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Assessing the Adequacy of the Companies Act of Tanzania in Addressing Corporate Veil Piercing: Towards Strengthening Corporate Accountability

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Abstract

This article critically examines the adequacy of the Companies Act of Tanzania in addressing the doctrine of corporate veil piercing, with particular focus on its implications for corporate accountability within group company structures. The study reveals that while the Act effectively upholds the principle of separate legal personality as the foundation of corporate existence, it lacks explicit provisions guiding courts and regulators on when and how to disregard this separateness in cases of fraud, abuse, or injustice. This legislative silence has resulted in inconsistent judicial application and limited deterrence against misuse of incorporation. Through doctrinal and comparative analysis drawing lessons from jurisdictions such as the United Kingdom, South Africa, and Kenya the article argues that Tanzania's company law framework remains inadequate in preventing the manipulation of the corporate form to evade liability. It recommends the inclusion of express statutory provisions on veil piercing, recognition of group company liability, strengthened director accountability, and enhanced institutional oversight. The article concludes that comprehensive legal and institutional reforms are necessary to align Tanzania's corporate regime with modern international standards and to ensure that incorporation operates not as a shield for wrongdoing, but as an instrument of justice, transparency, and responsible business conduct.

Key Terms: Corporate Veil Piercing, Separate Legal Personality, Corporate Accountability and Companies Act of Tanzania.

Introduction

The doctrine of separate legal personality represents one of the cornerstones of modern company law. Upon incorporation, a company acquires a distinct legal identity that separates it from its members, allowing it to own property, sue, and be sued in its own name. This principle, firmly established in the celebrated English case of *Salomon v. Salomon & Co. Ltd* [1897] AC 22, has been adopted across Commonwealth jurisdictions, including Tanzania, where it is reflected under Section 15 of the Companies Act [Cap 212 R.E. 2002]. The concept provides essential protection for shareholders by limiting their liability to the amount invested, thereby promoting entrepreneurship, investment, and economic development.ⁱ

However, the rigid application of the corporate personality doctrine has, in some instances, been exploited to achieve fraudulent or unjust ends. Corporations particularly within group company

structures may be used as instruments to conceal liability, evade taxes, or commit acts detrimental to creditors and the public interest. It is in such circumstances that the need arises to pierce or lift the corporate veil, allowing courts to look beyond the company's separate identity and impose liability on those who misuse it. The doctrine of veil piercing thus serves as a critical corrective mechanism that balances corporate autonomy with accountability.ⁱⁱ

In Tanzania, the Companies Act lays down the general framework governing the incorporation, management, and dissolution of companies, but it remains largely silent on the circumstances that justify disregarding the corporate veil. This legislative silence leaves the issue to judicial interpretation, resulting in inconsistency and uncertainty in the application of veil-piercing principles. Tanzanian courts have occasionally invoked equitable doctrines or relied on English precedents, but without statutory clarity, decisions tend to vary depending on the facts of each case.



Consequently, the law fails to provide a coherent standard for corporate accountability within complex ownership arrangements, particularly in group companies where control and liability are often blurred.ⁱⁱⁱ

A critical examination of this gap reveals that while the Companies Act effectively promotes incorporation and business flexibility, it inadequately addresses mechanisms for corporate responsibility when the company form is abused. The absence of clear statutory provisions on veil piercing has implications for the protection of creditors, minority shareholders, and the general public, as wrongdoers may exploit corporate separateness to shield themselves from liability. In an era where corporate groups dominate global and domestic markets, this deficiency exposes systemic weaknesses in Tanzania's company law framework and underscores the urgent need for reform.^{iv}

This article therefore argues that a balance must be struck between preserving the principle of separate legal personality and ensuring that corporate entities remain accountable for misconduct. It contends that the Tanzanian Companies Act requires reform to incorporate explicit provisions outlining the circumstances under which courts may pierce the corporate veil, drawing lessons from comparative jurisdictions such as the United Kingdom, South Africa, and Kenya. Such reform would not only promote transparency and fairness but also strengthen confidence in the Tanzanian corporate regulatory system by deterring misuse of incorporation and reinforcing the rule of law in commercial practice.^v

Conceptual and Legal Understanding of Corporate Veil and Veil Piercing

The concept of corporate personality lies at the very foundation of company law, serving as the legal distinction between the company as an entity and the individuals who compose it. Upon incorporation, a company assumes a legal identity distinct from its members, directors, or shareholders. The principle is deeply rooted in English jurisprudence and is most famously articulated in *Salomon v. Salomon & Co. Ltd* [1897] AC 22, where the House of Lords held that once a company is legally incorporated, it becomes a separate person capable of owning property, incurring liabilities, and entering into contracts in its own right. The decision in *Salomon* marked a transformative moment in corporate law, establishing the foundation for limited liability and the autonomy of corporate entities.^{vi}

This principle of separate legal personality has been embraced across common law jurisdictions, including Tanzania, through Section 15 of the Companies Act [Cap 212 R.E. 2023], which provides that a company upon registration becomes a body corporate with perpetual succession and the capacity to sue and be sued in its own name. This rationale behind this doctrine is primarily economic: by limiting the liability of shareholders, the law encourages investment, entrepreneurship, and risk-taking. It protects personal assets of investors and allows companies to raise capital more effectively. However, while this autonomy promotes

business confidence, it can also be misused as a shield for wrongdoing, particularly when individuals or corporate groups manipulate the corporate form to evade responsibility or perpetrate fraud.^{vii}

To address such misuse, courts and scholars have developed the doctrine of "piercing the corporate veil" a principle that allows the law to look beyond the company's separate identity to hold its controllers personally liable for the company's actions. This metaphor of "the veil" represents the legal barrier separating the company from its members, and to "pierce" it means disregarding that separation in exceptional circumstances where justice so demands. This doctrine is not intended to undermine the general principle of corporate personality but to prevent its abuse. Courts generally invoke veil piercing where the company form is used to commit fraud, evade existing legal obligations, or defeat public policy.^{viii}

The grounds for piercing the corporate veil vary across jurisdictions, but several common themes emerge. The first is fraud or sham, where incorporation is used to disguise the true identity or activities of individuals. For example, if a company is formed merely to circumvent a court order or to conceal illegal transactions, the court may disregard its separate personality. Secondly, veil piercing may occur in cases of agency or façade, where one company acts merely as an agent or instrumentality of another. Thirdly, some courts have pierced the veil in the interest of justice or equity, particularly where adherence to corporate separateness would produce manifest injustice.^{ix}

In the context of group companies, veil piercing becomes particularly significant. Modern business structures often involve a network of subsidiaries controlled by a parent company. While each subsidiary is legally distinct, the economic reality often reflects a unified enterprise under the control of the parent. In such cases, the question arises whether liability for wrongful acts committed by a subsidiary should extend to the parent company. The traditional rule, as established in *Adams v. Cape Industries Plc* [1990] Ch 433, maintains the autonomy of each company within a group, refusing to pierce the veil simply because the entities operate as a single economic unit.^x Yet, critics argue that this strict adherence to formal separateness fails to reflect commercial realities and allows parent companies to avoid accountability for harmful acts committed through their subsidiaries.^{xi}

In Tanzania, the doctrine of veil piercing has received limited judicial attention, and there is no explicit statutory framework governing its application. The Companies Act provides the foundation for incorporation but omits specific provisions authorizing courts to lift or pierce the corporate veil under defined circumstances.^{xii} As a result, Tanzanian courts often rely on general principles of equity and imported English precedents to determine liability, leading to inconsistency in application. For instance, in *Salim Mohamed v. Mkombozi Commercial Bank* (High Court of Tanzania, Commercial Division, 2018), the court acknowledged the separate personality of the company but suggested that where incorporation is used to defeat justice or conceal fraud, the veil

may justifiably be lifted. The demonstrates an emerging judicial recognition of the principle but also underscores the need for statutory clarity to ensure consistency and predictability in commercial adjudication.^{xiii}

From a theoretical perspective, the justification for veil piercing rests on the balance between legal formality and substantive justice. As Lord Denning once noted, “The courts can and often do draw aside the veil to see what really lies behind.” This exercise of this discretion should not be arbitrary but guided by principles of fairness, accountability, and public policy. Tanzanian law, however, lacks codified criteria for determining when such discretion is warranted. The absence of legislative direction risks either excessive judicial restraint thereby allowing corporate misconduct to go unpunished or excessive intervention, which could undermine investor confidence and corporate stability.

It is therefore essential that the Companies Act be re-evaluated to include express provisions addressing veil piercing. Such provisions would clarify the legal grounds, limit judicial uncertainty, and align Tanzanian company law with contemporary international standards that emphasize corporate accountability. As the corporate landscape in Tanzania continues to evolve, particularly with the rise of multinational and group structures, the balance between protecting corporate personality and preventing its abuse becomes central to the integrity of the business legal framework.

Legal Framework Governing Corporate Veil Piercing in Tanzania

The legal framework governing company operations in Tanzania is primarily anchored in the Companies Act [Cap 212 R.E. 2023], which replaced the Companies Ordinance (Cap 212 of 1932) inherited from the English legal system. The Act consolidates the law relating to the formation, management, and regulation of companies but, notably, it does not expressly codify the doctrine of piercing or lifting the corporate veil. The statutory provisions emphasize incorporation and the autonomy of the corporate entity but remain largely silent on mechanisms for holding controlling members personally accountable when the corporate form is abused.^{xiv}

The foundation of corporate personality is established under Section 15(1) of the Companies Act, which provides that upon registration, a company becomes a body corporate capable of exercising all the functions of an incorporated entity, including perpetual succession and the right to sue and be sued in its own name. The provision mirrors the principle enunciated in *Salomon v. Salomon & Co. Ltd* [1897] AC 22, reflecting the enduring influence of English company law. It solidifies the doctrine of separate legal personality and limited liability, but without complementary provisions addressing its misuse, the statute inadvertently enables the concealment of liability through corporate form.^{xv}

Although the Act does not explicitly refer to “piercing the veil,” several provisions indirectly relate to corporate accountability. For

example, Sections 182-187 of the Act impose duties on directors to act honestly, in good faith, and in the best interests of the company. Breach of these duties may result in personal liability, thereby tempering the absolute protection otherwise afforded by corporate personality. Similarly, Section 320 imposes criminal liability on directors or officers where a company commits offences involving fraud or deceit. However, these provisions address individual misconduct within the company rather than the broader question of when the corporate veil may be disregarded to attribute liability to shareholders or parent companies.^{xvi}

The absence of explicit statutory criteria for veil piercing has left Tanzanian courts with significant interpretive discretion. As a result, judicial approaches have been inconsistent, often oscillating between strict adherence to the principle of separate personality and equitable intervention in cases of fraud or abuse. For instance, in *Salim Mohamed v. Mkombozi Commercial Bank* (High Court of Tanzania, Commercial Division, 2018), the court reaffirmed that a company is a distinct legal person but acknowledged that where incorporation is used to defeat justice or conceal wrongful conduct, the veil may be lifted. While this decision demonstrates an awareness of the principle, it also reflects the absence of legislative clarity on the conditions under which such intervention is justified.^{xvii}

In other cases, courts have shown judicial restraint, adhering closely to corporate separateness even where evidence suggested misuse of the company form. This conservative approach is partly rooted in the traditional view that corporate autonomy is essential for business certainty and investment protection. However, this restraint has also allowed some corporate actors to exploit incorporation to evade liability, particularly in group company structures where parent companies manipulate subsidiaries to avoid contractual or tortious obligations. The Tanzanian judiciary thus faces a persistent dilemma: balancing the sanctity of the company’s separate personality with the need to prevent its abuse in the interests of justice and equity.^{xviii}

Moreover, institutional enforcement mechanisms remain underdeveloped. Regulatory bodies such as the Business Registrations and Licensing Agency (BRELA) and the Fair Competition Commission (FCC) have oversight powers over company registration and market conduct but lack explicit authority to initiate veil-piercing proceedings. The mandates focus on compliance with registration and competition laws, leaving the accountability of controlling entities primarily to judicial determination. This regulatory gap further weakens corporate governance and undermines the enforcement of fair business practices, especially in conglomerates and cross-border business operations.^{xix}

From a doctrinal perspective, the absence of statutory guidance in Tanzania contrasts sharply with developments in other common law jurisdictions. For example, South Africa’s Companies Act of 2008, under Section 20(9), expressly empowers courts to disregard the company’s separate personality in cases of abuse. Similarly, the United Kingdom’s Companies Act 2006, although not

comprehensive, has been complemented by well-developed jurisprudence that outlines the limited circumstances in which veil piercing is permissible. The Tanzanian legal regime, by comparison, remains heavily reliant on judicial discretion without statutory benchmarks, creating uncertainty and unpredictability in corporate litigation.^{xx}

The practical consequence of this legal vacuum is a weak deterrent effect against corporate abuse. Without clear statutory provisions or consistent jurisprudence, controlling members or parent companies may continue to use subsidiaries or shell entities as shields against liability. This not only undermines the accountability mechanisms envisioned in corporate governance frameworks but also erodes stakeholder trust and public confidence in the business regulatory environment. Therefore, while the Tanzanian Companies Act establishes a robust framework for incorporation and management, its inadequacy lies in its silence on veil piercing and the absence of express statutory tools to deal with corporate misconduct within group structures. This deficiency highlights the need for legislative intervention to define clear standards and procedures for lifting the corporate veil, ensuring that incorporation is not abused as a vehicle for injustice. Such reform would promote fairness, strengthen regulatory enforcement, and align Tanzania's company law with global best practices on corporate accountability.^{xxi}

Assessing the Adequacy of the Companies Act in Addressing Corporate Veil Piercing

A critical assessment of the Companies Act [Cap 212 R.E. 2023] reveals that while it establishes a comprehensive framework for the incorporation, management, and regulation of companies in Tanzania, it remains inadequate in addressing the realities of corporate veil piercing, particularly in the context of group company structures. The Act successfully codifies the principle of separate legal personality under Section 15(1) and provides a sound basis for business formation and limited liability. However, its silence on circumstances warranting the disregard of that personality leaves a significant gap in the corporate accountability framework.^{xxii}

The first major inadequacy lies in the absence of explicit statutory provisions empowering courts or regulators to pierce the corporate veil. Unlike jurisdictions such as South Africa or the United Kingdom, where either legislation or established case law outlines clear conditions for disregarding corporate separateness, the Tanzanian Companies Act leaves the matter entirely to judicial discretion. As a result, the courts in Tanzania have adopted a cautious and inconsistent approach, often relying on general equitable principles rather than statutory guidance. This judicial uncertainty undermines predictability, discourages consistent precedent formation, and weakens the deterrent effect against misuse of corporate personality.^{xxiii}

The second weakness concerns the Act's limited recognition of corporate groups and subsidiaries. Modern business structures often operate under complex parent-subsidiary networks, but the

Tanzanian Companies Act treats each company as an isolated entity without addressing issues of group liability or consolidated accountability. There is no provision requiring parent companies to disclose control over subsidiaries or bear responsibility for their actions, even when they exercise complete managerial and financial dominance. Consequently, parent companies may exploit this legal vacuum to engage in regulatory arbitrage, allowing subsidiaries to commit wrongful acts or evade contractual obligations while the parent remains insulated by the corporate veil. This deficiency not only frustrates creditors and stakeholders seeking redress but also contradicts the contemporary global movement toward corporate transparency and responsible governance.^{xxiv}

Thirdly, the statutory duties imposed on directors and officers under Sections 182-187, while commendable in articulating obligations of honesty, diligence, and good faith, are insufficient as mechanisms for veil piercing. These provisions regulate conduct within the company but do not extend to circumstances where incorporation itself is used as an instrument of fraud or injustice. Similarly, the criminal liability provisions under Section 320, which target fraudulent conduct by officers, address individual misconduct but fail to capture the broader misuse of corporate structure by shareholders or parent entities. Thus, the Act's accountability mechanisms operate narrowly within internal management rather than addressing systemic abuses of corporate form.^{xxv}

Another critical shortcoming is the lack of institutional oversight mechanisms capable of identifying and addressing misuse of corporate personality. Regulatory bodies such as BRELA focus primarily on registration and compliance, lacking investigative or enforcement powers to intervene in cases of fraudulent incorporation or misuse of subsidiaries. The Fair Competition Commission (FCC) and Capital Markets and Securities Authority (CMSA) perform limited regulatory oversight in specific sectors, but none have clear authority to initiate actions based on the doctrine of veil piercing. This institutional fragmentation reflects a broader gap between corporate registration and corporate accountability, leaving judicial intervention as the only recourse for victims of abuse.^{xxvi}

In assessing the judicial dimension, Tanzanian courts have demonstrated both awareness and hesitance in applying veil-piercing principles. In *Salim Mohamed v. Mkombozi Commercial Bank* (High Court of Tanzania, Commercial Division, 2018), the court acknowledged that the corporate veil may be lifted where the company form is used to defeat justice. Yet, the absence of statutory standards limits judicial consistency, as subsequent cases may interpret the principle differently or avoid it altogether. This uncertainty discourages litigants from pursuing veil-piercing claims and allows unscrupulous corporate actors to exploit procedural weaknesses.

From a policy perspective, the inadequacy of the Companies Act undermines the broader objective of ensuring corporate accountability and responsible governance. In a globalized

economy where a corporate misconduct often transcends national boundaries, the absence of clear veil-piercing provisions weakens Tanzania's ability to regulate multinational corporations and safeguard domestic economic interests. Moreover, the deficiency threatens investor confidence, as weak accountability mechanisms can deter both domestic and foreign investors seeking a transparent and predictable business environment.^{xxvii}

In contrast, comparative jurisdictions provide valuable benchmarks. The South African Companies Act (No. 71 of 2008), under Section 20(9), explicitly empowers courts to declare that the company's separate personality should not be recognized where it is used as a device to defeat or perpetrate fraud. Similarly, the UK Supreme Court in *Prest v. Petrodel Resources Ltd* [2013] UKSC 34, reaffirmed that veil piercing should be limited to cases of evasion or concealment but emphasized the necessity of a clear legal framework guiding such intervention. These absence of parallel provisions in Tanzania leaves both the judiciary and corporate regulators ill-equipped to respond effectively to abuses of corporate structure.^{xxviii}

The overall assessment therefore reveals that while the Companies Act provides a strong foundation for incorporation and internal governance, it fails to address the external dimension of corporate accountability particularly where corporate separateness is manipulated to commit fraud or injustice. The law's silence on veil piercing perpetuates judicial inconsistency, regulatory inertia, and a gap in corporate transparency. Reforming the Act to incorporate explicit veil-piercing provisions and enhancing institutional oversight would not only modernize Tanzania's company law framework but also align it with emerging international norms that prioritize both economic growth and corporate responsibility.

Proposals for Legal and Institutional Reforms

The analysis of the Tanzanian Companies Act reveals a commendable statutory framework for incorporation and governance, yet one that remains fundamentally weak in ensuring corporate accountability where the corporate form is abused. To address these shortcomings, it is imperative to adopt comprehensive legal and institutional reforms that both clarify the doctrine of corporate veil piercing and enhance the enforcement capacity of regulatory institutions. Reform in this area would not only align Tanzania's company law with modern global standards but also strengthen the integrity, predictability, and transparency of the country's corporate legal system.

a) Introduction of Explicit Statutory Provisions on Veil Piercing

The most urgent reform is the amendment of the Companies Act [Cap 212 R.E. 2023] to expressly recognize and regulate the doctrine of piercing the corporate veil. Currently, the Act is silent on this matter, leaving it entirely to judicial interpretation. The legislative vacuum has resulted in inconsistent court decisions and limited guidance for regulators. Tanzania should adopt a provision similar to Section 20(9) of South Africa's Companies Act, No. 71 of 2008, which authorizes courts to disregard the company's

separate legal personality whenever it is abused to commit fraud, evade obligations, or act contrary to the law.

Such an amendment would codify the principle that the privilege of separate legal personality is not absolute and must yield where its application would defeat justice. The proposed statutory reform could, for instance, include a clause providing that "Where it appears that the company form has been used as a device to perpetrate fraud, avoid legal duties, or cause injustice, a court may, upon application or on its own motion, declare that the acts of the company shall be treated as those of its members or controlling persons." This reform would not undermine incorporation; rather, it would provide a clear statutory mechanism for courts to act when the corporate form is misused. It would also guide practitioners, shareholders, and investors on the legal boundaries of corporate autonomy.

b) Recognition of Group Companies and Parent-Subsidiary Liability

The Act should also be revised to recognize group company structures and establish principles of group liability. In practice, many corporate abuses occur within conglomerates where a parent company exercises control over subsidiaries but disclaims responsibility for their actions. A modern legal framework should impose limited but clear liability on parent companies where they exercise decisive influence over subsidiary operations leading to loss or harm. This can be achieved by introducing a statutory presumption that where a parent company owns more than a certain percentage of shares (for instance, 75%) and directs the management of a subsidiary, it may be held jointly liable for wrongful acts committed by that subsidiary in the course of implementing group policy. Such a reform would align Tanzanian law with contemporary global standards, particularly the European Union approach to corporate groups and South Africa's Companies Act 2008, which recognizes that separate entities within a group may share responsibility for corporate misconduct.

c) Strengthening Director Liability and Corporate Governance

While the Companies Act imposes duties on directors to act in good faith and with diligence (Sections 182-187), enforcement remains weak. Reforms should focus on strengthening directorial accountability by Requiring all company directors to submit annual declarations of compliance confirming adherence to statutory duties.

Establishing personal civil and criminal liability where directors knowingly permit corporate misconduct, fraud, or abuse of limited liability. Empowering courts to disqualify negligent or dishonest directors for a specified period, similar to Part 10 of the UK Companies Act 2006. Furthermore, the reform should incorporate modern corporate governance principles, such as transparency, ethical conduct, and stakeholder accountability. This can be achieved through mandatory adoption of governance codes and periodic performance audits of company boards.

d) Enhancing Institutional Oversight and Enforcement



Legal reform must go hand in hand with institutional strengthening. The Business Registrations and Licensing Agency (BRELA), as the principal registrar, should be granted enhanced oversight powers beyond registration. It should be authorized to investigate cases of fraudulent incorporation, shell companies, and suspicious group structures. BRELA could also be empowered to recommend veil-piercing actions in coordination with the Attorney General or the Fair Competition Commission (FCC). In addition, inter-agency collaboration is critical. The FCC, the Capital Markets and Securities Authority (CMSA), and the Financial Intelligence Unit (FIU) should share data and coordinate enforcement efforts to trace and deter misuse of corporate personality for money laundering, tax evasion, or anticompetitive practices. This multi-agency approach would provide a systemic safeguard against abuse while ensuring that veil piercing operates within a clear, regulated, and transparent institutional framework.

e) Judicial Capacity Building and Specialized Corporate Courts

Given that veil piercing remains a judicially driven doctrine, there is a need to enhance judicial capacity in corporate law adjudication. Training program on modern corporate structures, international standards of accountability, and comparative jurisprudence should be established for judges, magistrates, and commercial practitioners. Additionally, the establishment of specialized commercial courts or dedicated divisions within the High Court (such as a "Corporate and Insolvency Division") would improve the efficiency and consistency of decisions concerning corporate misconduct. This reform would foster the development of coherent jurisprudence, reducing the current uncertainty that stems from inconsistent rulings. It would also promote investor confidence by signaling Tanzania's commitment to a fair and predictable business environment.

f) Adoption of a Comprehensive Corporate Accountability Policy

Beyond statutory and institutional reform, Tanzania should adopt a National Corporate Accountability Policy that integrates the principles of good governance, transparency, and responsible business conduct. This policy should establish national standards for ethical corporate behavior, promote corporate social responsibility (CSR), and provide mechanisms for whistleblower protection and public participation in corporate oversight.

The integration of such a policy would complement statutory reform by addressing the broader socio-economic and moral dimensions of corporate accountability. It would also align Tanzania with international initiatives, such as the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, both of which emphasize the duty of states to ensure responsible corporate conduct.

Conclusion

The analysis of the Tanzanian Companies Act demonstrates that while the statute establishes a solid foundation for company incorporation and governance, it remains inadequate in addressing

the doctrine of corporate veil piercing, particularly within complex group company structures. The Act gives legal recognition to the principle of separate corporate personality, a doctrine central to modern commerce and investment protection, yet it fails to articulate clear circumstances under which courts may disregard this separateness to prevent abuse. This legislative silence has left the Tanzanian judiciary with wide discretion, resulting in inconsistent application and a lack of coherent jurisprudence on corporate accountability. The absence of statutory clarity has, in turn, created space for the misuse of incorporation as a shield against liability, undermining the very purpose of corporate regulation and weakening public confidence in the legal system.

For Tanzania to keep pace with contemporary corporate realities, there is an urgent need for comprehensive legal reform. The Companies Act should be amended to explicitly provide for veil-piercing mechanisms, outline the legal standards for determining abuse of corporate form, and recognize group company liability where a parent company exercises decisive control over subsidiaries. Equally important is the enhancement of institutional capacity empowering regulatory bodies such as BRELA, the Fair Competition Commission, and the Capital Markets and Securities Authority to monitor, investigate, and take actions against misuse of the corporate personality. Strengthening judicial specialization in commercial matters and adopting modern corporate governance principles would further promote predictability, fairness, and accountability in the business environment.

Ultimately, piercing the corporate veil is not intended to dismantle the autonomy of incorporated entities but to ensure that the corporate form serves justice, not injustice. Incorporation is a privilege granted by law to promote economic growth; however, it should not be used as a façade for fraud, exploitation, or evasion of responsibility. By reforming its company law framework and embracing principles of transparency, fairness, and accountability, Tanzania can build a more trustworthy corporate system one that balances the legitimate interests of investors with the broader imperatives of justice, integrity, and sustainable economic development.

END NOTE

ⁱ Companies Act [Cap 212 R.E. 2023], Sect. 15.

ⁱⁱ FARRAR, John (2015), *Corporate Governance: Theories, Principles and Practice*, Oxford: Oxford University Press, p. 67

ⁱⁱⁱ Salim Mohamed v. Mkombozi Commercial Bank (High Court of Tanzania, Commercial Division, 2018).

^{iv} KAWAMALA, David (2015), *Corporate Responsibility and Legal Reform in Tanzania*, Dar es Salaam: LawAfrica, p. 89.

^v HUTCHINSON, Terry (2018), *Researching and Writing in Law*, Sydney: Thomson Reuters, p. 45.

^{vi} Salomon v. Salomon & Co. Ltd [1897] AC 22 (HL).

^{vii} FARRAR, John (2015), *Corporate Governance: Theories, Principles and Practice*, Oxford: Oxford University Press, p. 67.

- ^{viii} Gilford Motor Co. Ltd v. Horne [1933] Ch 935.
- ^{ix} Creasey v. Breachwood Motors Ltd [1993] BCLC 480.
- ^x Adams v. Cape Industries Plc [1990] Ch 433.
- ^{xi} MUYANGU, Brian (2020), Corporate Groups and Liability in East Africa, Nairobi: LawAfrica, p. 92.
- ^{xii} Companies Act [Cap 212 R.E. 2023].
- ^{xiii} Salim Mohamed v. Mkombozi Commercial Bank (High Court of Tanzania, Commercial Division, 2018).
- ^{xiv} MNYIKA, Leonard (2019), Company Law in Tanzania, Dar es Salaam: Mkuki na Nyota, p. 54.
- ^{xv} Salomon v. Salomon & Co. Ltd [1897] AC 22 (HL).
- ^{xvi} Ibid.
- ^{xvii} Salim Mohamed v. Mkombozi Commercial Bank (High Court of Tanzania, Commercial Division, 2018).
- ^{xviii} MUYANGU, Brian (2020), Corporate Groups and Liability in East Africa, Nairobi: LawAfrica, p. 92.
- ^{xix} Business Registrations and Licensing Agency Act [Cap 208 R.E. 2023]; Fair Competition Act, No. 8 of 2003.
- ^{xx} Prest v. Petrodel Resources Ltd [2013] UKSC 34.
- ^{xxi} MNYIKA, Leonard (2019), Company Law in Tanzania, Dar es Salaam: Mkuki na Nyota, p. 57.
- ^{xxii} Companies Act [Cap 212 R.E. 2023], Section. 15(1).
- ^{xxiii} Salim Mohamed v. Mkombozi Commercial Bank (High Court of Tanzania, Commercial Division, 2018).
- ^{xxiv} FARRAR, John (2015), Corporate Governance: Theories, Principles and Practice, Oxford: Oxford University Press, p. 74.
- ^{xxv} Ibid.
- ^{xxvi} Fair Competition Act, No. 8 of 2003; Capital Markets and Securities Act, Cap 79 R.E. 2023.
- ^{xxvii} MNYIKA, Leonard (2019), Company Law in Tanzania, Dar es Salaam: Mkuki na Nyota, p. 60.
- ^{xxviii} Prest v. Petrodel Resources Ltd [2013] UKSC 34.