
Highlights of proposed tax changes as
presented on 12 June 2025.

TANZANIA NATIONAL
BUDGET
TAX HIGHLIGHTS

2025/2026

Overall Macro-Economic Policy Targets



01

GDP Growth

Accelerate real GDP growth rate to 6.0 percent in 2025 from 5.5 % in 2024

02

Curb Inflation

Control inflation rate and ensure it remains within single-digit range of an average of 3.0% - 5.0% in the medium term

03

Increase Domestic Revenue

Domestic revenue is estimated to reach 16.7% of GDP in 2025/26 from 15.8% in 2024/25

04

Increase Tax Revenue

Tax revenue is projected to reach 13.3% of GDP in 2025/26 from 12.8% in 2024/25

05

Reduce Fiscal Deficit

Fiscal deficit (including Grants) is estimated to be 3.0% of the GDP in 2025/26 from 3.4 % in 2024/25

06

Foreign Exchange Reserves

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

2024/25 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:

Non-tax revenue
(Ministries,
Independent
Departments and
Agencies)

6.59%

Revenue from Local
Government
Authorities (LGAs)

2.80%

Grants and
concessional loans
from Development
Partners

11.80%



59.6%

Tanzania Revenue
Authority (TRA)

5.59%

External non-
concessional loans

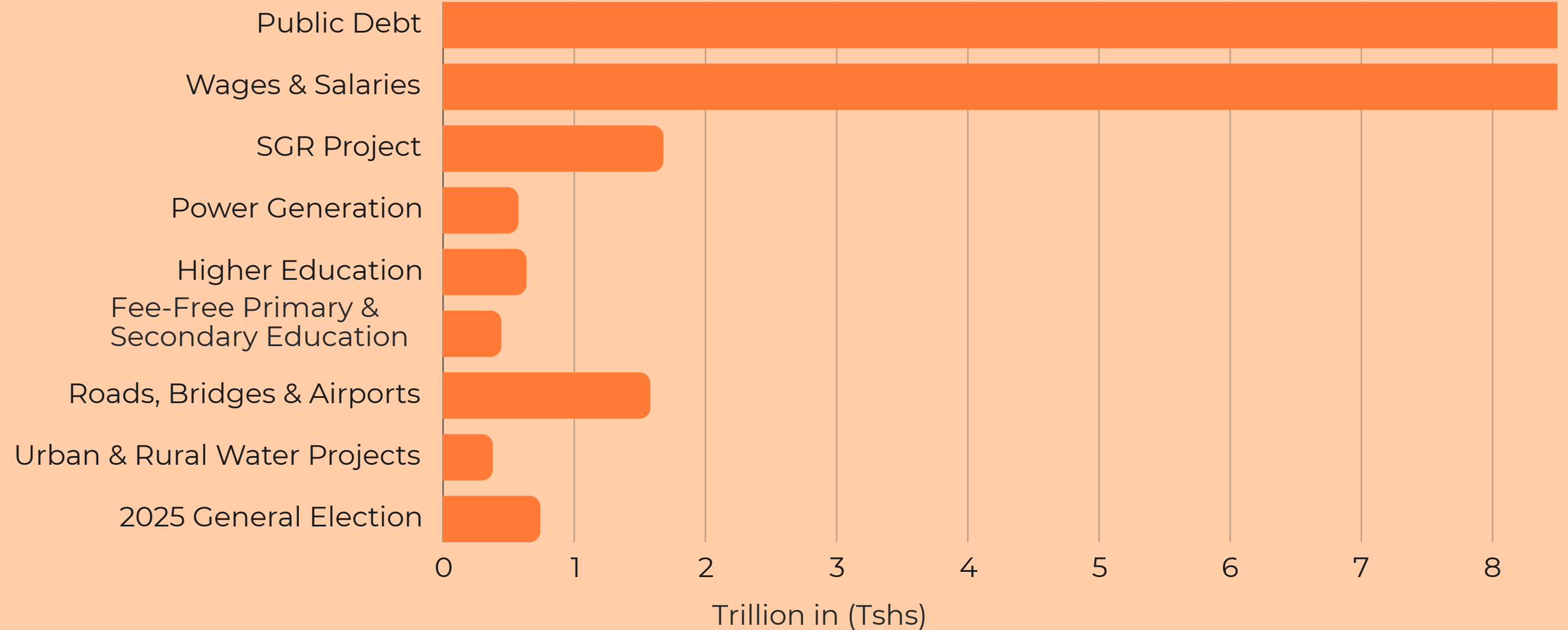
13.82%

Domestic
Borrowings

2024/25 EXPENDITURE PERFORMANCE

Performance Evaluation

By May 2025, 85 % of the budget was disbursed, with debt (TSh 11 trn) and wages (TSh 10 trn) dwarfing SGR, power and education outlays.



Expenditures (Projections)

Tsh 50.2T ↑ 85%

Expenditures (Actual)

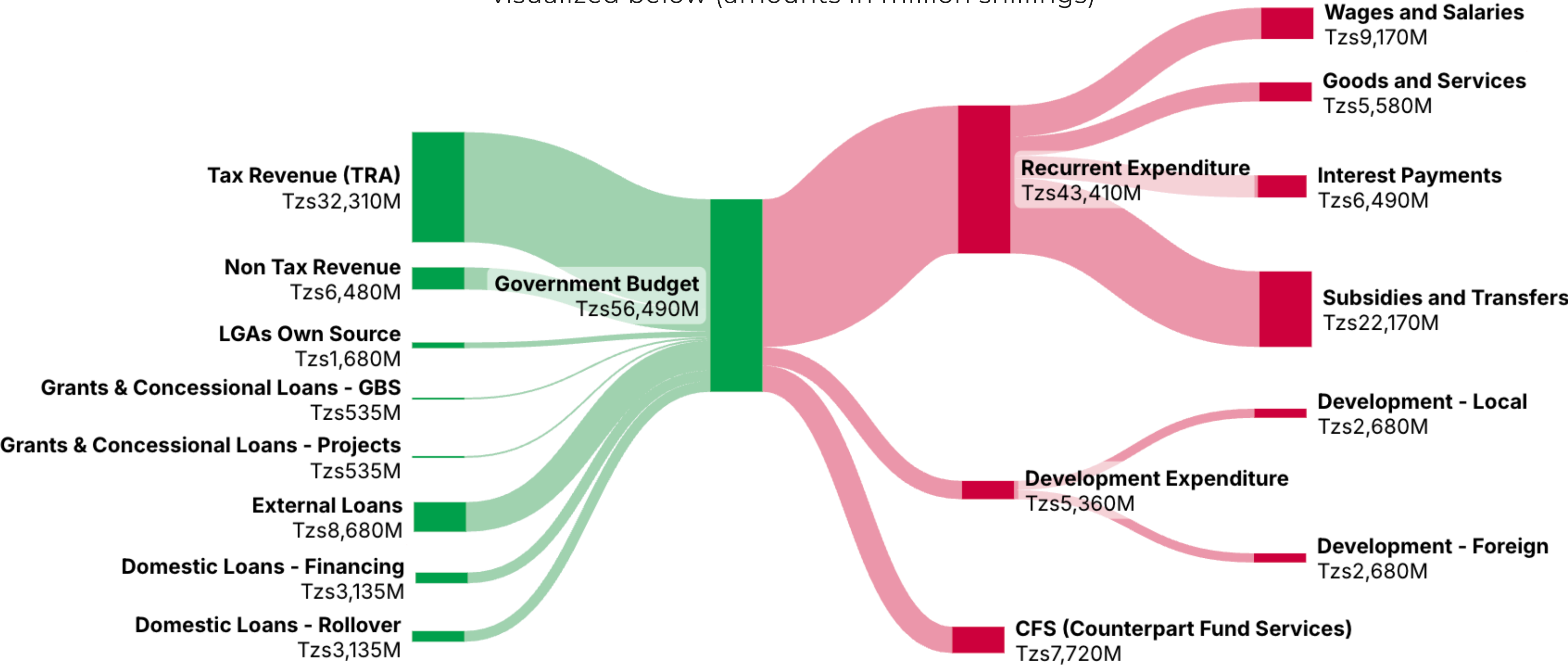
Tsh 42.9T ↑ 14%

Net Amount

Tsh 7.39T

LOOKING FORWARD: 2025/26 BUDGET FRAMEWORK

For the year 2025/26, the Government expects to mobilize and spend a total of TSH 56.49 trillion, equivalent to an increase of 14.47% compared to the 2024/25 budget, as visualized below (amounts in million shillings)



REVENUE

EXPENDITURE

KEY PROPOSED TAX CHANGES

EXECUTIVE SUMMARY

The proposed reforms are expected to increase government revenue by **TSh 4,260,023.77 million in 2025/26**. The amendments cover 27 different laws and introduce significant changes across multiple tax categories.

Key Themes

1. Digital economy taxation expansion
2. Industrial protection through import duties
3. Health and environmental considerations
4. Business environment improvements
5. Revenue diversification for health funding

Revenue Impact Summary:
Total Expected Revenue Increase: TSh 4,260,023.77 million

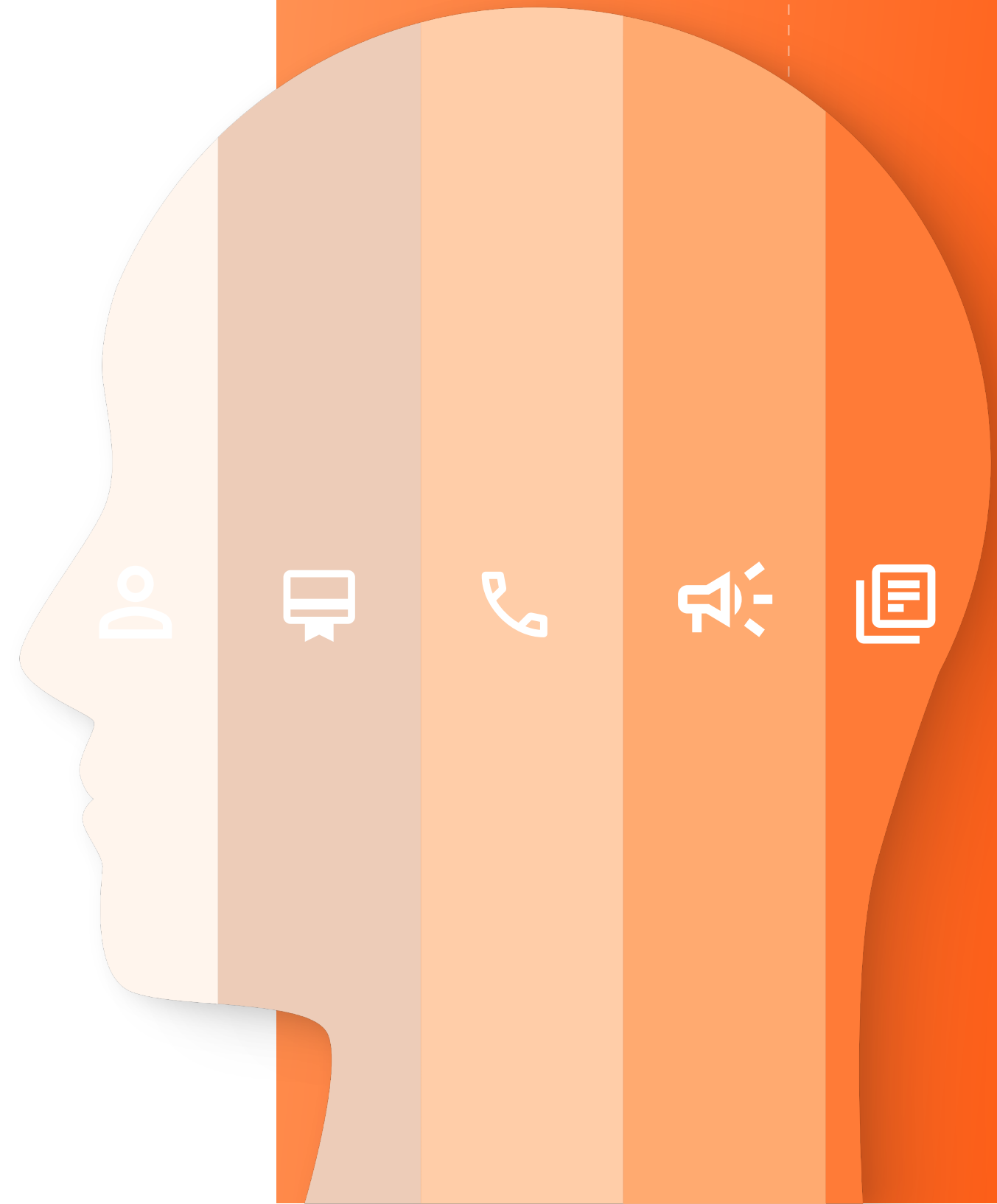
Largest Contributors

1. Excise measures: TSh 1,069,436.8 million
2. Income Tax measures: TSh 861,684.5 million
3. VAT measures: TSh 833,829.1 million
4. HIV/AIDS & Health funding: TSh 586,404.9 million



KEY PROPOSED TAX CHANGES CONTD.

- | | | | |
|----|---|----|---|
| 01 | The Value Added Tax Act, CAP 148 | 07 | The Import Control Act, CAP 276 |
| 02 | The Income Tax Act, CAP 332 | 08 | The Budget Act, CAP 439 & Public Finance Act, CAP 348 |
| 03 | The Excise (Management and Tariff) Act, CAP 147 | 09 | The Export Tax Act, CAP 196 |
| 04 | The Tax Administration Act, CAP 438 | 10 | HIV/AIDS Control & Universal Health Coverage Funding |
| 05 | The Local Government Finance Act, CAP 290 | 11 | East African Community Customs Management |
| 06 | The Insurance Act, CAP 394 | 12 | Business Licensing Act, CAP 101 |



VALUE ADDED TAXES (VAT)

Total VAT measures expected revenue increase: TSh 833,829.1 million

VAT Exemptions - Agricultural & Industrial Support

- **Pesticides exemption** - VAT exempted on specific pesticides (HS Codes 3808.61.00, 3808.62.00, 3808.69.00) to support farmers
- **Re-insurance transactions** - VAT exempted between insurance and re-insurance companies to boost sector competitiveness
- **Textile products** - Zero-rated VAT on locally-made cotton textiles for 1 year (trade war relief measure) • Local fertilizers - Zero-rated VAT on locally produced fertilizers for 3 years
- **Edible oil** - VAT exemption extended for 1 year on locally produced edible oil using local seeds
- **Agricultural equipment** - Conditional VAT exemption on tractor tires, dam liners, forks, rakes, and axes (requires Agriculture Minister approval)

Digital Economy Expansion

- **Online platforms** - Expanded definition to include marketplace and network marketing platforms (Expected revenue: TSh 116,073.4 million)
- **Non-resident payment services** - Included in financial intermediaries scope for taxation.
- **Reduced VAT rate for online payments** - 16% instead of 18% for B2C online transactions with confirmed invoices (Expected revenue reduction: TSh 32,312.57 million)

VAT Exemptions - Energy & Environment

- **Natural gas** - VAT exempted on natural gas sold to CNG stations for motor vehicles only
- **Cooking gas equipment** - VAT exempted on gas tanks, cylinders (HS Code 7311.00.10) and carbonization furnaces (HS Code 8417.80.00)
- **LPG clarification** - Technical amendments to clarify "Liquified Petroleum Gas" vs "Compressed Natural Gas" definitions

VAT Removals & Increases

- **Gaming supplies** - VAT exemption repealed (Expected revenue: TSh 322,022.5 million)
- **Bitumen** - VAT exemption repealed on HS Codes 2713.20.00 and 2715.00.00 (Expected revenue: TSh 85,606.2 million)
- **Newspapers** - VAT exempted on locally published newspapers only (Expected revenue: TSh 1,274.4 million)

VAT Collection Agency System

- **3% VAT collection** by designated agents including Ministry of Finance, revenue-collecting institutions, and specified taxpayers (Expected revenue: TSh 210,646.7 million)

THE INCOME TAX ACT, CAP 332

Total Income Tax measures expected revenue increase: TSh 861,684.5 million

Transport Sector Relief

Motorcycle & Bajaji tax - New indicative tax rates for passenger and goods vehicles:

- Class A (Passenger): Up to 5 passengers = TSh 120,000; 5-15 passengers = TSh 250,000
- Class C (Goods): Up to 500kg = TSh 120,000; 500kg-1 tonne = TSh 250,000
- Class D (Private hire): Motor cycles and tricycles exempted from previous TSh 65,000 and TSh 120,000 rates

Corporate & Investment Measures

- **Retained earnings** - Included in "equity" definition and subject to 10% withholding tax after 6 months (Expected revenue: TSh 130,624 million)
- **Forest products** - 3.5% income tax on forest product sales (Expected revenue: TSh 111,567.5 million)
- **Raw salt mining** - 2% withholding tax on purchases from Primary Mining License holders (Expected revenue: TSh 4,151.3 million)

Withholding Tax Increases

- **Sports betting ads** - 10% final withholding tax on commission payments (Expected revenue: TSh 6,787.2 million)
- **Insurance premiums** - Increased from 5% to 10% for non-resident companies (Expected revenue: TSh 178,988.6 million)
- **Extractive sector services** - Increased from 5% to 10% for professional/management services (Expected revenue: TSh 7,427.7 million)

Anti-Avoidance Measures

- **Alternative Minimum Tax** - Increased from 0.5% to 1% for companies with 3 consecutive years of losses (Expected revenue: TSh 222,583.8 million)
- **Loss carry-forward** - Reduced from 70% to 60% for mining, petroleum, oil & gas sectors (Expected revenue: TSh 123,610 million)
- **SEZ/EPZ exemptions** - Abolished 10-year income tax exemption for goods/services sold locally (Expected revenue: TSh 75,944.4 million)

THE EXCISE (MANAGEMENT AND TARIFF) ACT, CAP 147

Total Excise measures expected revenue increase: TSh 1,069,436.8 million

Business Relief Measures

- **Licensing fees** - Removed TSh 300,000 licensing fees for manufacturers/importers (Expected revenue reduction: TSh 1,517.1 million)
- **Ethyl alcohol** - Reduced duty from TSh 7,000 to TSh 5,000 per litre (imported) and TSh 5,000 to TSh 4,000 (local) (Expected revenue reduction: TSh 38.4 million)
- **Energy drinks** - Reduced from TSh 561 to TSh 134.2 per litre for local manufacturers (Expected revenue reduction: TSh 170.2 million)

Health & Environmental Measures

- **Crisps** - New duty: TSh 100/kg (imported), TSh 50/kg (local) (Expected revenue: TSh 6,475 million)
- **Ice cream** - New duty: 10% (imported), 5% (local) (Expected revenue: TSh 119,465.5 million)
- **Sausages** - New duty: 10% (imported), 5% (local) (Expected revenue: TSh 2,413.9 million) Electronic cigarettes - 30% duty on parts and consumable liquids (Expected revenue: TSh 3,322.2 million)
- **Fireworks** - 25% duty on imported and local (Expected revenue: TSh 8,375.3 million)

Industrial Protection

- **Soap** - 10% duty on imported soap (Expected revenue: TSh 143,395.8 million)
- **Matches** - TSh 400/kg on imported matches (Expected revenue: TSh 6,399.8 million)
- **Margarine** - TSh 500/kg on imported margarine (Expected revenue: TSh 38,442.6 million)
- **Used tableware** - 20% duty on imported used plastic, wood, iron, aluminum items (Expected revenue: TSh 9,042.5 million)

Digital & Service Taxes

- **Money transfer services** - 10% duty on independent payment system providers (Expected revenue: TSh 220,055.7 million)
- **Pay per view** - Increased from 5% to 10% (Expected revenue: TSh 113,376.8 million)

Environmental Tax

- **Carbon tax** - TSh 22,000 per metric ton of carbon from coal and natural gas (Expected revenue: TSh 374,159 million)

THE TAX ADMINISTRATION ACT, CAP 438

Expected revenue increase: TSh 430,055.54 million

Digital Compliance

- Electronic receipts integration - Mandatory system interface with TRA systems
- Tax dispute payments - Waived requirement to pay disputed amounts within 15 days

THE LOCAL GOVERNMENT FINANCE ACT, CAP 290

Total revenue reduction: TSh 105,191.3 million

Business Environment Improvements

- Service levy - Reduced from "up to 0.3%" to fixed "0.25%" of gross revenue (Expected revenue reduction: TSh 95,412 million)
- Hotel levy - Reduced from 10% to 2% (Expected revenue reduction: TSh 9,779.3 million)
- Loading/offloading fees - Completely removed for goods transportation

THE INSURANCE ACT, CAP 394

Travel Insurance for Foreigners

- Mandatory travel insurance - USD 44 for foreigners (excluding EAC/SADC citizens)
- Coverage period - Limited to 92 days per visit
- Partnership model - Private sector and National Insurance Corporation collaboration

THE IMPORT CONTROL ACT, CAP 276

Total Industrial Development Levy revenue: TSh 277,603.4 million

Industrial Development Levy (New 10% levy on various imports)

- **Plastic kitchenware (Heading 39.24)** - Expected revenue: TSh 7,605.2 million
- **Road tractors (HS Codes 8701.21.90-8701.29.90)** - Expected revenue: TSh 99,920.2 million
- **Prefabricated buildings (HS Codes 9406.10.90-9406.90.90)** - Expected revenue: TSh 4,735.3 million
- **Iron bars and rods (HS Codes 7214.10.00-7213.99.00)** - Expected revenue: TSh 34,604.2 million
- **Furniture (Heading 94.03)** - Expected revenue: TSh 4,880.7 million

Relief Measures

- **Cement clinker** - Exempted from 10% industrial development levy
- **EAC goods** - Included in industrial development levy scope

Higher Rate Industrial Development Levy

- **Flat rolled products** - 15% levy (Expected revenue: TSh 67,303.9 million)
- **Ceramic tiles** - 10% or TSh 4,500/kg whichever higher (Expected revenue: TSh 49,663.2 million)

THE BUDGET ACT, CAP 439 & PUBLIC FINANCE ACT, CAP 348

Revenue Management

- **Consultation requirement** - Ministries/agencies must consult Finance Minister before introducing new levies/fees
- **Consolidated Fund contributions** - Variable rates 15%-60% of gross revenue (monthly instead of quarterly)
- **Financial reporting** - Enhanced requirements using IPSAS standards

THE EXPORT TAX ACT, CAP 196

Expected revenue: TSh 82,722.6 million

Wood Products Protection

- **Veneer export levy** - 30% or TSh 150/kg whichever higher (HS Code 44.08)

HIV/AIDS CONTROL & UNIVERSAL HEALTH COVERAGE FUNDING

Revenue allocation: 70% to AIDS Trust Fund, 30% to Universal Health Fund Total expected revenue: TSh 586,404.9 million

Alcohol & Tobacco Increases

- **Beer** - Additional TSh 20/litre excise duty • Wine & fermented beverages - Additional TSh 30/litre
- **Spirits** - Additional TSh 50/litre
- **Electronic communication** - Increased from 17% to 17.5%

Gaming Tax Increases

- Sports betting - Winning tax increased from 10% to 15%
- Land-based casino - Winning tax increased from 12% to 15%

Transport & Mining Levies

- **Fuel levy** - TSh 10/litre on petrol, diesel, kerosene
- **Mining levy** - 0.1% on gross market value of minerals
- **Vehicle import levy** - TSh 50,000-250,000 based on engine capacity
- **Transport tickets** - TSh 500 (train), TSh 1,000 (air)

EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT

Total EAC measures expected revenue: TSh 223,478.2 million

New EAC CET Measures (2025/26)

- **Steel products protection** - Various duty adjustments from 25% to 35% or specific USD rates
- **Paper products** - Kraft paper duty increased from 10% to 25%
- **Vegetable oils** - 35% or USD 300/MT protection for local processing
- **Transport buses** - 0% duty for rapid transport projects
- **Building materials** - Increased protection for local wood and stone products

Continuing 2024/25 Measures

- **Electronic devices** - Continued 0% duty on EFD machines and POS systems
- **Agricultural packaging** - Continued duty remissions for coffee and seed packaging
- **Manufacturing inputs** - Extensive duty remissions for various local industries

BUSINESS LICENSING ACT, CAP 101

Business Environment Reforms

- **Business closure** - Repealed mandatory closure provisions for Act breaches
- **Non-citizen restrictions** - Minister empowered to designate prohibited business activities for non-citizens

THANK

YOU

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2025

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