After expiry of the credit facility, if the amount owed remains unpaid for a further three months, service(s) shall be denied from the operator or service provider;
- viii) A fine of TZS 5,500,000/= shall be imposed on a customer who will enjoy the benefit of the credit policy without an authorization.
- ix) The Authority shall have the power not to issue or renew a license of an operator who has failed to pay the outstanding amount.
- x) The Authority shall have the power to revoke or suspend a license/certification/approval/ authorization/









exemption or other document of an operator who has failed to pay the outstanding amount.

4.6 Credit Control

For the authority to have an effective credit policy, the Finance Manager shall institute and follow the good credit management practices as follows:

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- i) Issuance of monthly customer statements upon request;
 - ii) To maintain an up-to-date record of the Authority's debtors, which should include physical location, postal address, email address, office telephone and mobile telephone for all key staff of the operators;
 - iii) To identify overdue customer accounts promptly and take action to encourage payments;
 - iv) To monitor closely individual customer accounts;
 - v) To visit customers to create good customer relationships;
 - vi) To track payments through the IATA System;
 - vii) To bill IATA operators through IATA agreed modality;
 - viii) To advise the Management regularly on customer statuses;
 - ix) To issue Customers with reminder letters every month (maximum three months);
 - x) Where required, issue formal notices of intent to pursue legal action and proceed with legal recovery following necessary internal approvals;
 - xi) Undertake recovery efforts for outstanding debts, including claims for specific damages, or recommend write-off of uncollectible amounts according to TCAA (Financial) Rules, 2025; and
 - xii) To remove written off debts from the Authority's accounting records after receiving the necessary approval in line with TCAA (Financial) Rules, 2025.

4.7 Billing Process

All invoices for services rendered shall be generated and distributed to customers not later than the 15th day of the following month.

Customers shall be required to review and confirm or raise any disputes regarding the invoices within seven (7) calendar days after distribution date. Any discrepancies must be formally communicated to the Authority within this period for resolution.

4.8 Credit Application

No operator shall be allowed to operate on credit unless she possesses an approved Credit Facility by the Authority.

5.0 CUSTOMER OBLIGATIONS

All Operators and Service Providers granted credit facilities by the Authority shall be required to adhere to the following obligations:

- i) **Timely Payment** – Settle all invoices within the agreed credit period as stipulated in the credit terms.
- ii) **Accurate Information** – Provide accurate and up-to-date information during the credit application process, including financial statements, contact details, and any supporting documentation.
- iii) **Compliance with Regulations** – Comply with all applicable laws, regulations, and directives issued by the Authority or any other relevant regulatory body.
- iv) **Notification of Changes** – Promptly notify the Authority of any material changes in business status, ownership, financial position, or contact information that may affect creditworthiness.
- v) **Cooperation During Review** – Cooperate fully with the Authority during credit reviews, audits, or any



verification processes related to the credit facility.

- vi) Use of Credit Facility – Ensure that the credit facility is used solely for the intended and approved purposes related to the services rendered by the Authority.

6.0 PAYMENT METHOD

All payments shall be made to the Director General of Tanzania Civil Aviation Authority as reflected on the customer invoice issued by the Authority.

7.0 COMPLIANCE

The Authority shall institute strategies to enhance policy compliance.

All Authority's Staff and interested parties shall comply with the requirements of this policy.

Failure to comply with this policy may result in disciplinary actions for Staff or termination of credit privileged to interested parties.

8.0 REVIEW

This Credit Policy shall be reviewed every three years or when the need arises.

9.0 EFFECTIVE DATE

The revised policy shall become effective from August 2025.

