

TANZANIA LEGAL INSIGHT

# **Electronic vs. Wet Ink Signatures: What Investors Need to Know**



## Introduction: Why This Matters for Investors

In today's fast-paced business environment, investors and executives expect transactions to be executed efficiently without compromising quality – be that acquiring a company, securing financing, or closing a commercial transaction. However, in Tanzania, the choice between electronic and wet ink signatures can be one of the key factors impacting whether a deal moves forward smoothly or faces unexpected delays.

For instance, there have been situations where an investor, eager to finalise a financing agreement, encounters delays due to varying interpretations of electronic signature acceptance by certain regulatory bodies, despite electronic signatures being valid under Tanzanian law. Similarly, companies have experienced delays when electronically signed agreements are not immediately recognised by all regulators, resulting in additional processing time. In other instances, requiring wet ink signatures when an electronic one would suffice can create unnecessary administrative steps, which may lead to inefficiencies and longer timelines for closing deals.

While electronic signatures have been legally recognised in Tanzania for nearly a decade, their acceptance can vary significantly across regulators, industries, and specific transactions. For investors, understanding when electronic signatures are accepted, when wet ink signatures are still required, and the potential consequence of non-compliance is crucial to avoid operational disruptions and ensure smooth deal execution.

This article provides insights into these practical considerations, helping investors navigate the complexities of signature requirements in Tanzania.

## When Are Electronic Signatures Accepted?

Tanzania has made significant progress in digitalisation, with many government agencies enabling electronic filings and digital transactions. Electronic signatures are commonly accepted in:

- **Corporate Filings:** The Business Registration and Licensing Authority (BRELA) allows electronic signatures for annual returns, board resolutions, and incorporation documents submitted through the Online Registration System (ORS).
- **Government Transactions:** The e-Government portal facilitates various transactions using electronic signatures.
- **Regulatory Applications:** Several Tanzanian Government authorities, including the Fair Competition Commission, Mining Commission, and Tanzania Insurance Regulatory Authority, currently accept online applications for certain services.
- **Court Filings:** The judiciary permits electronic filing of pleadings, applications, and appeals. Judges and magistrates can electronically sign judgments and orders, which hold the same legal weight as wet ink signatures.

- **Procurement and Contracts:** Certain government contracts allow for digital execution under the Public Procurement Act.

However, while electronic signatures are legally valid, they are not universally accepted, especially for transactions involving certain regulatory approvals, land transfers, financial security documents, and notarised agreements.

## Where Are Wet Ink Signatures Still Required?

Despite digital advancements, many regulators and institutions still mandate wet ink signatures for certain documents, either due to legal requirements or institutional policies. Key examples include:

Regulator	Documents Requiring Wet Ink Signatures
<b>BRELA</b>	Security documents (for example, debentures, mortgages, and charges over shares or accounts) must be signed in wet ink for registration.
<b>Ministry of Lands &amp; Housing (Land Registry, Registrar of Documents, Land Commissioners)</b>	Title deeds, land sale agreements, long-term leases, mortgages, statutory forms, and powers of attorney must be signed in wet ink. Some require notarisation, particularly where signed on behalf of individuals.
<b>TRA (Tanzania Revenue Authority)</b>	Share transfer forms and certain tax-related documents require wet ink signatures.
<b>Bank of Tanzania</b>	Loan agreements submitted for registration must be signed in wet ink and witnessed by a notary public or commissioner for oaths.
<b>Banks &amp; Financial Institutions</b>	Account opening documents, specimen signature cards, and negotiable instruments (for example, cheques) typically require wet ink signatures.
<b>Wills &amp; Testamentary Documents</b>	To be legally valid and enforceable in Tanzania, wills must be signed in wet ink.

Failure to comply with these requirements can lead to regulatory rejections, delays in processing transactions, and, in some cases, legal disputes over document validity

## The Risks of Getting It Wrong

For investors and business leaders, not understanding signature requirements can have material consequences. Here are some common pitfalls:

1. **Regulatory Delays:** If a document submitted to a regulator is signed electronically when a wet ink signature is required, it may be rejected, causing delays in approvals, registrations, or financing.
2. **Invalid Contracts:** A contract executed with an electronic signature may be legally unenforceable if one of the parties later challenges its validity due to regulatory or procedural non-compliance.
3. **Banking & Financing Complications:** Banks and lenders often require wet ink signatures for loan agreements, collateral documents, and guarantees. Using an electronic signature where not accepted can delay disbursements or jeopardise financing.
4. **Land & Property Risks:** Real estate transactions require strict compliance with signature and notarisation requirements. An improperly signed transfer document could result in an invalid ownership change, leading to legal disputes.
5. **Litigation Risks:** If a dispute arises over an agreement signed electronically, the burden of proof may fall on the signing party to demonstrate that the signature is authentic and enforceable under Tanzanian law.

To mitigate these risks, investors should always verify signature requirements before executing key agreements, especially in regulated sectors.

## The Legal Backbone of Electronic Signatures in Tanzania

While investors and business leaders are primarily concerned with the practical implications of electronic and wet ink signatures, it's important for legal and compliance teams to understand the legal framework that governs their use. Tanzania has several laws that establish the validity of electronic signatures, but in practice, regulatory enforcement and institutional policies still play a significant role in determining their acceptance.

Tanzania's legal framework for electronic signatures is established under several key laws:

- **The Law of Contract Act** – Permits electronic contracts and signatures.
- **The Electronic Transactions Act, 2015** – Provides the primary legal foundation for electronic signatures and digital transactions.
- **The Evidence Act** – Recognises electronically signed documents as admissible evidence in court.
- **The Public Procurement Act** – Allows government entities to use digital signatures for procurement contracts.

- **The Judicature and Application of Laws (Electronic Filing) Rules, 2015** – Governs electronic court filings, enabling digital signatures for pleadings, rulings, and judgments.

However, while these laws provide a broad framework for electronic signatures, practical acceptance still depends on regulatory enforcement and institutional practices.

### Key Takeaways for Investors

- **Check Regulatory Requirements:** Before signing or submitting documents, confirm whether electronic signatures are accepted to avoid delays.
- **Align with Institutional Policies:** Even if electronic signatures are legally valid, some banks, regulators, and private institutions still require wet ink signatures.
- **Use Electronic Signatures Where Permitted:** Electronic signatures can speed up transactions and reduce administrative burdens, but they must meet the authentication standards set out in the Electronic Transactions Act.
- **Seek Legal Guidance for High-Stakes Transactions:** For land acquisitions, financing arrangements, or major corporate transactions, consulting legal experts ensures compliance and prevents costly errors.

### Conclusion

While electronic signatures have transformed the way businesses operate, investors and corporate investors and executives in Tanzania must navigate a complex regulatory landscape where both electronic and wet ink signatures coexist. Understanding when and where each is required can be the difference between a seamless transaction and an avoidable delay.

To ensure compliance and mitigate risks, investors should approach signature requirements strategically leveraging electronic signatures where they are accepted while ensuring that critical documents are executed in wet ink when necessary.

## CONTACTS

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