



Tanzania 2026/27 budget brief

Theme: Building a stable, inclusive and competitive economy

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Economic Highlights

Economic Overview

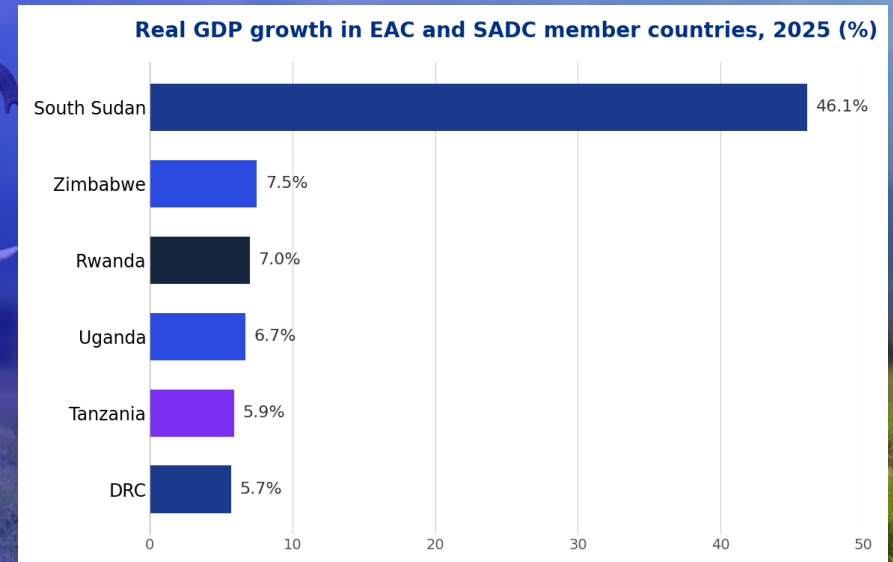
Following the continued implementation of monetary tightening in many economies to contain inflation, together with persistent geopolitical tensions and uneven trade conditions, the global economy recorded moderate growth in 2025. According to the projections cited in the 2025 National Economic Survey, world economic growth was estimated at 3.3% in 2025, while growth in Sub-Saharan Africa was estimated at 4.5%. In the same period, global inflation declined to an average of 4.1% from 5.8% in 2024, reflecting lower international commodity prices and continued anti-inflation policy measures.

This trend was also reflected across regional economic communities. In 2025, Tanzania remained one of the stronger-performing economies in both SADC and the EAC, recording real GDP growth of 5.9% compared with 5.6% in 2024. Within SADC, Zimbabwe recorded the highest growth at 7.5%, followed by Tanzania at 5.9% and the Democratic Republic of the Congo at 5.7%. In the EAC, South Sudan led with 46.1%, followed by Rwanda at 7.0%, Uganda at 6.7% and Tanzania at 5.9%.

Despite mixed global conditions, Tanzania's economy continued to demonstrate resilience. The national Gross Domestic Product (GDP) at current prices increased to TZS 234,104,003 million in 2025 from TZS 211,974,663 million in 2024. At constant 2019 prices, GDP increased to TZS 186,102,786 million from TZS 175,727,157 million, equivalent to a real growth rate of 5.9% in 2025. This growth was supported by sustained public and private investment, improved performance in tourism, increased export earnings, expansion in industrial activity, and continued implementation of strategic development projects.

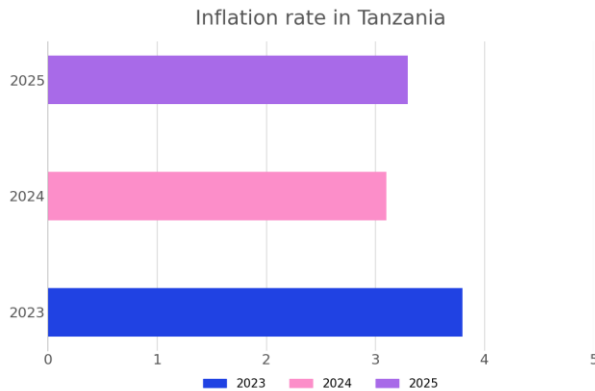
Export performance improved in a number of categories in 2025. The value of mineral exports increased to USD 5,401.9 million from USD 4,119.9 million in 2024, largely driven by gold exports, which rose to USD 4,753.9 million and accounted for 88.0% of all mineral exports, while manufactured exports increased to USD 1,595.8 million from USD 1,341.3 million, supported by stronger demand in neighboring markets.

The chart below indicates real GDP growth recorded in 2025 among selected EAC and SADC member countries:



Economic Highlights

The trend of inflation in the past three years is as depicted in the graph below:



Growth targets for the economy for 2026/27

For the fiscal year 2026/27 the government has set out various macroeconomics targets to foster economic growth as follows:

- Accelerate real GDP growth to 6.3% in 2026 from 5.9% in 2025;
- Contain inflation within a single digit on an average of 3.0 - 5.0% in the medium term;
- Increase domestic revenue to 17.1% of GDP in 2026/27 from the projected 16.5% in 2025/26;
- Increase tax revenue to 13.7% of GDP in 2026/27 from the projected 13.2% in 2025/26;

- Ensure that budget deficit does not exceed 3.0% of GDP in 2026/27; and
- Maintain foreign reserves sufficient to cover at least four (4) months of imports of goods and services.

Budget overview for the fiscal year 2026/27

The proposed National Development plan presented by Hon. Ambassador Khamis Mussa Omar is guided by the national, regional, and international frameworks, including the Fourth National Five-Year Development Plan (2026/27 – 2030/31) Chama Cha Mapinduzi (CCM) Election Manifesto 2025; the East African Community Vision 2050; the African Union Agenda 2063; the sustainable Development Goals 2030; as well as other regional and international agreements being the first in the implementation of the Tanzania Development Vision 2050.

The theme for the 2026/27 budget is: “Building a resilient economy through digital transformation, strategic investment, and sustainable fiscal policies for inclusive economic growth.”

The theme emphasizes the Government’s intention to strengthen the economy through modernization, innovation, and efficient use of resources while ensuring that growth benefits all segments of society.

It highlights the importance of leveraging digital technologies to improve productivity, enhance revenue mobilization, and support service delivery. At the same time, it underscores the need for strategic investments in key sectors to stimulate economic growth and competitiveness.

Economic Highlights

The Government also focuses on maintaining fiscal discipline and sustainability while continuing to invest in priority development projects. These efforts are crucial for ensuring macroeconomic stability and long-term economic growth.

To ensure effective implementation, the Government, in collaboration with the private sector, will continue to focus on high-impact priority areas as outlined below:

Increasing domestic revenue collection

The Government will continue to enhance domestic revenue collection by implementing measures such as attracting investment to expand the tax base, promoting voluntary tax compliance through dialogue with taxpayers, strengthening the use of Electronic Fiscal Devices (EFDs), improving ICT systems with Artificial Intelligence and Big Data, tightening oversight of State-Owned Enterprises, registering all goods with barcodes, and beginning implementation of recommendations from the Presidential Commission for Tax Reforms.

Completion of ongoing development projects and programs

Priority will be given to the completion of ongoing strategic projects, particularly in transport, energy, water, and other infrastructure sectors. The successful completion of these projects is expected to boost productivity, improve connectivity, and stimulate economic activities across sectors



This reform helped raise foreign direct investment. Further the government will harmonize levies and fees and simplify payment procedures to sustain a more competitive investment climate.

Strengthening of productive sectors

The Government will focus on enhancing productivity and value addition in key sectors such as agriculture, livestock, fisheries, mining, and industry. This includes promoting domestic production, expanding industrial capacity, and supporting export-oriented sectors to increase foreign exchange earnings and employment opportunities.

Improving social services

The Government will continue to invest in social services including education, healthcare, and water supply in order to improve living standards and support inclusive growth. Efforts will be directed towards improving access, quality, and efficiency in service delivery, particularly in underserved areas.

Improving investment and business environment.

The Government is advancing the investment and business environment by strengthening the role of the private sector in economic growth and job creation. Specifically, reviewing of or abolition fees and levies, which lowered business costs and boosted investment. This reform helped raise foreign direct investment. Further the government will harmonize levies and fees and simplify payment procedures to sustain a more competitive investment climate.

Overall, the 2026/27 budget reflects the Government's strong commitment to building a resilient and inclusive economy through strategic investments, digital transformation, and prudent fiscal management. These efforts are expected to sustain economic growth, improve service delivery, and enhance the welfare of Tanzanians.



01

Tax Administration





Tax Administration Act

TRA to be given mandate to sell seized perishable goods

The Minister has proposed to amend the Tax Administration Act to allow the Commissioner General of the Tanzania Revenue Authority (TRA) to sell perishable goods that have been distrained or seized, either by public auction or private treaty, after giving notice to the taxpayer.

Currently, where goods are seized for non-compliance or tax debts, delays in disposal may result in deterioration and loss of value, particularly for perishable items. The proposed amendment seeks to address this gap by enabling timely disposal of such goods, thereby preserving their economic value and safeguarding Government revenue.

While the proposal is practical and aligns with efficient tax administration, its implementation may raise concerns around transparency and valuation, especially in cases of private treaty sales. There is therefore a need to ensure that clear procedures, adequate safeguards, and proper oversight mechanisms are in place to protect taxpayer rights and prevent potential abuse of discretion.

Expansion of TRA presence and mobile tax centres

The minister has commented on the need to increase the number of TRA offices or Tax Service Centres and deploy mobile tax centres in areas with high economic activity to bring tax services closer to taxpayers. The proposed expansion aims to improve access to tax services and support voluntary compliance, especially outside major urban centres.

This measure will give positive impact to taxpayers since closer physical presence can help onboarding of informal businesses and address disputes early.

More digitalization of tax systems

The minister has proposed the Tanzania Revenue Authority to strengthen the use of ICT systems, Artificial Intelligence (AI), big data and blockchain to reduce administrative costs, increase efficiency, ensure data security and transparency, and improve services to taxpayers.

The proposal aims to reduce administrative costs, enhance efficiency and transparency, and improve taxpayer services while reducing the need for face-to-face interactions.”

With the recent roll out of the IDRAS, it is our view that this proposed reform will improve compliance and close gaps in risk-based audit and data-matching. The main risks are implementation capacity, data-protection safeguards, and ensuring that small taxpayers are not disadvantaged by fully digital processes.

Integration of government systems (PMO-RALG and TRA systems integration (TAUSI-IDRAS) for business licensing and tax clearance

The minister has commented that the Prime Minister’s Office – Regional Administration and Local Government, in collaboration with the TRA, shall complete integration of systems, including TAUSI and IDRAS, to enable direct data exchange on business licenses and Tax Clearance Certificates, removing the requirement for traders to upload Tax Clearance Certificates when applying for licenses, as these will be retrieved automatically from TRA systems. The proposed integration aims to simplify licensing procedures, reduce manual document handling, and improve data sharing between TRA and LGAs.

We are of the view System integration will reduce compliance time and opportunities for manipulation of paper certificates

Tax Administration Act

Free mobile apps for issuing EFD-equivalent receipts

Considering the administrative recommendations submitted by the Presidential Commission on Tax Reforms, the Minister announced that, the TRA is to develop a mobile, tablet or computer application, provided free of charge to traders, to issue receipts identical to those issued by EFD machines.

This aims to lower the cost of compliance and expand the use of electronic receipts for revenue accounting.

This is a very positive measure for SMEs, as it removes the capital cost of EFD machines. In our opinion, it will be important for the app to be user-friendly design with offline capability, and public education so that both traders and customers trust app-based receipts.

Single window payment system for unified collection of regulatory fees and charges

Considering the administrative recommendations submitted by the Presidential Commission on Tax Reforms, the Minister announced that the Government is in the process of establishing a unified Single Window Payment System for the collection of fees, charges and penalties imposed by regulatory institutions, together with procedures for coordinated inspections that avoid unnecessary inconvenience to businesses.

This aims to reduce the burden of multiple payments and uncoordinated inspections by regulatory institutions, and support implementation of the Blueprint for Regulatory Reforms to improve the business environment.

If well implemented, a single payment window can dramatically improve transparency, reduce informal payments, and simplify compliance. However, strong governance is required so that agencies correctly share revenues and do not introduce new off-system charges.



02

Income Tax





Income Tax

Formalization of taxpayers in the informal sector

The Minister has proposed an Introduction of 1% withholding tax (WHT) on food crops, livestock, fish and related products. This measure represents a structural reform aimed at sectors (agriculture sector) that have historically been under-taxed and is intended to enhance early revenue collection while reducing tax evasion through improved tax compliance and monitoring.

Widened WHT base on payments of goods by Government entities

Under the current provisions of the Income Tax Act, the obligation to withhold tax on payments for goods applies only to resident corporations whose budgets are wholly or substantially financed by the Government.

The Minister has now proposed widening the scope of withholding tax (WHT) agents to include Ministries, Independent Departments, Institutions, Government Agencies, Regional Secretariats, and Local Government Authorities. This proposed amendment is intended to strengthen tax administration, reduce the risk of tax leakage, and improve revenue collection by leveraging Government entities as reliable withholding agents.

Expansion of the definition of forest produce

The Finance Act 2025 introduced single installment regime tax payment of 2% on the sale of forest produce and the definition of forest produce was limited to timber, logs, mirunda, and poles.

The Minister has proposed expanding this definition to include natural varnish, latex, resin, sap, and gum. The proposed amendment is intended to broaden the tax base, promote horizontal tax equity across the forestry sector, and ensure that emerging economic activities involving forest resources are appropriately captured within the tax framework.

Proposed tax holiday to newly registered taxpayers operating under the presumptive tax regime

Currently, taxpayers operating under the presumptive tax regime are subject to tax upon registration and commencement of business activities.

The Minister has proposed to grant to a 12-month tax holiday to newly registered taxpayers operating under the presumptive tax regime, effective from the date of issuance of a Taxpayer Identification Number (TIN). The proposed amendment is intended to encourage business registration and formalization by reducing the initial tax burden on small and emerging businesses, thereby promoting voluntary tax compliance and supporting the expansion of the formal tax base.

We expect this proposed change will increase the taxpayers base and revenue collection for the government.



Income Tax

Simplified regime for presumptive taxpayers

The Minister has proposed to increase the statutory turnover threshold for the presumptive tax regime from TZS 100 million to TZS 200 million. The proposed measure will allow a larger number of taxpayers to qualify for the simplified tax regime while providing an option for taxpayers to prepare audited financial statements and adopt the self-assessment framework where appropriate.

This measure is intended to reduce compliance costs for small and medium-sized businesses by simplifying tax payment obligations, while maintaining flexibility for taxpayers that wish to operate under the standard income tax regime. We expect this intended measure will the number of taxpayer registration and increase the taxpayer base.

In addition to the increased turnover threshold, the Minister has proposed increasing the presumptive tax rate from 3.5% to 4.5% for taxpayers with an annual turnover between TZS 11 million and TZS 200 million. This amendment is intended to offset part of the revenue impact arising from the proposed 12-month tax holiday for newly registered taxpayers, while ensuring that Government revenue collection is maintained from businesses operating within the presumptive tax regime.



The Minister has proposed to increase the income tax rate applicable to payments made to non-resident providers of digital services from 2% to 3%



Digital services to become more expensive?

The Minister has proposed to increase the income tax rate applicable to payments made to non-resident providers of digital services from 2% to 3%. The proposed amendment seeks to align the taxation of the digital economy with evolving global business models and to enhance revenue collection from cross-border digital transactions.

The increase is also intended to bring Tanzania's digital services taxation framework closer to regional trends, noting that Kenya has proposed increasing its Digital Service Tax rate from 1.5% to 3%, while Uganda currently imposes a 5% rate.

Although the proposed rate would be broadly consistent with developments in the region, it may increase the cost of digital services in Tanzania.

Increase of WHT on royalties paid to Tanzania Football Federation (TFF) from 5% to 10%

The Minister has proposed [increasing/applying] the withholding tax rate on payments relating to sports activities to align it with the rate applicable to royalties in the film industry. The proposed amendment is intended to promote equity in taxation by ensuring that similar income-generating activities are subject to comparable tax treatment.

The measure also reflects the growing commercialization of the sports sector, particularly through broadcasting rights, sponsorship arrangements, licensing agreements, and other revenue-generating activities, thereby enabling the Government to capture a fair share of tax revenue from these expanding economic activities.

Income Tax

More funds available for re-investment

The Minister has proposed reducing the proportion of undistributed profits that may be treated as deemed dividends from 30% to 15%. The deemed dividend provision was introduced through the Finance Act, 2025 as an anti-avoidance measure, empowering the Commissioner General to treat a portion of a company's undistributed profits as distributed where no dividend is declared within 12 months after the end of the year of income, thereby subjecting the amount to withholding tax.

The proposed reduction from 30% to 15% appears to address concerns raised by the business community regarding the impact of the measure on reinvestment, expansion plans, and cash flow management.

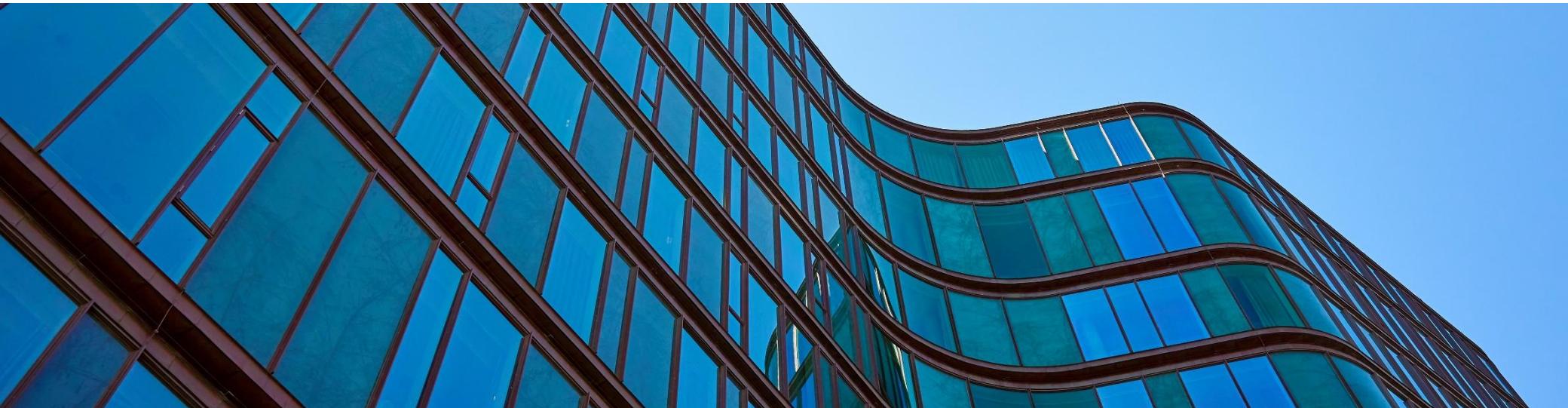
This amendment will however not apply to small financial institutions, insurance companies, companies listed on the Dar es Salaam Stock Exchange, and entities operating under Framework Agreements with the Government.

Certainty for companies with framework agreements

The Minister has proposed to formally recognize tax exemption provisions contained in Framework Agreements entered into between the Government and mining investors.

The proposed amendment is intended to provide greater certainty regarding the tax treatment of qualifying mining projects by ensuring that statutory tax obligations are aligned with contractual commitments agreed between investors and the Government.

The measure seeks to enhance investor confidence, promote stability and predictability in the fiscal regime governing the mining sector, and strengthen Tanzania's attractiveness as a destination for long-term strategic investment.



03

Value Added Tax



Value Added Tax

VAT refund application

The Minister has proposed VAT refunds claims be paid within 30 days from the date of application, and that any refund not settled within that period will accrue interest.

This is a welcome proposal as it seeks to address persistent delays in the settlement of VAT refunds. However, while the proposal introduces a 30-day timeline for payment of approved claims, we are yet to see how it will address the time taken by the Revenue Authority to process and approve refund applications.

Further clarity is expected in the Finance Bill/Act on the detailed implementation of this proposal, including the applicable interest rate and the basis for its computation.

Value Added Tax

Recognition of VAT Exemptions under Mining Framework Agreements (FWA)

The Minister has proposed to amend the VAT Act to recognize VAT exemptions granted under FWAs signed between the Government and mining investors.

This measure is expected to reduce the administrative burden faced by mining investors in accessing VAT exemptions granted under FWA. It is a positive development, particularly at a time when the mining sector is contributing significantly to the economy. The measure also aligns with the Government's initiatives to promote investment in the mining sector through the execution of FWAs.

Removal of the sunset clause on VAT deferment for imported capital goods

The Finance Act 2023 introduced a provision under which VAT deferment on imported capital goods would cease on 1 July 2026. The objective of that provision was to protect local manufacturers of capital goods, who were considered to be at a disadvantage given that imported capital goods were perceived to be relatively cheaper due to the availability of VAT deferment.

The Minister has now proposed to remove this sunset clause, noting that domestic production of capital goods has not yet reached a level sufficient to meet local demand.



Value Added Tax

Going green!

The budget has proposed the following measures aimed at promoting the use of renewable energy and reducing reliance on fossil fuels:

- Introduction of VAT exemption on imported equipment for electric vehicle charging stations (HS 8504.40.00)
- Introduction of VAT exemption on imported LPG smart meters (HS 9028.10.00) for LPG distributors





Value Added Tax

VAT measures to support local agro-processing

The budget has proposed the following measures aimed at promoting local agro-processing and improving the competitiveness of locally produced goods relative to imports.

Introduction of VAT exemption on packaging materials for dairy products (HS 3920.20.90), both local and imported

The VAT Act already provides a VAT exemption on plastic and paper-based packaging materials used in the manufacture of bottles, boxes and containers for dairy products. The budget proposes to expand this exemption to include thin flexible plastic wrapping materials under HS 3920.20.90 used for packing dairy products, in order to further support the dairy sector and enhance the competitiveness of local producers in regional and international markets.

Extension of VAT exemption for edible oil produced locally using locally produced seeds for another year

VAT exemption on edible oil produced locally using locally produced seeds was introduced by the Finance Act 2024 with the aim of encouraging seed farming and improving access to edible oil by keeping prices affordable in the country. The exemption was subsequently extended by one year. The budget now proposes to extend the exemption for a further year to 30 June 2027.

Introduction of VAT exemption on clothes and garments produced using locally grown cotton

The objective of this exemption is to encourage local agro-processing of locally produced cotton rather than exporting it in raw form. This would help ensure that value addition and related margins from locally manufactured clothes and garments are retained and taxed within the country, thereby supporting the economy.

However, the measure may give rise to practical administrative challenges where a manufacturer uses both local and imported cotton in the same production line, particularly during periods of local cotton shortage. In such cases, it may be unclear whether the output should be treated as fully exempt or apportioned.

Removal of VAT exemption on imported fishing nets (HS 5608.11.00), while exempting polyester fibres (HS 5402.20.00) used to produce nets locally

This measure seeks to encourage domestic manufacturing of fishing nets, which may in turn promote job creation and enhance local value addition. It would also support the retention and taxation of margins arising from the local manufacturing process within the country.

Value Added Tax

Other proposed changes

Removal of VAT exemption on dog and cat food (HS 23.09), whether local or imported

To broaden the VAT base and prioritize essential goods, the budget proposes to remove the VAT exemption on food for dogs and cats classified under HS 23.09. As a result, pet food, whether locally produced or imported, will become subject to VAT at the standard rate. This measure is expected to generate additional revenue while having limited impact on low-income households.

Introduction of VAT exemption on airline boarding passes

The VAT Act zero-rates international transport services which is defined to include the transportation of passengers or goods by air. The proposal to exempt airline boarding passes appears intended to remove the administrative burden that may otherwise require international airlines to register for VAT in Tanzania, particularly where they only embark passengers or goods in the country. This proposed measure also appears to align the VAT treatment more closely with international air transport practice.

Introduction of VAT exemption on turbojets, turbo propellers, gas turbines (HS 84.11) and aircraft tyres (HS 4011.30.00)

The VAT Act already provides a VAT exemption on the supply of aircraft, aircraft engines, aircraft parts and aircraft maintenance to a local operator of air transportation. The budget proposes to extend this exemption to include turbojets, turbo-propellers, gas turbines (HS 84.11) and aircraft tyres (HS 4011.30.00). However, the proposal does not appear to restrict the exemption to supplies made to a local operator of air transportation.

The measure is intended to lower operating costs and encourage investment in the aviation sector.



04

Other Proposed Changes





Other Proposed Changes

01

Increase in Importation costs

The minister has proposed to amend the Tanzania Revenue Authority Act, CAP 399 by increasing Customs Processing Fee rate from 0.6% to 1% with the aim to fund improvements in electronic revenue systems.

It is our view this is a straightforward revenue-raising measure that slightly increases import costs; businesses with high-value imports will feel the impact most, so communication and phased implementation would help manage compliance and pricing effects.

02

Amicable Tax Settlements cases now given an extended period

The minister has proposed to amend the Tax Revenue Appeals Act, CAP 408 by proposing to extend the period for out-of-court settlement of tax disputes from 60 to 90 days. The proposed amendment is aimed at allowing taxpayers more time to resolve tax disputes amicably.

It is our view this is a taxpayer-friendly measure that should reduce litigation backlog, provided TRA and taxpayers actually engage constructively during the extended ADR window to resolve disputes.

Other Proposed Changes

Legislation	Proposed amendment	Rationale	Our insight
Roads, Rural Energy, Water, Railway funds Acts.	Allocate 70% of relevant revenues directly to sector funds, 25% to Consolidated Fund, 5% to special Bank of Tanzania account for EPZ/SEZ infrastructure.	Strengthen sector funds and EPZ/SEZ infrastructure.	Earmarking more resources to infrastructure funds can improve service delivery, but close monitoring is needed to ensure that ring-fenced funds are actually disbursed and used efficiently.
Local Government Finance Act, CAP 290	Increase LGAs' allocation for special groups from 10% to 15%, with part used for market and business facilities.	Expand support to women, youth and PWDs and improve local business areas.	This supports inclusive growth and the informal sector; however, LGAs will need strong governance and reporting frameworks to ensure these funds are not diverted and that loan recovery mechanisms are credible.
Land Act, CAP 113	Redistribute 20% of land rent: 10% to the Lands Ministry, 10% to LGAs.	Improve surveying and land rent collection.	Aligning revenue with institutions responsible for land administration is sensible, but should be accompanied by clear performance indicators on surveying, titling, and rent collection to justify the additional share

Other Proposed Changes

Legislation	Proposed amendment	Rationale	Our insight
The National Planning Commission Act	Require technical, financial, economic and environmental (including climate) assessment for national projects before budgeting.	Ensure national development projects are rigorously evaluated for feasibility, sustainability, and climate impact before budget approval.	A best-practice public finance reform that should reduce white-elephant projects; the challenge will be building enough technical capacity to apply these appraisal standards consistently across all sectors.
The Bank of Tanzania Act, Cap 197	Reduce short-term government overdraft limit from 18% to 14% of prior-year actual revenue; define criteria for emergency short-term loans.	To strengthen Government fiscal discipline	A tighter overdraft ceiling supports macro-stability and can discipline fiscal policy, but in the short term it will require better cash-flow forecasting and may push Government to seek more market-based financing.
Research and Investment in the Mining Sector	The minister proposes that the Ministry responsible for minerals establishes a Mineral Research Fund which will be capitalized by retaining 10% of gross mineral revenue collections by the Ministry. These funds will be deposited into a dedicated account at the Bank of Tanzania, with expenditures subject to the prior authorization of the Paymaster General. Extend ADR settlement window from 60 to 90 days.	To strengthen research and investment in the mining sector	We expect the Government will prepare a legislation on how the research fund will managed to ensure accountability and clear definition of roles of the fund.



Other Proposed Changes

<p>The Roads and Fuels Tolls Act, CAP 220</p>	<p>To recognize the tax exemption provisions stipulated in Framework Agreements signed between the Government and mining investors as approved by the Cabinet</p>	<p>To speed up the implementation of collaborative mining ventures throughout the nation, while also putting in place formal guidelines to oversee how exemptions are approved and granted.</p>	<p>We are of the view with this legal alignment with framework agreements, it will reduce investor uncertainty and potential disputes. However, the key risk for the Government will be to ensure exemptions are tightly scoped so they do not erode the general tax base more than intended.</p>
<p>Road Traffic Act, CAP 168</p>	<p>Allow Zanzibar-registered vehicles/trailers to operate in Mainland with Zanzibar plates if all Mainland taxes are paid (reciprocal to current practice).</p>	<p>This is introduced as a reciprocal arrangement, since mainland vehicles are already allowed to operate in Zanzibar under similar conditions.</p>	<p>A logical harmonisation within the Union that removes duplication and compliance friction, but it will require strong information sharing between Mainland and Zanzibar to prevent revenue leakage.</p>
<p>Investment and Special Economic Zone Act, 2025</p>	<p>It is proposed to include road tractors for semitrailers identified by HS Codes 8701.21.90, 8701.22.90, 8701.23.90, and 8701.24.90 on the negative list of goods that are not eligible for tax exemption.</p>	<p>Protect local industry and increase revenue.</p>	<p>Gradually narrowing EPZ/SEZ exemptions is consistent with international trends; investors may face higher upfront costs, but this protects local assembly and reduces excessive tax expenditure.</p>



Other Proposed Changes

Fair Competition Act (FCA), Cap 285	<p>To set Fair Competition Tribunal (FCT) funding at 0.5% of revenues from specified regulatory authorities (including EWURA, LATRA, TCRA, and TCAA) to clarify contribution rates.</p>	<p>Clarify and standardize contribution rates to the FCT to address gaps in the existing framework which was not clear on the funding rates.</p>	<p>A stable funding formula can strengthen enforcement, though careful calibration is needed so the levy on regulators (and ultimately on regulated firms) does not translate into higher consumer tariffs.</p>
The Weights and Measures Agency (WMA) Regulations, 2025	<p>To amend the Weights and Measures Agency Regulations, 2025, in order to increase the petroleum verification fee from TZS 0.15 per litre of petroleum products to TZS 1 per litre of petroleum products.</p>	<ul style="list-style-type: none"> • Increase WMA revenue. • To acquire modern regulatory equipment. • To improve measurement verification efficiency and strengthen oversight, particularly in the petroleum sector. 	<p>The step-up is large in percentage terms and will be embedded in pump prices; strong communication is needed to show the benefits (reduced cheating, better measurement) to avoid public resistance.</p>
The Registration and Identification of Persons Regulations, 2014	<p>To introduce TZS 500 fee for citizens accessing personal data from NIDA database, and TZS 1,000 for printed extracts of such information.</p>	<p>Finance the delivery of identification services, ensure sustainability, and increase government revenue.</p> <p>Controlled commercial and administrative use of data.</p>	<p>Modest user fees are reasonable, but NIDA should ensure that essential services (e.g. basic ID verification for vulnerable groups) remain accessible and that data protection standards are strictly enforced.</p>
The Road Traffic Regulations, 2024	<p>Increase the registration fee for two-wheeled motorcycles from TZS 95,000 to TZS 150,000</p>	<p>Raise additional revenue from vehicle registration.</p>	<p>This will raise revenue but also increases entry costs for small riders and boda-boda operators; policymakers may consider complementary measures such as phased payment or lower rates for commercial work bikes.</p>



Other Proposed Changes

Review of Various Fees and Charges Imposed by Government Institutions and Implementation of the Blueprint for Regulatory Reforms to Improve the Business Environment

Online Content Service Fees

To amend the Electronic and Postal Communications (Online Content) Regulations in order to reduce online content service fees as follows:

- a) Application fee for an online content service license from TZS 50,000 to TZS 10,000;
- b) Initial, annual and renewal fees for an online content service license from TZS 500,000 to TZS 50,000;
- c) Application fee for an Online Content Aggregator license from TZS 100,000 to TZS 20,000; and
- d) Initial, annual and renewal fees for an Online Content Aggregator license from TZS 1,000,000 to TZS 100,000

Reducing Cost of Compliance

Promoting Digital Economy Growth

Enhancing Formalization

A clear pro-digital-economy measure that lowers barriers to formalisation; to maximise impact, regulators should also simplify procedures and provide clear guidance for small content creators.



Other Proposed Changes

Ministry of Natural Resources and Tourism

To introduce registration, supervision and operation fees for private museums as follows:

- a) a. Registration of a private museum for Tanzanian citizens at a rate of TZS 50,000.
- b) b. Registration of a private museum for Tanzanian institutions at a rate of TZS 100,000.
- c) Registration of a private museum for foreign citizens at a rate of TZS 500,000
- d) Annual license fee for operating a private museum by Tanzanian citizens at a rate of TZS 20,000;
- e) Annual license fee for operating a private museum by a Tanzanian institution at a rate of TZS 100,000; and
- f) Annual license fee for operating a private museum by foreign institutions at a rate of TZS 300,000.

Formalization of Cultural and
Tourism Activities

Sector Monitoring and Quality
Control

Revenue mobilization

Reasonable sector-specific fees that can improve oversight and statistics; care should be taken that the fee levels do not discourage small community-based museums or cultural initiatives.



Other Proposed Changes

Proposed Amendment of the Companies (Fees Payable to the Registrar) Regulations

For Registration of a company whose nominal share capital is:

1. More than 50M but not more than 100M; The proposed fee is 400,000/=
2. More than 100M but not more than 500M; The proposed fee is 450,000/=
1. More than 500M but not more than 1B; The proposed fee is 500,000/=
2. More than 1B but not more than 10B; The proposed fee is 600,000/=
3. More than 1B but not more than 10B; The proposed fee is 600,000/=
4. More than 10B; The proposed fee is 1,000,000/=

- Modernizes outdated fee structure
- Improves fairness and proportionality
- Enhance revenue collection
- Reflects economic growth and investment scale

Linking fees to company size is fair and proportionate; however, very small or dormant entities may need special treatment to avoid pushing them back into informality.

Fee payable by a company to which part xii of the act applies.

1. The proposed rates are amended to be in TZS
2. Proposed rate (TZS) for the default or late filing of any document to be delivered to the Registrar (per month or part thereof) is 70,000/=

- Promotes use of local currency in domestic transactions
- Aligns with broader government efforts toward Monetary stability and Reducing dollarization

A meaningful late-filing charge can improve compliance, and use of TZS aligns with broader government monetary policy goals of reducing dollarization.

05

**The East
African
Community
Customs
Management
Act, 2004**



Proposed Amendments in Common External Tariff (CET) Rates for 2026/27

Overall commentary on the proposed EAC customs and tariff measures for FY 2026/27

In our opinion, the proposed customs and tariff measures for the 2026/27 fiscal year demonstrate both government and regional commitment to strengthening domestic industrialization, enhancing regional value addition, and safeguarding government revenue.

The majority of the proposed stay applications aim to increase the level of protection afforded to domestic and regional manufacturers through higher tariff barriers (increased import duties) and the introduction of specific duties on selected products. This approach is consistent with the industrial development agenda of the EAC, as guided by the EAC Industrialization Policy (2012–2032), particularly in sectors where local production capacity has significantly improved, including steel products, vegetable oils, textiles, ceramics, detergents, construction materials, and other import-substituting industries.

Furthermore, specific duties have emerged as a tool to address challenges such as under-invoicing, undervaluation, and misdeclaration of imported goods, thereby promoting fair competition and improving revenue collection. In our view, this should be understood by businesses as a clear signal of increased customs scrutiny and a shift towards tighter revenue protection mechanisms. Importers should therefore anticipate enhanced post-clearance audits (PCA) and closer examination of customs valuation methods under the WTO Valuation Agreement and the Fourth Schedule of the EACCMA, 2004.

There are also several notable government interventions through the proposed measures, including duty remissions and exemptions on various

industrial inputs, machinery, packaging materials, and other products used by local manufacturers. These interventions are expected to reduce production costs, encourage investment, improve the competitiveness of locally manufactured products, and support the development of regional value chains.

The continued support for sectors such as electrical cables, optical fibre cables, vehicle assembly, dairy processing, textiles, leather, packaging, and other manufacturing industries reflects the Government's commitment to accelerating industrial growth while fostering employment creation and broader economic development.



Proposed Amendments in Common External Tariff (CET) Rates for 2026/27

A. Stay of application (Increase) for one year

Description	HS Code(s)	Current Rate	Proposed Rate	Objective/Intention
Worked monumental or building stone	HS Heading 68.02	25%	35% or USD 2/SQM whichever is higher	Promote use of local stones
Aluminium bars, rods and profiles	HS Heading 76.04	25%	25% or USD 550/MT whichever is higher	Protect local industry, address under-invoicing and undervaluation, attract investment, create employment and safeguard revenue
Washing powder	3402.49.00; 3402.50.00; 3402.90.00	25%	35% or USD 350/MT whichever is higher	Protect local industry, address under-invoicing and undervaluation, attract investment
Welding electrodes	8311.10.00	25%	35% or USD 250/MT whichever is higher	Protect domestic industry, address under-invoicing and undervaluation, attract investment
Crude Palm Oil (CPO)	1511.10.00	0%	10%	Promote local vegetable oil processing, attract investment and address misdeclaration/misclassification
Calcium carbonate	2836.50.00	0%	10%	Protect local industry and attract investments
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%	35% or USD 0.30 per metre whichever is higher	Protect local manufacturers, encourage domestic production, employment creation and safeguard revenue



Proposed Amendments in Common External Tariff (CET) Rates for 2026/27

A. Stay of application (Increase) for one year				
Description/Item	HS Code(s)	Current Rate	Proposed Rate	Objective/Intention
Plastic doors, windows, frames and thresholds	3925.20.00	25%	35%	Protect local industry and attract investment
Ceramic tiles	6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; 6907.40.00	35%	35% or USD 3/SQM whichever is higher	Protect regional industry, address under-invoicing and undervaluation, attract investment
Nails, tacks, drawing pins, corrugated nails, staples and similar articles of iron or steel	7317.00.00	35%	35% or USD 350/MT whichever is higher	Protect regional industry, address under-invoicing and undervaluation, attract investment and safeguard revenue
B. Stay of application (Decrease) for one year				
Electric motor vehicles	8702.40.19; 8702.40.22; 8702.40.29; 8702.40.99; 8703.80.90; 8704.60.90	25%	10%	Promote use of electric vehicles and reduce dependence on petrol and diesel
C. Duty Remission for one year				
Paper used to manufacture corrugated boxes	4805.24.00; 4805.25.00	25%	10%	Reduce production costs and ensure affordable corrugated boxes
Paper used to manufacture corrugated boxes	4804.19.00; 4804.39.00; 4804.52.00	10%	0%	Reduce production costs and ensure affordable corrugated boxes
Raw materials used to manufacture packaging	3506.91.00; 3920.10.10	10% or 25%	0%	Reduce production costs and ensure affordable packaging materials
Raw materials used by manufacturers of aluminium products	3210.00.99	35%	10%	Reduce production costs and attract investment
Packaging materials for manufacture of acaricides			0%	Reduce production costs, attract investment and create employment
Wire of iron or non-alloy steel used for manufacture of concrete electric poles	7217.10.00; 7217.90.00	Existing regional duty remission rate of 10%	Extension of 10% remission	Reduce production costs of concrete poles and facilitate electricity supply in the region

Proposed New Specific Measures adopted by EAC Members

Description/Item	HS Code	Current Rate	Proposed Rate	Objective/Intention
Lubricants	2710.19.51	25%	25% or USD 0.46/Litre whichever is higher	Protect regional industry, address under-declarations and under valuations
Yeast	2102.10.00	25%	25% or USD 660/MT whichever is higher	Protect regional industry, address under-declarations and under valuations
Photocopying and printing paper	4802.56.00	25%	25% or USD 200/MT whichever is higher	Protect regional industries, address under-declarations and under valuations
Photocopying and printing paper	4802.57.00	10%	10% or USD 80/MT whichever is higher	Protect regional industry, address under-declarations and under valuations



Proposed amendment of the EAC CMA, 2004

Proposed Amendment	Provision Affected	Proposed Changes	Objective	Expected Impact
Exemption on boarding pass paper	Paragraph 1, Part B, Fifth Schedule to EACCMA, 2004	Inclusion of specified paper exclusively used for printing passenger boarding passes under aircraft operation duty exemptions	To align EAC customs treatment with international aviation standards and BASA obligations	Reduced operating costs for airlines and enhanced compliance with international agreements
Recognition of disaster management authorities	Paragraph 20, Part B, Fifth Schedule to EACCMA, 2004	Recognition of all competent disaster management authorities within Partner States	To accommodate differences in national disaster management structures across EAC countries	Improved access to customs exemptions during disaster response
EAC Assembling and Manufacturing Regulations, 2025	EAC Manufacturing Regulations	Implementation postponed from 1 July 2026 to 1 July 2027	To allow sufficient time for local industries to establish production capacity for regional sourcing requirements	Additional transition period for manufacturers and investors



Ongoing Measures from 2025/26 Proposed to continue in 2026/27

A. Stay of CET Application and Duty Increases for One Year				
Description	HS Code	Current rate (EAC CET)	Proposed rate	Objective/ Intention
Cocoa powder (without added sugar)	1805.00.00	0%	10%	To promote domestic cocoa processing, enhance value addition in the country and increase revenue
Plastic monofilaments, rods, sticks and profile shapes	3916.10.00, 3916.20.00, 3916.90.00	0%	10%	To increase revenue and curb misdeclaration
Safety matches	3605.00.00	25%	25% or USD 1.35/kg whichever is higher	To protect domestic manufacturers of safety matches
Mineral and aerated waters	2201.10.00	35%	60%	To protect domestic producers of mineral and aerated water in the country
Gypsum powder	2520.20.00	0%	10%	To protect local gypsum producers
Motorcycle tyres	4011.40.00	10%	25%	To attract domestic investment in tyre manufacturing
Baby diapers	9619.00.90	25%	35%	To protect local manufacturers of baby diapers, attract investment and increase revenue
Cotton yarn (except HS 5205.23.00)	HS Headings 52.05, 52.06, 52.07	10%	25%	To promote local yarn production and cotton value addition of locally grown cotton and attract investment
Horticultural products	0604.20.00, 0604.90.00, 0808.10.00, 0808.30.00	25%	35%	To protect local producers
Polyester/Nylon twine	5607.50.00	10%	25%	To protect local manufacturer of polyester/nylon twine and create employment
Other paper, paperboard, cellulose wadding and webs	4811.90.00	10%	25%	To protect local manufacturers and attract investment

Ongoing Measures from 2025/26 Proposed to continue in 2026/27

A. Stay of application (Increase) for one year

Float, toughened and insulating glass products	7005.10.00, 7005.21.00, 7005.29.00, 7005.30.00, 7007.19.00, 7007.29.00, 7008.00.00	10%	35%	To protect domestic glass manufacturers and promote competitiveness of the domestic products with similar products imported from the rest of the world
Table salt	2501.00.90	35%	50%	To protect local salt manufacturers
Crude vegetable oils (soybean, groundnut, coconut, mustard and linseed oils)	1507.10.00, 1508.10.00, 1513.11.00, 1513.21.00, 1514.11.00, 1514.91.00, 1515.11.00	0%	10%	To align with sunflower, cotton and other crude oils which attract 10 percent so as to promote domestic production of vegetable oils
Unbleached kraft paper and paperboard	4804.51.00	10%	25%	To protect domestic industry
Fibreboard (MDF and similar)	HS Heading 44.11	25%	35%	To protect local manufacturers
Plywood, veneered panels and laminated wood	HS Heading 44.12	25%	35%	To protect local manufacturers
Refined vegetable oils	1507.90.00, 1508.90.00, 1509.00, 1510.00, 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 300/MT whichever is higher	To protect and promote the processing of vegetable oils in the country using locally grown seeds, employment creation and safeguard Government revenue
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	To protect manufacturers of iron and steel products in the country, attract investment, address under invoicing and undervaluation of the imported products, safeguard Government revenue as well as employment creation.

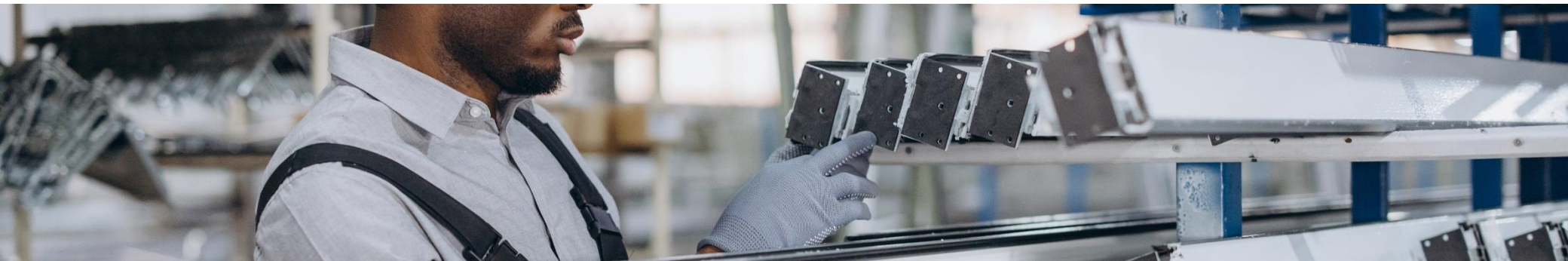


Ongoing Measures from 2025/26 Proposed to continue in 2026/27

Corrugated iron sheets	7210.30.00, 7210.41.00	35%	35% or USD 500/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Flat-rolled iron/non-alloy steel products	7210.49.00, 7210.61.00, 7210.69.00, 7210.70.00, 7210.90.00	25% or USD 200/MT	35% or USD 350/MT	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Flat-rolled products	7212.20.00	10%	10% or USD 125/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Flat-rolled products	7212.30.00	25% or USD 200/MT	25% or USD 300/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Flat-rolled products	7212.40.00, 7212.50.00	35%	35% or USD 350/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Flat-rolled products	7212.60.00	10%	10% or USD 300/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Hot-rolled bars and rods	7213.10.00, 7213.20.00, 7213.99.00	25% or USD 200/MT	25% or USD 250/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products

Ongoing Measures from 2025/26 Proposed to continue in 2026/27

Bars and rods of iron/non-alloy steel	HS Heading 7214	35%	35% or USD 250/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Flat rods of iron and steel	7225.91.00, 7225.92.00, 7225.99.00	10%	25% or USD 300/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Semi-finished flat rolled products	7226.99.00	10%	10% or USD 300/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products
Tubes, pipes and hollow profiles	7306.30.00, 7306.50.00, 7306.61.00, 7306.69.00, 7306.90.00	25%	25% or USD 250/MT whichever is higher	To protect local manufacturers and government revenues as well as address under invoicing and undervaluation of the imported products



Ongoing Measures from 2025/26 Proposed to continue in 2026/27

B. Stay of application (Decrease) for one year				
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%	To promote consumer welfare
Cane sugar (under permit)	1701.14.90	100% or USD 460/MT	35%	To cover the sugar production gap in the country
Worn clothing, footwear and articles	6309.00.10, 6309.00.20, 6309.00.90	35% or USD 0.40/kg	35%	To promote consumer welfare
Wheat grain	1001.99.10, 1001.99.90	35%	10%	Reduce flour production costs for manufacturers of wheat flour in the country to ensure availability of wheat products at affordable price.
CKD for three-wheelers	8704.21.90	25%	10%	Reduce assembly costs and attract investment
Soap manufacturing inputs	3401.20.10	35%	10%	Promote local soap manufacturing
Inputs for labels, thermal paper rolls, POS & EFD machines	4811.90.00	25%	10%	Reduce production costs
Waterproofing membrane inputs	6802.99.00	35%	10%	Reduce production costs
Tea packaging materials	4819.20.90, 5407.44.00	25%	0%	Reduce costs and attract investment
Coffee packaging materials	7310.21.00, 6305.10.00	25%	0%	Reduce packaging costs
Agricultural seed packaging materials	6305.10.00, 4819.40.00, 7310.29.90, 6305.33.00, 6305.20.00, 6304.91.90, 7607.19.90	25%	0%	Reduce packaging costs and attract investment



Ongoing Measures from 2025/26 Proposed to continue in 2026/27

Dairy packaging materials and inputs	3923.50.90, 4819.20.90, 4819.30.00, 4819.50.00, 4821.90.00, 7607.19.90	25% or 35%	0%	Reduce milk production costs and promote investment
Cash registers, EFD and POS machines	8470.50.00, 8470.90.00	10%	0%	To encourage use of electronic revenue collection devices
Smart cards imported by NIDA	8523.52.00	25%	0%	To facilitate issuance of National IDs
Buses for rapid transport projects	8702.10.99, 8702.20.99, 8702.90.99	25%	0%	To support public transport and decongestion
RBD Palm Stearin	1511.90.40	10%	0%	Support soap manufacturers
Organic surface-active agents including LABSA	3402.31.00, 3402.39.00, 3402.49.00	10% or 25%	0%	Reduce detergent and soap production costs
Leather processing raw materials	3208.20.10, 3208.20.20, 3208.90.20, 3210.00.10	10% or 35%	0%	Promote leather industry
Electrical cable manufacturing inputs	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%	Promote electrical cable manufacturing
Radiator manufacturing inputs	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%	Reduce production costs and attract investment
Lithium-ion accumulators for EV assembly	8507.60.00	25%	0%	Promote EV assembly and investment
Optical fibre cable manufacturing inputs	3215.19.00, 3403.99.00, 3506.91.00, 3818.00.00, 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 CET rates	0%	Promote local optical fibre cable manufacturing
Waterproofing membrane inputs	2713.20.00, 5603.14.00, 2710.19.59, 3920.10.10	10%	0%	Reduce production costs



Road tractors for semi-trailers in the negative list of Special Economic Zones (SEZ)

The Minister has proposed to include road tractors for semi-trailers under HS Codes 8701.21.90, 8701.22.90, 8701.23.90, and 8701.24.90 in the negative list of goods not eligible for tax exemption on the SEZ. The measure aims to protect local industries, safeguard employment, and enhance Government revenue.

New Impositions of Export Tax

Item	HS Code	Proposed Rate	Objective
Waste paper	4707.00.00	30 % of the FOB or 200 shillings per kilogram, whichever is higher	To stimulate value addition within the country and ensure the availability of this raw material for paper and box manufacturers within the country
Quartz minerals	Heading 25.06	10% or 200 shillings per kilogram, whichever is higher	To ensure the availability of sufficient raw materials for marble and glass manufacturers in the country
Feldspar	2529.10.00	10% or 200 shillings per kilogram, whichever is higher	To ensure the availability of sufficient raw materials for marble and glass manufacturers in the country
Wheat bran	2302.30.00	50 shillings per kilogram	To ensure adequate supply of these products, which are essential raw materials for animal feed production
Cotton cake	2306.10.00		
Rice bran	2302.40.00		
Maize bran	2302.10.00		
Sunflower cake	2306.30.00.		

Exemption of goods originating in EAC from IDL and reciprocal measures

The minister has proposed to exempt products originating within EAC Partner States from the IDL, in line with the EAC Customs Union Protocol, subject to compliance with Rules of Origin requirements. In addition, reciprocal measures will be applied to any EAC member state imposing discriminatory or unfair trade barriers on Tanzanian goods. The measure aims to uphold regional commitments, ensure fair competition, and safeguard Tanzania's exports

New Impositions of Industrial Development Levy

Item	HS Code	Proposed Rate
Imported exercise books and notebooks	4820.10.00 and 4820.20.00	5%
Imported trailers	8716.31.90, 8716.39.90, and 8716.40.90.	5%
Imported fishing nets	5608.11.00	10%
Imported doors, windows, and their frames	7610.10.00	5%
Imported steel structure products	7308.90.99	10%
Imported aluminium structures	7610.10.00.	5%

06

Excise Duty Amendments





Excise Duty Amendments – New Impositions

Item	Proposed Rate	Purpose	Our Opinion
Imported artificial flowers, foliage, artificial fruits, and similar imported products (HS Heading 67.02)	20%	To reduce environmental impacts caused by the use of these products and to widen the tax base and increase Government revenue.	Importers and retailers should expect increased landed costs which may reduce demand elasticity in decorative goods market.
Imported ultraviolet/light-emitting diodes (UV/LED) gel nail curing machines used for manicure or pedicure (HS Code 8516.79.00)	10%	To widen tax base and reduce potential health risks associated with the use of these products, including long term cancer risk	Businesses in the cosmetics and beauty industry should anticipate moderate cost increases that may be passed on to end consumers.
Motorcycles (excluding motorcycle ambulances, motorcycles that uses natural gas, and electric motorcycles)	5%	To align with the Government's objectives to promote the use of clean energy on vehicle transportation in the country	This measure is expected to gradually shift market preference towards electric and natural gas-powered alternatives. Dealers and importers should prepare for a transitional slowdown in conventional motorcycle imports.
Imported plastic or rubber clogs (HS Code 6402.99.00)	10%	To protect local industries producing plastic shoes and to encourage local manufactures.	Local footwear manufacturers are likely to benefit from improved competitiveness.
Vehicles under HS Code 8703.21.90 with engine capacities (CC) from 1,000 and below	5%	To address negative externalities, broaden tax base and increase Government revenue.	The measure is likely to affect the low-cost vehicle segment, which is widely used by SMEs and middle-income consumers by driving up its acquisition costs.
Value of bets in gambling activities, including land-based or online/internet sports betting, land-based or online/internet casino gaming, forty-machine slot games, and virtual games operations.	5%	To reduce the consequences caused by gambling which include addiction and a decline in the country's workforce due to a number of youths engaging in these activities instead of productive economic pursuits	This is expected to indirectly affect consumers through reduced payouts, as operators typically pass the tax burden into pricing structures. For businesses, the measure reduces margins since the tax is levied on gross stakes and also introduces compliance obligations, including the file monthly excise duty returns with TRA.
Imported used vehicles aged over twenty years	50%	This is an anti-dumping measure expecting to reduce the importation of these vehicles which largely contribute to environmental pollution due to the presence of solid waste that incurs high costs for disposal	This is a strong deterrent measure that will significantly increase the costs of importation of used motor vehicles and may lead to reduced import volumes of older units.

Excise Duty Amendments

Amendment to Existing Regimes

Item	Current Rate	Proposed Rate	Objective/ Intention	Our Opinion
Beauty products (HS Headings 33.03; 33.04; 33.05; and 33.07)	10%	15%	To increase Government revenue and align the rate with tariffs applied by some East African Community member countries, including Kenya, Uganda, and Rwanda.	Businesses in the cosmetics and beauty industry should anticipate moderate cost increases that may be passed on to end consumers.
Imported used vehicles aged up to eight years but not exceeding ten years	15%	20%	This is an anti-dumping measure expecting to reduce the importation of these vehicles which largely contribute to environmental pollution due to the presence of solid waste that incurs high costs for disposal	This is a strong deterrent measure that will significantly increase the costs of importation of used motor vehicles and may lead to reduced import volumes of older units.
Imported used vehicles over ten years but not exceeding twenty years.	30%	40%		

Excise Duty Exemptions for Mining Joint Ventures

The Minister of finance has proposed amendment to the Excise (Management and Tariff) Act, CAP 147 to recognize the tax exemption provisions stipulated in Framework Agreements signed between the Government and mining investors as approved by the Cabinet. The proposed measure is intended to accelerate the execution of joint venture mining projects across the country.

Extension of Excise Duty to Non-Resident Digital Service Providers

The Minister of Finance has proposed extending the scope of excise duty to non-resident suppliers providing excisable services through online platforms directly to end-users (B2C) without physical presence in Tanzania. The measure aims to enhance tax equity and ensure fair competition between traditional and digital service providers.

07

Stamp Duty





Stamp Duty

Expansion of the definition of “lease” to include exchange of movable property

The Stamp Duty Act previously defined “lease” to cover instruments relating only to immovable property. The budget proposes to expand this definition to include instruments relating to the exchange of, or granting of rights over, movable property. The proposal appears intended to ensure that economically similar arrangements involving the use or exchange of movable assets, such as machinery, vehicles and equipment, are subject to stamp duty in a manner similar to traditional leases of immovable property.

However, the proposal does not clarify whether instruments relating to movable property will be subject to stamp duty at the existing rate applicable to leases, being 1% of annual rent, or whether separate rates will apply depending on the nature of the instrument.

Increase of Stamp Duty on various instruments

The budget proposes to increase stamp duty on various instruments in order to update long-standing nominal amounts that no longer reflect current transaction values.

a) Bills of sale

Stamp duty on bills of sale is generally charged at 1% of the value of the bill of sale, subject to the cap prescribed under Article 13 of the Schedule to the Act. The budget proposes to increase the cap for bills of sale executed by way of:

- collateral security from TZS 1,000 to a maximum of TZS 10,000; and
- security from TZS 10,000 to a maximum of TZS 100,000.

b) Cheques - Article 20 of the Schedule

Cheques will attract duty of TZS 500, up from TZS 100 per cheque

c) Surrender of lease documents - Article 60 of the Schedule

Instruments for the surrender of lease will attract duty of TZS 2,000, up from TZS 1,000



Stamp Duty

Amendment of Article 44 of the Stamp Duty schedule - partnership deeds

The budget proposes to restructure the capital bands for the assessment of stamp duty on partnership deeds under Article 44 of the Schedule to the Stamp Duty Act into the following two-tier structure:

- Partnership deeds with capital of up to TZS 1 million will attract duty of TZS 5,000; and
- Partnership deeds with capital exceeding TZS 1 million will attract duty of TZS 10,000.

Although the capital bands have been revised, the applicable duty remains unchanged in most cases, except for partnership deeds with capital of less than TZS 100,000, for which the duty is currently TZS 1,000.

Introduction of Stamp Duty on bills of exchange of property

The budget proposes to introduce stamp duty on bills of exchange relating to property transactions at a rate of TZS 5,000.

This proposal appears intended to enhance revenue mobilization by broadening the stamp duty base and improving the collection of duty on property-related transactions, including those involving land and buildings. The measure may also strengthen the overall coverage of the stamp duty regime within the property sector.

However, the proposal does not clearly specify the party liable to pay the duty, nor does it outline the relevant compliance procedures. Further clarification in the Finance Bill/Act will therefore be necessary to support effective implementation of the measure.





Stamp Duty

Change of Stamp Duty assessment basis on transfer of land

- The budget proposes to replace the existing flat stamp duty of TZS 500 on transfers of agricultural land with an ad valorem duty at the rate of 0.5% of the value of the land.
- This measure is expected to increase stamp duty collections on high-value agricultural land transactions, particularly large-scale commercial farms, while applying a proportionate burden across transactions of different sizes.
- Implementation will require reliable valuation mechanisms to determine the taxable value of land and may necessitate closer coordination between the tax administration and valuation authorities. Clear guidance will also be important to discourage under-declaration of values and to ensure fair allocation of composite consideration between land and other assets where these are transferred together.





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