

2026/2027



Tanzania National BUDGET

TAX Highlights
Cassian & Associates

Highlights of proposed tax changes as presented
on 11 June 2026.

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2026/2027

Overall Macro-Economic Policy Targets

GDP Growth

Accelerate real GDP growth to 6.3% in 2026 from 5.9% in 2025

Curb Inflation

Contain inflation within a single-digit range, averaging 3.0% – 5.0% in the medium term

Increase Domestic Revenue

Increase domestic revenue to 17.1% of GDP in 2026/27 from a projected 16.5% in 2025/26

Increase Tax Revenue

Increase tax revenue to 13.7% of GDP in 2026/27 from a projected 13.2% in 2025/26

Reduce Fiscal Deficit

Ensure the budget deficit does not exceed 3.0% of GDP in 2026/27

Foreign Exchange Reserves

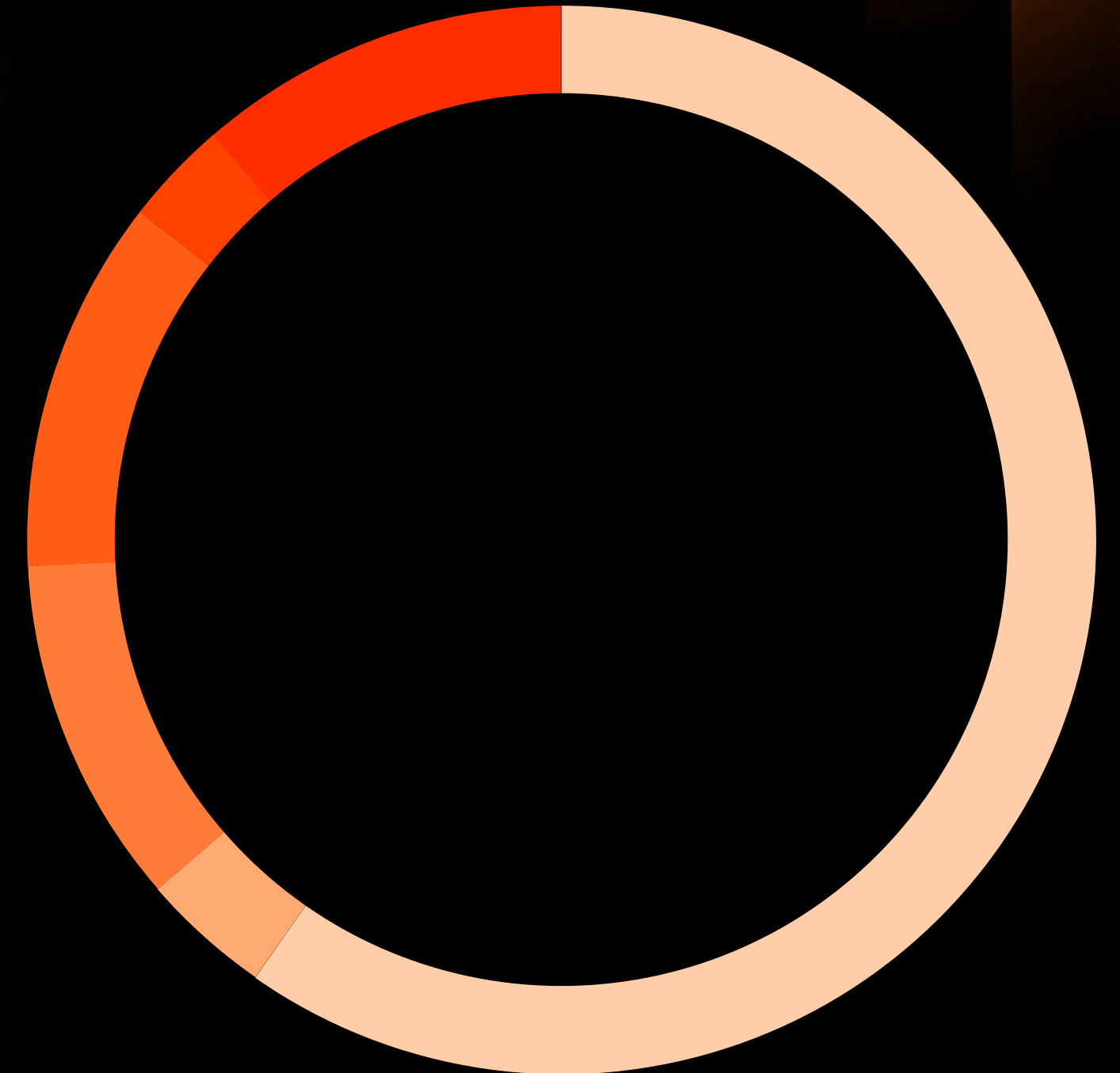
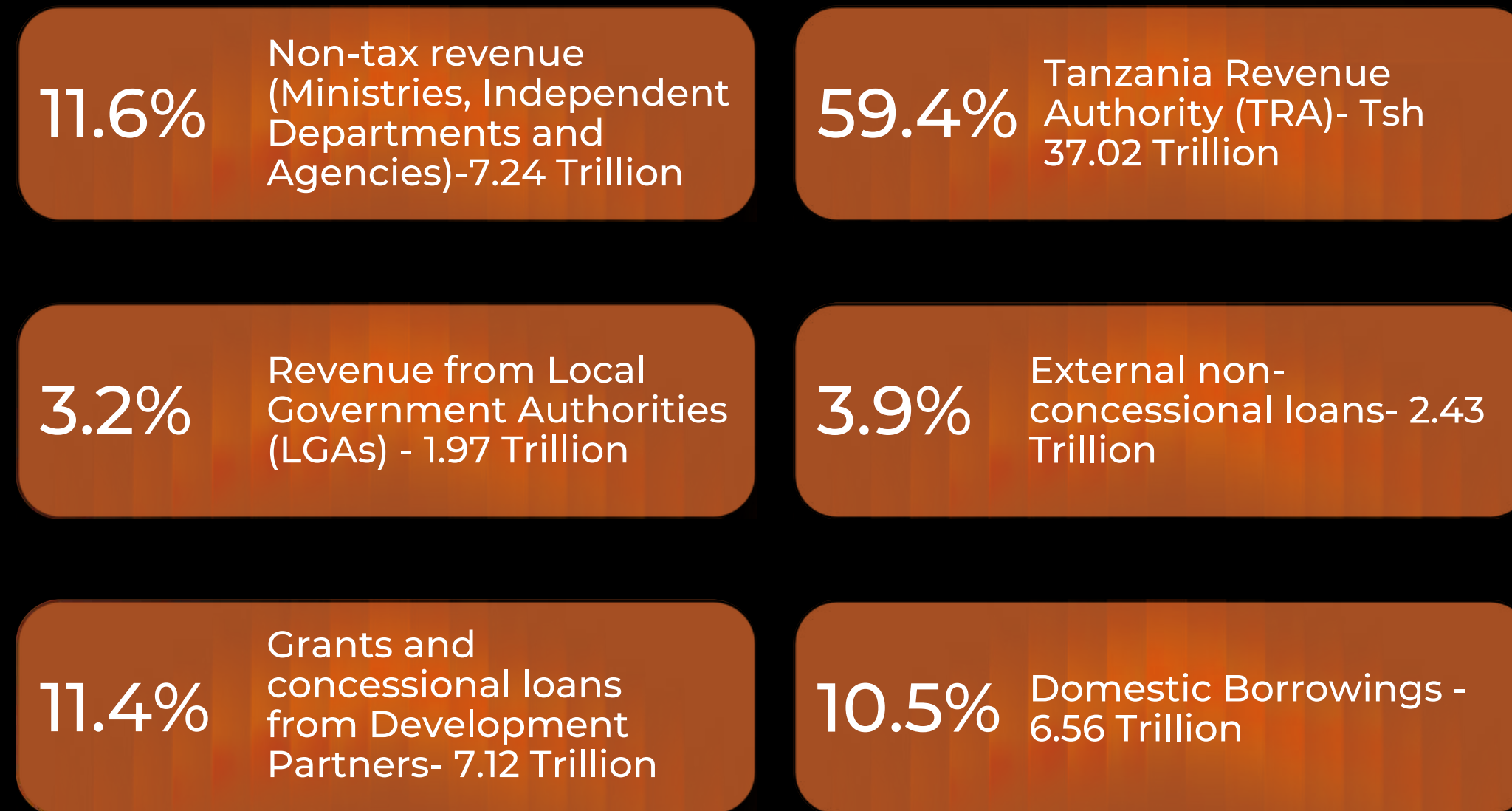
Maintain foreign exchange reserves sufficient to cover at least four (4) months of imports of goods and services



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2025/26 Revenue Sources

As of May 2025, a total of TSH 45.07 trillion (equivalent to 89.62% of the annual target) had been mobilized from respective sources. The mobilized resources are as follows:



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2025/26 EXPENDITURE PERFORMANCE

By April 2026, total Government expenditure (excluding principal debt repayment) reached TSh 40.92 trillion, equivalent to 98.8% of the period target, against an approved 2025/26 budget of TSh 56.49 trillion. Subsidies and social spending (TSh 19.41 trn), salaries (TSh 7.02 trn) and goods & services (TSh 7.02 trn) were the largest outlays.

2.86 T Roads, Bridges & Airport

1.59 T Electricity Generation, transmission and Distribution

1.58 T Education (Fee Free education, Higher education)

1.27 T Railway Infrastructure

870.4B Urban & Rural water, National Grid & Dams

681.7B Medicines, medical equipment & health infrastructure

667.3B Verified arrears to suppliers/contractors

302.0B Stadiums & Afcon

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KEY PROPOSED TAX CHANGES

Executive summary

The proposed reforms are expected to increase government revenue by TSh 1.72 trillion in 2026/27. The amendments cover different laws and introduce significant changes across multiple tax categories.

Key Themes

- Edible oil & cotton/textile value-chain protection
- Clean and renewable energy in transport and households
- Formalisation of the informal sector
- Promoting a cashless economy
- Administrative reforms (Presidential Commission on Tax Reforms)

Largest Contributors

- Excise Duty measures: TSh 355.09 billion
- EAC CET / Customs measures: TSh 408.97 billion
- Customs Processing Fee (TRA Act): TSh 203.23 billion
- Income Tax measures: TSh 174.48 billion

Revenue Impact Summary
Total Expected Revenue Increase:
TSh 1.72 trillion

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KEY PROPOSED TAX CHANGES

Cont'd

- | | | | |
|----|---|----|---|
| 01 | The Value Added Tax Act, CAP 148 | 07 | The Import Control Act, CAP 276 |
| 02 | The Income Tax Act, CAP 332 | 08 | The Stamp Duty Act, CAP 189 |
| 03 | The Excise (Management and Tariff) Act, CAP 147 | 09 | The Export Tax Act, CAP 196 |
| 04 | The Tax Administration Act, CAP 438 | 10 | National planning commission Act |
| 05 | The Local Government Finance Act, CAP 290 | 11 | East African Community Customs Management |
| 06 | The Bank of Tanzania Act, CAP 197 | 12 | The Road and Fuels Act Cap 220 |



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VALUE ADDED TAX (VAT)

Total VAT measure expected revenue increase: TSh833,829.1 million

VAT Refund Timelines

- VAT refund claims approved by the Tanzania Revenue Authority (TRA) must now be processed and paid within **30 days** instead of the longer timelines previously experienced.
- Where the refund is delayed beyond the prescribed period, **interest will accrue on the outstanding refund amount**, ensuring taxpayers are compensated for the delay.
- This measure is intended to improve **cash flow**, reduce the cost of doing business, and enhance the investment climate by allowing businesses and investors to recover excess VAT more quickly.

Airline Boarding Passes

- The supply of **airline boarding passes has been exempted from VAT** under the 2026/27 budget measures.
- The exemption aims to align Tanzania's VAT treatment with **international air transport industry standards** and practices.
- This change is expected to simplify tax administration within the aviation sector and reduce compliance costs for airlines.

Dairy Packaging Materials (HS 3920.20.90)

- Packaging materials classified under **HS Code 3920.20.90** used in the dairy industry have been **exempted from VAT**.
- The measure is intended to reduce production costs for dairy processors and manufacturers.
- It supports the growth and competitiveness of the local dairy sector by making dairy products more affordable and encouraging domestic production.

Imported Capital Goods – VAT Deferment

- The **sunset clause on VAT deferment for imported capital goods has been removed**, allowing the deferment arrangement to continue indefinitely.
- Businesses can continue to defer payment of VAT on qualifying capital goods imported for investment and production purposes.
- The measure helps to reduce upfront investment costs and supports business expansion, particularly where equivalent goods are not adequately produced locally.

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Value Added Tax (VAT)

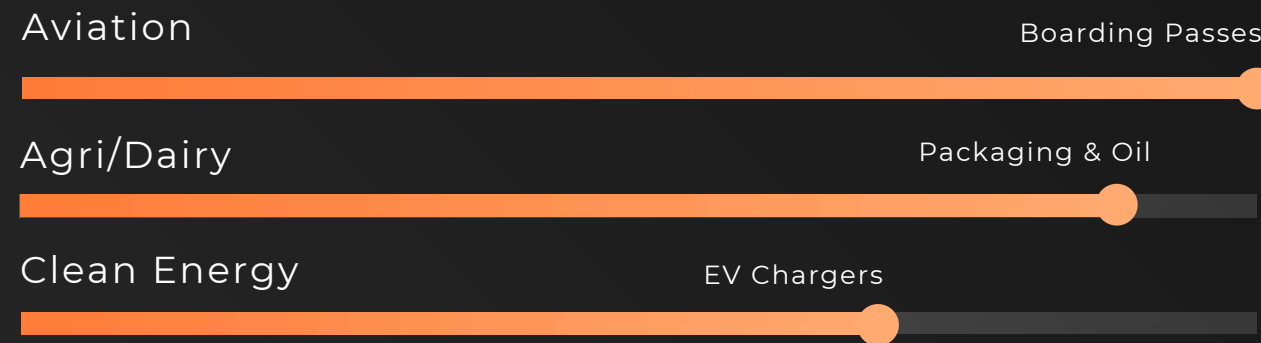
Summary of 2026/27 Policy Changes, Exemptions & Structural Reforms

VAT Measures

Key policy changes & revenue impact

7 Categories

Top Revenue Sources (Tsh)

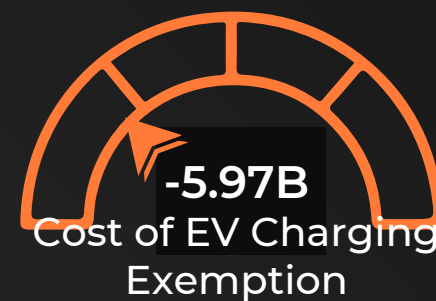


Refund SLA Timeline

30 Days

Interest accrues on delays

Foregone Revenue



Mining JVs



Frameworks Recognized

Cabinet-approved incentives

Capital Goods



Indefinite Deferment

Sunset clause removed

6.3% GDP Growth Target

62.3T Budget Size (TZS)

Tax Policy Focus

727

Reform proposals reviewed. Emphasis on compliance over major rate increases.

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THE INCOME TAX ACT

New Business Tax Holiday (Presumptive Regime)

- Newly registered businesses under the presumptive tax system are exempt from income tax for 12 months from TIN issuance, reducing start-up costs.

Presumptive Tax Threshold

- Annual turnover threshold increased from TZS 100M to TZS 200M, aligning with VAT registration and simplifying compliance for small businesses.

Presumptive Tax Rate

- Rate increased from 3.5% to 4.5% for businesses with turnover between TZS 11M and TZS 200M, generating an estimated TZS 75.11 billion in revenue.

Digital Services Tax (Foreign Providers)

- Withholding tax on payments to foreign digital service providers increased from 2% to 3% to enhance tax collection from non-resident platforms.

Deemed Retained Earnings (Section 33A)

- Taxable proportion reduced from 30% to 15% (with exclusions for regulated/strategic sectors) to support reinvestment and reduce tax pressure.

Forest Produce – Expanded Definition

- Natural varnish, latex, resin, sap, and gum are now classified as forest produce and subject to a 2% Single Instalment Tax.

Mining Framework Agreements

The Income Tax Act now formally recognizes Cabinet-approved exemptions, ensuring consistent treatment for joint venture mining investments.

WHT on Sports Royalties

- Withholding tax on royalties paid to football federations and sports institutions increased from 5% to 10% to enhance sports-related revenue.

WHT on Government Purchases

- All government institutions must now withhold income tax on goods purchases (not only budget-funded entities) to close compliance gaps.

1% WHT – Food Crop Purchases

- Corporations must withhold 1% of market value on food crops; the tax is creditable against annual income tax to formalize agricultural trade.

1% WHT – Livestock, Fish & Milk

- A 1% withholding tax applies on purchases of live animals, unprocessed milk/fish, and fish maws to broaden the blue economy tax base.

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THE EXCISE (MANAGEMENT AND TARIFF) ACT, CAP 147

Imported Used Vehicles

- Imported Used Vehicles: Excise duty has been increased across vehicle age bands (15%→20%, 30%→40%, and 50% for new vehicles 20+ years old) to discourage the import of old vehicles and protect the environment.

Motorcycles (Excluding ambulances, gas & electric bikes)

- Motorcycles: A 5% excise duty is introduced on motorcycles (excluding ambulances and gas- and electric-powered bikes) to encourage cleaner transport alternatives and expand the tax base.

Beauty Products (HS 33.03–33.07)

- Beauty Products (HS 33.03–33.07): Excise duty increased from 10% to 15% to align with EAC partner states and enhance regional tax harmonization.

Artificial Flowers/Foliage (HS 67.02)

- Artificial Flowers/Foliage (HS 67.02): A 20% excise duty is introduced on imported artificial flowers and foliage to expand the tax base on decorative imports and encourage local alternatives.

Gambling & Betting Activities

- Gambling & Betting Activities: A 5% excise duty is introduced on the value of all bets (sports betting, casino, slots, virtual games), with 10% of collections allocated to the Gaming Board to strengthen regulation and increase revenue from the gaming sector.

Cigarettes (HS 24.02 & 24.03) + Sugar Levy

- Cigarettes & Sugar Levy: Excise on cigarettes increases by TZS 20 per 1,000 sticks, and a new TZS 10/kg levy is introduced on sugar (local and imported), with proceeds dedicated to financing Universal Health Coverage.

Online Services – Non-Resident B2C Providers

- Online Services – Non-Resident B2C Providers: Excise duty is extended to foreign digital platforms selling directly to Tanzanian consumers, ensuring fair taxation and strengthening revenue collection from the digital economy.

TAX REVENUE APPEALS ACT CAP 408

Tax Dispute Settlement Extension (Tax Revenue Appeals Act, CAP 408)

- Tax Dispute Settlement Extension: The out-of-court settlement period under ADR has been extended from 60 to 90 days after TRAB/TRAT orders, allowing more time for amicable resolution and reducing tax litigation delays.

Digital Payment Proof for Asset Transfers

- Digital Payment Proof for Asset Transfers: All transfers of land, buildings, and motor vehicles must now be supported by proof of digital payment across all relevant authorities (Lands, TRA, BRELA), enhancing transparency and reducing cash-based risks.

ADR Settlement Timeline

TRAB/TRAT Order Issued 60 Days (Old) 90 Days (New)



 +30 Days Extended Negotiation Window

Mandatory Digital Payment Trail



Land/Buildings



Motor Vehicles



Digital Proof

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THE GAMING ACTIVITIES

New 5% Excise Duty on All Bet Values (Excise Duty Act, CAP 147)

- 5% Excise Duty on Bet Values: A 5% duty is introduced on all bets across gambling platforms (sports betting, casino, slots, virtual games) effective 1 July 2026, expected to raise TZS 74.5 billion, with 10% of collections allocated to the Gaming Board for regulation.

Gaming Board of Tanzania (GBT) – Funding Allocation

- GBT Funding Allocation: 10% of the 5% gambling excise duty is automatically remitted to the Gaming Board of Tanzania to strengthen regulation, compliance monitoring, and enforcement in the gaming industry.

IMPACT ON BETTING OPERATORS

Collect & Charge

01

All licensed gambling operators (sports betting, casinos, virtual gaming) are legally required to charge and collect the 5% excise duty on every bet placed by their customers.



Remit to TRA

02

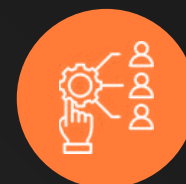
Operators must accurately remit collected excise duty to the Tanzania Revenue Authority (TRA) in strict accordance with prescribed reporting and payment timelines.



GBT Allocation

03

10% of the collected 5% excise duty is automatically allocated and remitted to the Gaming Board of Tanzania (GBT) to strengthen regulation, compliance, and enforcement.

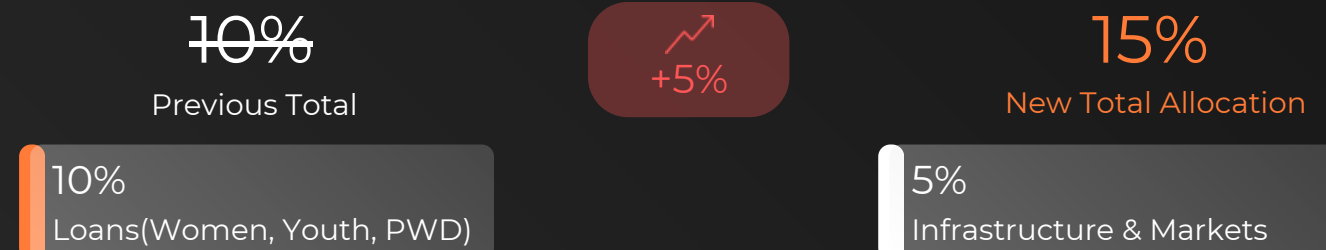


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LOCAL GOVERNMENT FINANCE ACT (CAP 290)

- LGAs must now allocate 15% (up from 10%) of revenues for loans and development.
- 10%: Directed to loans for women, youth, and persons with disabilities.
- 5%: Invested in construction projects, market improvements, and entrepreneurship areas.

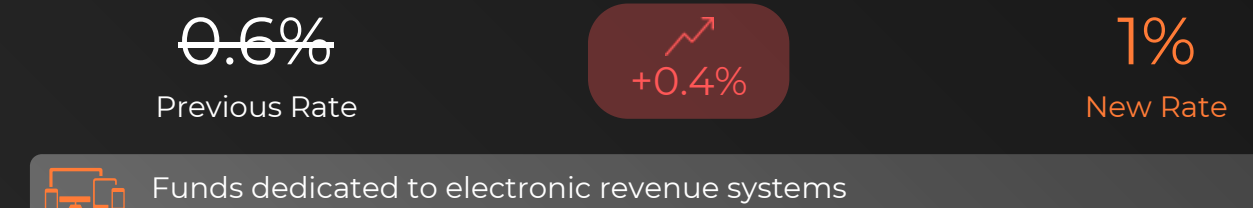
LGA Revenue Allocation



TAX REVENUE AUTHORITY ACT (CAP 399)

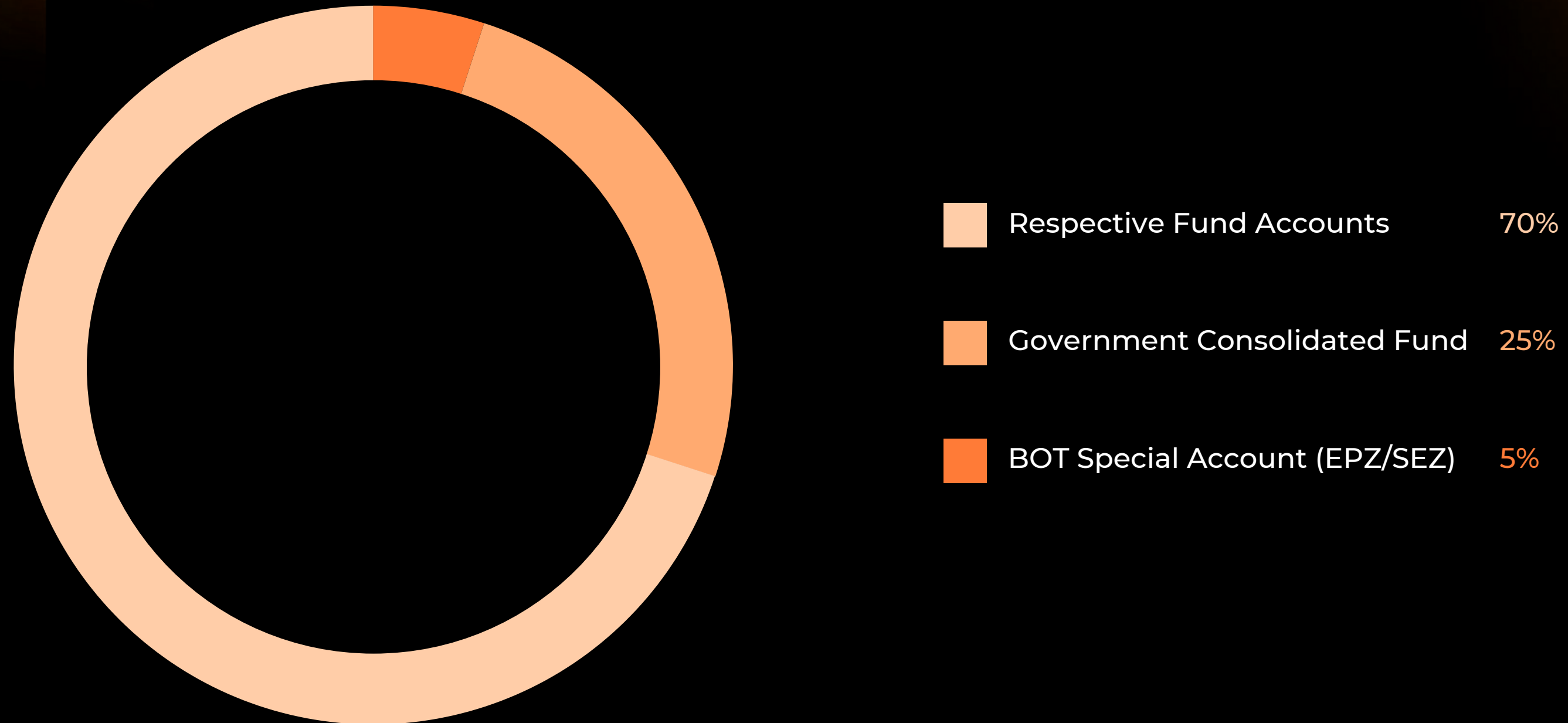
- Customs Processing Fees are proposed to increase from 0.6% to 1.0% of dutiable value.
- Funds directed toward improving electronic revenue collection systems.

Customs Processing Fee



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FUND DISTRIBUTION RESTRUCTURING



Applies to Roads, Rural Energy, Water, and Railway Funds. This restructuring aims to strengthen liquidity while supporting EPZ/SEZ infrastructure development and essential government financing.

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BANK OF TANZANIA ACT (CAP 197)

The Government overdraft limit is reduced from 18% to 14% of the previous fiscal year's actual revenue to enforce fiscal discipline. Section 69 specifies strict criteria for short-term loans during unpredictable events.



Government Overdraft Limit

~~18%~~

Previous Limit

-4%

14%



Enforces tighter fiscal discipline based on prior year revenue

NATIONAL PLANNING COMMISSION ACT

National development projects must be strictly evaluated on technical, financial, environmental, and economic criteria before entering the Government Budget. Environmental assessments now explicitly mandate climate change impact evaluations.



Project Evaluation Criteria



Technical



Financial



Economic



Environmental

*Explicitly mandates Climate Change Impact assessment

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MINING SECTOR DEVELOPMENTS

RESEARCH AND INVESTMENT FUND

- Establishment of a Mineral Research Fund by the Ministry responsible for Minerals.
- Capitalised by retaining 10% of gross mineral revenue collections.
- Funds deposited into a dedicated BOT account, subject to Paymaster General authorisation.

THE ROAD AND FUELS TOLLS ACT (CAP 220)

- The Road and Fuels Tolls Act formally recognises tax exemption provisions in Cabinet-approved Framework Agreements.
- Standard operating procedures will be established to facilitate joint venture mining projects.

LAND ACT CAP 113 AND ROAD TRAFFIC ACT CAP 168

Tax Dispute Settlements 01

Under the Tax Revenue Appeals Act (CAP 408), the statutory timeline for out-of-court amicable settlement is extended from 60 days to 90 days following a TRAB or TRAT order for Alternative Dispute Resolution (ADR).



ADR Settlement Timeline



Zanzibar Vehicle Reg. 02

The Road Traffic Act (CAP 168) is amended to allow vehicles/trailers with Zanzibar registration to be used in Mainland Tanzania, provided all Mainland taxes are paid, resolving cross-union usage challenges.



Cross-Union Vehicle Usage

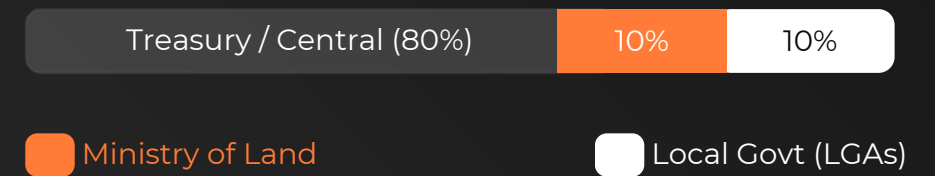


Land Act (CAP 113) 03

To improve land surveying and rent collection, 20% of land rent revenue will be distributed: 10% to the Ministry of Land Affairs and 10% to Local Government Authorities.



Land Rent Revenue Distribution



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IMPORTS CONTROL ACT (IDL UPDATES) CAP 276

EAC Exemption:

- Products manufactured within EAC Partner States are exempt from the Industrial Development Levy (IDL) if they meet Rules of Origin, with reciprocal tariff provisions against discriminatory trade barriers.

10% IDL Impositions:

- Imported Fishing Nets (HS 5608.11.00) and Imported Steel Structure Products (HS 7308.90.99).

5% IDL Impositions:

- Exercise Books & Notebooks (HS 4820), Imported Trailers (HS 8716), Imported Doors, Windows & Frames (HS 7610), and Imported Aluminium Structures.

Objective:

- Designed to attract investment, stimulate domestic exports, and protect domestic production capacities.

EXPORT TAX ACT MODIFICATIONS CAP 196



Waste Paper

30% or TZS 200/kg (whichever is higher). Introduced to stimulate local value addition and ensure raw materials for paper/box manufacturers.



Quartz & Feldspar

10% or TZS 200/kg. Established to guarantee the domestic availability of raw materials for marble and glass manufacturing sectors.



Agri By-products

TZS 50/kg on Wheat Bran, Cotton Cake, Rice Bran, Maize Bran, and Sunflower Cake. Ensures adequate supply for animal feed production.

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STAMP DUTY ACT (CAP 189)

Instrument / Document	Previous Status	New Proposed Rate / Status
Lease Definition	Standard Definition	Expanded to include exchange of moveable property
Bills of Sale (Collateral)	TZS 1,000 (Max TZS 10k)	TZS 10,000 (Max TZS 100,000 limit)
Partnership Deeds	Standard Rate	Tiered: TZS 5k (under 1M) / TZS 10k (over 1M)
Cheques	TZS 100	TZS 500
Bills of Exchange of Property	N/A	New TZS 5,000 stamp duty
Agricultural Land Transfer	Specific rate TZS 500	New ad valorem rate of 0.5%

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EAC CUSTOMS MANAGEMENT 2004

Item Description	New Proposed Rate / Status
Crude Palm Oil (HS 1511.10.00)	Stay of 0%; apply 10% (promotes local processing)
Worked Building Stone (HS 68.02)	Stay 25%; apply 35% or US\$2/sqm
Aluminium bars & profiles	Stay 25%; apply 25% or US\$550/MT
Electric Motor Vehicles	Stay 25%; apply 10% (promotes clean energy)
Paper for corrugated boxes	Duty remission at 10% (was 25%) and 0% (was 10%)
Lubricants (HS 2710.19.51)	25% or US\$0.46 per Litre instead of only 25%

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COMPETITION & INVESTMENT ZONES



Investment & SEZ Act 2025

Road tractors for semi-trailers (HS Codes 8701.21 - 8701.24) have been added to the negative list. They are no longer eligible for tax exemption under the SEZ Act, protecting local industries, employment, and government revenue.

Fair Competition Act (CAP 285)

Section 88 is amended to specify that Fair Competition Tribunal (FCT) revenue explicitly comprises 0.5% of the revenue from regulatory authorities: EWURA, LATRA, TCRA, and TCAA, fixing prior legislative gaps.

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AGENCY FEES & REGISTRATIONS

Weights & Measures Agency Regulations

- Petroleum Verification: Fee increased from TZS 0.15 to TZS 1 per Litre to fund modern regulatory equipment.

Identification of Persons Regulations, 2014

- NIDA Database Access: Verification fees introduced for sustainability.
- NIDA Fees: TZS 500 for citizen information requests; TZS 1,000 for printed extracts.

Road Traffic Regulations 2024

- Motorcycle Registration: Fee for two-wheeled motorcycles increased from TZS 95,000 to TZS 150,000.
- Policy Shift: This replaces the previously attempted presumptive tax regime for motorcycle traders, which proved too difficult to implement efficiently.



Petroleum Verification Fee Jump

0.15

TZS/Litre
Previous Rate

+566%

1.00

New Rate
TZS/Litre



Motorcycle Registration Fee

Old  95K TZS

New  150K TZS

✓ Officially replaces the presumptive tax regime

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THANK YOU

CONTACT US

Online

info@cassian.co.tz
www.cassian.co.tz

Address

DarEs salaamOffice:
Mwai Kibaki Road, Mikocheni, Dar-es-salaam

Arusha Office:
Momella Road, USA River, Arumeru, Arusha

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