CORETAX
AFRICA

Budget
Highlights
2025 - 2026

JUNE 2025

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Highlights

In aligning the 2025/2026 budget with the fifth year of the Tanzania Development Vision 2025, the Minister of Finance focused on the task of ensuring an internally focused economic transformation model as agreed with the East African Community partner states.

"With projected growth in GDP at 6.0% in 2025, alongside projected domestic revenue growth, inflation management in the single digits and a growth in tax revenue as a share of GDP inching past 13%, the outlook from a Tanzania economic standpoint still remains strong. The performance in the financial 2024/25 continues to drive the expectations of ensuring that all efforts towards attaining the goals of the Five Year Development Plan (2021/22 to 2-25/26) are well managed."

01 Economic Analysis

Economic Analysis

Gross Domestic Product (GDP)

The real GDP in 2024 grew by an average of 5.5 percent compared to the target of 5.4 percent achieved through agriculture, construction activities, export performance and tourism.

GDP in 2025 is forecasted to 6.0% driven by increased private sector participation in investment and business activities.

Inflation

The headline inflation from July 2024 to May 2025 averaged 3.1%

The inflation has maintained the medium target of between 3.0 – 5.0 percent.

The 2025/26 budget targets to control inflation rate and ensure it remains within single-digit range of an average of 3.0 - 5.0 percent in the medium term.

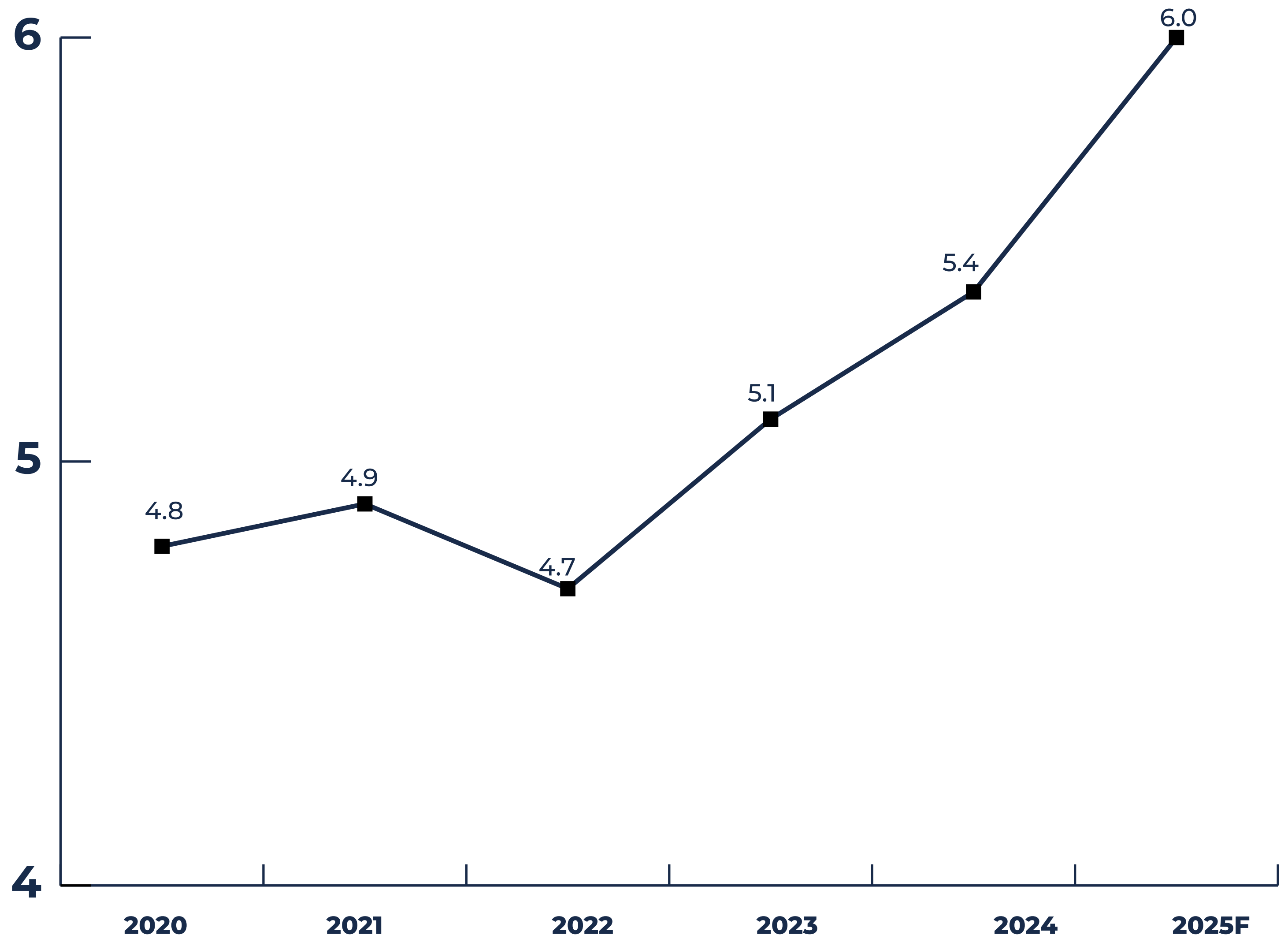
Exchange Rate

The exchange rate depreciated following an increase in demand for foreign exchange in the market due to high commodity prices in the world.

Following the shortage of the dollar, the government directed local stakeholders who charge in foreign currency to amend and ensure that all levies, goods and services are quoted and paid in TZS.

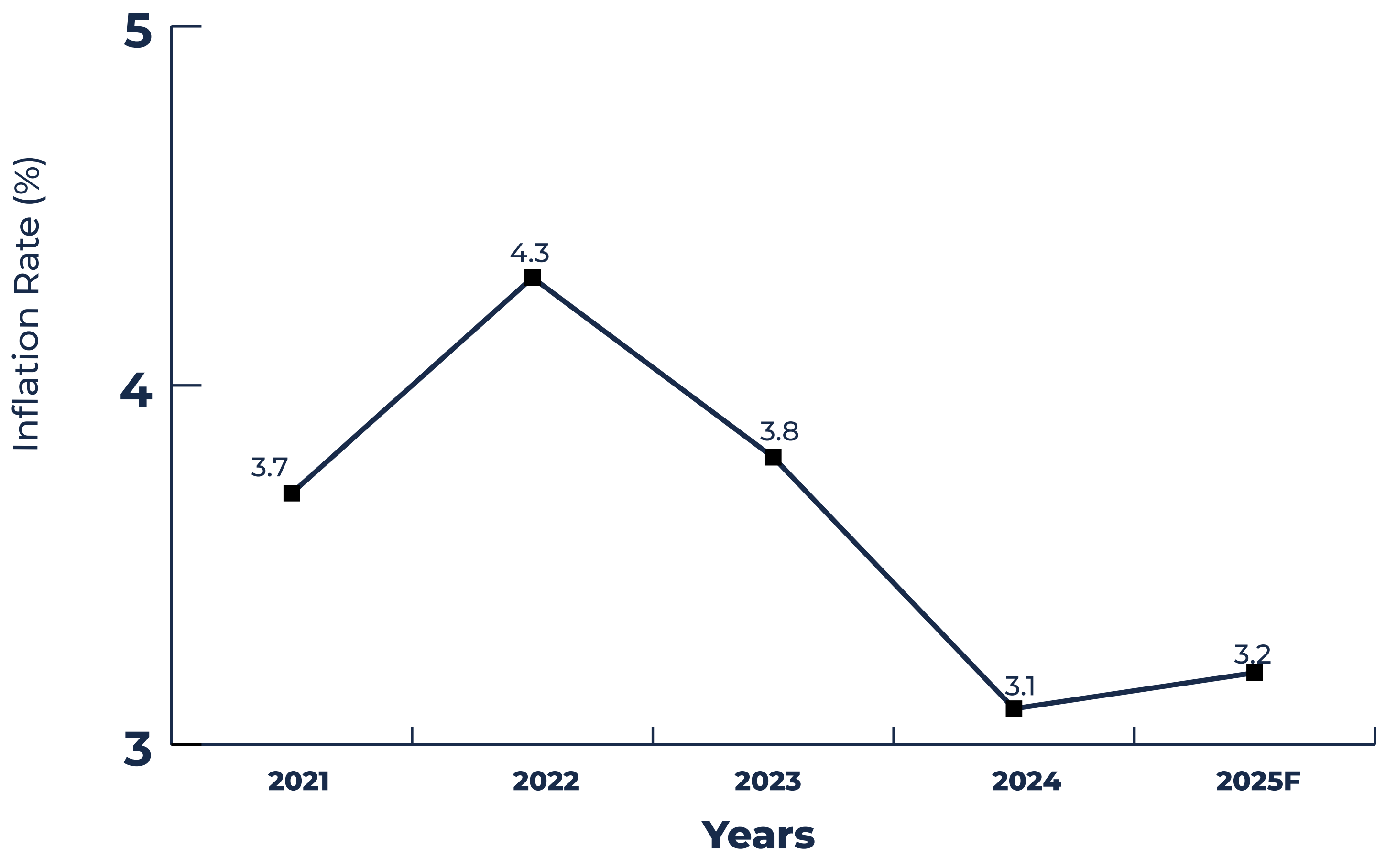
The 2025-26 budget expects to maintain foreign exchange reserves sufficient to cover at least four (4) months of imports of goods and services.

GDP Forecast



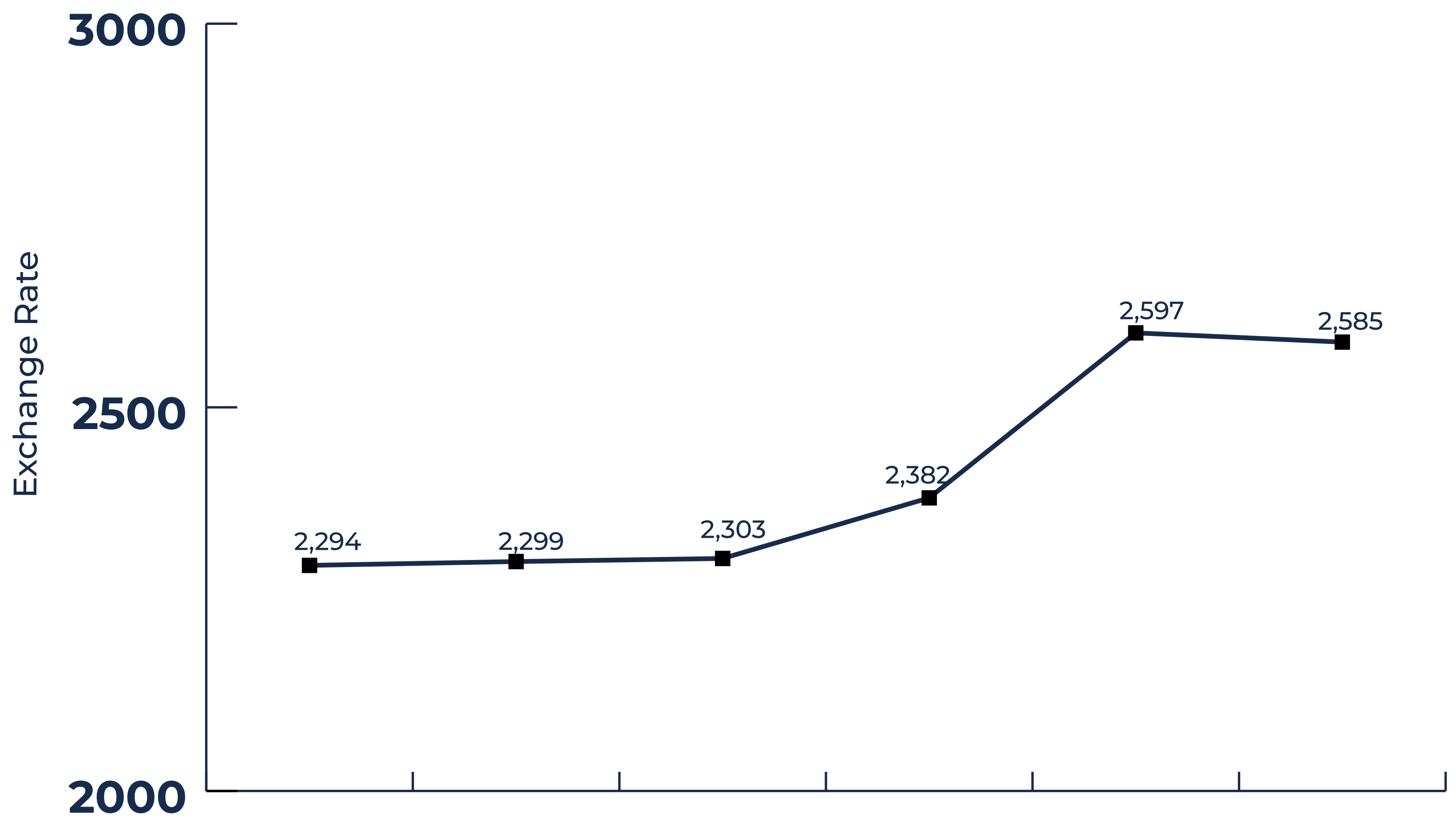
Source: Annual minister speech

Inflation Rate



Source: Monthly BOT review – April 2025

Exchange Rates



Source: BOT website(External Stastistics)

Economic Analysis

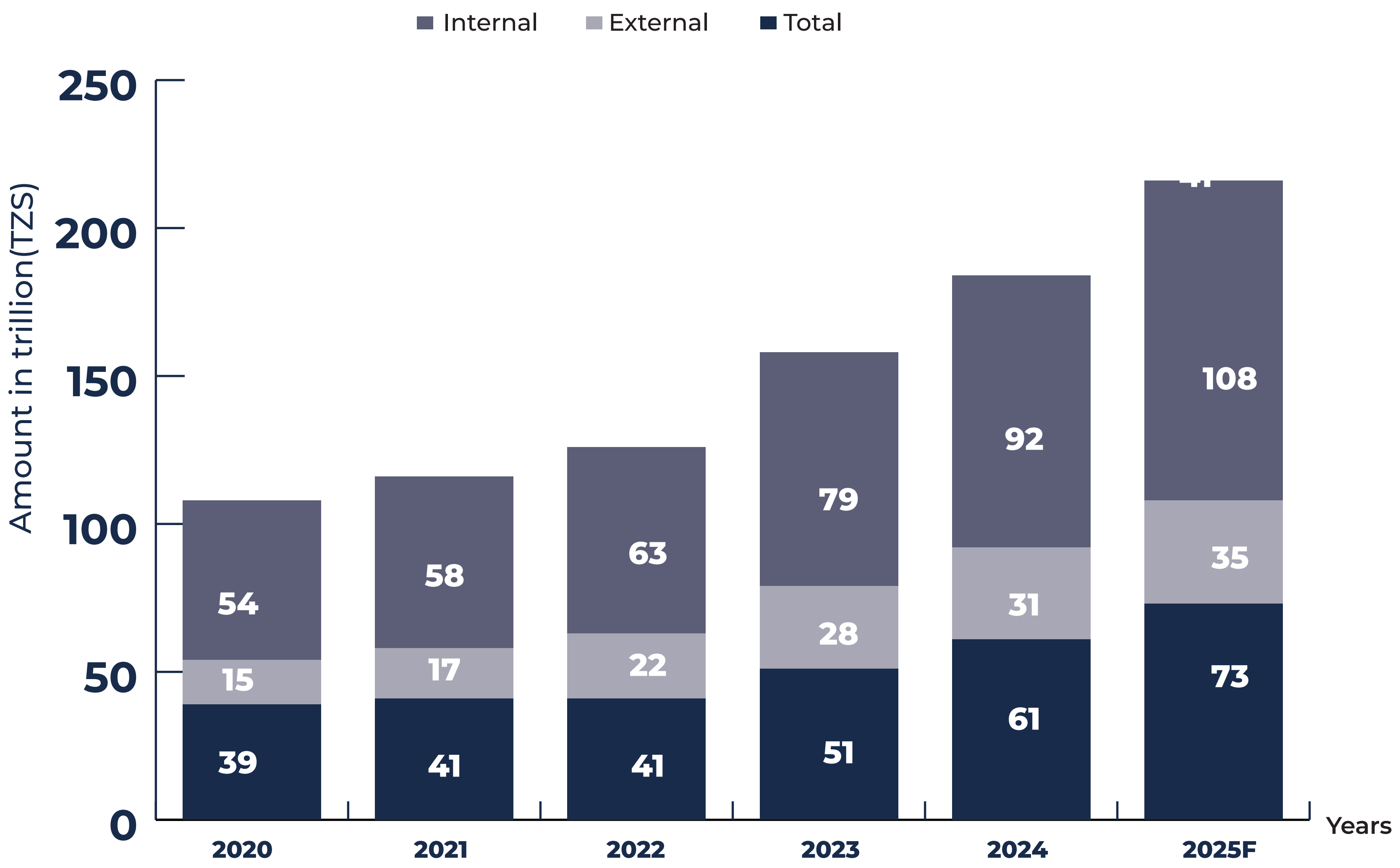
Government Debt

As of April 2025, the Public Debt Stock reached 107.70 trillion shillings. Out of that, external debt was 72.94 trillion shillings, and domestic debt was 34.76 trillion shillings.

Debt Sustainability Analysis (DSA) conducted in October 2024 revealed that, the debt is sustainable in the short, medium, and long term.

The present value of the public debt to GDP was 40.3 percent compared to the threshold of 55 percent.

Government Debt

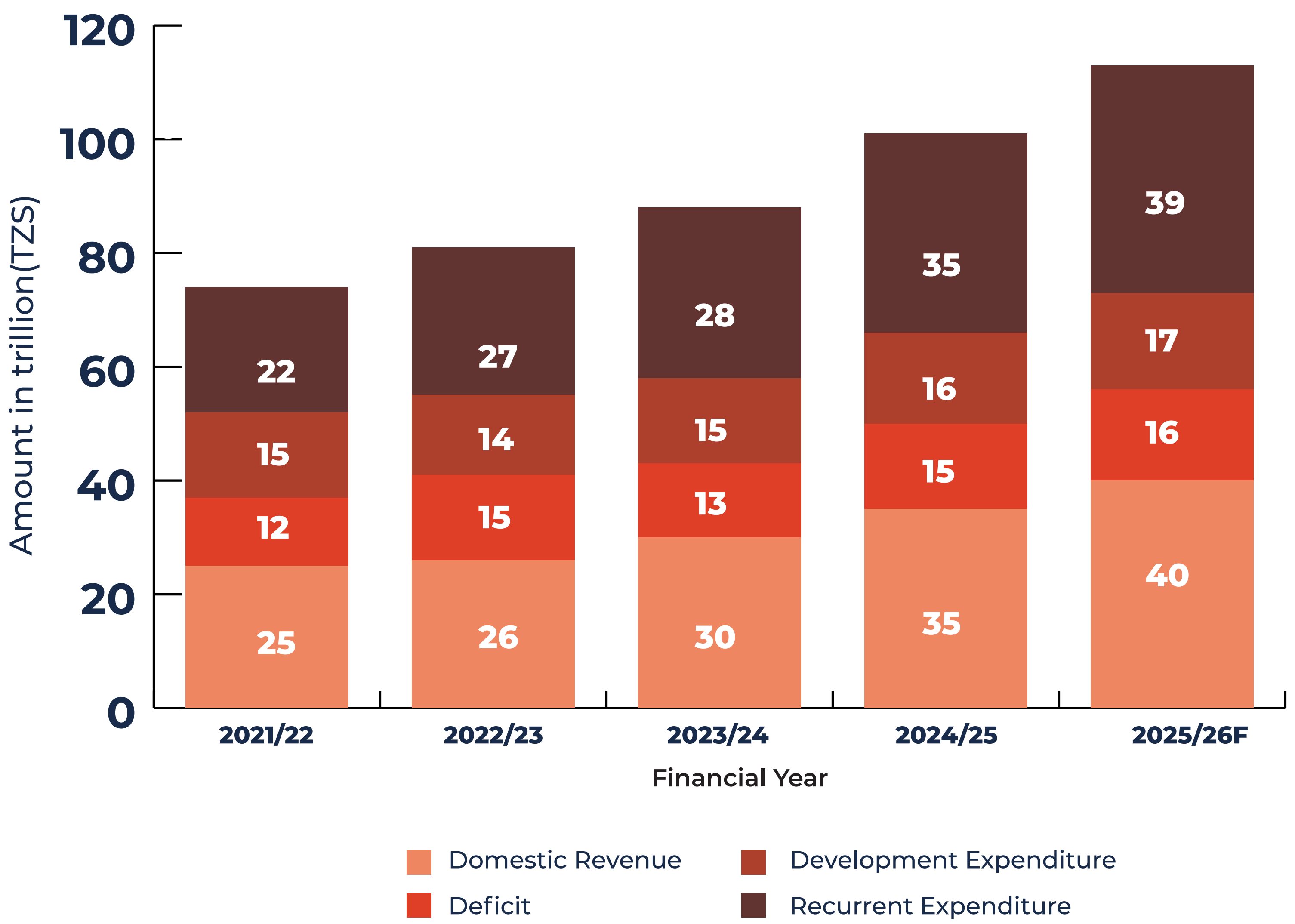


Source: Budget speech

Budget Overview

- Government expects to mobilize and spend a total of 56.49 trillion shillings, equivalent to an increase of 14.5% compared to the 2024/25 budget.
- The sources for mobilization of 2025/26 budget are as follows;
  - Tax domestic revenues with significant increase in income tax
  - Borrowings
  - Grants and Concessional loans by development partners.

Budget Overview



02 Proposed Tax Changes

Income Tax

Income Tax

1. Introduction of tax relief to small scale transporters:

The government proposes income tax relief for two-wheeled motorcycles, three-wheeled motorcycles (Bajaji), and goods-carrying vehicles with a load capacity not exceeding 500 kilograms, including "Guta" through a simplified presumptive tax system outlined below:

Class A: Passenger Service Vehicles

Current Practice		Proposed Amendements	
No. of passengers	Rates	No. of passengers	Rates
N/A	N/A	Passengers not exceeding 5	120,000
Passenger not exceeding 15	250,000	Passenger from 5 to 15	250,000

Class C: Goods carrying Vehicles

Current Practice		Proposed Amendements	
No. of passengers	Rates	No. of passengers	Rates
N/A	N/A	Weight not more than 500Kg	120,000
Weight not more than 1 Tonne	250,000	Weight of 500Kg and not more than 1 Tonne	250,000

Income Tax

Class D: Private Hire Service Vehicles

Current Practice		Proposed Amendements	
No. of passengers	Rates	No. of passengers	Rates
N/A	N/A	Weight not more than 500Kg	120,000
Weight not more than 1 Tonne	250,000	Weight of 500Kg and not more than 1 Tonne	250,000

The proposed income tax relief for motorcycles, Bajajis, and small goods vehicles introduces simplified, fixed tax rates to ease compliance and reduce the tax burden on small transport operators. This is expected to encourage formalization, increase voluntary compliance ultimately promoting inclusive economic growth in Tanzania.

2. Amendment of section 12 of income tax act to include retained earnings in the definition of the term "equity".

This amendment will broaden the tax interpretation of a company's capital base, impacting on the calculation of thin capitalization ratios. As a result, it may limit excessive debt financing and promote stronger capital structures. Profit-making companies are likely to benefit from this change, as retained earnings will now be included as part of equity. However, loss-making companies may be disadvantaged, as they are more likely to face the risk of being classified as thinly capitalized.

Income Tax

3. Introduction of withholding tax at a rate of 10% on retained earnings after six months

In practice, we have observed that the TRA has been deeming dividends on undistributed profits and imposing a 10% withholding tax on companies owned more than 51% by non-resident shareholders. This amendment appears to formalize their position regardless of the % holding between local shareholders and non-resident shareholders. However, such a measure may reduce reinvestment and potentially hinder long-term economic growth of companies.

4. Imposition of income tax at a rate of 3.5% on income derived from sale of forest products

Raises costs for forest product sellers, potentially impacting small-scale operators.

5. Imposition of withholding tax at a rate of 2% on payments arising from the purchase of raw salt from holders of a Primary Mining License (PML) or artisanal mining.

This aims at addressing the challenges of tax collection from producers within the sector.

6. Imposition of withholding tax at a rate of 10% on commission payments derived from sport betting advertisement which will be a final withholding payment

This is to broaden the tax base and enhances government revenue collection from a growing digital sector. The measure may also help regulate the betting industry more effectively but a reduction of income earned by smaller content creators or influencers who rely on such commissions for income.

Income Tax

7. Increase of withholding tax rate on insurance and re-insurance premium payments made to non-resident companies from 5% to 10%.

This will lead to increased costs of reinsurance for local companies depending on foreign (non-resident) reinsurers and these costs will likely be passed on to the local customers.

8. Increase of withholding tax rate on payments for professional and management services provided in the extractive sector from 5% to 10%.

The increase of the withholding tax rate from 5% to 10% on payments for professional and management services in the extractive sector may raise the cost of such services.

9. Increase of Alternative Minimum Tax (AMT) rate paid by companies incurring losses for three consecutive years from 0.5% to 1%.

This will raise taxpayers' tax burden, reducing cash flow and potentially challenging their survival and growth of loss-making entities. While it boosts government revenue, it may also discourage sustained investment by struggling with loss making businesses.

10. Reducing the limit ratio of the carrying forward losses from the previous years that can be deducted during the income tax calculation for businesses in mining, petroleum, oil and gas activities operating at a loss from 70% to 60%.

This will increase the taxable income in profitable years, leading to higher tax payments even when prior losses exist.

Income Tax

11. Abolishing the income tax exemption granted for the initial 10-year period to investors registered in Special Economic Zones (EPZ and SEZ) when goods produced and services rendered within these zones are sold in the local market.

Although this may make Tanzania slightly less attractive to some investors, other countries implementing the new global tax reforms are also phasing out similar tax breaks. This move aims to protect government revenues and reduce reliance on incentives that encourage tax competition between countries.

VAT

Value Added Value (VAT)

1. Proposed conditions for VAT exemptions in agricultural equipment

VAT exemption on tractor tires used in agricultural activities identified with HS Code 4011.70.00; dam liners identified with Heading 39.20; forks (HS Code 8201.90.00); rakes (HS Code 8201.30.00); and axes (HS Code 8201.40.00) to only be granted upon obtaining approval from the Minister responsible for agriculture

This measure aims to bring relief and ensure the exemptions are used strictly for agricultural purposes.

2. New exempt supplies

- On re-insurance transactions between insurance companies and re-insurance companies.
- On pesticides identified under HS Codes 3808.61.00, 3808.62.00 and 3808.69.00.
- On edible oil produced locally using locally grown seeds for a period of one year (extension).
- On newspapers published locally only.
- On natural gas sold to Compressed Natural Gas stations for motor vehicles use only.
- On cooking gas tanks and cylinders under HS Code 7311.00.10 as well as carbonization furnace with HS Code 8417.80.00 used in the production of briquettes.

These measures intend to provide relief, improve competitiveness and promote growth of the specific sectors.

Value Added Value (VAT)

3. New zero-rated supplies

- On textile products (fabric and garments) made from locally grown cotton for a period of one year.
- On locally produced fertilizers for a period of three years.

Rationale to encourage local production and exportation activities and discourage dependency on importations.

4. Abolishment of VAT exemption on:

- The purchase and importation of gaming supplies, intended to align with the equity principle of taxation.
- Bitumen classified under HS Codes 2713.20.00 and 2715.00.00.

5. Amendments on item 15 of Part One of the VAT exemption schedule to provide clarity on interpretation and application in the sector, while promoting sustainable energy use in line with global environmental commitments.:

- Item 15(8) – Replacing “Liquified Petroleum and Natural Gases” with “Liquified Petroleum Gas”.
- Item 15(9) - Replacing “Compressed Petroleum and Natural gases” with “Compressed Natural Gas for Motor Vehicles”.
- Item 15(10) - Replacing “Compressed or Liquified gas cylinders for petroleum and natural gases for cooking” with “Liquified Petroleum Gas cylinders for cooking”, intending to also align with the international clean cooking agenda.

6. Amendments on item 15 of Part Two of the VAT Act to remove VAT exemption on non-CNG equipment and include CNG compressor and CNG metering equipment.

Value Added Value (VAT)

7. **Reduced VAT Rate to 16% on Online Payments (B2C)** to promote the use of online payments, discourage hard-cash transactions, and improve tax .

Measures to enhance VAT compliance and expand the tax base:

8. **Establishment of VAT Collection Agency System** requiring the designated agents (Ministry of Finance; Government Institutions and taxpayers) to collect and remit 3% of VAT on payments made to registered sellers.

9. **Expansion of “Online Intermediation Services”** to include online marketplace and network marketing platforms.

10. **Inclusion of Non-Resident Online Payment Platforms** that use local service providers’ infrastructure under “financial intermediaries”.

Tax Administration

Tax Administration

a) Proposal to interface taxpayers' accounting systems used in the issuance of electronic receipts with the system operated by the TRA for the purpose of enhancing voluntary tax compliance and facilitating tax administration.

This change is expected to enhance transparency in business transactions, provide real-time data, minimize underreporting, and ultimately increase government revenue.

b) Waiver of the requirement to pay tax not in dispute or one-third of the assessed tax whichever is greater within fifteen days from the date of receipt of tax decision.

Taxpayers objecting to tax decisions may now apply for a full waiver or lesser amount of the tax deposit within statutory days of filing an objection, as opposed to the previous 15-day period. This extension allows taxpayers additional time to prepare and submit their waiver or lesser amount applications. , It remains important for taxpayers to ensure that the application is filed within the 30-days

Excise Duty

Excise Duty

Manufacturers and importers of excisable goods

To remove licensing fees of TZS 300,000 for manufactures of excisable goods so as to reduce the cost of producing and importing excisable goods and lower the cost of doing business in the country.

Excise Duty

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE	COMMENTS/ RATIONALE
Imported Undenatured ethyl alcohol (80% vol. or higher)	HS Code 2207.10.00	7,000 shs per litre	5,000 shs per litre	To protect local manufactures
Locally produced ethyl alcohol	HS Code 2207.10.00	5,000 shs per litre	4,000 shs per litre	
Locally manufactured Energy drinks	HS Codes 2202.99.00	561 shs per litre	134.2 shs per litre	
Imported Crisps	HS Codes 1905.90.90; 2005.20.00 and 2008.99.00		100 shs per kg	Reduce excessive consumption of unhealthy foods
Locally manufactured Crisps			50 shs per kg	
Locally manufactured ice cream	HS Codes 2105.00.00		5%	Protect local manufactures and reduce consumption of unhealthy foods and increase government revenue

Excise Duty

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE	COMMENTS/ RATIONALE
Imported ice cream and other edible ice, whether or not containing cocoa	HS Code 2105.00.00		10%	Protect local manufactures and reduce consumption of unhealthy foods and increase government revenue
Imported sausages and similar products	HS Code 1601.00.00		10%	
Locally manufactured sausages	HS Code 1601.00.00		5%	
Imported soap	HS Codes 3401.11.00; 3401.19.00; 3402.50.00 and 3402.90.00		10%	Protect local manufactures
Imported matches	Heading 36.05		400 shs per kg	
Imported and local supply of imitation jewellery	Heading 71.17		10%	Increase government revenue

Excise Duty

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE	COMMENTS/ RATIONALE
Imported margarine	Heading 15.17		500shs per Kg	To protect local manufactures
Imported used tableware, kitchenware and other related products, of plastic, wood, iron and aluminium	HS Codes 3924.10.00; 3924.90.00; 7323.91.00; 7323.92.00; 7323.93.00; 7323.94.00; 7323.99.00; 7418.10.00; 7615.10.10; 7615.10.90		20%	To mitigate environmental and health impacts associated with the use of such products
Imported and locally manufactured fireworks	HS Code 3604.10.00		25%	To reduce consumption of fireworks and increase government revenue
Imported and locally manufactured parts of electronic cigarettes	HS Code 8543.90.00		30%	To broaden tax base and discourage the consumption
Electronic cigarettes consumable liquids	HS Code 2404.12.00		30%	
Carbon produced from coal and natural gas			22,000 shs per metric ton	To broaden tax base and negative environmental impacts

Excise Duty

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE	COMMENTS/ RATIONALE
Pay per View		5%	10%	To increase government revenue
Imported furniture	Heading 94.03	20%	25%	Promoting local investment and increase of revenue
Natural gas		0.45 shs per cubic feet	0.55 shs per cubic feet	Increase of revenue
Other service providers of money transfer and payment system who employs independent systems other than financial or telecommunication systems			10%	The measure is intended to broaden tax base and enhance equity and fairness principle in taxation
Include manufacturers of wine who use ethanol as a raw material in the excise duty offsetting mechanism	Heading 22.05			The measure is intended to enhance the equity principle of taxation
Exempt un-denatured ethyl alcohol used in manufacturing of goods other than alcohol, such as food flavor	HS Code 2207.10.00			To reduce production costs, enhance competitiveness and increase exportation of these products

Customs

Customs Duty

The East African Community Customs Management Act

The proposed new changes in the Common External Tariff are as follows: -

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE	COMMENTS/ RATIONALE
Iron or non-alloy steel	7210.49.00; 7210.61.00; 7210.70.00; and 7210.69.00; 7210.90.00 7212.40.00 and 7212.50.00	EAC CET rate of 25% or US$ 200/MT whichever is higher EAC CET rate of 35%	25% or US$ 350/MT whichever is higher for one year	To protect local manufactures, employment creation and increase government revenue
Unbleached kraft paper and paperboard	4804.51.00	EAC CET rate of 10%	25% for one year	To protect domestic industry
Refined vegetable oils	1507.90.00; 1508.90.00; 15.09; 15.10; 1511.90.30; 1511.90.90; 1512.19.00; 1513.19.00; 1514.99.00; 1513.29.00; 1515.19.00; 1512.29.00; 1514.19.00; 1515.29.00; 1515.50.00; 1515.60.00 and 1515.90.00	EAC CET rate of 35%	35% or US$ 300/MT, for one year	To protect and promote the processing of vegetable oil in the country

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE	COMMENTS/ RATIONALE
Buses for transportation of more than 25 persons	8702.10.99; 8702.20.99 and 8702.90.99	EAC CET rate of 25%	0%	To de- congest the city and ease the transportation system within the country
Fiberboard of wood or other ligneous materials such as medium density fiberboard (MDF)	44.11	EAC CET rate of 25%	35% for one year	To protect local manufactures
Plywood, veneered panels and similar laminated wood	44.12	EAC CET rate of 25%	35%	
Worked monumental or building stone	68.02	EAC CET rate of 25%	35%	To promote use of local stone
Ceramic tiles	6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00	EAC CET rate of 35%	35% or USD 3 per square meter, whichever is higher	To protect local manufactures of ceramic tiles from cheap and substandard imports
Bars and rods of iron or non-alloy steel	72.14	EAC CET rate of 35%	35% or USD 250 / MT, whichever is higher	To protect local manufactures and attract local investment

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE	COMMENTS/ RATIONALE
Toys	9503.00.00	25%	35%	To increase revenue
Inputs such as metalized paper, phenolic impregnated film paper	4811.90.00	25%	10%	To reduce costs
Inputs used by local manufacturer of waterproofing membranes	2713.20.00; 5603.14.00; 2710.19.59; 3920.10.10 and 6802.99.00	10% and 35%	0% and 10%	

The proposed measures that were taken into effect in the financial year 2024/25 which continue to be implemented in 2025/26 are as follows

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Cash registers and other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS).	8470.50.00 and 8470.90.00	EAC CET rate of 10%	0%
Cocoa powder, not containing added sugar or other sweetening matter	1805.00.00	EAC CET rate of 0%	10%

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Packing materials for processed coffee	7310.21.00; 6305.10.00; 4819.20.90; and 5407.44.00	25%	0%
Packing materials used by local producers of agricultural seeds	6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90 and 7607.19.90	25%	0%
Iron and Steel	7209.16.00; 7209.17.00; 7209.18.00; 7209.25.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7226.92.00; and 7225.50.00.	EAC CET rate of 10%	10% or USD 125 / MT, whichever is higher
Iron and steel reinforcement bars and hollow profiles under	7213.10.00; 7213.20.00; 7213.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00.	EAC CET rate of 25% or USD 200 / MT, whichever is higher	25% or USD 250 / MT, whichever is higher
Monofilament of which any cross-sectional dimension exceeds 1mm, rods, sticks and profile shapes whether or not surface worked but not otherwise worked of plastics	3916.20.00; 3916.10.00; 3916.90.00.	EAC CET rate of 0%	10%
Imported wheat grain	1001.99.10 and 1001.99.90	35%	10%

Cont'd..

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Refined Bleached Deodorized (RBD) Palm Stearin	1511.90.40	10%	0%
Safety matches	3605.00.00	EAC CET rate of 25%	25% or USD 1.35 /Kg whichever is higher
Mineral and 143 aerated waters	2201.10.00	EAC CET rate of 25%	60%
Gypsum Powder	2520.20.00	EAC CET rate of 0%	10%
Worn items of clothing, footwear and articles	6309.00.10; 6309.00.20 and 6309.00.90	EAC CET rate of 35% or USD 0.40 /Kg, whichever is higher	35%
Raw materials, accessories and machineries used to manufacture textiles and leather products		Remission	Remission

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
New pneumatic tyres of rubber, of a kind used on motorcycles	4011.40.00	EAC CET rate of 10%	25%
Iron and Steel cans	7310.10.00 and 7310.29.90	EAC CET rate of 25%	0%
organic surface-active agents used by manufacturers of detergents and liquid soaps	3402.31.00; 3402.39.00; and 3402.49.00	10%	0%
Raw material used in leather processing	3208.20.10; 3208.20.20; 3208.90.20 and 3210.00.10.	35% or 10%	0%
Raw materials used to manufacture different types of fertilizers	2710.99.00; 2528.00.00; and 3505.20.00	25% or 10%	0%
Packaging materials used by local manufacturers of tea (blenders)	4819.20.90; 5407.44.00; and 3923.29.00	25%	0%

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
CKD for three-wheel motorcycle excluding chassis and its components	874.21.90.	25%	10%
Inputs used to manufacture glass reinforced plastic pipes	3920.61.10, 7019.19.00, 7019.11.00, 6006.90.00, 7019.12.00, 3920.10.10, 4016.93.00, and 3907.91.00	25% or 10%	0%
Flat-rolled products	7212.20.00	EAC CET rate of 10%	10% or USD 125 / MT, whichever is higher
Baby diapers	9619.00.90	EAC CET rate of 25%	35%
Cotton yarn	Headings 52.05; 52.06; and 52.07 except HS Code 5205.23.00.	EAC CET rate of 10%	25%
Horticultural products	0604.20.00; 0604.90.00; 0808.10.00; and 0808.30.00	EAC CET rate of 25%	35%

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Consumption of sugar and sugar for industrial use imported from the Southern African Development Community (SADC) under permits issued by the Tanzania Sugar Board	1701.14.90 and 1701.99.10	0%	25%
Inputs used to manufacture corrugated boxes	HS Codes 4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00	10% or 25%	0%
Inputs used to manufacture soap	3401.20.10	35%%	10%
Inputs used to manufacture electrical cables	HS Codes 7312.10.00; 7217.20.00; 7408.19.00; 7409.11.00; 7605.21.00; 2710.19.56; 3815.90.00; 5402.19.00; 5903.90.00; 7907.00.00; and 2712.10.00	10% or 25%	0%
Polyester/ Nylon Twine for one year	5607.50.00	EAC CET rate of 10%	25%
Smart cards imported by the National Identification Authority	8523.52.00	EAC CET rate of 25%	0%

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Imported Vitenge	HS Codes 5208.51.10; 5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10; 5212.15.10; 5212.25.10; 5513.41.10; and 5514.41.10	EAC CET rate of 50%	35%
Imported cotton grey fabric	HS Codes 5208.11.00; 5208.12.00; 5208.13.00; 5208.19.00; 5209.11.00; 5209.12.00; 5209.19.00; 5210.11.00; 5210.19.00; 5211.11.00; 5211.12.00; 5211.19.00; 5212.11.00; and 5212.21.00	EAC CET rate of 25%	25% or USD 0.25 /Meter, whichever is higher
Imported items (other paper, paperboard, cellulose wadding and webs of cellulose fibres) for one year	4811.90.00	EAC CET rate of 10%	25%
Nails, tacks, drawing pins, corrugated nails staples and similar articles of iron or steel, whether or not with heads of other materials	7317.00.00	EAC CET rate of 35%	35% or USD 350 / MT, whichever is higher
Cane sugar	1701.14.90	EAC CET rate of 100% or USD 460 / MT	35%

Cont'd..

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Inputs / raw materials used to manufacture capital goods/ equipment for various sectors	Headings 73.07; 83.11; 85.44; 68.06; 74.19; 72.08; 73.12; 73.15; 73.18; 84.82; 84.83; 72.22; 73.04; 84.81; 84.84; 73.25; 40.10; and 76.06	10%, 25% or 35%	0%
Inputs used to manufacture of radiators	HS 155 Codes 7409.11.00; 7409.19.00; 7410.11.00; 7410.12.00; 7409.21.00; 8001.10.00; and 3810.90.00	10%, 25% or 35%	0%
Inputs used to manufacture wiring harnesses for vehicles and motorcycles	HS Codes 8538.90.00; 4016.99.00; 8205.59.00; 8536.10.00; 8536.69.00; 8536.90.00; 8547.20.00; 3926.90.90; 3917.32.00; and 8544.30.00	10% or 25%	0%
Lithium-ion electric accumulators used in the assembling/ manufacturing of vehicle and motorcycles	HS Code 8507.60.00	25%	0%
Inputs used by domestic manufacturers of yoghurt, powdered or UHT milk	HS Codes 3923.50.90; 4819.20.90; 4819.30.00; 4819.50.00; 4821.90.00; and 7607.19.90	25% or 35%	0%

Cont'd..

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Inputs and raw materials used to manufacture optical fibre cables	3215.19.00; 3403.99.00; 3506.91.00; 3818.00.00; 3907.99.00; 3907.99.00; 3916.90.00; 3917.39.00; 3919.90.90; 3920.69.90; 3920.99.90; 3921.14.90; 3921.90.90; 5402.11.00; 5404.90.00; 7019.90.90; 8536.90.00; and 8544.49.00		0%
Float, toughened and multiple-walled insulating units of glass	HS Codes 7005.10.00; 7005.21.00; 7005.29.00; 7005.30.00; 7007.19.00; 7007.29.00 and 7008.00.00	EAC CET rate of 10%	35%%
Iron and steel flat rods products	HS 7225.92.00; Codes and 7225.99.00	EAC CET rate of 10%	25% or US$ 300/ MT
Corrugated iron sheets	HS Code 7210.30 and 7210.41.00	EAC CET rate of 35%	35% or USD 500 / MT whichever is higher

Cont'd..

ITEM	HS CODE	CURRENT RATE	PROPOSED RATE
Table Salt	2501.00.90	EAC CET rate of 35%	50%
Semi-finished flat rolled products	7226.99.00	EAC CET rate of 10%	10% or USD 300 / MT
Crude vegetable oils of soya-beans, groundnuts, coconuts, mustard and linseed	HS Codes 1507.10.00; 1508.10.00; 1513.11.00; 1513.21.00; 1514.11.00; 1514.91.00; and 1515.11.00	EAC CET of 10%	10%
Flat-rolled products of iron or non-alloy steel	HS Code 7210.30.00	EAC CET of 25%	25% or USD / MT whichevr is higher

Other Administrative Changes

Other Administrative Changes

The Insurance Act, Cap 394

Introduction of a mandatory $44 travel insurance for foreigners entering Tanzania (excluding EAC & SADC citizens). This is to cover health emergencies, accidents, repatriation, baggage delay, and theft. The validity of the travel insurance is up to 92 days.

This will provide travelers with cover against some unforeseen risks and ensure uniformity with Zanzibar which implemented this requirement from October 2024.

The Mining Act, CAP 123

Amendment of Section 59 of the Mining Act to require companies with Government contracts to allocate at least 20% of gold production for smelting, refining, and trading within the country, aligning them with companies that operate without such contracts. The requirement will take effect after relevant contract amendments are completed within 30 days of the Finance Act being enacted.

This aims to bring equity and fairness to both companies with and without contracts with the Government.. This is a welcomed change, as the increase in gold reserves will have a positive impact on the stability and strength of our currency.

Other Administrative Changes

The Trade and Service Marks Act, CAP 85

The Fair Competition Commission (FCC) is mandated to manage the recordation of trademarks. This will help protect against counterfeit products made locally or imported. New Recordation Regulations (2025) will set specific fees for applications, changes, renewals, searches, and copies to support this function.

This amendment strengthens the fight against counterfeit goods, protects consumers, and supports genuine businesses by ensuring trademarks are properly recorded and monitored.

The Investment and Special Economic Zones Act, 2025

The Minister proposes three key changes:

1. **Introduce a 75% import duty exemption for deemed capital goods imported by registered investors, to reduce investment costs.**
2. **Introduce a negative list of products (e.g. sugar, beverages, roofing sheets, air conditioners, cement, pipes, cutlery) that will not qualify for exemptions, to protect local industries and government revenue.**
3. **Grant strategic investment status to mining projects with framework agreements, to attract more investment in the mining sector.**

Other Administrative Changes

The Road Traffic (Motor Vehicles Registration) Regulations 2024

Reduction of the registration fee for commercial motorcycles from TZS 340,000 to TZS 170,000, payable once for a three-year period.
Similarly, the annual presumptive tax of TZS 290,000 will be repealed and replaced with a one-time payment of TZS 120,000, made at the time of registration. Additionally, the license fee for motorcycles and tricycles will be reduced from TZS 70,000 to TZS 30,000.

These changes reduce operational costs for riders and small-scale transport operators, promote affordability, and are likely to increase compliance with licensing and registration requirements.

The Business Licensing Act, CAP. 101

The Minister proposes two key amendments to enhance business regulation and promote fair competition:

- Repeal of Section 3(4): This provision currently requires the closure of a business upon breach of the Act. Its removal is intended to prevent abrupt business shutdowns and support continuity while addressing compliance issues through alternative measures.
- Insertion of Section 8(7): This new provision allows the Minister responsible for Trade to issue orders designating specific business activities that non-citizens are prohibited from conducting. A list of such restricted activities will be set out in the order.

The changes aim to protect local entrepreneurs by limiting competition in sensitive sectors and reducing harsh penalties, thereby fostering a more supportive and inclusive business environment.

Other Administrative Changes

Revenue sources for HIV/AIDS Control and Financing of Universal Health Coverage

To address the funding gap in prevention and control of HIV/AIDS the government is proposing to amend various laws to establish alternative domestic revenue to support prevention efforts. Further, 70 percent of the additional revenue generated from the proposed measures will be remitted to the AIDS Trust Fund and 30 percent to the Universal Health Fund (UHF). The proposed amendments are as follows:

- Increase excise duty rate by TZS 20 per litre on wine and other fermented beverages (under headings 22.04; 22.05; 22.06); by TZS 50 per litre on spirits liquors and other spirituous beverages (under heading 22.08) (Excise (Management and Tariff) Act)
- Increase excise duty rate on electronic communication services from 17% to 17.5% (Excise (Management and Tariff) Act)
- Introduce fuel levy of TZS 10 per litre on fuel (petrol, diesel and kerosene)
- Introduce a levy of 0.1% on gross market value of minerals (Mining Act)
- An increase in winning tax on sports betting from 10% to 15%, and on land-based casinos from 12% to 15% (Gaming Act)
- A levy on imported vehicles and heavy machinery, ranging from TZS 50,000 to TZS 250,000, based on engine capacity and type
- A levy of 500 shillings on a ticket issued by a person licensed to operate train transportation
- A levy of 1000 shillings on the ticket issued by a person licensed to operate air transportation

This is a commendable change as it shall enhance self reliance in bridging the external funding gap.

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