Certified Public Accountants

Tanzania 2025/2026 Budget Brief and Tax Reforms

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Introduction

Tanzania's 2025/26 Development Plan prioritizes infrastructure, economic inclusivity, investment promotion, and human development, aligning with Vision 2025 to achieve middle-income status and high human welfare. The plan includes tax reforms aimed at improving compliance, broadening the tax base, and aligning revenue policy with development priorities

Source: Finance Act 2025 and Government Budget Speech (MOFP)

Income Tax Measures

Thin capitalization rules

In 2022, retained earnings were excluded from the definition of 'equity' for thin capitalisation rules. With the new Finance Act, retained earnings are now included again, which affects the debt-to-equity ratio and may reduce the amount of interest that companies can deduct.

Alternative Minimum Tax (AMT) for loss making corporations

The AMT rate, which was 0.3% before being raised to 0.5% in 2018, has now increased to 1%. This tax applies to companies that report losses for three straight years, but those in farming, tea processing (until June 2027), health, and education remain exempt. The aim is to ensure that such companies contribute a minimum tax to support domestic revenue collection.

Offset of tax losses - extractive sector

Mining and petroleum companies can now only use up to 60% of their current year profits to offset past tax losses—reduced from the previous 70%. This means they must pay tax on at least 40% of their profits each year.

Introduction of 2% income tax on sale of forest products

A 2% single instalment income tax now applies to each consignment of forest products sold. Although forestry is already part of agricultural business under the Income Tax Act, this new tax is based on turnover and aims to formalise the sector, which has been hard to regulate due to its informal and scattered nature

Income Tax Measures

Removal of exemption when EPZ and SEZ products are sold locally

The government has now officially removed the 10-year income tax holiday that was previously given to investors operating in Special Economic Zones (SEZ) and Export Processing Zones (EPZ) when they sold goods or services within Tanzania. This change aims to create a fairer playing field between local producers and SEZ/EPZ investors

New tax Relief for Small transporters and changes in Vehicle tax rates

The government has introduced income tax relief for small vehicle operators, especially those using motorcycles, tricycles, and goods vehicles carrying up to 500 kilograms. This means such small transporters will either pay lower taxes or be exempt altogether, helping them to grow their businesses. For other vehicle types, the government has also adjusted the tax rates based on vehicle size, passenger capacity, or weight. These changes are meant to ease the tax burden for low-income earners and promote self-employment, particularly in the transport sector. See table below

Goods-carrying vehicles - Current Practice		Amendments	
Weight	Rate	Weight	Rate
N/A	N/A	Less than 500kg	120.000
Less than 1 tonne	250000	Between 500 kg and 1 tonne	250000

Private hire vehicles - Current Practice		Amendments	
No. of passenger	Rate	No. of passenger	Rate
N/A	N/A	Less than 5	120000
Less than 15	250000	5 to 15	250000

Passenger vehicles - Current Practice		Amendments	
No. of passenger	Rate	No. of passenger	Rate
N/A	N/A	Less than 5	120
Less than 15	250	5 to 15	250

Income Tax Measures

Withholding tax at a rate of 10% on retained earnings that remain undistributed after six months

A new section 33A of the Income Tax Act R.E 2023 targets entities that avoid tax liability by not distributing dividends. If an entity fails to distribute dividends within twelve months after the end of its income year, the Commissioner may deem 30% of its profit as distributed on the date twelve months after year-end, thereby attracting tax as if dividends were paid. However, this does not apply to resident entities covered under Section 96(6). If dividends are subsequently paid, withholding tax will not apply to the deemed distribution amount

Introduction of withholding tax on purchase of raw salt

Anyone buying raw salt from small-scale miners or holders of primary mining licences must now withhold 2% tax from the payment and submit it to TRA.

Withholding Tax on Foreign Insurance Premiums Raised to 10%

The withholding tax on insurance and reinsurance premiums paid to foreign (non-resident) insurers has been increased from 5% to 10%. This means Tanzanian companies must now withhold 10% of such payments and submit it to TRA..

10% Withholding Tax on Professional Services in Extractive Sector

Payments for professional and management services to companies in the extractive sector (like mining, oil, and gas) are now subject to a 10% withholding tax double the general 5% rate applied to other sectors

Income Tax Measures

Certification of Tax Returns by CPA

Section 117(3)(b) of the Income Tax Act has been amended to read:

"In the case of an individual whose turnover in a year of income exceeds five hundred million shillings and a corporation whose gross income in a year of income exceeds one hundred million shillings, [the tax return] shall be prepared or certified by a certified public accountant in public practice."

Previous Practice:

Under the prior regime:

- Individuals whose turnover exceeded TZS 100 million were required to file income tax returns that were certified by a Certified Public Accountant in Public Practice (CPA-PP).
- However, corporations had no clear income threshold mandating certification of returns by a CPA, leading to ambiguity and inconsistent enforcement across business types.

Key Improvement:

The amendment has now harmonized and clarified the requirement by:

- Raising the threshold for individuals from TZS 100 million to TZS 500 million, likely to ease compliance burdens for smaller individual taxpayers.
- Introducing, for the first time, a specific certification threshold for corporations, set at gross income above TZS 100 million.

Value Added Tax Measures

VAT Exemption on Pesticides

- Pesticides under HS Codes 3808.61.00, 3808.62.00, and 3808.69.00 are now exempt from VAT. This aims to lower pesticide costs and boost crop yields

VAT Exemption on Local Edible Oil

- Locally produced edible oil made from locally grown seeds is now permanently exempt from VAT. This aims to support local farmers and help keep edible oil prices affordable

VAT Exemption on Farm Tools Now Requires Agriculture Minister’s Approval

- VAT exemption on tractor tyres (HS Code 4011.70.00), dime liners, forks, rakes, and axes now requires approval from the Minister for Agriculture. This applies only when the items are used for farming.

VAT Exemption on Re-Insurance to Support Local Insurers

- VAT is now exempt on re-insurance deals between insurance and re-insurance companies. This aims to boost local insurers' competitiveness and grow the insurance sector.

VAT Exemption on Cooking Gas Tanks and Cylinders

- VAT is now removed on cooking gas tanks and cylinders (HS Code 7311.00.10) and carbonization furnaces (HS Code 8417.80.00) used to make briquettes. This aims to lower costs and promote clean cooking solutions.

VAT Exemption on Natural Gas

- VAT is now exempt on natural gas sold to stations that compress it for vehicle use. This aims to attract investment in natural gas stations, cut fuel costs, and support cleaner transport.

Value Added Tax Measures

VAT Exemption on Local Newspapers

- VAT is now removed on locally published newspapers to help lower their cost and make news more accessible to the public.

Refined VAT Exemption Focus on Compressed Natural Gas (CNG) Equipment

- The exemption has been changed to focus only on equipment directly related to Compressed Natural Gas (CNG). Items like CNG compressors and CNG metering equipment now qualify for exemption, while general natural gas infrastructure such as pipes and unrelated metering equipment are no longer covered

ClClarification of VAT Exemption for Compressed Natural Gas Used in Motor Vehicles

- The wording "Compressed Petroleum and Natural Gases" has been replaced with "Compressed Natural Gas for Motor Vehicles" to make the law clearer and align it with current terminology in the oil and gas sector. The term "Compressed Petroleum" is no longer in use due to changes in technology

Clarification and Update to VAT Exemption Schedule on Gas Products

- The VAT exemption schedule was updated to replace 'Liquified Petroleum and Natural Gases' with 'Liquified Petroleum Gas,' and 'Compressed Petroleum and Natural Gases' with 'Compressed Natural Gases for Motor Vehicles.' This change clarifies the exemption and makes it easier to apply.

Value Added Tax Measures

Streamlining VAT Exemption for LPG Cooking Cylinders

- The term “Compressed or Liquified gas cylinders for petroleum and natural gas for cooking” has been replaced with “Liquified Petroleum Gas (LPG) cylinders for cooking”. This change supports clean energy goals and reflects current technology, as Compressed Natural Gas (CNG) cylinders are no longer used for cooking

Zero-Rated VAT for Locally Produced Fertilizers

- VAT has been reduced to 0% on locally produced fertilizers for a period of three years. This measure is aimed at lowering production costs for farmers and helping to make food more affordable by reducing the cost of agricultural inputs.

Zero-Rated VAT for Locally Made Cotton Fabrics and Garments

- The VAT rate has been reduced from 18% to 0% for fabrics and garments made from locally grown cotton, for a period of one year. This move aims to support local cotton farmers and boost the textile manufacturing industry

VAT Reduced to 16% for Online B2C Transactions

- The VAT rate on online Business-to-Customer (B2C) transactions has been reduced from 18% to 16%. For the reduced rate to apply, an invoice confirming the transaction must be issued. This move aims to promote online payments, reduce cash-based transactions, and enhance government revenue collection

Value Added Tax Measures

Removal of VAT Exemption on Bitumen Products

- The VAT exemption has been removed for bitumen classified under HS Codes 2713.20.00 and 2715.00.00. This change is part of the Government's efforts to narrow tax exemptions and boost domestic revenue collection.

Repeal of VAT Exemption on Gaming Supplies

- The VAT exemption on the purchase and importation of gaming supplies has been removed. This change is aimed at harmonizing VAT treatment across different sports, such as football, where equipment is already subject to VAT.

New VAT Collection Agency System Introduced

- The Minister has introduced a system where registered sellers will collect 3% VAT on behalf of the Tanzania Revenue Authority (TRA). Registered taxpayers must collect this amount and submit it to TRA following new guidelines under the VAT Collection Agency regulations. This aims to improve VAT revenue and make collection more efficient

VAT Scope to Cover Online Marketplaces and Network Marketing

- The Minister has expanded the definition of online intermediation services to include online marketplace platforms and network marketing platforms. This change aims to broaden the tax base and clarify previous uncertainties in how these platforms are taxed

Tax Administration Measures

Integration of Electronic Invoicing Systems with TRA

- Taxpayers are required to connect their electronic invoicing and receipt systems directly with the Tanzania Revenue Authority (TRA) system. This integration allows TRA to access invoicing data in real time to improve tax administration. While this enhances efficiency, taxpayers may face higher costs and technical challenges to ensure their systems are compatible with TRA's platform.

- Under the law, the Commissioner General may, by written notice, require any person who owns or operates an electronic system to interface or connect their system with the TRA system, subject to terms and conditions set by the Commissioner General.

Tax Rulings on Residency Now Come with Certificate

- The Commissioner General can now issue a Tax Residency Certificate along with a private ruling on someone's residency status, if it relates to tax matters.
- Previously, if a taxpayer requested clarity on their tax residency (for example, to confirm they are a Tanzanian tax resident for treaty purposes), they would receive a private ruling but not an official certificate.

Formal Recognition of Informal Traders

- The 2025 Finance giving TRA authority to formally recognize and monitor informal traders. To qualify, traders must register with a local authority, have a TIN, and earn below the taxable threshold. Previously, many operated without TINs and were largely unmonitored. This move encourages registration but also enhances TRA's oversight. If a trader earns above the exempt limit, TRA can now access and collect tax. In short: TRA is welcoming small traders into the system but with greater scrutiny

Tax Administration Measures

Legal Framework for Electronic Tax System

- The 2025 Finance Act introduces Section 42, establishing a full legal framework for TRA's electronic systems used for filing returns, receiving notices, and document submission. While e-filing has been in use for years, this change formally recognizes electronic records as legally valid and enforceable. It mandates users to connect their systems to TRA's platform. Refusal or misuse such as tampering, hacking, or data leaks now attracts severe penalties, including up to 3 years' imprisonment or heavy fines. In short: electronic tax compliance is now a legal obligation, not a choice.

Mandatory Reporting of Subcontractors

- Under the amended Section 54 of the Tax Administration Act, main contractors are now required to report detailed information about their subcontractors within 30 days. This includes names, contract values, and the type and duration of work.

Clearer Objection Timelines

- The 2025 Finance Act strengthens taxpayer protections by clarifying the process and timelines for handling tax objections. An objection is now officially recognized once the taxpayer pays one third of the assessed tax or the undisputed portion and submits the required documents. TRA must issue a decision within six months otherwise, the objection is deemed decided, and the taxpayer can appeal directly to the Tax Revenue Appeals Board (TRAB).

Tax Administration Measures

Maximum 3-Month Deadline to Respond to TRA Requests

- The 2025 Finance Act amends Tax Administration Act to set a firm maximum deadline of three months for taxpayers to respond to any evidence or document requests from the Tanzania Revenue Authority (TRA). Previously, the law used vague language like “sufficient time,” which allowed TRA to interpret deadlines inconsistently, sometimes resulting in long or indefinite periods for submitting requested documents. This amendment creates clarity by establishing a strict upper limit, preventing TRA from issuing endless follow-up requests and helping to speed up the resolution of tax cases. In summary, when TRA asks you for documents, you now have a clear and fair maximum of three months to comply

Removal of the 15-Days Deadline for Waiver of Tax Deposit

- The Finance Act has officially removed the statutory 15-days deadline for submitting an application for a waiver of the tax deposit required when lodging a notice of objection. This reform is now in effect and aims to provide greater flexibility for taxpayers by allowing them to submit waiver requests at any time before the determination of the objection. However, the law does not specify how cases will be handled where no decision on the waiver application is made before the due date of the tax deposit particularly where the waiver is filed at the last minute. Taxpayers are encouraged to apply early to avoid uncertainty.

The Public Finances Act CAP 348

Variable Monthly Contributions to the Consolidated Fund

- The Finance Act has officially amended the Public Finance Act by introducing a new system mandating all Government Agencies, Parastatals, and Public Institutions to contribute a portion of their gross monthly revenue to the Consolidated Fund. Unlike the previous fixed quarterly remittance of 15%, contributions will now vary between 15% and 60%, depending on the nature and capacity of the institution. This reform aims to improve fiscal discipline and ensure a more consistent flow of resources into the public treasury

Mandatory Consolidated Financial Reporting

- In an effort to strengthen transparency and accountability within the public sector, the law now requires the preparation of consolidated financial statements based on audited financial statements from all public entities. This will provide the government with a more accurate and dependable basis for assessing financial performance and making informed policy and budgetary decisions

Shortened Financial Reporting Deadlines

- Another key change is the reduction of the timeline within which Accounting Officers must finalize annual financial statements. Previously set at three months after the close of the financial year, the deadline has now been shortened to two months. This adjustment is expected to accelerate the financial reporting process and facilitate timely government oversight and analysis

Alignment with International Accounting Standards

- Additionally, all financial statements must now be prepared in accordance with International Public Sector Accounting Standards (IPSAS). However, where necessary, entities may apply International Financial Reporting Standards (IFRS), subject to the approval of the Accountant General. This alignment with globally recognized standards underscores the government's commitment to high-quality public financial management

The Local Government Finances Act CAP 290

Reduction of Service Levy:

- The service levy has been reduced from a rate of up to 0.3% of gross revenue to a fixed rate of 0.25% of gross revenue

Reduction of Hotel Levy

- The hotel levy has been reduced from 10% to 2% to support the tourism and hospitality sector

Removal of Loading and Offloading Fees

- Fees related to loading and offloading of goods during transportation have been eliminated to ease logistics costs.

The Mining Act, CAP 123

Mandatory Allocation of Gold for Local Processing

- Companies holding contracts with the Government are now required to allocate at least 20% of their gold production for domestic smelting, refining, and trading within Tanzania. Contractual terms will be updated accordingly to reflect this obligation

Introduction of Health Levy on Mineral Value

- A new levy of 0.1% has been introduced on the gross market value of minerals. This levy is intended to fund HIV/AIDS control initiatives and support universal health coverage

The Investment and Special Economic Zones Act, 2025

Import Duty Exemption on Deemed Capital Goods

- A 75% exemption of import duty now applies to deemed capital goods imported by investors operating under the Investment and Special Economic Zones Act, 2025

Strategic Investment Status for Mining Projects

- Mining projects that have framework agreements with the Government can now be granted strategic investment status under the Act.

Gaming Act, Cap 41

Increase in Winning Tax Rates

- The winning tax rate on sports betting games has been increased from 10% to 15%. Similarly, the tax on land-based casino winnings has been increased from 12% to 15%.

The Export Tax Act, CAP 196

Export Levy on Veneer Products (HS Code 44.08)

An export levy has been introduced on veneer at a rate of 30% or TZS 150 per kilogram, whichever is higher. This aims to regulate the export of raw timber products and promote value addition within the country.

The Trade and Service Marks Act, CAP 85

Reversal of New Environmental Charges

- **T**he previously introduced environmental regularisations have been revoked. The Environmental Management Fees and Charges (Amendment) Regulations, GN. No. 387 of 2021, have been reinstated to allow adequate stakeholder engagement before implementing any new environmental regulation

The Business Licensing Act, CAP. 101

Introduction of Trademark Recordation Role and Fees

The Fair Competition Commission (FCC) has been mandated to take on the responsibility of trademark recordation. The following recordation fees will apply:

- Application to record trademarks – TZS 200,000
- Change of ownership – TZS 150,000
- Change of name – TZS 100,000
- Renewal of recordation – TZS 50,000
- Application for search – TZS 3,000

Repeal of Closure Provision for Licensing Breach

- Section 3(4) of the Act, which required business licensing authorities to order the closure of a business upon breach of the Act, has been repealed

New Restrictions on Foreigners in Business

- A new section (Section 8(7)) has been added to the law giving the Minister responsible for Trade the power to decide which business activities foreigners (non-citizens) are not allowed to engage in. The Minister will issue a formal list specifying these restricted activities, aiming to protect certain sectors for local participation only

The Road Traffic (Motor Vehicles Registration) Regulations 2024

Lower Motorcycle Registration Fee

- The registration fee for commercial motorcycles has been reduced from TZS 340,000 to TZS 170,000. This new fee applies for a period of three years and is only paid once at the time of registration. This aims to make motorcycle ownership more affordable and encourage formal registration.

Simplified Presumptive Tax for Motorcycle Owners

- The annual presumptive tax previously set at TZS 290,000 has been scrapped. In its place, a new one-time fee of TZS 120,000 will be paid at the time of registration. This is expected to ease the tax burden and simplify compliance for small motorcycle operators

Lower License Fee for Motorcycles and Tricycles

- The license fee for motorcycles and tricycles has been significantly reduced. It has dropped from TZS 70,000 to TZS 30,000, making it more affordable for operators to meet licensing requirements and stay compliance

Roads and Fuels Toll Act, CAP. 220

Fuel Levy for Health Services Now in Effect

- A new fuel levy of TZS 10 per litre on petrol, diesel, and kerosene has officially been introduced. This levy is now in force and aims to generate funds to support HIV/AIDS control efforts and the implementation of universal health coverage in Tanzania. The measure is expected to provide a sustainable source of financing for critical health services across the country

The Insurance Act, CAP 394

Mandatory Travel Insurance for Foreign Visitors

- The Insurance Act (CAP 394) has been amended to introduce mandatory travel insurance for all foreigners entering Tanzania. The insurance fee is set at USD 44 and must be paid upon arrival. This coverage will be valid for up to 92 days per visit. However, citizens of East African Community (EAC) and Southern African Development Community (SADC) member states are exempt from this requirement. The measure aligns with practices already in place in Zanzibar and is aimed at improving healthcare readiness and protection for international visitors

Additional Levies to Fund Health Services

To further support HIV/AIDS control and universal health coverage, the government has introduced several new levies:

- Import Levy on Vehicles and Machinery: A levy is now charged on imported vehicles and heavy machinery, based on engine capacity or type:
- TZS 50,000 for vehicles with engine capacity from 0cc to 1000cc
- TZS 100,000 for 1001cc to 1500cc
- TZS 150,000 for 1501cc to 2500cc
- TZS 200,000 for 2501cc and above
- TZS 250,000 for heavy machinery like excavators, bulldozers, and forklifts (headings 84.29 and 84.27)
- Train Ticket Levy: A TZS 500 levy is charged on each ticket issued by licensed train operators.
- Air Ticket Levy: A TZS 1,000 levy is charged on each ticket issued by licensed air transport operators.
- These levies aim to create sustainable domestic funding sources to strengthen Tanzania's health sector

Changes to the Airport Service Charge Act (Cap. 365)

Increase in Airport Service Charges

Section 3 of the Principal Act has been amended to revise the amounts charged to passengers departing through Tanzanian airports:

- Under Section 3(2), the domestic departure charge has been increased from TZS 10,000 to TZS 11,000 per passenger. This is intended to slightly raise domestic air travel levies without causing significant burden to passengers.
- Under Section 3(3), the international departure charge has been revised from USD 40 to USD 40.4 per passenger. The marginal increase accounts for currency adjustments and supports infrastructure development at international terminals.

Change in Payment Deadline

The timeline for remitting collected airport service charges to the relevant authorities has also been updated in Section 7 of the Act:

- Under Section 7(1) and Section 7(3), the previous language required payment by the "last working day" of each month. This wording has now been replaced with a fixed deadline the 20th day of each month.

Amendment to the Banking and Financial Institutions Act (Cap. 342)

The Government has introduced a new provision under the Banking and Financial Institutions Act, Cap. 342, through the Finance Act 2025, to strengthen the stability of the banking sector and protect depositors. The amendment adds a new section Section 39A which grants specific powers to the Deposit Insurance Board (DIB) to act proactively in minimizing potential losses to the Deposit Insurance Fund

A new provision titled "Loss Minimiser Mandate" has been added to the principal Act as Section 39A. This section gives the DIB the authority to intervene early and directly in cases where a bank or financial institution is at risk of failure.

Key Amendments to the Bank of Tanzania Act (Cap. 197)

Expanded Mandate on Financial Consumer Protection and Independence (Section 5)

- Section 5 of the Act has been amended to explicitly include financial consumer protection as one of the Bank's core mandates, alongside licensing and revocation of licenses. Furthermore, a new subsection (4) has been added emphasizing that members of the Bank's decision-making bodies and employees must perform their duties independently, free from any external influence or interference. This provision strengthens the institutional autonomy of the Bank and safeguards its decisions from undue pressure

Key Amendments to the Bank of Tanzania Act (Cap. 197)

Amendments to Governance and Operational Provisions

- Section 19 now requires the Government to respond within six months after receiving a recapitalization request from the Bank, improving the clarity and timing of government support.
- Section 20 extends the maximum tenure for certain officers to five years, subject to retirement age, and strengthens requirements for internal audit personnel to have relevant expertise. The internal audit function must now comply fully with international standards and comprehensively assess business processes, controls, risk management, and financial compliance.
- Section 38 introduces powers for the Bank to facilitate payment transactions by accepting deposits and handling funds on behalf of payment system providers beyond just banks and financial institutions.
- Section 40 revises the terms under which the Bank may grant short-term liquidity loans (not exceeding three months) to banks and financial institutions, expanding eligible collateral to include credit instruments, treasury bills, and performing loans, with the purpose of managing liquidity crises and safeguarding financial stability.
- Section 60 strengthens consultation mechanisms between the Government and the Bank on matters affecting the Bank's functions, powers, and the preparation of the Government's budget and financial legislation.

Excise Duty Amendment

Removal of Licensing Fee for Excisable Goods

- The TZS 300,000 licensing fee for manufacturers and importers of excisable goods has been removed to reduce production and importation costs

Excise Duty Offset for Wine Manufacturers

- Wine manufacturers can now offset excise duty paid on imported or locally produced ethanol (HS Code 22.05) against the excise duty payable on the final wine products

Excise Duty Exemption on Ethyl Alcohol for Non-Alcoholic Uses

- Excise duty is now exempted on un-denatured ethyl alcohol (HS Code 2207.10.00) when used in manufacturing non-alcoholic goods like food flavorings.

Excise Duty Amendments

The Minister has shifted strategy by proposing to expand the scope of excise duty to cover additional goods and services. This includes the introduction of excise duty on new items that were previously untaxed, as well as amendments to rates on already taxed items

HS Codes	Description	Source	New Rate	Our Opinion
1905.90.90 2005.20.00 2008.99.00	Crisps	Imported	TZS 100/kg	These increased costs are likely to be passed on to consumers, resulting in higher prices for affected goods – for example, snack products like crisps may become more expensive
		Locally made	TZS 50/Kg	
21.050.000	Ice cream	Imported	10%	The ad valorem nature of the tax means that high-priced premium products will bear a higher absolute tax burden, potentially squeezing profit margins for niche or luxury producers. As a result, businesses may feel pressure to adapt pricing strategies and product offerings in response to shifting consumer demand and price sensitivity
		Locally made	5%	
16.010.000	Sausages	Imported	10%	
		Locally made	5%	
3401.11.00 34.01.19.00 3402.50.00 3402.90.00	Soap	Imported	10%	
Heading 36.05	Matches	Imported	TZS 400/kg	There may be a rise in the price of matches because of the new tax on imports. However, this could help in the long run by making locally made matches more available in the market.

Excise Duty Amendments

HS Codes	Description	Source	New Rate	Our Opinion
Heading 71.17	Imitation jewellery	Imported and locally made	10%	This is likely to increase prices moderately, potentially reducing demand.
Heading 15.17	Margarine	Imported	TZS 500/kg	Consumer prices for margarine are expected to increase, potentially impacting affordability for households reliant on it as a cheaper alternative.
3924.10.00 3924.90.00 7323.91.00 7323.92.00 7323.93.00 7323.94.00; 7323.99.00. 7418.10.00; 7615.10.10; 7615.10.90. Heading 44.19 Heading 82.15	Used tableware, kitchenware, and other related products, of plastic, Wood, iron, and aluminum.	Imported	20%	This opens opportunities for Tanzanian businesses to produce and market sustainable kitchenware, fostering innovation and supporting local entrepreneurship.
36.041.000	Fireworks	Imported and locally manufacture d	25%	For businesses, this is likely to raise costs and reduce sales, particularly for small traders and event organizers who rely on affordable fireworks for entertainment services.
8543.40.00 3824.99.96	Electronic cigarettes and electronic cigarettes consumable liquids	Imported and locally manufacture d	30%	Given the relatively inelastic nature of demand, the measure is more likely to increase government revenue than significantly reduce usage.
-	Carbon-based tax on coal and natural gas		TZS 22,000/MT	With the introduction of the duty on these products, it will be expected to incentivize cleaner energy use; however, its effectiveness will depend on the availability of affordable alternatives.
-	Non-bank/mobile money transfer systems		10%	This is expected to promote tax equity by ensuring that all money transfer and payment system providers, including those operating outside traditional financial or telecom platforms, have an equal playing field

Excise Duty Amendments

Increased Tariff rates

HS code	Description	New Rate	Old Rate
Service-based	Pay-per-view services	10%	5%
Electronic communication services	Electronic communication services	175%	17%
Heading 94.03	Imported furniture	25%	20%
Heading 22.03	Beer	Proposed Rate Increase by TZS 20	Various rates
Headings: 22.04, 22.05 22.06	Wine and other fermented beverages	Proposed Rate Increase by TZS 30	Various rates
Heading 22.08	Spirits, Liquors and other spirituous beverages	Proposed Rate Increase by TZS 50	Various rates
-	Natural gas	TZS0.55//Cubic Ft	TZS 0.45/Cubic Ft

Excise Duty Amendments

Reduced excise Duty rates

HS Codes	Description	New Rate	Old Rate
22.071.000	Imported Ethyl alcohol (imported/local)	TZS 5,000 per litre	TZS 7,000 per litre
22.071.000	Local Ethyl alcohol	TZS 4,000 per litre	TZS 5,000 per litre
22.029.900	Energy drinks (local)	TZS 134.2 per litre	TZS 561 per litre

Adjustments to the East African Community Common External Tariff (EAC CET) for 2025/26

HS Code	Description	Proposed Rate	Current Rate	Duration	Objective
7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00	Flat-rolled steel products (various types)	25% or USD 350/MT	25% or USD 200/MT	1 year	Protect local manufacturers, create jobs, and increase revenue
7212.40.00; 7212.50.00	Flat-rolled steel products (other)	25% or USD 350/MT	35%	1 year	Protect local manufacturers, create jobs, and increase revenue
48.045.100	Unbleached kraft paper	25%	10%	1 year	Protect the domestic industry
1507.90.00 to 1515.90.00 (various)	Refined vegetable oils	35% or USD 300/MT	35%	1 year	Promote local processing, use local seeds, create jobs, and increase revenue
8702.10.99; 8702.20.99; 8702.90.99	Buses (>25 persons, for rapid transport)	0%	25%	1 year	Decongest the city, improve public transport
4.411	Fiberboard (e.g. MDF)	35%	25%	1 year	Protect local manufacturers
4.412	Plywood and similar laminated wood	35%	25%	1 year	Protect local manufacturers
6.802	Worked monumental or building stone	35%	25%	1 year	Promote the use of local stone
6907.21.00 to 6907.40.00	Ceramic tiles	35% or USD 3/sqm	35%	1 year	Protect local manufacturers from cheap imports
7.214	Bars and rods of iron/non-alloy steel	35% or USD 250/MT	35%	1 year	Protect industry, attract investment, create jobs, increase revenue
95.030.000	Toys	35%	25%		Raise revenue
48.119.000	Inputs for label, thermal paper and plywood manufacturing	10%	25%	1 year	Lower costs for local manufacturers
2713.20.00; 5603.14.00; 2710.19.59; 3920.10.10; 6802.99.00	Inputs for waterproofing membrane manufacturing	0% / 10%	10% / 35%	1 year	Reduce costs for local manufacturers

Adjustments to the East African Community Common External Tariff (EAC CET) for 2025/26

HS Code	Description	Proposed Rate	Current Rate	Duration	Objective
8470.50.00, 8470.90.00	Cash registers, EFD, POS	0%	10%	1 year	Encourage the use of electronic devices for revenue
18.050.000	Cocoa powder	10%	0%	1 year	Promote domestic cocoa processing, increase
7310.21.00, 6305.10.00, 4819.20.90, 5407.44.00	Coffee packaging materials	0%	25%	1 year	Reduce packaging costs for coffee processors
6305.10.00, 4819.40.00, 7310.29.90, 6305.33.00, 6305.20.00, 6304.91.90,	Agricultural seeds packaging	0%	25%	1 year	Reduce packaging costs for seed producers
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,	Iron and steel products	10% or $125/MT	10%	1 year	Protect manufacturers, attract investment, create jobs
7213.10.00, 7213.20.00, 7213.99.00, 7306.30.00, 7306.50.00, 7306.61.00,	Iron and steel reinforcement bars	25% or $250/MT	25% or $200/MT	1 year	Protect manufacturers, encourage investment,
3916.10.00, 3916.20.00, 3916.90.00	Plastic monofilament, rods	10%	0%	1 year	Increase government revenue
1001.99.10, 1001.99.90	Wheat grain	10%	35%	1 year	Reduce wheat flour production costs
15.119.040	RBD Palm Stearin	0%	10%	1 year	Promote domestic soap manufacturers
36.050.000	Safety matches	25% or $1.35/kg	25%	1 year	Protect domestic match manufacturers
22.011.000	Mineral and aerated waters	60%	25%	1 year	Protect domestic water producers
25.202.000	Gypsum powder	10%	0%	1 year	Protect domestic gypsum producers
6309.00.10, 6309.00.20, 6309.00.90	Worn clothing, footwear	35%	35% or $0.40/kg	1 year	Protect consumer welfare
Various	Textile/leather raw materials	0%	Various	1 year	Promote textile and leather manufacturers

Adjustments to the East African Community Common External Tariff (EAC CET) for 2025/26

HS Code	Description	Proposed Rate	Current Rate	Duration	Objective
40.114.000	Motorcycle pneumatic tyres	25%	10%	1 year	Encourage domestic tyres production
7310.10.00, 7310.29.90	Iron and steel cans	0%	25%	1 year	Provide relief to dairy sector
3402.31.00, 3402.39.00, 3402.49.00	Detergent/soap agents	0%	10%	1 year	Reduce costs for detergent/soap manufacturers
3208.20.10, 3208.20.20, 3208.90.20, 3210.00.10	Leather processing materials	0%	35% or 10%	1 year	Promote local leather industries
2710.99.00, 2528.00.00, 3505.20.00	Fertilizer raw materials	0%	25% or 10%	1 year	Promote local fertilizer manufacturers
4819.20.90, 5407.44.00, 3923.29.00	Tea packaging materials	0%	25%	1 year	Reduce costs for tea blenders
87.042.190	Three-wheel motorcycle CKD	10%	25%	1 year	Reduce costs for motorcycle assembly
3920.61.10, 7019.19.00, 7019.11.00, 6006.90.00,	Glass reinforced plastic pipes inputs	0%	25% or 10%	1 year	Promote local pipe manufacturers
72.122.000	Flat-rolled products	10% or $125/MT	10%	1 year	Protect manufacturers, attract investment
96.190.090	Baby diapers	35%	25%	1 year	Protect local diaper manufacturers
52.05, 52.06, 52.07 (excl. 5205.23.00)	Cotton yarn	25%	10%	1 year	Promote local cotton yarn production
0604.20.00, 0604.90.00, 0808.10.00, 0808.30.00	Horticultural products	35%	25%	1 year	Protect local horticultural producers
4804.39.00, 4805.11.00, 4805.19.00, 4805.24.00,	Corrugated box inputs	0%	10% or 25%	1 year	Encourage corrugated box production
34.012.010	Soap manufacturing inputs	10%	35%	1 year	Promote local soap manufacturers
7312.10.00, 7217.20.00, 7408.19.00, 7409.11.00, 7605.21.00, 2710.19.56,	Electrical cable inputs	0%	10% or 25%	1 year	Promote electrical cable industries
56.075.000	Polyester/Nylon Twine	25%	10%	1 year	Protect local twine manufacturers
85.235.200	Smart cards	0%	25%	1 year	Facilitate National ID issuance
5208.51.10, 5208.52.10, 5209.51.10, 5210.51.10, 5211.51.10, 5212.15.10	Vitenge	35%	50%	1 year	Protect consumer welfare

Adjustments to the East African Community Common External Tariff (EAC CET) for 2025/26

HS Code	Description	Proposed Rate	Current Rate	Duration	Objective
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,	Cotton grey fabric	25% or $0.25/m	25%	1 year	Protect local cotton fabric manufacturers
48.119.000	Other paper products	25%	10%	1 year	Protect local paper manufacturers
73.170.000	Nails, tacks, etc.	35% or $350/MT	35%	1 year	Protect local producers, attract investment
17.011.490	Cane sugar	35%	100% or $460/MT	1 year	Cover sugar production gap
73.07, 83.11, 85.44, 68.06, 74.19, 72.08, 73.12, 73.15, 73.18, 84.82, 84.83, 72.22,	Capital goods/equipment inputs	0%	10%, 25%, or 35%	1 year	Encourage capital goods production
7409.11.00, 7409.19.00, 7410.11.00, 7410.12.00, 7409.21.00, 8001.10.00,	Radiator inputs	0%	10%, 25%, or 35%	1 year	Encourage radiator production
8538.90.00, 4016.99.00, 8205.59.00, 8536.10.00, 8536.69.00, 8536.90.00, 8547.20.00, 3926.90.90, 3917.32.00,	Wiring harness inputs	0%	10% or 25%	1 year	Encourage wiring harness production
85.076.000	Lithium-ion accumulators	0%	25%	1 year	Promote vehicle/motorcycle manufacturing
3923.50.90, 4819.20.90, 4819.30.00, 4819.50.00, 4821.90.00, 7607.19.90	Dairy packaging materials	0%	25% or 35%	1 year	Reduce dairy production costs
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,	Optical fiber cable inputs	0%	25% or 35%	1 year	Reduce optical fiber cable production costs
7005.10.00, 7005.21.00, 7005.29.00, 7005.30.00, 7007.19.00, 7007.29.00,	Glass products	35%	10%	1 year	Protect domestic glass manufacturers
72.126.000	Flat-rolled iron/non-alloy steel	10% or $300/MT	10%	1 year	Protect iron/steel manufacturers
7225.91.00, 7225.92.00, 7225.99.00	Iron/steel flat rods	25% or $300/MT	10%	1 year	Protect iron/steel manufacturers
7210.30, 7210.41.00	Corrugated iron sheets	35% or $500/MT	35%	1 year	Protect corrugated sheet manufacturers

Adjustments to the East African Community Common External Tariff (EAC CET) for 2025/26

HS Code	Description	Proposed Rate	Current Rate	Duration	Objective
25.010.090	Table salt	50%	35%	1 year	Protect local salt manufacturers
72.269.900	Semi-finished flat rolled products	10% or $300/MT	10%	1 year	Protect against undervalued imports
1507.10.00, 1508.10.00, 1513.11.00, 1513.21.00, 1514.11.00, 1514.91.00, 1515.11.00	Crude vegetable oils	10%	0%	1 year	Promote domestic vegetable oil production
72.103.000	Flat-rolled iron/non-alloy steel	25% or $250/MT	25%	1 year	Protect local manufacturers
17.011.490	Sugar	25%	0%		

The Import Control Act, CAP 276

Legislation	Amendment
The Import Control Act, CAP 276	i. To impose Industrial Development Levy (IDL) on goods originating from EAC Partner States to protect local industries; ii. To exempt cement clinker under HS Code 2523.10.00 from 10% IDL; iii. Introducing 10% IDL on imported kitchenware, tableware and other household articles of plastic under tariff heading 39.24; iv. Introducing 10% IDL on imported road tractors under HS Codes 8701.21.90; 8701.22.90; 8701.23.90; 8701.24.90; and 8701.29.90; v. Introducing 10% IDL on imported prefabricated buildings under HS Codes 9406.10.90; 9406.20.90 and 9406.90.90; vi. Introducing 10% IDL on imported bars and rods under HS Code 7214.10.00; 7214.20.00; 7214.30.00; 7214.91.00; 7214.99.00; 7213.10.00; 7213.20.00; and 7213.99.00; vii. Introducing 5% IDL on imported nails, tacks, drawing pins, staples and similar articles, of iron or steel under HS Code 7317.00.00; viii. To introduce IDL at a rate 10% on imported furniture under heading 94.03; ix. To introduce IDL at a rate 15% on imported flat rolled products under HS Codes 7209.16.00; 7209.17.00; 7209.18.00; 7209.25.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7210.30.00; 7210.41.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00; 7211.23.00; 7211.90.00; 7212.20.00; 7212.30.00; 7212.40.00; 7212.50.00; 7212.60.00; 7225.50.00; 7225.91.00; 7225.92.00; 7225.99.00; 7226.92.00; and 7226.99.00; x. To introduce IDL at a rate 10% on imported glasses under HS Codes 7003.12.00; 7003.19.00; 7003.20.00; 7003.30.00; 7004.20.00; 7004.90.00; 7005.10.00; 7005.21.00; 7005.29.00; 7005.30.00; 7006.00.00; 7007.11.00; 7007.19.00; 7007.21.00; 7007.29.00; 7008.00.00; 7009.91.00; and 7009.92.00; and xi. To introduce IDL at a rate of 10% or TZS 4,500 whichever is higher on imported ceramic tiles under HS Codes 6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00.

Conclusion

In conclusion, the amendments introduced under the Finance Act represent a significant step toward a more robust, transparent, and enforceable tax regime in Tanzania. These changes promote equity, improve revenue collection, and align with global standards in tax governance. Stakeholders are encouraged to familiarize themselves with the new thresholds, reporting obligations, and sector-specific provisions to ensure full compliance and avoid penalties.

At ABS Consultants, we are committed to helping our clients navigate these regulatory changes with ease and precision. Should you require further clarification, professional tax advice, or assistance in complying with these updated requirements, we warmly welcome you to contact us. Our team of qualified professionals is ready to support you in all aspects of tax planning, return preparation, audit readiness, and strategic compliance.

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