

TANZANIA NATIONAL BUDGET HIGHLIGHTS 2024/25

INSIGHTS AND ANALYSIS

Theme: Sustainable Economic Transformation through Fiscal Consolidation and Investment in Climate Change Mitigation and Adaptation for Improved Livelihoods.



14 June 2024

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1. EXECUTIVE SUMMARY

On 13 June 2024, Tanzania's Minister for Finance, Hon. Dr. Mwigulu Lameck Nchemba (The Minister) presented the Government's TZS. 49.35 trillion 2024/25 National budget estimates. The Finance Bill and Act for the fiscal year 2024/25 is yet to be released to the public.

The budget for fiscal year 2024/25 is the fourth in the implementation of the Tanzania's Third-Five Year National Development Plan (2021/22 – 2025/26) seeking to stimulate a competitive and inclusive economy; strengthen production capacity in industries and service delivery; promote trade and investment; stimulate human development and develop human resources

Further, the budget will influence industries such as Agriculture, Minerals, Tourism, Livestock, Farming and Fishing, Electricity, Transport and social sectors like education and health. The aim is to increase economic growth and employment with a view to improving the living standards of the people. Additionally, the budget indicates the direction towards creating a more resilient and self-sufficient economy by supporting local industries and addressing foreign currency challenges

This Alert prepared by ABA Alliance summarizes the key economic overview and proposed tax and other legislative changes. We hope that you will find it insightful and look forward to your comments and discussions.



PRORITY AREAS

Key priority areas in the budget for the year 2024/25 includes:

- Completing FLAGSHIP and STRATEGIC projects – SGR, JNHPP, fee-free education, Universal Health Coverage & construction of urban roads and opening up rural roads
- Strengthening productive sectors: enhance human resources especially in social services, increasing the use of ICT and improving the business environment and private sector investments and enhance human capital development
- Covering Wage bill and servicing government debt;
- Financing the 2024 Local Government Election and preparations of 2025 General Election;
- Preparing for the National Development Vision 2050; and
- Preparing for the 2027 Africa Cup of Nations (Afcon football tournament including constructions and renovations of stadiums..

PREAMBLE

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 2024/25 Budget speech by The Minister.

Additionally, while we have taken all reasonable care in the preparation of these insights and highlights, ABA Alliance and its associates accept no responsibility for any errors it may contain, whether caused by negligence or otherwise, or for any loss, however caused or sustained by any person that places reliance on it.

2. ECONOMIC OVERVIEW

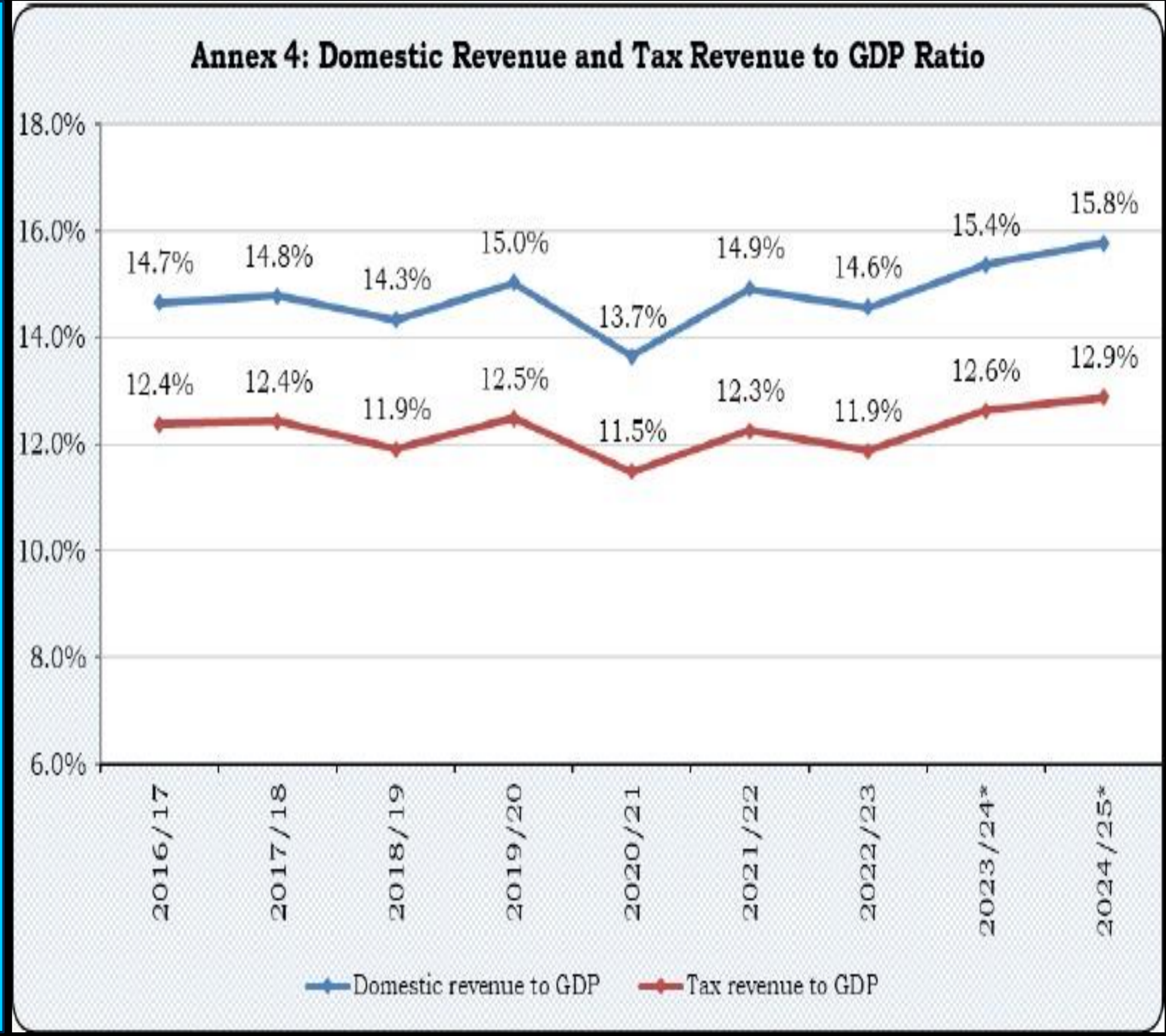
MACRO-ECONOMIC POLICY TARGETS

Economic Indicator	2023/24	2024/25 (projected)
GDP Growth Rate	5.1%	5.4%
Inflation rate (control on single digit)	3.0 – 7.0	3.0 – 5.0
Domestic Revenue to GDP	15.4%	15.8%
Tax Revenue to GDP	12.6%	12.9%

- Maintain a budget deficit (including grants) not exceeding 3.0 percent of GDP; and
- Maintain foreign exchange reserves sufficient to cover the importation of goods and services for a period of not less than four (4) months.

The Macro-economic targets for 2024/25 are based on the following assumptions:

- I. Increased participation of the private sector in investment and business activities;
- II. Continue to build resilience on the effects of disasters including drought, war, floods and pandemic diseases;
- III. Strengthened global economy and price stability in financial and commodity markets;
- IV. Improved food security; and
- V. Peace, security, unity and stability maintained within and in neighbouring countries.



3. KEY PROPOSED TAX CHANGES

A. THE VALUE ADDED TAX ACT, CAP 148

- **VAT exemption on supply and importation of motor vehicles, equipment, machinery and other goods for official use of Tanzania People's Defense Force.**
This measure is intended to enable the Military to carry out its duties of defending the URT;
- **VAT exemption on supply of aircraft, aircraft engine, aircraft parts and aircraft maintenance to a local air manufacturer, assembling or production.**
To stimulate the growth of the Aviation industry in the URT;
- **VAT exemption on supply and importation of water treatment chemicals, water meter, sewage.**
To facilitate provision of sustainable and clean water services in the URT;
- **Exempting VAT on importation of Video Assistant Referee equipment and accessories**
To provide opportunities for local companies to advertise their businesses;
- **Amending VAT Act to include a requirement for VAT refunds to be paid within 30 days from the date of submission of the refund applications.**
To promote voluntary tax compliance;
- **VAT exemption on single axle tractors (Power Tiller) of HS Code 8701.10.00**
To harmonize the HS Codes in the East African Community Common External Tariff book, 2017;
- **Abolishing VAT exemption on supply and importation of agricultural implements with HS Code 8201.10.00 (Spades and Shovels) and HS Code 8201.30.00.**
The measure is intended to align with the Government's aim to reduce exemptions to safeguard Government revenue and reduce tax expenditure. Moreover, the assessment conducted by the ministry has revealed that the sought exemption has not achieved its intended objectives due to the equipment having multiple uses;
- **Zero rating VAT on gold supplied to the Central Bank of Tanzania (BOT).**
The measure is intended to incentivize supply of gold to the Central Bank of Tanzania, thus increasing the country's foreign currency reserves and reducing the shortage of US dollars. Furthermore, the measure aims to stimulate the growth of gold refining industries in the country as the Bank of Tanzania purchases gold only after it has been refined by domestic refineries;
- **Zero rating VAT on gold supplied to domestic refineries.**
The measure is intended to promote the growth of domestic refineries in the country by ensuring that they have enough feedstock. Furthermore, the measure is intended to fulfill the Government's intention of ensuring that raw gold minerals are refined in the country for value addition before being exported;

3. KEY PROPOSED TAX CHANGES CONTD...

- **Abolishing VAT exemption on supply of precious metals, gemstones and other precious stones at refineries.**

The measure is intended to increase the contribution of Mining Sector to the GDP;

- **Zero rating 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 downturn;

- **Zero rating VAT on textile products (Fabric and Garments) made using locally grown cotton.**

This measure is intended to provide relief to farmers and consumers especially in this period of global economic downturn;

- **VAT exemption on supply and importation of water treatment chemicals, water meter, sewage.**

To facilitate provision of sustainable and clean water services in the URT;

- **To exempt Value Added Tax on supply of double refined edible oil from locally grown seeds by a local manufacturer for one year. Previously, exemption was granted through the Finance Act, 2023 for a period of one year (1) and its expiry is 30th June 2024.**

The measure is intended to continue providing relief to consumers following increased price of edible oil due to economic downturn and the Russia-Ukraine war that has caused a shortage of oil;

- **To incorporate online data services in the Value Added Tax base.**

The measure goes in line with providing a definition of the word “online data services” for clarity and smooth operationalization of tax law. The measure is intended to broaden the tax base and keep pace with technological changes.



3. KEY PROPOSED TAX CHANGES CONTD...

B. THE INCOME TAX ACT, CAP 332

- **Including institutions which deal with advancement of health services and environmental conservation under charitable institutions to relieve them of Income tax obligations.**

This measure will encourage charitable services particularly in the health and environment maintenance sectors to support the global fight against climate changes;

- **Amending section 4(8) of the Income Tax Act, cap. 332, to exempt tea processing companies which persistently make losses from paying Alternative Minimum Tax requirements for three years.**

The measure is intended to relieve the tea industry which is currently facing losses due to falling of market prices;

- **Amending section 11 of the Income Tax Act, Cap 332 by adding a requirement to use electronic receipts to authenticate purchases made in a particular year of income.**

The measure will exclude sellers of goods or suppliers of services who are foreign citizens and are outside the Mainland Tanzania or any person who is not required to issue electronic receipts. This intends to emphasize the issuing of electronic receipts and protect government revenue;

- **Amending the ITA by allowing contributions of 15 per cent which are made by the public institutions to the Consolidated Fund to become deductible expenditure while determining their taxable income.**

This measure intends to avoid the tax computation challenges in deriving the taxable income of the public institutions which already remitted part of the income to the Consolidated Fund;

- **Updating the first schedule of the ITA by amending the applicable taxes on passenger transportation business with gross income not exceeding one hundred million shillings and which are not legally bound to prepare accounts.**

The improvements made are intended to relieve the tax burden on the business entities of category A to conform with passenger transportation norms especially the city commuters (dala dala);

Schedule: Proposed Income tax chargeability on vehicles for passenger transportation per each unit.

No.	A. Class A: Passenger transportation buses			
	Current Status		Proposed Amendments	
	Number of passengers	Amount	Number of passengers	Amount
1	Not more than 15	250,000	Not more than 15	250,000
2	Between 16 to 25	550,000	Between 16 to 25	650,000
3	Between 26 to 45	1,100,000	Between 26 to 45	1,100,000
4	Between 46 to 65	1,600,000	Between 46 to 65	1,600,000
5	More than 65	2,200,000	More than 65	2,200,000

3. KEY PROPOSED TAX CHANGES CONTD...

- **Putting a requirement on non-residents to collect withholding taxes of 5% on payments made to resident digital content creators.**

The purpose of this measure is to widen the tax base and observe equity principles in taxation;

- **Introducing Withholding Tax (WHT) at the rate of 2% for payments received in purchase of industrial minerals.**

However, tax withholding will not apply on salt, metallic minerals or other precious minerals as stipulated in the Mining Act, Cap 123 when sold by Primary Mining Licensee or Artisanal miner.

This measure will enhance the tax base and ensure adherence to tax equity principles;

- **Introducing WHT at the rate of 3% on income derived from transfer of digital assets.**

The changes go in tandem with the interpretation of the following word, “digital assets”. Furthermore, owner of the digital platform, or any person who facilitates digital asset transfers or exchange, will become a withholding agent and shall remit the WHT to the Commissioner General of the TRA. A foreign citizen who operates a digital platform which facilitate transfers or exchange of digital assets, shall be registered by TRA under the Simplified Tax Regime;

- **Introducing WHT at the rate of 5% on income derived from the business of digital content creation which is done by the resident business entities.**

The purpose of this measure is to enhance the tax base and adherence to equitable tax principles;

- **Introducing Income Tax at the rate of 2% on payments to be made by resident entities upon purchasing of agricultural produce, fishing, animal and poultry keeping besides forestry produce.**

The proposed tax shall be final withholding tax;

- **Amending Section 56(5)(a) to exclude applicability of Section 56 on allotment of shares in a resident entity.**

The measure is intended to resolve the existing challenges in implementation and administration;

- **Amending section 19(2) of the ITA to enhance profit base subject to tax chargeability from the fourth year of the loss-making business entities made in consecutive years; from 30% to 40%.**

The purpose of the measure is to make the government collect taxes earlier without affecting previous business losses incurred by the business entity which shall be allowed deductions in the subsequent years of income; and

- **Granting exemption of WHT chargeable on interest when Resident Financial Institutions make payments to foreign Non-residents Financial Institutions and Funds which has agreement with the Government of the United Republic of Tanzania to dispense concessionary loans to resident banks and Financial Institutions.**

Notwithstanding the exemption shall be granted when the signed agreement meets conditions and national legal requirements and has article(s) which specifically stipulates for tax exemption. This measure will prompt economic growth through availability of affordable credit financing facility to citizens and enable domestic banks to get concessionary loans from foreign banks abroad.

3. KEY PROPOSED TAX CHANGES CONTD...

C. THE TAX ADMINISTRATION ACT, CAP 438

▪ ***More power and scope to the Tax Ombudsman***

Inserting a provision that empowers Tax Ombudsman in hearing and addressing complaints emanates from tax decision, procedural, service and administrative matters relating to such tax decision or objection;

▪ ***Amending section 4(8) of the Income Tax Act, cap. 332, to exempt tea processing companies which persistently make losses from paying Alternative Minimum Tax requirements for three years.***

The measure is intended to relieve the tea industry which is currently facing losses due to falling of market prices;

▪ ***To increase the currency points from Shilling 15,000 to Shilling 20,000.***

This measure is intended to restore the parity of relative prices and safeguard real value of Government revenue. Specific rates tend to lose value if remain unchanged over time;

▪ ***Amending section 11 of the Income Tax Act, Cap 332 by adding a requirement to use electronic receipts to authenticate purchases made in a particular year of income.***

The measure will exclude sellers of goods or suppliers of services who are foreign citizens and are outside the Mainland Tanzania or any person who is not required to issue electronic receipts. It intends to emphasize the issuing of electronic receipts and protect government revenue; and

▪ ***To amend Section 86(1) of the Tax Administration Act, CAP 438 by setting a maximum fine for the offense of failure to issue fiscal receipt at the amount of 1000 currency points (equivalent to shillings 15,000,000).***

This measure is intended to provide relief to taxpayers and enhance voluntary tax compliance.

▪ ***Amending the ITA by allowing contributions of 15 per cent which are made by the public institutions to the Consolidated Fund to become deductible expenditure while determining their taxable income.***

This measure intends to avoid the tax computation challenges in deriving the taxable income of the public institutions which already remitted part of the income to the Consolidated Fund;

D. THE VOCATIONAL EDUCATION AND TRAINING ACT, CAP 82

▪ ***Including casual labourers employed in the execution of water projects managed by Water Authorities in the scope of exemption.***

The measure is intended to reduce project costs and enhance efficiency in water supply in the Country.

E. THE LOCAL GOVERNMENT AUTHORITIES (RATING), ACT CAP 289

▪ ***Putting a requirement that 20% of the collected revenue from property tax and land rent to be direct remitted to the Local Government Authorities (Councils) accounts, instead of current status whereby such revenues are remitted to the Consolidated Fund and later Local Government apply for a 20% refund.***

The measure is intended to enhance the efficiency of Local Government Authority on monitoring and collection of property tax and land rent.

F. THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT, 2004

▪ ***Granting duty remission at a duty rate of 0% for one year on Lithium-ion Electric accumulators under HS Code 8507.60.00 used in the assembling/manufacturing of vehicle and motorcycles.***

The intent is to reduce cost of assembling/manufacturing and encourage local investment.

▪ ***Grant duty remission at a rate of 0% for one year on unassembled Television (CKD) under HS Codes 8528.72.10; and 8528.73.10.***

The intent is to ensure availability of the products at competitive price as well as and employment creation.

3. KEY PROPOSED TAX CHANGES CONTD...

- **Granting duty remission at a duty rate of 0% on various inputs used in the assembling or manufacturing of mobile phones.**
 The intent is to reduce cost of assembling mobile phone, promote assembling scheme in the region and employment creation;
- **Granting duty remission at a duty rate of 0% for one year on inputs under HS codes 3923.50.90; 4819.20.90; 4819.30.00; 4819.50.00; 4821.90.00; and 7607.19.90 used by domestic manufacturers of yoghurt, powdered or UHT milk.**
 The intent is to promote employment creation and promote local investment in dairy sector;
- **Granting duty remission at a duty rate of 10% on inputs under HS Code 2106.90.20 used in the manufacture of foods and beverages.**
 The intent is to reduce production cost of food and beverages in the region.
- **EAC Partner States agreed to amend the structure of hybrid motor vehicle tariff lines under HS Codes 8703.40.00; 8703.50.00; 8703.60.00; and 8703.70.00 to cater for unassembled vehicle at import duty rate of 0 percent**
 The intent is to promote assembling operation in the region.



3. KEY PROPOSED TAX CHANGES CONTD...

G. COMMON EXTERNAL TARIFF (EAC CET) RATES

The Minister along with other Ministers of Finance from the EAC-Partner States has proposed the following changes;

PRODUCT	HS CODES	DUTY RATE IMPOSED
CKD For Three-wheel Motorcycle Excluding Chassis And Its Components	HS Code 8704.21.90	Duty remission rate of 10% from 25% for one year
Inputs Used To Manufacture Glass Reinforced Plastic Pipes	HS Codes 3920.61.10, 7019.39.00, 7019.31.00, 6006.90.00, 7019.12.00, 3920.10.10, 4016.93.00, and 3907.91.00	Duty Remission rate of 0% instead of 25% or 10% for one year
Refined Sugar (Sugar For Industrial Use)	HS Code 1701.99.10 and 1701.99.20	CET rate of 100% or USD 460/MT and duty rate of 10% whichever is higher
Flat-rolled Products	HS Codes 7212.20.00	CET rate of 10% and duty rate of 10% or USD125/MT whichever is higher for one year
Baby Diapers	HS Code 9619.00.90	CET rate of 25% and duty rate of 35% for one year
Cotton Yarn	headings 52.05; 52.06; and 52.07 except HS Code 5205.23.00	CET rate of 10% and duty rate of 25% for one year
Horticultural Products	HS Codes 0604.20.00; 0604.90.00; 0808.10.00; and 0808.30.00	CET rate of 25% and duty rate of 35% for one year
Raw Materials Used To Manufacture Food Flavours	HS Codes 1901.90.10; 3302.10.00; and 3505.10.00	Duty Remission rate of 0% from 10% for one year
Inputs Used To Manufacture Corrugated 95 Boxes	HS Codes 4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00	Duty Remission rate of 0% from 10% or 25% for one year
Inputs Used To Manufacture Soap	HS Code 3401.20.10	Duty Remission rate of 10% from 35% for one year
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	Duty Remission rate of 0% from 10% or 25% for one year
Polyester/ Nylon Twine	HS Code 5607.50.00	CET rate of 10% and duty rate of 25% for one year
Smart Cards Imported By The National Identification Authority	HS Code 8523.52.00	CET rate of 25% and duty rate of 0% for year one
Flat-rolled Products Of Iron Or Non-alloy Steel	HS Code 7210.30.00	CET rate of 25% and duty rate of 25% or USD 250/MT whichever is higher for one year
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	CET rate of 50% and duty rate of 35% for one year

3. KEY PROPOSED TAX CHANGES CONTD...

G. COMMON EXTERNAL TARIFF (EAC CET) RATES CONTD...

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	CET rate of 25% and duty rate of 25% or 0.25 USD per meter whichever is higher for one year
Imported Items (Other Paper, Paperboard, Cellulose Wadding And Webs Of Cellulose Fibres)	HS Code 4811.90.00	CET rate of 10% and duty rate of 25% for one year
Buses For Transportation Of More Than 25 Persons Imported For Rapid Transport Project	HS Codes 8702.10.99 and 8702.20.99	CET rate of 25% and duty rate of 0% for one year
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	HS Code 7317.00.00	CET rate of 35% and duty rate of 35% or USD 350 per metric ton whichever is higher for one year
Cane Sugar Imported Under A Permit Issued By The Tanzania Sugar Board	HS Code 1701.14.90	CET rate of 100% or USD 460/MT whichever is higher and apply a duty rate of 35% for one year
Inputs/Raw Materials Used To Manufacture Capital Goods/Equipment	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	Duty Remission rate of 0% instead of 10%, 25% or 35% for one year
Inputs Used To Manufacture Radiators	HS Codes 7409.11.00; 7409.19.00; 7410.11.00; 7410.12.00; 7409.21.00; 8001.10.00	Duty Remission rate of 0% instead of 10%, 25% or 35% for one year
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	Duty Remission at a duty rate of 0% instead of 10% or 25% for one year
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	CET of 0% and apply a duty rate of 10% for one year

4. OTHER PROPOSED LEGISLATIVE CHANGES

A. THE MOTOR VEHICLE (TAX REGISTRATION AND TRANSFER) ACT, CAP 124

- **Amending the Motor Vehicle (Tax Registration and Transfer) Act, CAP 124 to include electrical motor vehicle in the scope of vehicle registration that fee shall be paid.**

Aim to adhere to the principle of equity in taxation and to accommodate technological advancement.

B. THE EXPORT LEVY ACT, CAP 196

- **Amending the Export Levy Act, CAP 196 by introducing export levy at the rate of 10% on Crude Sunflower Oil, Sunflower Cake and Sunflower seeds.**

Aim to increase government revenue

C. THE RAILWAY ACT, 2017

- **Amending the Railway Act, 2017 by increasing railway development levy from 1.5% of CIF value to 2% of CIF value.**

The measure aims to raise the funds for the development and maintenance of the railway and road infrastructure.

D. THE TANZANIA METEOROLOGICAL AUTHORITY ACT, CAP 157

- i) *The introduction of specific meteorological service usage fee on the following projects:*

- Projects valued at 500 million to 1 billion shillings: 500,000 shillings
- Projects valued at 1.1 billion to 10 billion shillings: 1,500,000 shillings

- ii) *The introduction on meteorological service fee for water resources management activities at the rate of shilling 500,000 per month every water basin board with financial capacity while those with low capacity will pay shilling 200,000 per month every water basin Board.*

Aim to increase Government revenue.

- E. **The Minister proposed the addition of the word 'return' or 'profit' on the following legislations BANK OF TANZANIA ACT CAP.197, BANKING AND FINANCIAL INSTITUTIONS ACT, CAP.342, MICROFINANCE ACT, CAP 407.**

Aim is to enhance the inclusion of the other banks that do not charge interest to access opportunity as other financial institutions, to facilitate the bank that do not charge interest to operate with their accounts to access government bonds, microfinance companies to issue their services without charging interest respectively.

4. OTHER PROPOSED LEGISLATIVE CHANGES CONTD...

F. THE PUBLIC SERVICE SOCIAL SECURITY FUND ACT, 2018

- ***Increasing the lumpsum payment for the retired as below:***
 - Increase the payment of the lumpsum from 33% to 40% to the retired who were paid 50% of their total savings
 - Increase the payment of the lumpsum from 33% to 35% to the workers who were paid 25% of their total savings

The aim is to ensure sustainability of the social security schemes.

G. THE ROAD AND FUELS TOLLS ACT CAP 220

- ***Introducing charge of Tsh. 382 per kg of Compressed Natural Gas used in motor vehicles; and***
- ***To set aside funds for roads infrastructure development from the revenue derived from the petrol price fall in the market. Such funds will be remitted to Road Fund.***

The intent of the above changes is to increase the government revenue for roads construction, repair, and maintenance.

H. LAW OF THE CHILD ACT, CAP 13

- ***Amending sections 147(2) and 149(2) of the Law of the Child Act CAP 13 as follows:***
 - To introduce Registration Fee of Tsh 100,000 to the Day care centre and crenches; and
 - To introduce Annual Fee of Tsh 200,000 to the day care centre and crenches.

The measure is intended to enhance the enforcement of the Law of Child Act which requires day care center and crenches pay fees for registration and annual subscription to enhance inspection and monitoring of those centers.

I. THE PORT ACT, 2004

- ***Amending the PortsAct, 2004 to reinstate the mandate of collecting wharfage to the Tanzania Ports Authority (TPA).***

However, the revenue collected shall be deposited in the account of TPA at the Bank of Tanzania and the use of such revenue shall be authorised by the Paymaster General.

4. OTHER PROPOSED LEGISLATIVE CHANGES CONTD...

J. SUGAR INDUSTRY ACT, CAP 251

- i. To give power the National Food Reserve Agency (NFRA) to buy, stock and reserve sugar as a National food reserve which will be entered for domestic consumption during sugar gap.*

This measure is intended to ensure constant availability of sugar in the country and manage holdings of sugar product by manufacturers without compromising protection of local industries;

- ii. To amend the NFRA regulations by including sugar as part of food security; and*

- ii. To charge Tsh 50 per kilogram of Sugar by-products originating from sugar production.*

The measure is intended to increase revenue that will enhance the Sugar Board to perform its duties including training and capacity building in the sugar industry as well as monitor sugar production through expansion of existing industries and fostering new investments.

K. CASHEWNUT INDUSTRY ACT, NUMBER18

- *Amending the Cashewnut Industry Act, No. 18 by granting the Board to collect and utilize revenue from export levy on cashewnut for five years.*

The measure aims to stimulate development of cashewnut subsector and facilitate the availability of fund for subsidy and research as well as increasing the contribution of cashewnut to the economic growth.

- *Granting the Tanzania Revenue Authority mandate to collect crops export and import levies as well as determining the distribution of revenue from the levies as follows: 50 percent of the revenue collected shall be remitted to the Agricultural Development Fund and 50 percent shall be remitted to the Consolidated Fund.*

The measure aims to increase efficiency in collection, stimulate the development of the agricultural sector and support the availability of fund for the various responsibilities of the Government.

4. OTHER PROPOSED LEGISLATIVE CHANGES CONTD...

L. THE MINING ACT, CAP 123

- ***To amend Section 90A (3) of the Mining Act, CAP 123, to exempt the supply of gold to the Bank of Tanzania (BOT) from paying inspection fee of 1 percent.***

The measure is intended to incentivise the supply of Gold to BOT as well as reducing associated cost to enhance growth of National gold and foreign currency reserve and addressing the shortage of US Dollars for various international transactions;

- ***To reduce royalty rate from six (6)% to two (2)% on the supply of gold to be sold to the Bank of Tanzania. This amendment goes parallel with making royalty paid to the gold supplied to the BOT as a final payments.***

The measure is intended to incentivise the supply of Gold to BOT and also reduce associated cost to enhance growth of National gold and foreign currency reserve and address the shortage of United State Dollar for different international transactions;

- ***To reduce royalty rate from four (4)% to two (2)% on the supply of gold to be sold to the domestic refineries.***

The measure is intended to incentivise the supply of Gold to the domestic refineries and ensure availability of feedstock;

- ***To amend Section 59 of the Mining Act, CAP 123, by requiring the mineral right holders and the mineral dealers to set aside minerals for processing, smelting, refining and trading within the Country.***

However, the amount of minerals to be set aside will be determined by the Minister responsible for Minerals in the Mining (Mineral and Gem Houses) Regulations 2019, as for starters 20% of Gold will be set aside for the mentioned purpose.

However, the provision will not apply to Mining Companies having a signed agreement with the Government of the United Republic of Tanzania for the objectives of carrying out mining projects in the Country.

Further, the Government will renegotiate with Mining Companies for the purpose of considering the possibility of implementing the requirements of this provision without affecting the terms to the Agreement.

The measure is intended to enhance supply of Gold to the Bank of Tanzania for growth of National gold and foreign currency reserve and address the shortage of United State Dollar for different international transactions as well as enhancing growth of local refineries by ensuring of availability of gold stock for accreditation purpose; and

- ***Recognizing The Bank of Tanzania (BOT) as the Statutory Gold Dealer.***

The measure is intended to harmonize the Bank of Tanzania Act and the Mining Act by addressing the existing ambiguity as well as enhancing smooth purchases of Gold by the BOT for the purpose of growth of National gold and foreign currency reserve in the country.

4. OTHER PROPOSED LEGISLATIVE CHANGES CONTD...

M. GAMING ACT, CAP 41

- **To introduce gaming dealer's certificate application fee of 10,000 shillings and certificate fee of 20,000 shillings.**

The measure intends to raise revenue for efficiency and monitoring of individuals and agents on the gaming industry;

- **To introduce the lottery centres registration fee of 30,000 shillings.**

The measure aims at raising revenue from national lottery for efficiency and monitoring of gaming industry; and

- **To introduce license application fee of 500,000 shillings and Annual fee of 1,000,000 shillings for supply of tokens used in slot machines.**

The measure aims at raising revenue to enhance the Gaming Board capacity of monitoring and control of the gaming industry.

N. FIRE AND RESCUE FORCE ACT, CAP 427

- **Amending the Act by reducing a fee chargeable for training wardens on fire prevention and cautionary measures from TZS 500,000 to TZS 200,000.**

The amendment goes hand in hand with the requirement to conduct training to at least one warden or more in every year instead of the current arrangement which requires at least two wardens.

The purpose of this measure is to reduce the costs of doing business and investment in the country.

O. TANZANIA CIVIL AVIATION AUTHORITY (TAA)

- **To charge a fee for renewing licenses to operate safety planes (Air Operators Certificates - AOC) at the rate of 600 US dollars per Company per year instead of the current rate of 600 US dollars per aircraft per year.**

The aim of this measure is to reduce the costs of doing business in the sector and stimulate the growth of the Aviation Industry.

P. MINISTRY OF NATURAL RESOURCE AND TOURISM

To amend the Tourisms Regulation, 2015 which imposes fee and charges on Tourism sector as follows:

- **To charge Tourist Business License fee in Tanzanian Shillings, instead of using US Dollar.**

These proposed measures go hand in hand with the requirement of the fee to be paid for a period of 12 from the last day of the execution of the final payment for the business license; and

- **To reduce the fee of Tanzanian Tourist Business License which is paid by an agent of the mountain climbing from US Dollar 2,000 per annum to TZS 3,000,000 per annum. The fee shall be payable in Tanzanian shillings.**

These measures intend to simplify the payments of tourism fees, reducing operational costs, attracting investment in the tourist industry and to comply with the requirement of Section 26 of the law establishing the of Central Bank of Tanzania which require payments within the country to be made in Tanzanian shillings.

4. OTHER PROPOSED LEGISLATIVE CHANGES CONTD...

Q. MINISTRY OF LIVESTOCK AND FISHERIES

a) Livestock Sector

- *To amend the moving permit on livestock from auctions as follows: 30,000 shillings to 31,000 shillings for every cattle; 6,500 shillings to 7,000 shillings for every goat and sheep.*

The increased amount of the fee shall be remitted to Local Government Authorities for purposes of enhancing supervision in the respective Livestock auctions.

b) Fisheries Sector

To amend Fees imposed on fisheries as follows:

- *To reduce the moving permit fee on fish and fish products there of (dagaa, furu, dried fish, fresh fish and frozen) which are fresh, dried or frozen from 100 shillings per kilogram to 50 shillings per kilogram. Besides, the dried fish and fish products which weigh below 20kgs and fresh or frozen fish and fish products which are below 30kgs are exempted from paying this moving permit;*
- *To reduce moving permit on fish maw (mabondo) from 2,500 shillings per kilogram to 2,000 shillings per kilogram for fresh fish maw, and from 3,500 shillings per kilogram to 2800 shillings per kilogram for dried fish maw; and*
- *To increase export royalty for fish maw (Mabondo) from USD 2.7 to USD 3 per kg for fresh fish maw and from USD 3.3 to USD 3.5 per kg for dried fish maw.*



5A. REVIEW OF 2023/24 BUDGET IMPLEMENTATION

REVENUE PERFORMANCE



The Breakdown of the Actual Collections is as follows:

- Tanzania Revenue Authority (TRA) – TZS 21.31 trillion;
- Non - Tax Revenue – TZS 1.91 trillion;
- Local Government Authorities (LGAs) – TZS 931.0 billion;
- Grants and concessional loans – TZS 4.93 trillion;
- Borrowings from domestic market – TZS 4.61 trillion; and
- External non-concessional loans – TZS 1.56 trillion.

EXPENDITURE PERFORMANCE



The Breakdown of the Actual Expenditure is as follows:

- Development Expenditure – TZS 12.34 trillion;
- Recurrent Expenditure – TZS 23.29 trillion

5B. KEY ISSUES FOR THE FINANCIAL YEAR 2024/25

The national budget of the United Republic of Tanzania (URT) for fiscal year 2024/25 is estimated at **TZS 49.35 trillion**.

REVENUE

Domestic revenue is projected to be TZS 34.61 trillion (70.1% of total budget). Out of the projected amount, TZS 29.41 trillion is estimated to be collected by Tanzania Revenue Authority (TRA), TZS 3.84 trillion is non-tax revenue estimated to be collected by Ministries, Agencies, and Independent Departments, and TZS 1.36 trillion is expected to be collected by Local Government Authorities. Domestic market borrowings TZS 6.62 trillion and Grants and concessional loans from development partners amounting to TZS 5.13 trillion.

EXPENDITURE

The Government plans to spend a total of 49.35 trillion shillings. This amount includes: 15.74 trillion shillings for servicing public debt and other consolidated fund expenses; 11.77 trillion shillings for salaries, including recruitment and promotion of employees; 2.17 trillion shillings for railway, roads, water and REA funds; 1.19 trillion shillings to finance higher learning education and tertiary colleges student loans, and the Fee Free Primary and Secondary Education Program.

		Billion Shillings	
Resources		2024/25	
A.	Domestic Revenue - Central Government		33,254,306
	(i) Tax Revenue (TRA)	29,415,289	
	(ii) Non-Tax Revenue	3,839,017	
B.	LGAs Own Source		1,356,341
C.	Grants and Concessional Loans from DPs		5,130,613
	(i) Grants and Concessional Loans - GBS	1,489,775	
	(ii) Grants and Concessional Loans - Projects	3,461,946	
	(iii) Grants and Concessional Loans - Basket	178,892	
D.	Domestic and External Non-Concessional Loans		9,604,428
	(i) External Loans	2,986,638	
	(ii) Domestic Loans - Financing	2,595,417	
	(iii) Domestic Loans - Rollover	4,022,373	
	TOTAL RESOURCES (A+B+C+D)		49,345,688
Expenditure			
E.	Recurrent Expenditure		34,590,391
	(i) CFS		15,736,279
	-Domestic Interest payments	3,146,668	
	-Domestic Principle payments (rollover)	4,022,373	
	-External Principle payments	3,517,120	
	-External Interest payments	2,435,305	
	-Government's Contributions to Pension Funds	2,000,000	
	-Other CFS	614,813	
	(ii) Wages and Salaries		11,767,987
	(iii) Other Charges (OC)		7,086,125
	-o/w LGAs Own Source		815,065
F.	Development Expenditure		14,755,296
	(i) Local		11,114,458
	-Clearance of arrears	400,000	
	-Railway Fund, Water Fund, Road Fund, REA and TARURA	2,167,623	
	-LGAs Own Source	541,276	
	-Other Development Expenditure	8,005,559	
	(ii) Foreign		3,640,838
	TOTAL EXPENDITURE (E+F)		49,345,688
	OVERALL BUDGET DEFICIT (ss percentage of GDP)		2.9%

Source: Ministry of Finance

Contacts

Publication team



William George Kihigwa
Partner, Tax
gkihigwa@aba-alliance.co.tz



Sylvester Orao
Partner, Audit
sorao@aba-alliance.co.tz



Mwita Nelson
Manager, Advisory Services
nmwita@aba-alliance.co.tz



Abdul Mohamed Lungato
Manager, Audit
alungato@aba-alliance.co.tz



Miriam Mbando
Senior Consultant, Tax & Legal
mmbando@aba-alliance.co.tz

Our services

➔ Audit

➔ Tax and Legal services

➔ Advisory Services

Offices

ABA Alliance
10th Floor, PSSSF Building
Along Sam Nujoma Road
P O Box 11621
Dar es Salaam, Tanzania
Tel: +255 752 694 800
Email: info@aba-alliance.co.tz