



Tanzania 2024/25 budget brief

Theme: Sustainable economic transformation through fiscal consolidation and investment in climate change mitigation and adaptation for improved livelihoods

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Economic Highlights



Tanzania's economy overview

In the year 2023, the art sector and entertainment led by having a growth of (17.7%) followed by the financial sector and insurance sector (12.2%) mining (11.3%), accommodation and food services (8.3%), and information and communication (7.6%).

This is partly contrary to the year 2022 where the sector that led by growth was the art sector and entertainment(19%) followed by mining and quarrying (9.2%), finance and insurance(9.2%), accommodation and food service (9.0%) and electric Supply(7.6%).

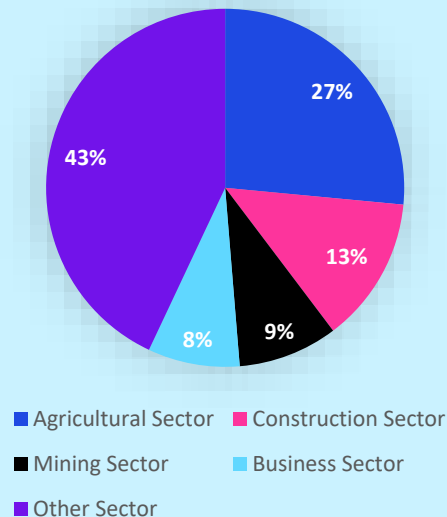
As of March 2024, the Government's total debt stood at 91,708.3 billion shillings, comprising 30,753.8 billion shillings in domestic debt and 60,954.5 billion shillings in external debt.

In our view, the increase in debt was attributed to the Government securing funds from both existing and new loans from various sources to finance development projects, particularly in infrastructure such as roads, railways, airports, electricity, and water systems.

Additionally, the rise in debt was influenced by fluctuations in currency exchange rates, leading to increased interest payments on foreign loans, as their interest rates are subject to changes in market conditions.

The effect of the debt increase is greatly seen in the developmental projects done by the government that include stabilization of the economy, including lowering the effects of inflation, building of infrastructure particularly SGR, buying Air Tanzania airplanes to ease transportation of people and commodities and therefore ease trade.

Contribution to National GDP



Growth Targets for the Economy for 2024/25

- (i) Increase the growth rate of real GDP to 5.4 percent in 2024 from 5.1 percent in 2023.
- (ii) Maintain control over inflation aiming to keep it within the mid-single-digit range of 3.0-5.0 percent in the medium term.
- (iii) Increase domestic revenue to reach 15.8 percent of the National GDP in 2024/25, up from the expected percentage of 15.4 in 2023/24.
- (iv) Increase tax revenue to 12.9 percent of the National GDP in 2024/25, compared to the expected 12.6 percent in 2023/24.
- (v) Keep the budget deficit (including aid) below 3.0 percent of the National GDP.
- (vi) Maintain foreign currency reserves at a level sufficient to meet the needs of importing goods and services from outside for a period of not less than four months.

Summary of Tanzania's economic review

	Before	After	Reason for change
Average inflation rate- compared to EAC and SADC member countries	4.4%	3.8%	This results from the Government's strategies to minimize global inflation resulting from the Russian-Ukrainian war and the scarcity of dollars. The government has provided fuel subsidies that has counteracted the effect of the Russian-Ukrainian war. The government via the Bank of Tanzania issued a policy directive to curb the dollar scarcity and inflation
Real GDP	141.2 trillion shillings in 2022	148.3 trillion shillings in 2023	The reason behind the growth of the Real GDP from 4.7% 2022 to 5.1% in 2023 was contributed by various efforts taken by the Government including strategies to deal with the impact of the war between Ukraine and Russia as well as investing strategically in the infrastructure of energy, water, health, education and transportation; increased mineral production, in particular gold and coal; and increased credit to the private sector that stimulated economic activity.
Deficit External Balance of payments from July to March 2024	3,977.8 million US dollars in same period 2023	1,616.4 million US dollars	This increase was mostly contributed by sales of gold and natural products, especially tobacco, cashews and coffee, as well as sales of vegetables and flowers.
Export sales value	5,629.2 million US dollars	6,016.2 million US dollars	<ul style="list-style-type: none"> - Minerals contributed 49% - Manufactured goods contributed 17% - Agricultural products contributed 12%
Foreign currency reserves	5,012.5 million US dollars the same period of 2022	5,327.1 million US dollars as of March 2024	
Loans growth.	28,702.9 billion shillings	33,746.5 billion shillings	Reasons for the growth: <ul style="list-style-type: none"> - agriculture sector by 60.6 percent - industry and commerce 29.1 percent - mining sector 18.1 percent - personal activities 16.7 percent

	Before	After	Reason for change
Human Development Index (HDI)	0.529 in 2021	0.532 in 2022	
Export sales value	5,629.2 million US dollars	6,016.2 million US dollars	<ul style="list-style-type: none"> - Minerals contributed 49% - Manufactured goods contributed 17% - Agricultural products contributed 12%



Overview of implementing the 2023/24 plan

In implementation of the Third Five Years National Development Plan, the Government of Tanzania engaged in projects mainly centered on:

- Increasing production capacity in agricultural sectors, livestock and fisheries.
- Construction of transport and digital infrastructure.
- Production and transportation of electricity; and
- Improvement of the business environment and investment.

In the implementation of the above-mentioned projects and the National Development Plan of the year 2023/2024, there have been great achievements as listed below:

- Improvement of Dar es Salaam Port, Tanga Port and Kwala Dry Port (Ruvu).
- Implementation of the Julius Nyerere 2,115 MW hydropower project that is 97.43% complete.
- Construction of Kigongo-Busisi Bridge (Mwanza) that is 88% complete.



National development plan for 2024/25

The Government aims at striking a sensible balance between:

- Protecting the achievement made so far in the implementation of the National Development Plan of five years and implement preparation of National Vision of Development 2050.
- Meeting the needs of the country such as food.
- Increasing the production and sale of product with special emphasis on the value of crops produced by the country.
- Improving the quality of infrastructure and social services including education, health, water, and electricity.
- The Government is driven to focus on opening opportunities in the sectors of strategic minerals (critical minerals), deep-sea fishing, green economy, and digital economy.
- Adapting appropriate measures in response to climate changes

Here are some highlights on the areas where the Government intends to focus in the next fiscal year:

1. Promoting production in the agricultural sector.

The Government intend to encourage and facilitate the use of better seeds, fertilizers, and modern tools in agriculture.

2. Implementing a strategy to stimulate investment.

The Government aims at stimulating investments in industries which are focused on producing products which will make the country self-sufficient and promote the export of value-added products.



National development plan for 2024/25

3. Stimulate the growth of private sector.

The Government will continue to improve the business and investment environment targeting to create special environment for small and medium business enterprise.

4. Sustainable use of resources of the nation including gas, minerals, forest, the port, and lakes.

The policy direction is to employ these resources in building the industrial economy of the country by placing emphasis on adding value to crops arising from the natural resources.

5. Producing clean and safe energy for the environment

The Government is acknowledging the importance of strategic mineral resources in fulfilling the production of clean and safe energy for the environment. As such, the Government intends to attract investors who will build factories especially in the construction of factories producing car batteries and machines.

6. Human development

The Government will continue to invest in ensuring that our country has adequate and quality human resources that the world needs. Education and training will continue to be a priority of our nation.

7. Collaboration with private sector

The Government will continue to invest in the construction and maintenance of infrastructure, transport and logistic including digital infrastructure,

8. Strengthen energy production and access to quality social services.

The Government aims at strengthening energy production including to fully implement the clean energy strategy of cooking. The Government also aims at strengthening the access to quality social services especially in rural areas.

9. Integrated economy in the country

Considering the rural area occupancy in Tanzania is at 65%, the Government intends to facilitate the growth of integrated economy by putting special emphasis on rural development.



Summary of proposed tax measures



1. Income Tax

The proposed tax amendments concerning the Income Tax law aim at widening the tax base, incentivizing the investment prospects in the country and addressing the tax pain points marring the business fraternity as explained below.

Widening the technical interpretation of the term “Charitable Institutions”

The Minister has proposed to widen the technical interpretation of the term “Charitable Institutions” to now include institutions dealing with the advancement of health services and environmental conservation.

Thus, the qualifying institutions under the revised technical interpretation will now mean such institutions will now be eligible for preferential tax treatment stipulated under the Income Tax Act and other tax laws i.e., exemption from Skills and Development Levy (SDL).

However, the said revision doesn’t render automatic recognition to the institutions engaged in the advancement of health services and environmental conservation as charitable entities for income tax purposes, such entities will still be required to apply for a private ruling to be recognized as doing charitable business.

Exclusion of tea processing companies from the requirement to pay Alternative Minimum Tax (“AMT”)

The Minister has proposed to exclude tea processing companies for three (3) years from the Alternative Minimum Tax (AMT) regime. This proposed change aims to provide tax relief to such entities that had to contend with the declining market price.

Fiscal receipts to authenticate expense incurrence

The Minister has proposed to introduce the requirement that expense incurrence for taxation purposes will have to be authenticated by a valid fiscal receipt. Thus, taxpayers will have to ascertain the incurrence of their expenses for a given tax period by providing valid fiscal receipts.

The said proposal will exclude sellers of goods or suppliers of services who are foreign citizens and are outside Mainland Tanzania or any person who is not required to issue electronic receipts. This measure aims to promote the issuance of fiscal receipts and the protection of the tax base.

Contributions made by public entities to the Government’s consolidated fund are now deductible for income tax purposes

The Minister has proposed the qualification of contributions made by public entities to the Consolidated Fund to be a deductible expenses for income tax purposes for a given tax period.

This change aims to simplify the taxable income adjustment process for public institutions and reduce the time and resources spent on resolving disputes with the Tax Revenue Authority (TRA).

Revision – Taxation regime for transporters.

The Minister has proposed to revise the applicable tax rates on the passenger transportation business with gross income not exceeding 100 million shillings and which are not legally bound to prepare accounts.

Whilst the Minister stated that the amendment is intended to relieve the tax burden on passenger transportation buses, (category A), we note from the table that is included in the Minister’s speech that the proposed tax has increased from TZS 550,000 to TZS 650,000 for buses with carrying capacity of between 16 to 25 passengers. We believe this is an oversight and is likely to be corrected in the Finance Bill.

There are no changes in any other categories of transporters except for passenger transportation buses.

Taxing resident digital content creators

The Minister has proposed to introduce a withholding tax (WHT) at a rate of 5% on income derived by resident digital content creators. This proposed change aims at widening the tax base and bringing into the tax net the resident digital content creators.

The question of how this will be remitted to the TRA remains unanswered and likely to be answered by the Finance Bill or regulations.

Taxing industrial minerals

The Minister has proposed to introduce WHT at a rate of 2 % for payments received in the purchase of industrial minerals. This will not apply to salt, metallic minerals, or other precious minerals as stipulated in the Mining Act when sold by a Primary Mining Licensee or Artisanal miner.

Instead, it will apply to “industrial minerals”, which is specifically defined in the Mining Act 2010 to exclude metallic minerals.



Taxing transfer of digital assets

The Minister has proposed to introduce WHT at the rate of 3% on income derived on the transfer of digital assets with the technical interpretation of the term “digital assets” to complement the new taxation regime for transferred digital assets.

The practical mechanism for such a regime will involve the owner of the digital platform or any person who facilitates digital asset transfers or exchanges to qualify as the withholding agent. In case of such a withholding agent being a non-resident person, registration requirements with the Tanzania Revenue Authority (TRA) will be applicable.

Taxing agricultural produce, fisheries, animal and poultry products


The Minister has proposed to introduce WHT at the rate of 2% on payments made by resident entities on purchase of agricultural produce, fishing, animal and poultry keeping besides forestry produce. The said WHT will be a final withholding tax.

Upward Revision – taxation of loss-making entities

The Minister has proposed to revise upward the base for taxing the entities having unrelieved losses for four consecutive years from the current thirty percent (30%) of their taxable income to forty percent (40%) of their taxable income for a given tax period.

This change aims 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. In a nutshell, the change aims to protect the tax base.



An aerial photograph of a city skyline, likely Nairobi, Kenya, showing a dense cluster of buildings and a prominent tall skyscraper. A large blue rectangular box is overlaid on the left side of the image, containing white text. The text is organized into four sections, each with a bold heading followed by a paragraph of text.

Excluding allotment of shares from the change in control provisions

The Minister has proposed to amend Section 56(5)(a) to exclude the applicability of Section 56 on the allotment of shares in a resident entity. The measure is intended to resolve the existing challenges in the implementation and administration and spur investment prospects by attracting the flow of capital to resident entities.

WHT Exemptions on interest payments to Non-Resident Financial Institutions

The Minister has proposed to exempt withholding tax on interest payments by Resident Financial institutions to Non-Resident Financial Institutions and Funds which have an agreement with the Government of the United Republic of Tanzania on concessionary loans disbursed to resident Banks and Financial Institutions.

The eligibility criterion for granting such an exemption shall be a signed agreement which meets conditions and national legal requirements and has articles that specifically stipulate tax exemptions. This measure aims to prompt economic growth through affordable credit financing facilities for citizens and domestic banks in the form of concessionary loans.

Promulgation of procedural provisions on loan write-offs

The Minister has proposed to promulgate procedural provisions relating to the write-off of loans as bad debts. This measure is poised to address a multitude of disputes between the taxman and financial institutions regarding the eligibility criterion for writing off loans as bad debts.

A woman wearing a white hard hat, a yellow safety vest over a plaid shirt, and blue jeans is sitting on a metal structure at a water treatment facility. She is looking down at a laptop computer. In the background, there are large blue cylindrical tanks and various pipes. Tall buildings are visible in the distance under a cloudy sky.

2. Skills and Development Levy (“SDL”)

Exempting casual labourers from SDL regime

The Minister has proposed to exempt casual labourers employed in water projects managed by Water Authorities from the SDL regime. This move aims to reduce project costs and enhance efficiency in water supply.

3. Value Added Tax

The proposed VAT amendments by the budget can be categorized as VAT exemption amendments, zero rating amendments, scrapped VAT exemption amendments, refund timeline revision amendments and widening VAT scope amendments as explained in the subsequent paragraphs;

VAT Exemption - Tanzania People's Defence Force (TPDF)

The Minister has proposed to exempt from VAT, the supply and import of motor vehicles, equipment, machinery and other goods by TPDF for its official use. The eligibility criterion for the prevalence of such VAT exemption is for the Minister responsible for defense and security to approve the stipulated goods. The proposal intends to facilitate the smooth operation of the Military in carrying out its duties.

VAT Exemption – Local air manufacturer / assembler

The Minister has proposed to exempt VAT on the supply of aircraft, aircraft engines, aircraft parts, and aircraft maintenance to a local air manufacturer, assembler, or producer. The proposal aims to enhance the competitiveness of the domestic aircraft producers and assemblers in the market, attract investment into the Country, stimulate the growth of the Aviation industry and support efforts to boost the Tourism sector.

VAT Exemption – Water treatment chemicals

The Minister has proposed to exempt VAT on the supply and importation of water treatment chemicals, water meters, and sewage. The measure intends to facilitate and promote the provision of sustainable and clean water services in the country.

VAT Exemption - Video Assistant Referee Equipment and Accessories.

The Minister has proposed to exempt VAT on the importation of Video Assistant Referee equipment and accessories. This measure intends to ensure that the country gets the necessary sports equipment considering that Tanzania is one of the host countries for the Africa Cup of Nations (AFCON) tournament to be held in 2027.

Accelerated Deliberation of VAT refunds

The Minister has proposed VAT refunds to be paid within thirty (30) days from the date of application submission. Before this proposed change, the Commissioner was required within ninety days from the receipt of the refund application to decide on the application and inform the applicant in writing stating the amount of the refund allowed and the period during which the refund shall be made.

This measure aims at expediting the deliberation of tax refunds and preventing the taxpayer's cash from being tied up in the Government coffers.

Further, the proposal aims to promote voluntary tax compliance and enhance the accountability of the Tanzania Revenue Authority (TRA).



VAT Exemption – Tractor axle (power tiller)

The Minister has proposed to exempt single axle tractors (Power Tiller) of HS Code 8701.10.00 on Agricultural Implements from VAT. This proposal intends to harmonize the HS Codes in the East African Community Common External Tariff book, 2017 with those contained in the current version of the External Tariff book of the year 2022.

Scrapped VAT exemption – Spades, shovels, mattocks and picks

The Minister has proposed to abolish VAT exemption on the supply and importation of agricultural implements with HS Code 8201.10.00 (Spades and Shovels) and HS Code 8201.30.00 (Mattocks and Picks). The proposal intends to secure Government revenue and reduce tax evasion.

Zero rating supply of gold to the Central Bank of Tanzania

The Minister has proposed to zero rate VAT on gold supplied to the Central Bank of Tanzania. The measure is envisioned to incentivize the supply of gold to the Central Bank, thus increasing the country's foreign currency reserves, reducing the shortage of US dollars, and stimulating the growth of gold refining industries in the country.

Zero rating supply of gold to domestic refineries

The Minister has proposed to zero-rate 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 and to fulfil the Government's intention of ensuring that raw gold minerals are refined in the country for value addition before being exported.



Scrapped VAT exemption - precious metals, gemstones & other precious stones

The Minister has proposed to abolish VAT exemption on the supply of precious metals, gemstones and other precious stones at refineries. The measure aims at increasing the contribution of the Mining Sector to the National GDP.

Zero rating supply of fertilizer manufactured locally

The Minister has proposed to zero rate VAT on fertilizer manufactured locally for one year. This measure intends to provide relief to farmers and consumers.

Zero rating supply of textile products made using locally grown cotton.

The Minister has proposed to zero rate VAT on textile products (Fabric and Garments) made using locally grown cotton. This measure aims at encouraging farmers and providing cost relief to consumers.

Extending exemption of VAT on supply of double refined edible oil from locally grown seeds by a local manufacturer

The Minister has proposed to extend VAT exemption on the supply of double refined edible oil from locally grown seeds by a local manufacturer for one year. Previously, the exemption was granted for one (1) year and expires on 30th June 2024.

Taxing online data services

The Minister has proposed to impose VAT on online data services with the sole purpose of widening the tax base. The major point of curiosity is the technical interpretation of the term “Online data services” and the practicality of imposing and collecting such VAT.

4. The Tax Administration Act, CAP 438

Empowerment of Tax Ombudsman

The minister proposes to insert a provision that empowers the Tax Ombudsman in hearing and addressing complaints emanating from tax decisions, procedural, service and administrative matters relating to such tax decisions or objection

Currency Points Revision

The minister proposes to **revise** the currency points from Shilling 15,000 to Shilling 20,000. This measure is intended to restore the parity of relative prices and safeguard the real value of Government revenue.

Maximum penalty – Fiscal Device Offence

The minister proposes to amend Section 86(1) of the Tax Administration Act, CAP 438 by setting a maximum fine for the offense of failure to issue a fiscal receipt in the amount of 1000 currency points

Though the budget has indicated the equivalent value of the 1000 currency points to be TZS 15,000,000, it is our understanding that factoring the revised currency points, the same should amount to TZS 20,000,000.



5. Excise Duty Amendments

HS Code	Description	Proposed rate	Current rate	Objectives
2201.10.00 and 2201.90.00	Locally produced bottled water	TSH 58 per litre	TSH 63.80	Support the growth of small-scale factories producing water, provide relief to consumers, and promote the use of clean and safe water.
2207.10.00	Imported Un-denatured Ethyl Alcohol	TSH 7,000 per litre		The differential rate is recommended for purposes of protecting domestic industries.
	locally produced Un-denatured Ethyl Alcohol of an alcoholic strength by volume of 80% vol or higher (Ethanol) except Un-denatured Ethyl Alcohol used for purposes other than manufacturing scheduled article upon recommendations of the responsible Minister in the respective use.	TSH 5,000 per litre		
2206.00.20	imported opaque beer	TSH 963.90 per litre		The measure is intended to enhance equity principle of taxation.
2206.20.90.	other imported beer made of mixed fruits	TSH 2,959.74		
2103.20.00 and 2103.90.00	Imported and locally manufactured Tomato Sauce and Tomato Ketchup (Other than Tomato Paste) and Chilli sauce and Chilli Ketchup (other than chili paste) and Mango pickle with	TSH 300 per Kilogram		To broaden the tax base and increase Government revenue and to cushion the effects caused by the consumption of sugar and salt contained in those goods.
32.08.	Locally manufactured and imported solvent-based paints and varnishes (paint or varnish that dissolves in a non-aqueous medium)	TSH 500 per Kilogram		To broaden the tax base and increase Government revenue and cushion the effects caused by consumption of solvent based paints.

Description	Objectives
Introduce a rate of 10 percent of the value of stake on betting, gaming, and national lottery.	The measure is intended to increase Government revenue for financing Universal Health Coverage and improve accessibility of health services for people who cannot afford to pay.
Introduce a rate of 10 percent on the advertisement fee in television, print media, and radio stations for betting, gaming, and lottery advertisements.	The measure is intended to expand the tax base.
To allow 2 percent of collections of excise duty from carbonated soft drinks, cosmetics products and alcoholic drinks to be remitted to the Universal Health Insurance Fund.	Increasing Government revenue for financing Universal Health Coverage and improving accessibility of health services.
To insert a provision in the Electronic Tax Stamps Regulations, 2018 that requires manufacturing license to be issued to the persons licensed to manufacture excisable goods (manufacturer) once the manufacturer have installed ETS machines and the factory have begun production.	This is to ensure that all manufactured excisable goods are affixed with Electronic Tax Stamps and are taxed accordingly and to protect domestic industries from counterfeit goods and illicit trade in the market.

A large container ship is docked at a port, with its deck covered in stacks of colorful shipping containers. Several large gantry cranes are positioned along the pier, ready for loading and unloading. The scene is set against a backdrop of a blue sky with scattered white clouds. The overall image has a blue tint.

6. The East African Community Customs Management Act, 2004

The Minister of Finance tabled to the parliament during the budget speech that the EAC Pre-Budget Consultative Meeting of the Ministers for Finance which was held on 17th May 2024 in Arusha agreed to effect changes in the East African Community Customs Management Act, 2004 and Common External Tariff (CET) rates for the financial year 2024/25. The proposed changes aim at ***“Sustainable Economic Transformation through Fiscal Consolidation and Investment in Climate Change Mitigation and Adaptation for Improved Livelihoods”***.

Proposed Amendments in Common External Tariff (CET) Rates for 2024/25

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Lithium-ion Electric accumulators	8507.60.00	25%	0%	1 year	Reduce cost of assembling/manufacturing vehicles and motorcycles, encourage local investment
Unassembled Television (CKD)	8528.72.10; 8528.73.10	10%	0%	1 year	Promote local assembling, reduce costs, create employment
Inputs for Mobile Phones Assembling	Various	Variable	0%		Reduce assembling costs, promote local industry, create jobs
Paper, Paperboard, Cellulose wadding and webs of cellulose fibres	4811.90.00	25%	10%	1 year	Reduce costs for local manufacturers of labels and thermal paper rolls of labels and thermal paper rolls
Float Glass	7005.10.00; 7005.21.00; 7005.29.00; 7005.30.00	35%	10%	1 year	Reduce costs for manufacturers of toughened glass
Inputs for Dairy Production	3923.50.90; 4819.20.90; 4819.30.00; 4819.50.00; 4821.90.00; 7607.19.90	25% or 35%	0%	1 year	Reduce milk production costs, employment creation, promote local dairy sector

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Raw materials used to manufacture optical fiber cables.	3215.19.00; 3403.99.00; 3506.91.00; 3818.00.00; 3907.99.00; 3907.99.00; 3916.90.00; 3917.39.00; 3919.90.90; 3920.69.90; 3920.99.90; 3921.14.90; 3921.90.90; 5402.11.00; 5404.90.00; 7019.90.90; 8536.90.00; 8544.49.00	Various	0%	1 year	Reduce production costs of optical fiber cables, employment creation, expand coverage of communication network and promote local investment in communication sector
Inputs used for the manufacture mosquito replants.	4817.30.00; 4819.10.00; 5407.51.00; 3921.19.90	Various	0%	1 year	Ensuring availability of final products at an affordable price, employment creation and enhance efforts to combat malaria
Inputs used in the manufacture of foods and beverages.	2106.90.20		10%	1 year	Reduce production cost of food and beverages in the region

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Refined vegetable oils	1507.90.00; 1508.90.00; 15.09; 15.10; 1511.90.30; 1511.90.90; 1512.19.00; 1512.29.00; 1513.19.00; 1513.29.00; 1514.19.00; 1514.99.00; 1515.19.00; 1515.29.00; 1515.50.00; 1515.60.00; 1515.90.00.	35%	35% or USD 500/MT (whichever higher)		Protection and promotion of the processing of vegetable oils in the country using locally grown seeds and imported crude palm oil
Hybrid motor vehicle	8703.40.00; 8703.50.00; 8703.60.00; 8703.70.00.		0%		Promote assembling operation in the region

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Raw materials used to manufacture optical fiber cables.	3215.19.00; 3403.99.00; 3506.91.00; 3818.00.00; 3907.99.00; 3907.99.00; 3916.90.00; 3917.39.00; 3919.90.90; 3920.69.90; 3920.99.90; 3921.14.90; 3921.90.90; 5402.11.00; 5404.90.00; 7019.90.90; 8536.90.00; 8544.49.00	Various	0%	1 year	Reduce production costs of optical fiber cables, employment creation, expand coverage of communication network and promote local investment in communication sector
Inputs used for the manufacture mosquito replants.	4817.30.00; 4819.10.00; 5407.51.00; 3921.19.90	Various	0%	1 year	Ensuring availability of final products at an affordable price, employment creation and enhance efforts to combat malaria
Inputs used in the manufacture of foods and beverages.	2106.90.20		10%	1 year	Reduce production cost of food and beverages in the region

Ongoing Measures from 2023/24 Proposed to Continue in 2024/25

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Cash registers and other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS) imported by the Government or authorized persons.	8470.50.00; 8470.90.00	10%	0%	1 year	Encourage the use of electronic devices for accounting of Government revenues at reduced costs of the machines
Corks and stoppers used as inputs by domestic manufacturers of local wines.	4503.10.00	10%	0%	1 year	To promote the growth of grapes farming and wine industries in the country
Cocoa powder, not containing added sugar or other sweetening matter.	1805.00.00	0%	10%	1 year	To promote domestic cocoa seeds processing and enhance value addition in the country
Packaging materials used for packing processed coffee	7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90; 3920.30.90	25%	0%	1 year	Reducing packaging material costs for coffee processors in the country
Sacks and bags of polymers of ethylene used as inputs by domestic processors of cashew nuts.	3923.21.00	25%	0%	1 year	To reduce cost of sacks and bags for domestic cashew nuts processing industry in the country

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Inputs used by domestic processors of cotton lint.	3920.30.90; 6305.39.00; 7217.90.00	25%	0%	1 year	To promote cotton processing industry in the country
Raw materials used to manufacture sanitary pads and baby diapers.	Various	25% or 10%	0%	1 year	To reduce the cost of production for manufacturers of sanitary pads and baby diapers in the region
Packaging materials for seeds used by local producers of agricultural seeds	3923.29.00; 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90; 7607.19.90	25%	0%	1 year	To reduce the cost of packaging materials for domestic producers of agricultural seeds
Iron and steel products	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; 7225.50.00	10%	10% or USD 125/MT (whichever is higher)	1 year	To protect manufacturers of iron and steel products in the country

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Iron and steel reinforcement bars and hollow profiles	7213.10.00; 7213.20.00; 7213.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; 7306.90.00	25% or USD 200/MT (whichever is higher)	25% or USD 250/MT (whichever is higher)	1 year	To protect iron and steel manufacturers in the country and encourage local investment
Monofilament of which any cross-sectional dimension exceeds 1mm, rods, sticks and profile shapes whether or not surface worked but not otherwise worked of plastics.	3916.10.00; 3916.20.00; 3916.90.00	0%	10%	1 year	To increase Government revenue
Paper and paper products	4804.29.00	10%	25%	1 year	To protect domestic industry and enhancing competitiveness of domestically produced paper and paper products.
Imported wheat grain	1001.99.10; 1001.99.90	35%	10%	1 year	To reduce the cost of production for manufacturers of wheat flour in the country.
Refined Bleached Deodorized (RBD) Palm Stearin	1511.90.40	10%	0%	1 year	To promote the domestic manufacturers of soaps
Safety matches	3605.00.00	25%	25% or USD 1.35/kg (whichever is higher)	1 year	To protect the domestic manufacturers of safety matches

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Mineral water	2201.10.00	25%	60%	1 year	To protect domestic producers of mineral water
Gypsum powder	2520.20.00	0%	10%	1 year	To protect the gypsum powder producers in the country
Worn items of clothing, footwear and articles	6309.00.10; 6309.00.20; 6309.00.90	35% or USD 0.40/Kg (whichever is higher)	35%	1 year	To protect consumer welfare
Raw materials and industrial inputs used to manufacture textiles and leather footwear.	Various	Various	0%	1 year	Promoting textiles and leather footwear manufacturers in the country
New pneumatic tyres of rubber, of a kind used on motorcycles.	4011.40.00	10%	25%	1 year	To encourage domestic investment in production of pneumatic tyres in the country
Milk cans	7310.10.00; 7310.29.90	25%	0%	1 year	To provide relief to the dairy sector in the country

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Organic surface-active agents used by manufacturers of detergents and liquid soaps.	3402.31.00; 3402.39.00; 3402.49.00	10%	0%	1 year	To reduce the cost of inputs for detergents and liquid soaps manufacturers in the country.
Raw material used in leather processing	3208.20.10; 3208.20.20; 3208.90.20; 3210.00.10	25% or 10%	0%	1 year	To promote growth of local leather industries
Raw materials used to manufacture different types of fertilizers.	2710.99.00; 2528.00.00; 3505.20.00	25% or 10%	0%	1 year	Promoting growth of local manufacturers of fertilizers
Packaging materials for processed tobacco	5310.10.00	25%	0%	1 year	To reduce costs to processors of tobacco
Packaging materials used by local manufacturers of tea (blenders)	4819.20.90; 5407.44.00; 3923.29.00	25%	0%	1 year	To reduce costs of tea blenders in the country
CKD for three-wheel motorcycle excluding chassis and its components	8704.21.90	25%	10%	1 year	To reduce cost of assembling manufacturing three-wheel motorcycles used for cargo transportation.

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Inputs used to manufacture glass reinforced plastic pipes	3920.61.10, 7019.39.00, 7019.31.00, 6006.90.00, 7019.12.00, 3920.10.10, 4016.93.00, 3907.91.00	25% or 10%	0%	1 year	To promote local manufacturers of glass reinforced plastic pipes
Refined sugar (sugar for industrial use)	1701.99.10 and 1701.99.20	100% or USD 460/MT (whichever is higher)	10%	1 year	To reduce the cost of this input used by local manufacturers.
Flat-rolled products	7212.20.00	10%	10% or USD125/MT (whichever is higher)	1 year	To protect local manufacturers against undervalued imports
Baby diapers	9619.00.90.	25%	35%	1 year	To protect local manufacturer of baby diapers
Raw materials used to manufacture food flavours.	1901.90.10; 3302.10.00; 3505.10.00	0%	10%	1 year	Promoting growth of local manufacturers of food flavours.
Inputs used to manufacture corrugated boxes	4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; 4805.25.00	10% or 25%	0%	1 year	To encourage domestic investment in production of corrugated boxes and reduce the cost of packaging materials.

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Inputs used to manufacture soap	3401.20.10	35%	10%	1 year	To reduce the cost of these inputs so as to promote growth of local manufacturers of soap.
Inputs used to manufacture electrical cables	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; 2712.10.00	10% or 25%	0%	1 year	To promote the establishment of import substitution industries of electrical cables
Polyester/ Nylon Twine	5607.50.00	10%	25%	1 year	To protect local manufacturer of polyester/nylon twine
Smart cards imported by the National Identification Authority	8523.52.00	25%	0%	1 year	To facilitate issuance of National Identification Cards
Flat-rolled products of iron or non-alloy steel	7210.30.00	25%	25% or USD 250/MT (Whichever is higher)	1 year	To protect local manufacturers
Imported Vitenge	5208.51.10; 5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10; 5212.15.10; 5212.25.10; 5513.41.10; 5514.41.10	50%	35%	1 year	To protect consumer welfare

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Inputs used to manufacture soap	3401.20.10	35%	10%	1 year	To reduce the cost of these inputs so as to promote growth of local manufacturers of soap.
Inputs used to manufacture electrical cables	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; 2712.10.00	10% or 25%	0%	1 year	To promote the establishment of import substitution industries of electrical cables
Polyester/ Nylon Twine	5607.50.00	10%	25%	1 year	To protect local manufacturer of polyester/nylon twine
Smart cards imported by the National Identification Authority	8523.52.00	25%	0%	1 year	To facilitate issuance of National Identification Cards
Flat-rolled products of iron or non-alloy steel	7210.30.00	25%	25% or USD 250/MT (Whichever is higher)	1 year	To protect local manufacturers

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Imported Vitenge	5208.51.10; 5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10; 5212.15.10; 5212.25.10; 5513.41.10; 5514.41.10	50%	35%	1 year	To protect consumer welfare
Imported cotton grey fabric	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; 5212.21.00	25%	25% or 0.25 USD per meter (whichever is higher)	1 year	To protect local manufacturer and encourage production of cotton grey fabric in the country
Other paper, paperboard, cellulose wadding and webs of cellulose fibres	4811.90.00	10%	25%	1 year	To protect local manufactures of this paper used in issuing EFD Receipts
Buses for transportation of more than 25 Persons	8702.10.99; 8702.20.99	25%	0%	1 year	Decongest the city and ease the transportation system within the country

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
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	7317.00.00	35%	35% or USD 350/MT (whichever is higher)	1 year	To protect local producers of these products.
Cane sugar	1701.14.90	100% or USD 460/MT (whichever is higher)	35%	1 year	To cover the sugar production gap in the country.
Inputs/raw materials used to manufacture capital goods/equipment	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; 76.06	10%, 25% or 35%	0%	1 year	To reduce cost of production and encourage production of capital goods/equipment in the country

Measure (Item)	HS Code	Current Rate	Proposed Rate	Duration	Objective
Inputs used to manufacture radiators.	7409.11.00; 7409.19.00; 7410.11.00; 7410.12.00; 7409.21.00; 8001.10.00; 3810.90.00	10%, 25% or 35%	0%	1 year	To reduce cost of production and encourage domestic investment in production of radiators
Inputs used to manufacture wiring harnesses for vehicles and motorcycles	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; 8544.30.00	10% or 25%	0%		To reduce cost of production and encourage domestic investment in production of wiring harnesses for vehicles and motorcycles

7. Other Acts

Act	Proposed changes	Rationale of the Change
The Local Government Authorities (Rating), Act CAP 289	20% of the collected revenue from property tax and land rent to be directly remitted to the Local Government Authorities (Councils) accounts, instead of remitting them to the Consolidated Fund and later the Local Government applying for a 20% refund.	Enhancement of the Local Government Authority efficiency in monitoring and collection of property tax and land rent.
The Public Service Social Security Fund Act, No. 2 of 2018	<p>Increase lumpsum payment to 40% instead of 33% to retired officers who were paid 50% before merging the pension schemes.</p> <p>To increase lumpsum payment to 35% instead of 33% to workers who were paid 25% before merging of the pension schemes.</p>	Intends to ensure the sustainability of the social security schemes.
<p>Bank of Tanzania Act, CAP 197</p> <p>The Banking and Financial Institution Act, CAP 342</p> <p>The Microfinance Act, CAP 407</p>	Amendment of banking and finance laws to include the words “return” or “profit” in various sections.	<p>To enhance banks and financial institutions that do not charge interest to access opportunities the same way as other conventional banks and financial institutions do.</p> <p>To enhance banks that do not charge interest to operate with their accounts or their customers’ accounts to access Government Bonds.</p> <p>To enhance institutions or companies that provide microfinance services to issue the said services without charging interest.</p>

Act	Proposed changes	Rationale of the Change
The Road and Fuels Tolls Act, CAP 220	Amended Act to charge TZS. 382 per kilogram of Compressed Natural Gas (CNG) used in motor vehicles.	Direct revenues to the road fund for road repairs and maintenance and create equity with petrol fuel vehicles.
Law of the Child Act, CAP 13	To amend sections 147(2) and 149 (2) of the Act; To introduce Registration Fee of TZS. 100,000 to the day care centre and creches; and To introduce Annual Fee of TZS. 200,000 to the day care centre and creches.	To enhance inspection and monitoring of those creches
The Port Act, 2004	Reinstated the mandate of collecting wharfage to the Tanzania Ports Authority (TPA).	To improve efficiency of TPA.
Sugar Industry Act, CAP 251	To give power to 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 the sugar gap. To amend the NFRA regulations by including sugar as part of food security. To charge TZS. 50 per kilogram of Sugar by-products originating from sugar production.	To ensure constant supply of sugar. Increase revenue that will enhance the Sugar Board to perform its duties.
Cashewnut Industry Act, No. 18	Give mandate to the Cashewnut Board to collect and utilize revenue from export levy on Cashewnut for five years. Propose to grant TRA mandate to collect crops export and import levies as well as determining the distribution of revenue from the levies as follows: 50% of the revenue collected shall be remitted to the Agricultural Development Fund and the other 50% to the Consolidated Fund.	The fund is to be used for subsidy and research as well as increasing the contribution of cashew nuts to economic growth.

Act	Proposed changes	Rationale of the Change
The Mining Act, CAP 123	<p>Exemption of inspection fee of 1% on the supply of gold to the Bank of Tanzania.</p> <p>To reduce the royalty rate from 6% to 2 % on the supply of gold to be sold to the Bank of Tanzania.</p> <p>Amendment of Section 59 of the Act to include a percentage to be considered for setting aside minerals for processing, smelting, refining, and trading within the country. Before the amendment, the Section did not specify the percentage. Now the allowed percentage is 20%.</p> <p>The Section will not apply to mining companies that have signed agreements with the Government of the United Republic of Tanzania for the objectives of carrying out mining projects in the Country.</p> <p>To recognize The Bank of Tanzania (BOT) as the Statutory Gold Dealer.</p>	<p>To incentivize the supply of gold to BOT;</p> <p>Reduce the associated cost to enhance the growth of national gold and foreign currency reserves; and addressing the shortage of US Dollars for various international transactions.</p>
Gaming Act, CAP 41	<p>To introduce a gaming dealer's certificate application fee of TZS. 10,000 and a certificate fee of TZS. 20,000.</p> <p>To introduce the lottery centre registration fee of TZS. 30,000.</p> <p>To introduce license application fee of TZS. 500,000 and annual fee of TZS. 1,000,000 for supply of tokens used in slot machines.</p>	<p>Raising revenue to enhance the Gaming Board capacity of monitoring and control of the gaming industry.</p>
The Railway Act, 2017	<p>To increase the railway development levy from 1.5% to 2% of the CIF value, with revenue split equally between the Railway Development Fund and the Road Fund.</p>	<p>To support infrastructure development and maintenance; and increasing Government revenue.</p>

Act	Proposed changes	Rationale of the Change
The Tanzania Meteorological Authority Act, CAP 157	To introduce specific meteorological service usage fees for construction projects. To introduce a monthly meteorological service fee for water resource management activities.	This is to enhance safety and security around construction projects. This is to improve weather and climate services for water projects.
The Motor Vehicle (Tax Registration and Transfer) Act, CAP 124	To include electric vehicles in the scope of vehicle registration fees.	Aiming to uphold the principle of equity and accommodate technological changes.
Import Control Act, CAP 276	To introduce Industrial Development Levies on selected imported goods: 10% on wire rods (HS Code 7213.91.10 and 7213.91.90); We noted HS Code 7213.91.10 is not included in the English budget speech. 10% beer and wine (heading 22.03); 10% organic surface-active agents (HS Code 3402.50.00); 5% on non-alcoholic beer (HS Code 2202.91.00); 5% energy drinks (HS Code 2202.99.00); 10% on liquid detergents (HS Code 3402.90.00).	Aims to bolster local manufacturing, attract investments, and boost exports.
The Export Levy Act, CAP 196	Introduce export levy at the rate of 10% on Crude Sunflower Oil, Sunflower Cake and Sunflower seeds.	To increase Government revenue.
Fire and Rescue Force Act, CAP 427	Lowering wardens' training fees on fire prevention and cautionary measures from TZS 500,000 to TZS 200,000. Reduction on requirement of conducting training from at least two to at least one warden a year.	Aim to reduce the costs of doing business and investment in the country.
Tourism Regulation, 2015	To charge Tourist Business License fee in Tanzanian Shillings, instead of using US Dollars. Reduce the annual fee for Tanzanian Tourist Business Licenses for mountain climbing agents from USD 2,000 to TZS 3,000,000.	To curb the dollarization effect in the tourism sector by administering use of local currency

8. Other proposed changes

Sector	Proposed changes
<p>Ministry of livestock and Fisheries</p>	<p>To amend the moving permit on livestock from auctions as follows: TZS. 30,000 to TZS. 31,000 for every cattle and TZS. 6,500 to TZS. 7,000 for every goat and sheep.</p> <p>To reduce the moving permit fee on fish and fish products (dagaa, furu, dried fish, fresh fish and frozen fish) from TZS. 100 per kilogram to TZS. 50 per kilogram.</p> <p>Dried fish and fish products which weigh below 20 kgs and fresh or frozen fish and fish products which are below 30 kgs are exempted from paying this moving permit;</p> <p>To reduce moving permit on fish maw (mabondo) from TZS. 2,500 per kilogram to TZS. 2,000 per kilogram for fresh fish maw, and from TZS. 3,500 per kilogram to TZS. 2800 per kilogram for dried fish maw; and</p> <p>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.</p>
<p>Tanzania Civil Aviation Authority (TAA)</p>	<p>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.</p>



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