

TANZANIA NATIONAL BUDGET HIGHLIGHTS - FY 2025/26

INSIGHTS AND ANALYSIS

Theme: Inclusive Economic Transformation through Domestic Resource Mobilization and Resilient Strategic Investment for Job Creation and Improved Livelihoods

12 June 2025

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TABLE OF CONTENTS



01

**Executive
Summary**

02

**Economic
Overview**

03

**Key Proposed
Tax Changes**

04

**Other Proposed
Legislative changes**

05

Budget Overview

06

About Us

1. EXECUTIVE SUMMARY

On 12 June 2025, Tanzania's Minister for Finance, Hon. Dr. Mwigulu Lameck Nchemba (The Minister) presented the Government's TZS. 56.49 trillion 2025/26 National budget estimates. The Finance Bill and Act for the fiscal year 2025/26 is yet to be released to the public.

The budget for fiscal year 2025/26 is the fifth and final 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 Budget Alert, prepared by ABA Alliance, summarizes 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.

PRIORITY AREAS

Key **priority areas** in the budget for the year 2025/26 includes:

- Completing flagship and strategic projects – SGR, JNHPP, fee-free education, Universal Health Coverage & construction of urban roads and opening rural roads;
- Strengthening productive sectors which have multiplier effect in the economy;
- Enhancing human capital development especially in the social service sectors;
- Improving investment and business environment to attract private sector participation in economic activities.

Other priorities include financing:

- Wages and salaries and entitlements of public servants;
- The 2025 General Elections;
- Construction and rehabilitation of stadiums for AFCON 2027 tournaments; and
- Servicing the public debt.

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 2025/26 Budget speech by the Minister.

We note, however, that 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

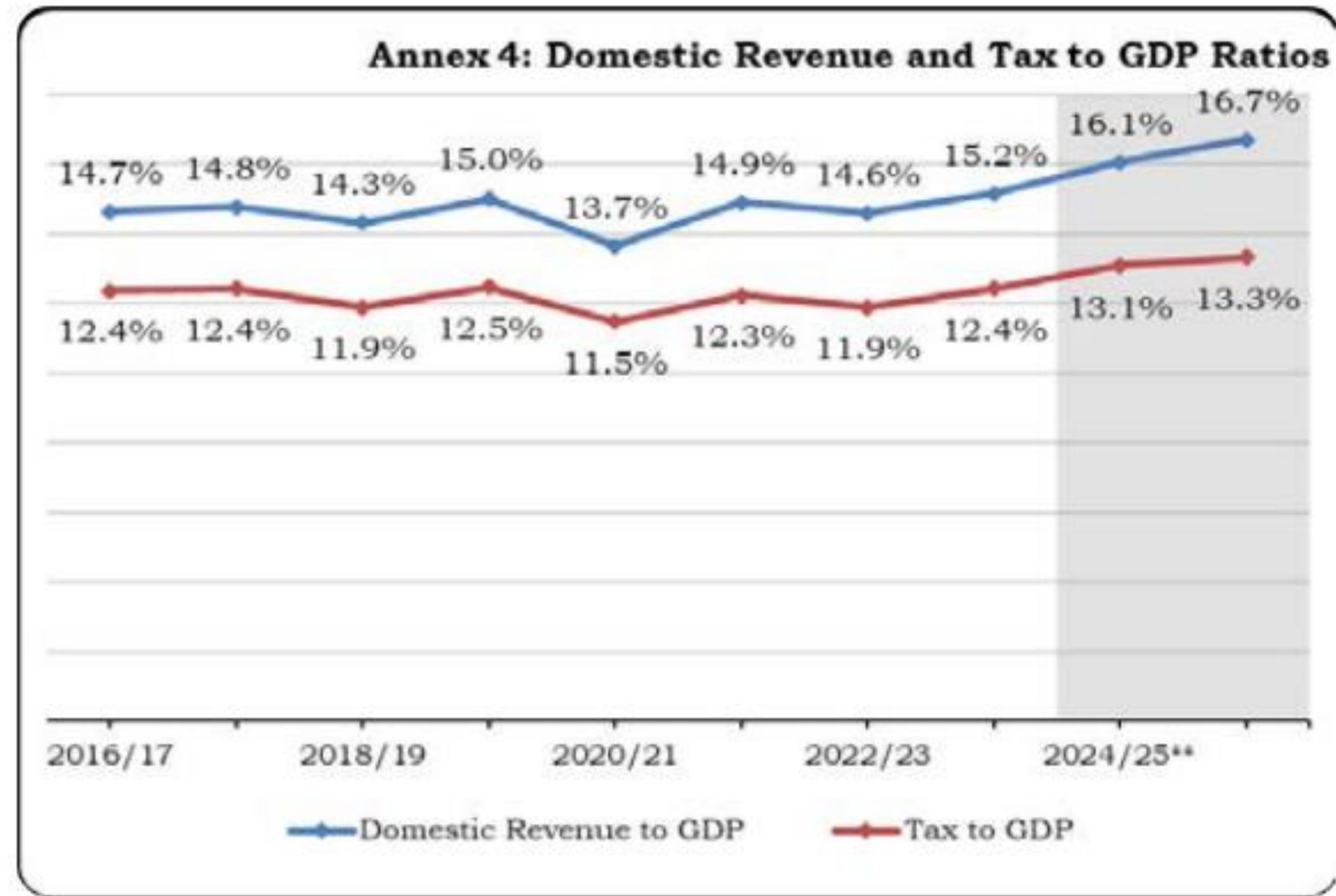
Economic Indicator	2024-25	2025-26 (projected)
Gross Domestic Product (GDP) growth rate	5.5%	6%
Inflation rate	3.0-5.0 (3.1 average)	3.0-5.0
Domestic Revenue to GDP	15.8%	16.7%
Tax Revenue to GDP	12.8%	13.3%
Fiscal deficit to GDP	3.4%	3.0%

Maintain foreign exchange reserves sufficient to cover at least four (4) months of imports of goods and services.

The Macro-economic targets for 2025/26 are based on the following assumptions:

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

Chart No. 1: Domestic Revenue and Tax to GDP Ratios



* Estimate

** Budget

3. KEY PROPOSED TAX CHANGES

A. THE VALUE ADDED TAX ACT, CAP 148

- **VAT exemption on pesticides identified under HS Codes 3808.61.00, 3808.62.00, and 3808.69.00.**

The initiative aims to alleviate financial burdens on farmers by facilitating access to pesticides, thereby enhancing crop production and contributing to food security in Tanzania.

- **VAT exemption on re-insurance transactions between insurance companies and re-insurance companies.**

The initiative aims to enhance the competitiveness of local businesses, stimulate the growth of the insurance industry, and promote the adoption of insurance as a tool to mitigate the effects of unforeseen disasters in Tanzania.

- **Zero rating VAT on textile products (fabric and garments) made from locally grown cotton for a period of one year.**

These initiatives are part of a broader strategy to support local industries, promote economic growth, and improve the living standards of Tanzanians.

- **Zero rating VAT on locally produced fertilizers for a period of three years.**

The Government supports a significant portion of fertilizer expenses, enabling farmers to access essential inputs at more affordable prices.

- **VAT exemption on edible oil produced locally using locally grown seeds for a period of one year.**

The measure is intended to continue to provide relief in the price of edible oil in the country.

- **Repealing of the VAT Exemption granted on the purchase and importation of gaming supplies.**

This measure is intended to align with equity principle of taxation since other sports such as football that are within the scope of value added tax.

- **Imposing a condition for VAT exemption to be granted after obtaining the approval of the Minister responsible for agriculture on the following items;**

Tractor tires	HS Code 4011.70.00 (Used in agricultural activities)
Dam Liners	Heading 39.20
Forks	HS Code 8201.90.00
Rakes	HS Code 8201.30.00
Axes	HS Code 8201.40.00

The measure aims to bring relief to the Agricultural Sector.

- **Repealing the VAT exemption on bitumen is classified under HS Codes 2713.20.00 and 2715.00.00.**

This measure is to align with the Government's commitment to reduce ineffective exemptions to protect Government revenue and reduce expenditure related to the provision of tax exemptions.

- **VAT exemption on newspapers published locally only.**

This measure aims to reduce production costs for newspaper publishers and enhance the affordability of news for consumers, thereby promoting access to information and supporting the media sector's development.

3. KEY PROPOSED TAX CHANGES...

- **VAT Exemption on natural gas sold to Compressed Natural Gas (CNG) stations for motor vehicles use only.**

The measure is intended to provide relief to investors, attract investment in CNG stations for vehicles, reduce carbon emissions, and dependence on oil.

- **VAT exemption 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.**

The measure is intended to reduce the cost of acquiring these products with the aim to encourage the use of clean cooking energy in the country.

- **Amendment item 15 (8) of part one of the VAT Exemptions Schedule by deleting the word “Liquified Petroleum and Natural Gases” and inserting the word “Liquified Petroleum Gas”.**

The objective of this reform is to provide clarity and resolve the challenges in the provision of the relevant exemption and thus achieve the intended objectives.

- **Amendment of item 15 (9) of Part One of the VAT Exemptions Schedule by deleting the word “Compressed Petroleum and Natural gases” and inserting the word “Compressed Natural Gas for Motor vehicles”**

The objective of this is to provide clarity and resolve the challenges in the provision of the relevant exemption with the aim of achieving the intended objectives.

- **Amendment of item 15 of Part Two of the Value Added Tax Act, CAP 148, by deleting the exemption on non-CNG equipment such as natural gas pipes, transportation and distribution pipes, natural gas metering equipment, gas receiving units, flare gas system, condensate tanks and leading facility, system piping and pipe rack and condensate stabilizer and instead include CNG Compressor and CNG metering equipment as the relevant items qualified for exemption. These items are essential equipment used in CNG filling and metering stations.**

The objective of this measure is to ensure that the exemption benefits CNG station investors and thus is in line with the international agenda on the use of clean energy.

- **Amendment of item 15 (10) of Part One of the Value Added Tax Exemptions Schedule by deleting the word Compressed or Liquified gas cylinders for petroleum and natural gases for cooking and inserting the word Liquified Petroleum Gas cylinders for cooking.**

This measure aims to clarify the difference between Compressed Natural Gas (CNG) cylinders and Liquefied Petroleum Gas (LPG) cooking gas cylinders in line with the international agenda on clean energy. Furthermore, the analysis conducted has revealed that, due to technological advancements, there are no compressed natural gas cylinders for use as cooking energy.

- **Inclusion of online marketplace platforms and network marketing platforms in the scope of the definition of online intermediation services.**

The aim of this measure is to expand the scope of taxation by providing a definition that will lead to resolving existing challenges in tax collection and administration where the current definition does not include such services in tax base.

3. KEY PROPOSED TAX CHANGES...

- **Inclusion of non-resident online payment services platforms that use the infrastructure of other service providers in the scope of financial intermediaries (online intermediation payment platforms) that provide services in the country from abroad.**

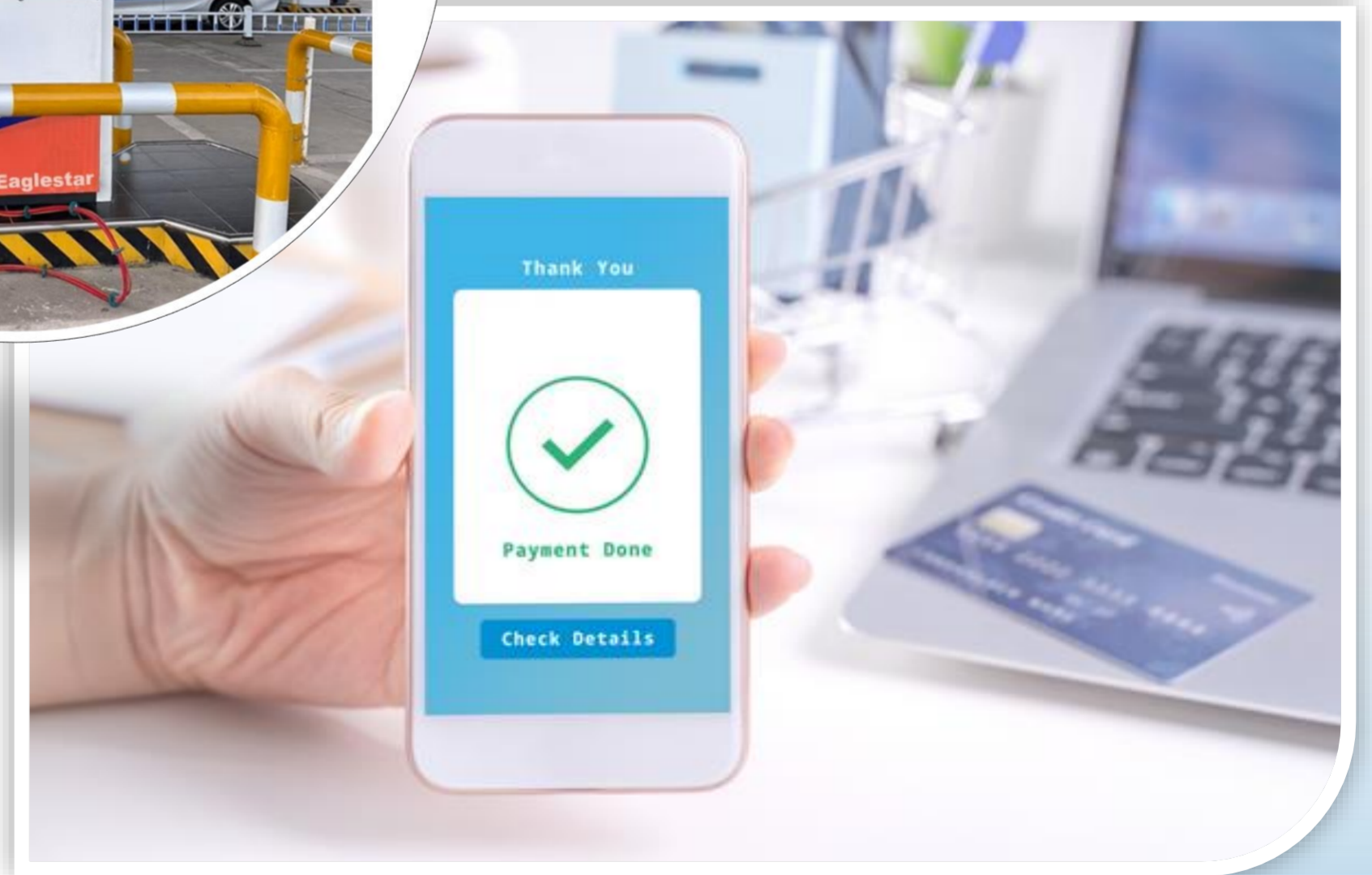
The aim of this measure is to increase the tax base.

- **To impose a reduced Value Added Tax rate of 16 % instead of 18 % on the purchase of goods where payment is made online (B2C) and the consumer confirms that the payment invoice issued contains the correct amount of the transaction.**

The measure aims to encourage the use of online payment systems, reduce the use of hard cash and simplify tax administration by facilitating the availability of information on purchase transactions.

- **To establish a Value Added Tax collection agency system on payments made to a registered seller. Through this system, the following Institutions/Taxpayers/Sectors will become agents and will be required to collect 3% of VAT and submit it to TRA:- Ministry responsible for finance; Government Institutions that collect and retain revenue; as well as taxpayers registered to collect VAT, as will be specified in the VAT Collection Agency Regulations.**

The objective of this measure is to increase efficiency in the collection of revenue arising from VAT.



3. KEY PROPOSED TAX CHANGES...

B. THE INCOME TAX ACT, CAP 332

- **Introduction of Income tax relief via a new procedure for estimating income tax for the category of two-wheeled motorcycles, three-wheeled motorcycles (Bajaji), and goods carrying vehicles with a load capacity not exceeding 500 kilograms, including “Guta”. (see below table)**

This measure will provide tax relief to the respective group and thereby facilitate the implementation of the law.

Table: Proposed income tax estimates on vehicles for passenger and goods transportation per each unit

No.	a) Class A: Passenger Service Vehicles			
	Current Practice		Proposed Amendments	
	Number of Passenger	Rates	Number of Passenger	Rates
1.	N/A	N/A	Passenger not exceeding 5	120,000
2.	Passenger not exceeding 15	250,000	Passenger from 5 to 15	250,000

No.	b) Class C: Goods Carrying Vehicles			
	Current Status		Proposed Amendments	
	Number of Passenger	Rates	Number of Passenger	Rates
1.	N/A	N/A	Weight not more than 500kg	120,000
2.	Weight not more than 1 Tonne	250,000	Weight of 500kg and not more than 1 Tonne	250,000

No.	c) Class D: Private Hire Service Vehicles			
	Current Practice		Proposed Amendments	
	Number of Passenger	Rates	Number of Passenger	Rates
1.	Motorcycle	65,000	Motorcycle	N/A
2.	Tricycle	120,000	Tricycle	N/A

- **Amendment of section 12 of the Income Tax Act, CAP 332 to include retained earnings in the definition of the term “equity” (thin capitalization rule).**

This measure will stimulate the flow of the capital into economic activities.

- **Introduction of withholding tax (WHT) at a rate of 10% on retained earnings after six months.**

This measure intends to broaden the tax base and increase Government revenue.

- **Imposition of income tax at a rate of 3.5% on income derived from the sale of forest products, to be paid in a single instalment for each consignment value.**

The imposition made is intended to enhance the formalization of the forestry sub-sector, ensure sustainable harvesting of the products, and broaden the tax base.

- **Imposition of WHT at a rate of 2% on payments arising from the purchase of raw salt from holders of a Primary Mining License (PML) or Artisanal Miners.**

This measure will address the challenges in tax collection within the sector by establishing a specific taxation mechanism for these producers.

- **Introduction of a final WHT at the rate of 10% on commission payments derived from sport betting advertisements.**

The purpose of this measure is to align with the principles of tax equity and broaden the tax base.

3. KEY PROPOSED TAX CHANGES...

- **Increasing WHT rate on insurance and re-insurance premium payments made to non-resident companies from 5% to 10%.**

The above proposal is because the current rate has not been revised for nearly 13 years and does not reflect the dynamics of the economy over that period.

- **Increasing WHT rate on payments for professional and management services provided in the extractive sector from payments from 5% to 10% .**

The purpose of this measure is to align with global economic changes and broaden the tax base.

- **Increasing the Alternative Minimum Tax (AMT) rate paid by companies incurring losses for three consecutive years from 0.5% to 1%.**

The purpose of this measure is to enhance Government revenue and curb tax avoidance.

- **Reduction of the limit ratio of the carrying forward losses from 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 measure is aiming at collecting revenue earlier from the relevant sectors.

- **Abolishment of 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 markets.**

The amendments made are intended to line with the Government's determination to reduce tax exemptions with the aim of protecting Government revenue.



3. KEY PROPOSED TAX CHANGES...

C. THE EXCISE (MANAGEMENT AND TARIFF) ACT, CAP 147

- **Remove licensing fees of TZS 300,000 to manufacturers and importers of excisable goods.**

The measure is intended to reduce cost of producing and importing excisable goods, aligning with the Government's objective to lower the cost of doing business in the country.

- **Reduction of excise duty rate from TZS 7,000 to TZS 5,000 per-litre on imported undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher and from TZS 5,000 to TZS 4,000 per-litre on locally produced ethyl alcohol.**

The measure is intended to ease the burden of duty payments while continuing to protect local manufacturers.

- **Reduction of excise duty on locally manufactured energy drinks with HS Code 2202.99.00 from TZS 561 to TZS 134.2 per litre.**

The measure is intended to provide relief to local manufacturers, enhance competitiveness and promote investment in the country.

- **Introduction of excise duty at a rate of TZS 100 per kilogram on imported crisps and TZS 50 per kilogram on locally manufactured crisps**

The measure is intended to curb negative externalities that arise from the excessive consumption of unhealthy food such as obesity 99 and widen tax base.

- **Imposing excise duty at a rate of 10% on imported and local supply of imitation jewellery with heading 71.17**

The measure aims to broaden tax base.

- **Introduction of excise duty at a rate of 10% on imported ice cream and other edible ice, whether or not containing cocoa and 5% on locally manufactured ice cream.**

The measure is intended to curb negative externalities that arise from the excessive consumption of ice cream and other edible ice, promote local investment, increase Government revenue and protect local manufacturers.

- **Imposition of excise duty at a rate of 10% on imported sausages and similar products and 5% on locally manufactured classified under HS Code 1601.00.00.**

The measure is intended to reduce negative health effects associated with consumption of the product, promote local investment, increase Government revenue and protect local manufacturers.

- **Imposition of excise duty at a rate of 10 % on imported soap classified under HS Codes 3401.11.00; 3401.19.00; 3402.50.00 and 3402.90.00**

This measure will protect local manufacturers and employment creation.

- **Introduction of excise duty at a rate of TZS 400 per kilogram on imported matches under heading 36.05.**

This measure will protect local manufacturers and promote local investment.

- **Introduction of excise duty at a rate of 10% on imported and local supply of imitation jewelry with heading 71.17.**

The measure aims to broaden tax base.

- **Introduction of excise duty at a rate of TZS 500 per kilogram on imported margarine with heading 15.17.**

The measure is intended to protect local manufacturers of peanut butter as it is a substitute of margarine.

3. KEY PROPOSED TAX CHANGES...

- **Imposition of excise duty at a rate of 20% on imported used tableware, kitchenware and other related products, of plastic, Wood, iron and aluminium under HS Codes 3924.10.00; 3924.90.00; 7323.91.00; 7323.93.00; 7323.94.00; 7323.92.00; 7323.99.00; 7418.10.00; 7615.10.10; 7615.10.90; heading 44.19; and 82.15.**

This measure will mitigate the environmental and health impacts associated with the use of such products.

- **Introduction of excise duty at a rate of 25% on imported and locally manufactured fireworks with HS Code 3604.10.00**

The purpose of this measure is to discourage the consumption of fireworks due to its environmental impacts.

- **Introduction of excise duty at a rate of 30% on imported and locally manufactured parts of electronic cigarettes with HS Code 8543.90.00 and electronic cigarettes consumable liquids with HS Code 2404.12.00.**

The measure is intended to broaden tax base and discourage the consumption of these products due to their negative health effects.

- **Introduction of carbon-based excise at a rate of TZS 22,000 (approximately 8 US\$) per metric ton of carbon produced from coal and natural gas.**

The measure is intended to broaden tax base and curb negative environmental impacts resulting from the use of these products.

- **Increasing of excise duty from 5% to 10% on pay per view for the purpose of broadening tax base**

The measure is expected to increase Government revenue by 113,376.8 million TZS.

- **Increasing of excise duty from 20% to 25% on imported furniture under heading 94.03**

The purpose of of this measure is protecting and promoting local investment.

- **Increasing of excise duty from TZS 0.45 to TZS 0.55 per cubic feet of natural gas.**

The measure aims at enhancing fiscal sustainability and reflect the current economic realities and inflation.

- **Introduction of excise duty at a rate of 10% to other service providers of money transfer and payment system who employs independent systems other than financial or telecommunication systems.**

The measure is intended to broaden tax base and enhance equity and fairness principle in taxation.

- **Inclusion of manufacturers of wine under heading 22.05 who use ethanol as a raw material in the excise duty offsetting mechanism.**

The measure is intended to enhance the equity principle of taxation.

- **Exemption of excise duty on un-denatured ethyl alcohol under HS Code 2207.10.00 used in manufacturing of goods other than alcohol, such as food flavour.**

The exemption will be granted upon recommendations and approval of the responsible Minister in the respective use.

This measure is intended to reduce production costs, enhance competitiveness and increase exportation of these products.

3. KEY PROPOSED TAX CHANGES...

D. THE TAX ADMINISTRATION ACT, CAP 438

- *Introduction of a requirement for businesspersons to link their electronic receipt systems with the Tanzania Revenue Authority (TRA) system.*

The measure intends to improve tax compliance and administration.

- *To waive the requirement to pay the amount of tax which is not in dispute or one-third of the assessed tax decision whichever is greater within fifteen days from the date of receipt of tax decision.*

This measure is intended to provide the taxpayer with sufficient time to submit an application for a waiver. We believe the change is aimed at removal of a limit of 15 days to apply for waiver of payment of tax which is not in dispute or one-third of the assessed tax decision.

E. THE LOCAL GOVERNMENT FINANCE ACT CAP 290

- *The Government proposes to introduce a fixed service levy rate of 0.25%, replacing the current variable rates, which range from 0.1% to 0.3%, depending on the policies of individual Local Government Authorities.*

The objective of this change is to reduce business operating costs, promote investment, and ensure consistency in service levy rates across all Local Government Authorities.

- *Reduction of Hotel levy rate by 8% from 10% to 2%*

This measure intends to reduce the cost of doing business and investment in the country.

- *Elimination of loading and offloading fees charged by LGAs*

The objective of this change is to reduce business operating costs.

F. THE INSURANCE ACT, CAP 394

- *Amendment to introduce mandatory travel insurance for foreigners entering the country at a fee of US\$ 44, similar to Zanzibar. The coverage includes travel-related health emergencies, repatriation expenses (medical and bodily), accidents, baggage delay, and theft.*

The insurance is limited to 92 days per visitor and excludes EAC and SADC citizens. It will be implemented through a partnership between the private sector and the Government (National Insurance Corporation), with revenue-sharing arrangements to ensure operational efficiency.

G. THE BUDGET ACT, CAP 439, AND THE PUBLIC FINANCE ACT, CAP 348;

- *The Government proposes to amend the Budget Act and the Public Finance Act to require all public institutions to consult the Minister of Finance before introducing or revising any levies or fees.*

This measure will enhance the Ministry's ability to manage public revenue, assess the impact of proposed charges, provide guidance on their suitability, and explore alternative revenue options.

H. EXPORT TAX ACT, CAP 196

- *The Act will be amended to introduce an export levy of 30% or TZS 150 per kilogram (whichever is higher) on veneer (HS Code 44.08).*

This measure is intended to protect local producers of wood products.

3. KEY PROPOSED TAX CHANGES...

I. IMPORT CONTROL ACT, CAP 276

- *Amendment to introduce Industrial Development Levy (IDL) on selected imported goods, with the aim of promoting local manufacturing, attracting investment, and increasing exports. Key changes are depicted in the table below:*

No.	Measure	Levy Rate	HS Codes	Impact
1	Levy on imported plastic kitchenware and household articles	10%	Heading 39.24	Increase revenue and promote local plastic production
2	Levy on imported road tractors	10%	8701.21-24.90; and 8701.29.90	Boost local assembly and increase revenue
3	Levy on imported prefabricated buildings	10%	9406.10.90; 9406.20.90 and 9406.90.90	Encourage local construction materials manufacturing
4	Levy on imported bars and rods of iron or steel	10%	7214.10.00;7214.20.00; 7214.30.00; 7214.91.00; 7214.99.00; 7213.10.00; 7213.20.00; and 7213.99.00.	Support the domestic steel industry and increase revenue
5	Levy on imported nails, tacks, staples, and similar iron/steel articles	5%	7317.00.00	Promote local production of hardware products
6	Levy on imported furniture	10%	Heading 94.03	Stimulate domestic furniture manufacturing
7	Levy on imported flat rolled steel products	15%	7209.16.00; 7209.17.00;	Protect and strengthen local steel manufacturing
8	Levy on imported glass products	10%	7003.12.00; 7003.19.00;7003.20.00 etc	Support local glass producers
9	Levy on imported ceramic tiles	10% or TZS 4,500/kg (whichever is higher)	6907.21.00;6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00.	Protect local tile manufacturers, promote value addition
10	Exemption of cement clinker	0% (Exempted)	2523.10.00	Support non-integrated cement manufacturers

3. KEY PROPOSED TAX CHANGES...

J. THE MINING ACT, CAP 123

- **Proposed Amendment: Section 59 of the Mining Act, CAP 123**
 - *Companies with existing contracts with the Government will be required to allocate not less than 20% of their gold production for smelting, refining, and trading within Tanzania.*
 - *Necessary amendments to existing contracts must be made within 30 days after the enactment of the Finance Act.*

The objective of the amendment is:

- To encourage value addition within the country.
- To create employment and stimulate local economic growth in the gold industry.
- To ensure greater domestic benefit from natural resource extraction

K. THE TRADE AND SERVICE MARKS ACT, CAP 85

- **Amendment by adding a provision which mandate Fair Competition Commission (FCC) to implement the role of recordation.**

The aim is to enable implementation of this role in protection of the counterfeit products produced in the country and those imported.

The merchandise marks (Recordation) Regulations, 2025 will be developed and include the rates of Recordation fees as specified in the table below:

No.	Recordation related fees	Amount (TZS)
1	Application to Record Trademarks	200,000.00
2	Change of ownership	150,000.00
3	Change of Name	100,000.00
4	Renewal of Recordation	50,000.00
5	Application for Search	3,000.00
6	Application for copies	3,000.00

L. NATIONAL ENVIRONMENTAL MANAGEMENT COUNCIL

- **Revoking the Environmental Management Fees and Charges Amendment Regulations, 2024 GN. No. 588 of 2024 and reinstate The Environmental Management Fees and Charges amendment Regulations, GN. No. 387 of 2021.**

This measure intends to allow the drafting of new regulation that will involve participation of all key stakeholders from the Government and private sector and that will consider the Blueprint for Regulatory Reforms to Improvement of Business Environment.

M. THE INVESTMENT AND SPECIAL ECONOMIC ZONES ACT, 2025

- **Introduction of the provision that grants 75% exemption of import duty for deemed capital goods imported by the investors registered under the Investment and Special Economic Zones Act, 2025.**

The purpose of this measure is to continue providing relief to investors in the country and to ensure that deemed capital goods are available at an affordable price.

- **Establishment of the provision that provides a negative list of products which does not qualify for exemptions as provided in the repealed Act. The list will include: Sugar, beverages, roofing sheets, air conditioners, cement, PVC, HDPE Pipes, and cutlery.**

This measure will protect local industries, employment, and Government revenue.

- **Granting strategic investment status to mining projects with a framework agreement signed between the Government and the investors in the mining sector.**

The purpose of this measure is to attract investment in the mining sector and increase the sector's contribution to economic growth.

4. OTHER PROPOSED LEGISLATIVE CHANGES

N. THE ROAD TRAFFIC (MOTOR VEHICLES REGISTRATION) REGULATIONS 2024

- *To reduce registration fee of commercial motorcycles from 340,000 TZS to 170,000 TZS paid for the three years. The new fee shall be paid at the time of registration only;*
- *Repeal the presumptive tax payable annually and introduce once time payment of fee and presumptive tax at a rate of 120,000 TZS instead of 290,000 TZS. The new fee shall be paid at the time of registration; and*
- *To reduce motorcycle and tricycle license fee from 70,000 TZS to 30,000 TZS*

O. THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT, 2004

- *Grant stay of application of EAC CET rate of 25% or US\$ 200/MT whichever is higher and apply a duty rate of 25% or US\$ 350/MT whichever is higher for one year on flat-rolled products of iron or non-alloy steel 7210.49.00; under 7210.61.00; 7210.70.00; and HS Codes 7210.69.00; 7210.90.00.*

This ensure intends to protect local manufactures, employments creation and increase Government revenue.

- *Grant stay of application of EAC CET rate of 10% and apply a duty rate of 25% on unbleached kraft paper and paperboard under HS Code 4804.51.00 for one year.*

The measure is intended to protect domestic industry.

- *Grant stay of application of the EAC CET rate of 25% and apply a duty rate of 0% on buses for transportation of more than 25 persons under HS Codes 8702.10.99; 8702.20.99 and 8702.90.99 imported for rapid transport project for one year.*

The measure is intended to de congest the city and ease the transportation system within the country.

- *Grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% on fiberboard of wood or other ligneous materials such as medium density fiberboard (MDF) under Heading 44.11 for one year.*

The measure is intended to protect local manufactures.

- *Grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% on plywood, veneered panels and similar laminated wood under Heading 44.12 for one year*

The measure is intended to protect local manufacturers.

- *Grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% on worked monumental or building stone under Heading 68.02 for one year*

The measure is intended to promote the use of local stone.

- *Grant stay of application of the EAC CET rate of 35% and apply a duty rate of 35 or US\$ 250/MT whichever is higher on bars and rods of iron or non-alloy steel under Heading 72.14 for one year*

The measure aims at protecting local manufacturers, attract investment, employment creation.

- *To East African Community Partner States agreed to increase import duty rate from 25% to 35% on toys under HS Code 9503.00.00*

The measure aims to increase revenue.

4. OTHER PROPOSED LEGISLATIVE CHANGES...

O. THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT, 2004

PRODUCT	HS CODES	DUTY RATE IMPOSED
Refined vegetable oils.	HS Codes 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	Duty rate of 35% or US\$ 300/MT whichever is higher for one year
Packaging materials.	HS Codes 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90 and 7607.19.90	Duty remission at a duty rate of 0% from 25% for one year
Iron and steel products.	HS Code 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.	Duty rate of 10% or USD 125/MT whichever is higher for one year
Iron and steel reinforcement bars and hollow profiles.	HS Codes 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.	Duty remission of 25% or USD 200/MT whichever is higher and apply a duty rate of 25% or USD 250/MT whichever is higher for one year
Worn items of clothing, footwear.	HS Code 6309.00.10; 6309.00.20 and 6309.00.90	CET rate of 35% or USD 0.40/Kg whichever is higher and apply a duty rate of 35%
Organic surface-active agents.	HS Codes 3402.31.00; 3402.39.00; and 3402.49.00	Duty remission rate of 0% from 10% for one year
Raw material.	HS Codes 3208.20.10; 3208.20.20; 3208.90.20 and 3210.00.10	Duty rate of 0% from 35% or 10% for one year
Glass reinforced plastic pipes.	HS Codes 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	Duty rate of 0% from 25% or 10% 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 apply a duty rate of 35 %
Corrugated boxes.	HS Codes 4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00	Duty rate of 0% from 10% or 25% for one year
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
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	Duty remission rate of 50% to a duty rate of 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	Duty remission Rate of 25% to 25%t or 0.25 US\$ per meter whichever is higher
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	Duty remission rate of 0% from 10%, 25% or 35% for one year
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 rate of 0% from of 10% or 25%
Inputs and raw materials used to manufacture Optical Fiber Cables.	HS Codes 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	Duty remission at a rate of 0% for one year
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	CET rate of 10% to duty rate of 35% on float rate 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 1611.15.11.00	CET of 0% to a duty rate of 10% for one year
Ceramic tiles .	HS Codes 6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00	CET rate of 35% and apply a duty rate of 35% or US\$ 3 per square meter, whichever is higher for one year.

3. KEY PROPOSED TAX CHANGES...

P. BUSINESS LICENSING ACT, CAP. 101

- *Amendment to remove Section 3(4), which previously gave authorities the power to shut down businesses for breaching the provisions of the Act.*

The aim is to enhance the business environment by preventing unnecessary business closures, thereby supporting continuous operations and sustaining economic contributions.

- *Proposal to introduce Section 8(7), granting the Minister responsible for Trade the authority to officially designate certain business activities that non-citizens are not permitted to engage in.*

This amendment aims to protect and promote local entrepreneurs' participation in key business sectors.

A. REVENUE SOURCES FOR HIV/AIDS CONTROL AND FINANCING OF UNIVERSAL HEALTH COVERAGE

In recent ongoing global changes resulted in key development partners suspending the financial assistance previously allocated for the prevention and control of various diseases, particularly HIV/AIDS.

The Government proposes to amend various laws to establish an alternative domestic revenue source to support HIV prevention efforts and contribute to the National Universal Health Fund. Where, 70 % of the additional revenue generated from the proposed measures will be remitted to the AIDS Trust Fund and 30 % to the Universal Health Fund (UHF).

The proposed amendments are as follows:

- *To amend the Excise (Management and Tariff) Act, CAP. 147 to increase excise duty rate by 20 TZS per-litre on beer under heading 22.03; 30 TZS per-litre on wine and other fermented beverages under headings 22.04; 22.05; 22.06; 50 TZS per-litre on spirits, liqueurs and other spirituous beverages under heading 22.08*
- *To amend the Excise (Management and Tariff) Act, CAP. 147 to increase the excise duty rate on electronic communication services from 17% to 17.5%*
- *To amend the Roads and Fuels Toll Act, CAP. 220 to introduce a levy of 10 TZS per litre of fuel (petrol, diesel, and kerosene)*
- *To amend the Mining Act, CAP. 123 to introduce a levy of 0.1% on the gross market value of the minerals*
- *To amend the Gaming Act, CAP. 41 to increase the winning tax from 10 % to 15 % on sports betting games and from 12% to 15% on land-based casino*
- *To introduce levy on imported vehicles and heavy machinery as follows: 50,000 TZS for vehicle with engine capacity of 0cc to 1000cc; 100,000 TZS for vehicle with engine capacity of 1001cc to 1500cc; 150,000 TZS for vehicle with engine capacity of 1501cc to 2500cc; 200,000 TZS for vehicle with engine capacity of 2501cc and above; 250,000 TZS for machinery (excavators, bulldozers, fork lifts) of headings 84.29 and 84.27*
- *To introduce a levy of 500 TZS on a ticket issued by a person licensed to operate train transportation; and*
- *To introduce a levy of 1000 TZS on the ticket issued by a person licensed to operate air transportation*

5. BUDGET OVERVIEW

REVENUE PERFORMANCE



The Breakdown of the Actual Collections is as follows:

- Tanzania Revenue Authority (TRA) – TZS 26.86 trillion;
- Non - Tax Revenue – TZS 2.97 trillion;
- Local Government Authorities (LGAs) – TZS 1.26 billion;
- Grants and concessional loans – TZS 5.32 trillion;
- Borrowings from domestic market – TZS 6.23 trillion; and
- External non-concessional loans – TZS 1.56 trillion.

EXPENDITURE PERFORMANCE



The Breakdown of the Actual Expenditure is as follows:

- Development Expenditure – TZS 16.54 trillion;
- Recurrent Expenditure – TZS 33.75 trillion

5. BUDGET OVERVIEW...

The national budget of the United Republic of Tanzania (URT) for fiscal year 2025/26 is estimated at **TZS 56.49 trillion**.

REVENUE

The proposed budget (56.49 trillion shillings) is expected to be financed through domestic revenue amounting to 40.47 trillion shillings, grants amounting to 1.07 trillion shillings and loans amounting to 14.95 trillion shillings. Out of the total domestic revenue to be collected, tax revenue is estimated at 32.31 trillion shillings, non-tax revenue at 6.48 trillion shillings and revenue from Local Government Authorities' own sources at 1.68 trillion shillings. Further, the loan amount includes 6.27 trillion shillings from domestic sources and 8.68 trillion shillings from external sources.

EXPENDITURE

Estimated Government expenditure of 56.49 trillion shillings for 2025/26 include: statutory payments and pension contributions for the central Government amounting to 9.17 trillion shillings; procurement of goods and services, 5.58 trillion shillings; payments of interest on public debt, 6.49 trillion shillings; and subsidies and transfers to Government Institutions, State Owned Enterprises and Local Government Authorities, 22.17 trillion shillings. Moreover, the Government is expected to spend 7.72 trillion shillings for payment of principal amount of domestic and external loans.

Table No. 01: Proposed Budget Frame for 2025/26

Million shillings

	2025/26 Proposed Budget
Revenue	41,536,016
Taxes	32,306,123
Taxes on income, profits, and capital gains o/w P.A.Y.E	11,491,400 5,888,445
Taxes on payroll and workforce (Skill and dev. Levy)	420,934
Taxes on property	188,960
Taxes on goods and services o/w VAT	13,762,949 9,132,076
Excise	4,412,479
Taxes on international trade and transactions	6,395,239
Other taxes	46,641
Grants	1,069,884
From foreign governments	355,712
From international organizations	714,172
Other revenue	8,160,009
o/w LGA Own source	1,680,507
Expense	46,453,030
Compensation of employees	9,172,019
Wages and salaries	7,052,355
Employers' social contributions	2,119,664
Use of goods and services	5,576,148
o/w Clearance of arrears	700,000
Interest	6,493,715
To nonresident	2,796,427
To residents other than General Government	3,697,288
Subsidies	112,560
To public Corporations	111,510
To other sectors	1,050
Grants (Transfers)	22,052,853
o/w Local Government	9,431,497
o/w Wages and Salaries	5,583,591
o/w Capital Transfer	2,310,011
Extra-budgetary accounts and funds	13,104,642
o/w Wages and Salaries	2,158,513
o/w Capital Transfer	6,829,210
Social benefits	1,001,950
Social Security Benefits	992,638
Social Assistance Benefits	9,163
Employment related Social benefits	149
Other expense	2,043,785
Net operating balance	(4,917,014)
Net Acquisition of Nonfinancial Assets	2,321,959
Fixed assets	2,029,710
Non-produced assets	76
Balance before Grants	(8,308,858)
Net lending / borrowing/Balance after Grants	(7,238,973)
Financing	(7,238,973)
Net incurrence of liabilities	7,238,973
Domestic	2,952,630
Receipts from Domestic Borrowings	6,278,186
Repayment of Domestic Loan	(3,325,557)
Foreign	4,286,343
Receipts from External Borrowings	8,676,050
Repayment of External Loan	(4,389,707)
Total Budget Frame	56,490,252
Fiscal Deficit as a percentage to GDP	3.0%

Source: Ministry of Finance

6. ABOUT US

OUR SERVICES

01

AUDIT

02

TAX AND LEGAL SERVICES

03

ADVISORY SERVICES

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06 **MEET OUR TEAM**



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