



# TANZANIA NATIONAL BUDGET BRIEF 2023/24

## Insights and Analysis

*"Accelerating Economic Recovery, Climate Change Mitigation/Adaptation and Enhancing Productive Sectors for Improved Livelihood".*

15 June 2023

<http://www.aba-alliance.co.tz/>

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# EXECUTIVE SUMMARY

On 15 June 2023, Tanzania's Minister for Finance and Economic Planning, Hon. Dr. Mwigulu Lameck Nchemba (The Minister) presented 2023/24 Tanzania National Budget Estimates (the budget). Note, the Finance Bill and Act for the fiscal year 2023/24 is yet to be released to the public.

The budget for fiscal year 2023/24 is the third in the implementation of the Tanzania's Third-Five Year National Development Plan (2021/22 –2025/26) with the theme of **“Realising Competitiveness and Industrialization for Human Development”**.

Well, the main theme for the 2023/24 budget as agreed by the East African Community Partner States is **“Accelerating Economic Recovery, Climate Change Mitigation/Adaptation and Enhancing Productive Sectors for Improved Livelihoods”**.

The Budget's priority areas are in the productive sectors including agriculture, livestock, fisheries, energy, natural resources, tourism investment, industry and trade.

This Alert prepared by ABA Alliance summarizes the key economic overview and proposed tax changes

## DISCLAIMER

This publication on insights and analysis of the Tanzania National Budget intends to provide brief highlights of the main economic, tax and related regulatory proposed changes tabled in the 2023/24 Budget Speech by The Minister.

Therefore, this publication only constitutes a brief guide on key proposed changes and is not intended to be a comprehensive summary of the economic, tax laws and practice. While we have taken reasonable care in the preparation of this guide, ABA Alliance accepts no responsibility for any errors it may contain, whether caused by omission or otherwise, or for any loss that may result, caused or sustained by any person that places reliance on it.



# PROPOSED TAX CHANGES

# PROPOSED TAX CHANGES FOR 2023/24

## Value Added Tax Act, 2014, CAP 148

- **Increase of VAT registration threshold from 100 million shillings to 200 million shillings.**  
This measure is intended to enhance administrative efficiency and promote voluntary tax compliance;
- **Exempt VAT on inputs used to manufacture insecticides and acaricides (Benzalkonium Chloride with HS CODE 2916.32.00 and Glutaraldehyde HSCODE 2916.32.00).**  
This measure is intended to provide relief to local manufacturers of insecticides and acaricides and protect domestic industries; ;
- **Exempt VAT on imported prefabricated structures with HS Code 9406.20.90 to be used by the poultry farmers (upon having Performance Agreement with the Government).**  
This measure is intended to promote rapid and sustainable investment and potential growth of the poultry sector; attract investment into the country, employment creation and increase of Government domestic products;
- **Exempt VAT on sale and lease of aircraft, aircraft engine or parts by a local operator of air transportation.**  
This measure is intended to support the growth of Aviation Sector and reduce business and investment cost;
- **Exempt VAT on supply of precious metals, gemstones and other precious stones at buying centres, mineral markets and Gem houses designated by the Mining Commission under the Mining Act or refinery situated in Mainland Tanzania.**  
This measure is intended to attract sale of minerals at mineral trading hubs and increase the contribution of Mining Sector to the GDP;
- **Inclusion of domestically manufactured capital goods in the list of capital goods that qualify for deferment**  
This measure is intended to attract manufacturing of capital goods in the country, employment creation and ensure availability of capital goods at affordable prices;

# PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## Value Added Tax Act, 2014, CAP 148

- **Exempt VAT on inputs used to manufacture packaging materials as follows: Polypropylene USP (Medical Grade) Heading 3902 and Polyethylene Terephthalate USP with heading 3907 (Upon having Performance Agreement with the Government)** The measure is intended to provide relief to local manufacturers of pharmaceuticals packaging and enhance their competitiveness in the market.
- **Exempt VAT on moulds used solely by pharmaceutical manufacturers**  
This measure is intended to provide relief to local manufacturers of pharmaceuticals, protect domestic industries and enhance their competitiveness in the market;
- **Zero VAT on textiles products manufactured using domestically produced cotton for period of one year.**  
This measure is intended to provide relief to farmers and local textile industries especially in this period of recovering from the effects of COVID – 19 and Russia – Ukraine war;
- **Zero VAT on fertilizer manufactured locally for the period of one year.**  
This measure is intended to provide relief to farmers and consumers especially in this period of global economic recession;
- **Inclusion of gaming odds and gaming software as part of gaming supply that qualifies for exemption.**  
This measure is intended to provide further clarity of the word “gaming supply”;
- **Amendment of VAT exempt schedule to reflect scope of exempted items and harmonize the HS Codes in the East African Community Common External Tariff book, 2017 with those contained in the current version of External Tariff book of the year 2022 as specified in Annex No.8;**  
This measure is intended to increase Government revenue;

# PROPOSED TAX CHANGES FOR 2023/24

## The Income Tax Act, CAP 332

- **Exempt income tax on revenue generated from investment returns such as dividend from shares, treasury bonds and bills of National Health Insurance Fund**  
This measure intends to facilitate the provision of medical services to retired members and their partners who do not contribute to the fund after retirement.
- **Exempt individual tenants to withhold rental income tax for non-commercial property**  
This measure intended to relieve tenants from the complication of withholding rental tax on behalf of the landlord.
- **Exempt Capital Gain Tax on internal restructuring of the mining companies in accordance with the framework agreement entered between the Government and the investor to form a partnership entity.**  
This measure intended to restructure the implementation of the Government commitments of the Framework Agreements.
- **Reduction of capital gain tax from 10 percent on profits to 3 percent of the sales value or the appraised land value (whichever value is higher) regardless of the costs invested in the relevant areas (investment costs) for property sellers who do not keep records of expenses.**  
This measure is to simply procedures for paying taxes on sale of capital assets for taxpayers that cannot keep records of the expenses and ultimately facilitate the transfer of ownership.

# PROPOSED TAX CHANGES FOR 2023/24

## The Income Tax Act, CAP 332

- ***Introduction of a simplified procedure for estimating income tax for transporters of passengers and cargo by using indicative tax rates for individual taxpayers who are not obliged to prepare accounts and file tax returns and gross sales do not exceed 100 million shillings.***  
This measure intends address the challenges faced by the current procedure of requiring all taxpayers who file tax returns and those who do not file using the indicative tax rates for each vehicle.
- ***Introduction of income tax at the rate of 2% of payments to Artisanal and Small Miners (ASM)***  
This measure is intended to enhance fairness principle of taxation by including them in the tax net and ensuring that they pay taxes on the income they earn.
- ***Introduction of income tax of 10 percent on Income Accrued due to Verified Emission Reduction (VER).***  
This measure intends to broaden the tax base and uphold equity principle of taxation.



# PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## The Excise (Management and Tariff) Act Changes

- **Adjust at the rate of 10 percent the specific excise duty rates on non-petroleum products and 20 percent on beer and tobacco products (goods excluded are domestically manufactured wines, spirits and confectionery products).**  
This measure is intended to restore the parity of relative prices and safeguard the real value of Government revenue since specific rates tend to lose value if they remain unchanged and hence the real value of collection is lost.
- **Exempt excise duty charged based on engine capacity on electric non – utility vehicles with only electric motor for propulsion with HS CODE 8702.40.11; 8702.40.19; 8703.80.10; and 8703.80.90 along with Compressed Natural Gas (CNG) vehicles.**  
This measure is intended to enhance the use of electricity and natural gas available in the Country and save foreign currency used to import fuel.
- **Reduction of excise duty on domestically manufactured Ready to Drink products with HS CODE 2208.60.00 from Shilling 4,386.6 to Shilling 2466.45 per litre.**  
This measure is intended to protect domestic industries and enhance its competitiveness in the market.

# PROPOSED TAX CHANGES FOR 2023/24

## The Excise (Management and Tariff) Act Changes

- **Introduction of excise duty at the rate of shilling 20 per kilogram of imported and domestically manufactured cement.** This measure is intended to increase Government revenue to finance public spending including cushion environmental effects caused by emission of carbon dioxide and other greenhouse gases.
- **Introduction of excise duty rate of 5 percent on motor vehicles, with engine capacity of more than 1000cc but not exceeding 2000 cc capable of being charged by plugging to external source of electric power of HS Code 8703.40.00, 8703.50.00, 8703.60.00 and 8703.70.00.**  
This measure is intended to enhance equity by aligning with taxation of other motor vehicles with similar capacity that are subjected to the same duty rate.
- **Introduction of excise duty rate of 5 percent on motor vehicles, with engine capacity of more than 2000cc capable of being charged by plugging to external source of electric power of H.S Codes 8702.10.11, 8702.10.19, 8702.20.11, 8702.20.19, 8702.30.11, 8702.30.19, 8702.90.11, 8702.90.19, 8703.40.00, 8703.50.00, 8703.60.00, 8703.70.00, and 8703.90.90.**  
This measure is intended to enhance equity by aligning with taxation of other motor vehicles with similar capacity that are subjected to the same duty rate.
- **Introduction of excise duty at the rate of 10 percent on Motor vehicles older than five years used for the transportation of passengers of H.S Codes 8702.20.22, 8702.20.29, 8702.20.99, 8702.30.22, 8702.30.29, 8702.30.99, 8702.40.22, 8702.40.29 and 8702.40.99.**  
This measure is intended to enhance equity by aligning with taxation of other cars with similar size that are subjected to the same tax.

# PROPOSED TAX CHANGES FOR 2023/24

## The Excise (Management and Tariff) Act Changes

- **Introduction of excise duty rate of 80 Shillings per litre on petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, containing biodiesel, other than waste oils of HS code 2710.20.00.**  
This measure is intended to enhance equity in taxation.
- **Introduction of excise duty at the rate of 30 percent on other Cigars, cheroots, cigarillos, and cigarettes, of tobacco or of tobacco substitutes of HS CODE 2402.90.00; water tobacco of Hs code 2403.11.00; and electronic cigarette, vape products and shisha with Hs codes: 8543.40.10, 8543.40.90 and 9614.00.00.**  
This measure is intended to include tobacco substitute products in the list of excisable goods, which have almost the same health effects.
- **Introduction of excise duty at the rate of 20 percent on imported and domestically manufactured gambling machines of HS code 9504.30.00.**  
This measure is intended to increase Government revenue.
- **Increase excise duty rate on imported energy drink with HS Code 2202.99.00 from Shilling 589.05 to Shilling 600 per litre.**  
This measure is intended to protect local industries and enhance its competitiveness in the market.
- **Harmonize the HS Codes in the East African Community Common External Tariff book, 2017 with those contained in the current version of External Tariff book of the year 2022 as specified in Annex No.9.**  
This measure is expected to increase Government revenue.

# PROPOSED TAX CHANGES FOR 2023/24

## Tax Administration Act CAP 438

- **Clarification on the definition of primary data server to include physical server in the country, virtual or any other server which stores data that is created or collected by a taxable or liable person in the ordinary course of business.**  
This measure is intended to reduce investment cost and to enable access to information and shall become effective on 1st January 2024.
- **lowering the current level of the penalty charged for the offense of not issuing receipts or not using electronic machines (EFD) to 20 percent of the value of tax evaded or 3,000,000 shillings depending on the amount that will be greater.**
- **lowering the level of the penalty charged for the error of not claiming a receipt or not reporting the error of not issuing a receipt to 20 percent of the value of tax evaded or 30,000 shillings depending on the amount that will be large.**  
This measure is intended to encourage compliance with the requirements of the existing tax laws and reducing the loopholes of corruption, protect the Government's income and encourage compliance with the law.

# PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## Local Government Finance Act, CAP 290

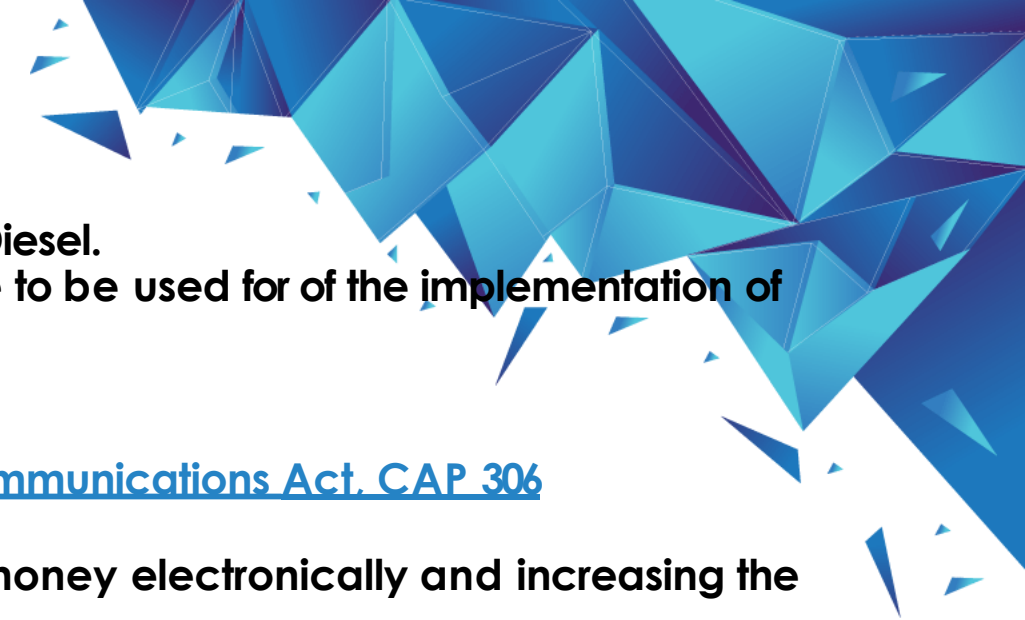
- **Reduce rates of billboard fees from TZS. 10,000 to TZS. 7,000 per square feet for non-illuminated and from TZS. 13,000 to TZS. 10,000 per squad billboards.**  
This measure is intended to increase visibility re feet for illuminate of products and services
- **Transfer the mandate to collect billboard fees from the Commissioner General of Tanzania Revenue Authority to the President's Office Regional Administration and Local Government.**  
This measure is intended to increase efficiency in collection of billboard tax through PO- RALG
- **Intergration of Property tax and Land rent to be paid through one control number and revenue collected be remitted to the Consolidated Fund.**  
This measure is intended to increase efficiency in collection and ease compliance;
- ***Empower the Minister responsible for Local Government to collect service levy (0.3 percent of turnover) from Electronic Money Issuance Licenses (EMI) on behalf of the Local Government Authorities and distribute the collected amount to the respective Councils.***  
This measure is intended to reduce administrative cost;

# PROPOSED TAX CHANGES FOR 2023/24

## Local Government Authorities (Rating) Act CAP 289

- **Inclusion of all the District Councils areas as ratable area with exceptional of property which are not ratable property as prescribed under Section 7 of this Act.**  
This measure aims to ensure equity in payment of property tax.
- **Increase the property tax rates from TZS. 12,000 to TZS. 18,000 for a normal building and from TZS. 60,000 to TZS. 90,000 per each storey building. These rates will be charged for a period of three years Government continues to set the basis of charging the relevant tax based on the value of the property.**  
This measure is intended to reflect the amount of tax paid with the actual value of the property
- **Starting the property valuation in the financial year 2023/24 and its taxation of value based will start to be used in the financial year 2026/27. PO-RALG will be in charge of the valuation and collection of the property tax from January 2024.** This measure is intended to provide an opportunity to the Government to set the basis of valuation and enable TANESCO to perform its primary role of generating and distributing electricity in the country.

# PROPOSED TAX CHANGES FOR 2023/24



## The Roads and Fuel Tolls Act. CAP 220

- **Increasing the Road and Fuel Tolls by TZS 100 per each litre of Petrol and Diesel.**
- **Adding clause 'c' which will direct the funds collected from this measure to be used for of the implementation of Strategic Projects.**

This measure is expected to increase Government revenue.

## The National Payment System Act. CAP 437 and The Electronic and Postal Communications Act. CAP 306

- **Removal of mobile money transaction levy on sending and receiving money electronically and increasing the mobile money transaction levy on withdraws by 50 percent.**

This measure is intended to remove double taxation in one transaction as well as to stimulate the electronic payment transactions and ensure the efficiency of financial services.

- **To abolish the daily levy imposed on each SIM Card based on the ability to recharge the balance by users.**

This measure is intended to stimulate the use of electronic transactions.

## The Immigration Act. CAP 54

- **Issuing a residence permit (Residence Permit Class B) to any investor who is not a resident in this country but will invest to buy a house with a capital of not less than 150,000 US dollars in the country. The Residence Permit will be issued after the authorities responsible for investment in collaboration with the Minister of Lands, Housing and Human Settlements Development are satisfied the relevant capital has come from abroad.**

This measure is intended to attract investment in the country and increase foreign exchange.

# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## The Land Rent Act, CAP 113

- To reduce the Premium charge from 0.5 percent of the land value to 0.25 percent.
- To reduce Certificate of Occupancy fees from 50,000 shillings per certificate to 25,000 shillings per certificate.
- To reduce Registration Fees from 20% to 10% of Land Rent.
- To reduce the application fee from 20,000 shillings to 5,000 shillings.
- To abolish the fee for the Deed Plan which was charged at 20,000 shillings; and
- **Assign Director of the Council the responsibility of collecting the Land rent on behalf of the Ministry of Land, Housing and Human Settlements Development. In addition, 20 percent of the collection will be returned to the Councils to enable them in the collection activities and monitoring/follow-up.**

These measures intend to reduce the cost of planning, formalization, and ownership of land in the country to encourage a larger area of the country to be planned, formalized and owned by the people.



# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## The Mining Act CAP 123

- **Exempt refineries centres from paying the inspection fee of 1 percent.**

The measure is intended to stimulate the growth of the transportation of minerals by small mining sector in the country as well as attracting more investment, promoting employment, and increasing Government revenue

## The Vocational Education and Training Act. CAP 82

- **Reduction of Skills Development Levy rate from 4 percent to 3.5 percent.**

This measure intended to reduce operational cost to employers and to achieve the Government commitment of reducing the rate gradually.

- **Grant the Minister responsible for Finance, after consultation with the Minister responsible for Education, to issue a Skilled Development Levy exemption certificate after satisfying that the relevant exemption is for the interest of the Nation.**

- **Distribution and remittance of the levy collected to be as follows: one third (1/3) of the collection to the Ministry Responsible for Employment; one third (1/3) of the collection to Higher Education Students' Loans Board, and one third (1/3) of the collection to VETA Fund.**

The measure is intended to enable the implementation of work-based skills training initiatives and to achieve the objectives of the fund.

# PROPOSED TAX CHANGES FOR 2023/24

## The Foreign Vehicle Transit Charges Act, CAP 84

- **Charge foreign vehicles registered outside Tanzania the same rate as those charged in the EAC, SADC and COMESA region (if a country charges a higher rate compared of the EAC, SADC and COMESA region, those rates will be used to charge vehicles registered in the respective country).**

This measure is intended to bring balance and protect the interests of the country.

## The Gaming Act CAP 41

- **Introduce a limitation of not more than two (2) table games to Forty Machines Site operations.**

The measure Will increase Government revenue.

- **Increase gaming levy from TZS 10,000 to TZS 30,000 per slot machine in bar sites (clubs/places selling liquor).**

The measure will increase Government.

- **Introduce application fee of TZS. 500,000 and Principal license fee o Principal license fee of USD 10,000 for slot machines in bar sites; and f USD 10,000 for slot machines in shops; application fee of TZS.500,000 and application fee of TZS. 500,000 and Principal license fee of USD 5,000 for forty machines sites.**

The measure is intended to distinguish between slot machines operations in bar sites (clubs/places selling liquor), slot machines operations in shops and forty machines site and facilitate effective and efficiency gaming regulation where all products will be treated fairly to ensure sustainability of the industry; and

- **Reduce tax rate from 25 percent to 18 percent on gross gaming revenue (GGR) for Forty Machines Site operations.**

The measure is intended to promote fairness in taxation with related gaming operations.

# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## The Export Levy Act. CAP 196

- **Waiver of the 80 percent export levy on raw or semi processed (wet blue) hides & skin exported outside the country by investors who are in the Export Processing Zone (EPZ).**  
The measure is intended to reduce investment costs where currently high costs is spent on destroying by-products due to lack of domestic market.

## The National Payment System Act. CAP 437 and The Electronic and Postal Communication Act. CAP 306

- **Removal of mobile money transaction levy on sending and receiving money electronically; and increasing the mobile money transaction levy on withdraws by 50 percent.**  
This measure intended to remove double taxation in one transaction as well as to stimulate the electronic payment transactions.
- **Abolishment of the daily levy imposed on each SIM Card based on the ability to recharge the balance by users.**  
This measure aims at stimulating the use of electronic transactions.

# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## Common External Tariff (EAC CET) rates

- **Grant Stay of Application of the EAC CET rate of 10% and apply a duty rate of 25% on imported items under HS Code 4811.90.00 (Other paper, paperboard, cellulose wadding and webs of cellulose fibres) for one year.** Manufacturers who use this product as raw material will import under duty remission scheme at a rate of 10% instead of 25% for one year to protect local manufactures of POS and Thermal paper rolls used in issuing EFD Receipts and to reduce costs of these inputs used by local manufacturers.
- **Grant Stay of Application of the EAC CET rate of 50% and apply a duty rate of 35% on imported Vitenge under 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 for one year.** The measure intends to protect consumer welfare
- **Grant Stay of Application of EAC CET rate of 25% and apply a duty rate of 25% or 0.25 USD per meter whichever is higher on imported cotton grey fabric under 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, 5211.11.00, 5210.19.00, 5211.12.00, 5211.19.00, 5212.11.00 and 5212.21.00 for one year .** The measure intends to protect local manufacturer and encourage production of cotton grey fabric in the country, employment creation and increase Government revenue.
- **Grant Stay of Application of EAC CET rate of 25% and apply a duty rate of 0% on imported Smart cards under HS Code 8523.52.00 by the National Identification Authority for one year.**  
The measure intends to facilitate issuance of National Identification Cards.
- **Grant Stay of Application of EAC CET rate of 10% and apply a duty rate of 25% on Polyester/ Nylon Twine under HS Code 5607.50.00 for one year**  
The measure intends to protect local manufacturer of polyester/nylon twine and employment creation.
- **Grant Stay of application of the EAC CET rate of 25% and apply a duty rate of 35% or USD 2 per square meter, whichever is higher for one year on ceramic tiles under HS Codes 6907.21.00; 6907.22.00; and 6907.23.00.**  
This measure is intended to protect local manufacturers of ceramic tiles.

# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## Common External Tariff (EAC CET) rates

- **Grant Stay of application of EAC CET rate of 35% and apply a duty rate of 35% or USD 350 per metric ton whichever is higher on nails, tacks, drawing pins, corrugated nails staples (other than those of heading 83.05) and similar articles of iron or steel, whether or not with heads of other materials under HS Code 7317.00.00 for one year.**  
This measure intends to protect local producers of these products and employment creation.
- **Grant Duty Remission at a duty rate of 0% instead of 10%, 25% or 35% on inputs/raw materials used to manufacture capital goods/equipment for various sectors under headings 72.14, 72.15; 72.16, 32.08, 73.07, 83.11, 85.44, 68.06, 74.19, 72.08, 73.06, 73.12, 73.15, 73.18, 84.82, 84.83, 72.22, 73.04, 84.81, 84.84, 7325, 40.10 and 76.06 for one year.**  
This measure intends to reduce cost of production and encourage production of capital goods/equipment in the country.
- **EAC Partner States agreed to grant Duty Remission at a duty rate of 0% instead of 25% or USD 200 per metric ton whichever is higher on raw materials (wire Rod) under HS Codes 7213.91.10 and 7213.91.90 to manufacture wire products**  
This measure intends to reduce cost of production of wire products and employment creation.
- **EAC Partner States agreed to grant Duty Remission at a duty rate of 0% instead of 10% on inputs (base oil) under HS Code 2710.19.59 used to manufacture of lubricants**  
This measure intends to reduce costs of these inputs used by local manufacturer of lubricants in the region.

# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## Common External Tariff (EAC CET) rates

- **Grant Duty Remission at a duty rate of 0% instead of 10% or 25% for one year on inputs under 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 used to manufacture wiring harnesses for vehicles and motorcycles.**  
This measure intends to reduce cost of production and encourage domestic investment in production of wiring harnesses for vehicles and motorcycles.
- **Grant Duty Remission at a duty rate of 0 percent instead of 10 percent, 25 percent or 35 percent for one year on inputs under HS Codes 7409.11.00, 7409.19.00, 7410.11.00, 7410.12.00, 7409.21.00, 8001.10.00 and 3810.90.00 used to manufacture radiators.**  
This measure is intended to reduce cost of production and encourage domestic investment in production of radiators.
- **Increase import duty from 10% or 25% to 35% on footwear; grains and vegetables like almonds, hazelnuts, macadamia nuts, cucumbers and gherkins; live animals like cows, goats, sheep; coffins; fish; cassava and natural honey under HS Codes 4421.20.00; 6402.19.00; 6403.19.00; 6403.51.00; 6404.19.00; 6404.20.00; 6405.20.00; 6405.90.00; 0802.11.00; 0802.22.00; 0802.61.00; 2001.10.00; 0102.29.00; 0102.39.00; 0102.90.90; 0103.91.00; 0103.92.00; 0104.10.90; 0104.20.90; 0407.21.00; 0409.00.00; 0714.10.00.**  
This measure intends to protect local manufacturers of these products in the region.

# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## Common External Tariff (EAC CET) rates

- **Grant Stay of Application of the EAC CET rate of 25 percent and apply a duty rate of 0 percent on buses for transportation of more than 25 persons under HS Codes 8702.10.99 and 8702.20.99 imported for rapid transport project for one year.**

This measure is intended to de-congest the city and ease the transportation system within the country;

- **Grant Stay of Application of EAC CET rate of 100% or USD 460/MT whichever is higher and apply a duty rate of 35% for one year on cane sugar under HS Code 1701.14.90 imported under a permit issued by the Tanzania Sugar Board.**

This measure is intended to cover the sugar production gap in the country.

- **EAC Partner States agreed to amend Item 27, Part B of the Fifth Schedule of the East African Community Customs Management Act, 2004 to read “Biogas Digesters”**

This measure intends to widen the scope (to include all Biogas Digesters).

- **EAC Partner States agreed to amend the structure of Heading 17.01 by introducing a new subheading 1701.99.20 to cater other refined sugar (for industrial use).**

- **EAC Partner States agreed to align the structure of Heading 76.12 with 73.10 by introducing a new subheading 7612.90.10 which will attract a duty rate of 10% instead of 25%.**

This measure intends to provide relief on imported Aerosol cans made of base metal.

# OTHER PROPOSED TAX CHANGES FOR 2023/24 CONT'D

## Common External Tariff (EAC CET) rates

- **EAC Partner States agreed to increase import duty from 0% or 10% to 25% on Wire of iron or non-alloy steel under heading 72.17.** However, they agreed to grant regional Duty Remission at a duty rate of 0% on input under HS Code 7217.30.10 used to manufacture tyres and on inputs under HS Codes 7217.10.00, 7217.20.00, 7217.30.90 and 7217.90.00 used to manufacture wire products, needles, springs, rope, pins, nails, electric cables at a duty rate of 10%,

This measure intends to protect local manufacturer in the region and to reduce cost of production

- **Split tariff line 8703.80.00 (Other vehicles, with only electric motor for propulsion) in order to provide tariff line for unassembled at a duty rate of 0 percent and others at a duty rate of 25 percent in order to 129.**

This measure is intended to promote assembly operations of such vehicles within the region.





# IMPLEMENTATION OF BLUEPRINT FOR REGULATORY REFORMS

# PROPOSED REFORMS ON FEES AND CHARGES FOR 2023/24

## Reforms on various Fees and Charges of Government Institutions as well as the implementation of BUFRM for improving Business Environment:

### **Ministry of Investment, Industry and Trade**

Abolish the 15 percent penalty on the value of the product charged by the Tanzania Bureau of Standards on products imported without a certificate of quality inspection (Certificate of Conformity -COC).

### **Ministry of Works and Transport**

Reduce Right of Way fees for use of roads reserve corridor for installation of fiber optic cables from the initial management charge of USD1,000 per kilometer to USD200 per kilometer; and annual management charge from USD1,000 per kilometer to USD100 per kilometer.

This measure intended to enable distribution of communication infrastructures from Regions to Districts, and from Districts to customers by facilitating access to quality communication services.

### **Ministry of Home Affairs**

amendment made to various fees and charges by;

- ✓ Increase fee for a certificate of good conduct for non-resident from USD 25 to USD 50,
- ✓ Increase fee for clearance certificate of good conduct for residents from Sh. 2,000 to Sh. 10,000
- ✓ Increase fee of examination of disputed documents from Sh. 50,000 to Sh. 75,000,
- ✓ Increase fee for property loss report from Sh. 500.00 to Sh. 1,000.00,
- ✓ Impose fee at rate of Sh.10,000.00 for driving license clearance for foreign drivers coming to work in the country/employed by companies in the country. The aim is to determine validity of the licenses,
- ✓ Increase private firearms warehouse license fee per annum from Sh. 1,000,000 to Sh.1,500,000 per year;
- ✓ Increase registration fee for a new trainer of a driving school from Sh. 10,000.00 to Sh. 20,000.00; and
- ✓ Increase permit fee for possession of firearms as follows;-(i) Pistol from Sh.70,000 to Sh.100,000; (ii) Shotgun from Sh.35,000 to Sh.50,000 (iii) Muzzle loading gun from Sh.35,000 to Sh. 50,000; (iv) Rifle from Sh.35,000 to Sh.50,000 and (v) and other firearms from Sh. 35,000 to Sh.50,000

# PROPOSED REFORMS ON FEES AND CHARGES FOR 2023/24

## Reforms on various Fees and Charges of Government Institutions as well as the implementation of BUBUNT for improving Business Environment: CONT

### **Ministry of Tourism and Natural Resource**

amendments made to various fees and charges to the tourism sector by:

- ✓ Abolish fees on grading and regrading to all accommodation facilities established inside and outside protected areas,
- ✓ Reduce Tourism Business License fees for accommodation establishments owned by Tanzanians from USD 2,500 to USD 1,500 for five-star hotels; USD 2,000 to USD 1,000 for four-star hotels; dollar USD 1,500 to USD 500 for three-star hotels; USD 1,300 to USD 300 for two-star hotels; and from USD 1,000 to USD 200 for 1-star hotels,
- ✓ Reduce the Tourism Business License Fee for ungraded accommodations establishment, in protected area from USD 1000 to USD 300; homestay from USD 400 to USD 100; and hostels from USD 400 to USD 200.

These measures are intended to reduce operational costs and attract investment into the sector

### **Ministry of Culture, Arts and Sports**

Introduce a levy of 1.5% on devices capable of carrying copyrighted creative content such as vinyl, Mini Disc, Compact Disc, DVD and SD Memory.

This measure intended to enhance enforcement of copyright.

### **Occupational Safety and Health Authority (OSHA)**

Abolish the inspection fee of shillings 200,000 charged on gas installation per station.

The aim is to stimulate and enable business environment in the country and stimulate investment of gas station as an alternative clean energy.

# PROPOSED REFORMS ON FEES AND CHARGES FOR 2023/24

## Reforms on various Fees and Charges of Government Institutions as well as the implementation of BLUEPRINT for improving Business Environment; CONT

### Ministry of Agriculture

Introduce fees for conducting agricultural research as outlined in Table below;

Number	Types of license fee	Payment/instalment	Domestic Researchers(TZS)	Foreign Researchers(USD)
1	Application fee for registration of agriculture research service provider	Once	20,000	100
2	Registration for service provider on agriculture research	Once	300,000	300
3	Fee for renew of service provider certificate	After every three years	100,000	150
4	Registration fee for research project	Once	20,000	100
5	Registration of agriculture research project	Per project	2% of project budget	2% project budget
6	Fee for extension time for undertaking research project	Per project	20,000	100
7	Information access	Once	500,000	1,000

# REVIEW OF 2023/24 BUDGET PERFORMANCE



# REVIEW OF 2023/24 BUDGET IMPLEMENTATION

## Revenue Performance

- Projected Revenue from both internal and external sources.

TZS 41.48 Trillion



- Actual Collections as of April 2023.

TZS 32.43 Trillion



- Percentage Projections Vs Actual Collections.

78.2%



The Breakdown of the Actual Collections is as follows:

- Tanzania Revenue Authority (TRA) – TZS 18.81 trillion;
- Non-Tax Revenue – TZS 2.07 trillion;
- Local Government Authorities (LGAs) – TZS 788.8 billion;
- Grants and concessional loans – TZS 4.61 trillion;
- Borrowings from domestic market – TZS 4.68 trillion; and
- External non-concessional loans – TZS 1.47 trillion.

## Expenditure Performance

- Projected Expenditure from both recurrent and development expenditure

TZS 41.48 Trillion



- Actual Expenditure as of April 2023

TZS 32.43 Trillion



- Percentage Projections Vs Actual Expenditure

78.2%



The Breakdown of the Actual Expenditure is as follows:

- Development Expenditure – TZS 11.49 trillion;
- Recurrent Expenditure – TZS 20.94 trillion

# KEY ISSUES FOR THE FINANCIAL YEAR 2023/24



## MACRO-ECONOMIC POLICY TARGETS FOR 2023/24

- Real GDP growth is estimated to increase to 5.2 percent from the initial projection of 4.7 percent in 2022;
- Containing inflation at a single digit between 3.0 to 7.0 percent in the medium term;
- Domestic revenue collection is projected at 14.9 percent of GDP in 2023/24;
- Tax revenue collection is estimated at 12 percent of GDP in 2023/24; and
- Budget deficit (including Grants) is estimated to be below 3.0 percent of the GDP;
- Maintaining foreign reserves sufficient to cover at least four months (4) of imports of goods and services.



# STRATEGIES TO INCREASE REVENUE -YEAR 2023/24

The Government is committed to increase and strengthen domestic revenue collections by pursuing the following policies:

- To improve investment and business environment and continue with the amendment of various laws so as to increase the private sector participation in business and investment;
- To widen the tax base by registering businesses and new taxpayers as well as continue implementing various measures so as to reduce tax evasion and creation of public awareness on voluntary tax payment;
- To strengthen and encourage the use of ICT systems for the collection of Government revenue;
- Conducting research aiming at strengthening the collection of Government revenue;
- Continue encouraging the use of the Government Electronic Payment Gateway (GePG) system by ministries and other government institutions and ensure usage of control number in all Government transactions;
- To limit tax exemptions below one (1) percent of the GDP by assessing the legal framework used to provide and manage tax incentives, and improve and sensitize investment using non-tax incentives such as land, provision of water, roads and energy infrastructure;
- Continue to raise public awareness to encourage investment in the domestic Government bonds market;
- Ensure the proper use of Electronic Fiscal Device (EFD) so as to increase efficiency in tax collection;

The Government aims at minimizing spending by pursuing the following policies:

- To ensure prudent use of public funds in accordance with existing laws and guidelines;
- Continue to enhance the use of ICT on the implementation of Government activities including conducting virtual meetings and minimize the use of papers (paperless) to minimize public expenditure;
- Improve management of public institutions, agencies and entities to enhance efficiency in their operations and minimize dependency to the Consolidated Fund;
- Improve projects management by conducting real time audit to reduce cost overrun that may occur during projects implementation; and
- Review the Public Procurement Act, CAP 410 to enable strategic sourcing in public procurement and curb loopholes that lead to embezzlement of public funds so as to obtain value for money.

# SECTOR KEY AREAS OF PROPOSED CHANGES FOR 2023/24

## AREAS

- Construction of Standard Gauge Railway (SGR);
- Revamping Air Tanzania Company Limited (ATCL);
- Construction of Julius Nyerere Hydropower Project (2,115 MW);
- Construction of Ruhudji (358 MW) and Rumakali (222 MW) hydropower; Liquefied Natural Gas (LNG);
- Construction of J.P Magufuli bridge (Kigongo-Busisi);
- Construction of roads and bridges; and developing special economic zones including strategic investment area in Bagamoyo.

- These projects are expected to have big and immediate results on economic growth, job creation and income generation.

### **The planning of the national priorities has considered opportunities available in Tanzania.**

- i. The abundance of natural resources endowments including land, forests, minerals, natural gas, tourist attractions and sources of water bodies (ocean, rivers and lakes);
- ii. Availability of labour force;
- iii. Rapid urbanization which open up economic opportunities;
- iv. Availability of National ICT backbone infrastructure which can be used within the country and neighboring countries;
- v. Geographical location which position Tanzania as a gateway and business hub for EAC, SADC and COMESA; and
- vi. Peace, unity and economic stability.

# CONTACTS

If you require further elaborations from the Insights and Analysis herein, please contact us via:

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**THANK YOU**

