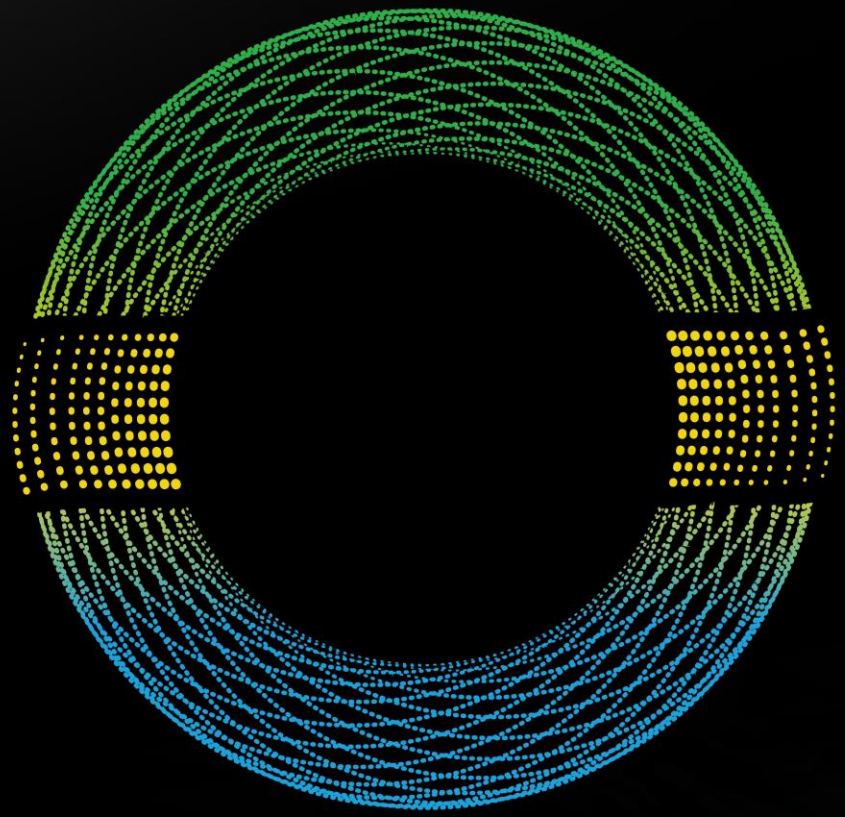
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#TZ*FinanceAct*2025



Tanzania Finance Act Insights 2025/26

Propelling Progress. Unlocking possibilities

August 2025

Introduction

The Parliament of the United Republic of Tanzania passed the Finance Bill, 2025 which was subsequently assented to by the President of the United Republic of Tanzania on 30 June 2025, effectively making it the Finance Act, 2025

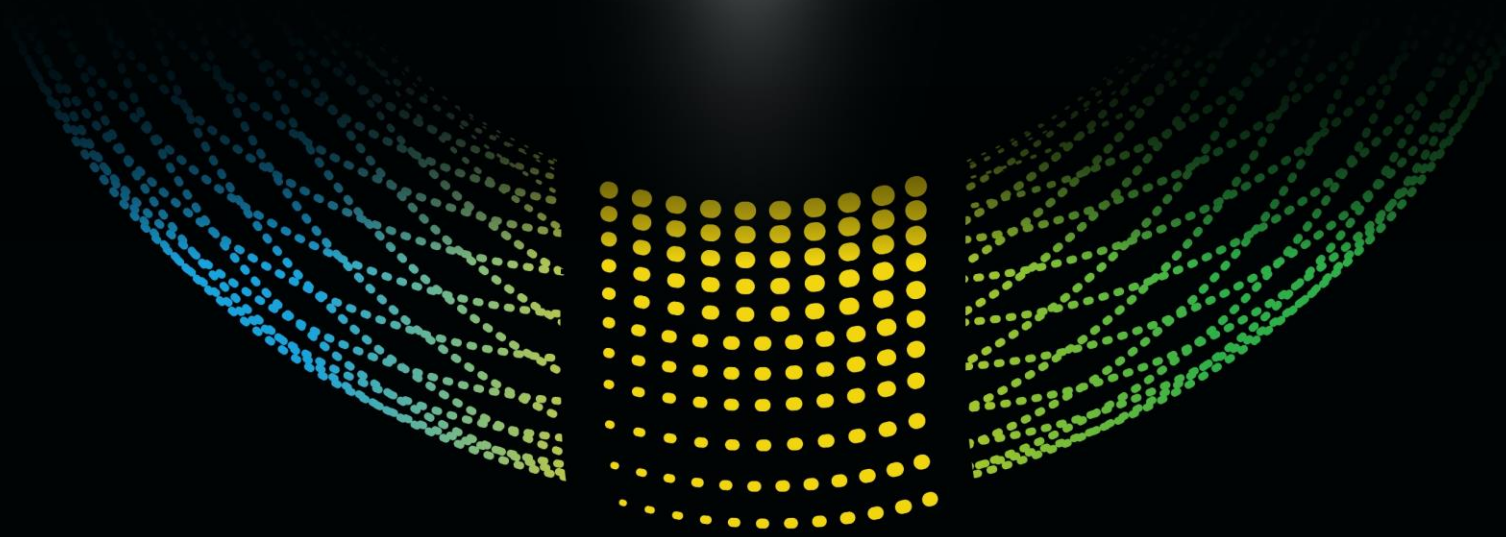
This alert sets out a high-level summary of the key changes and specifications contained in the Finance Act, 2025 (“the Act”), which may have not been included in the Budget Speech read by the Minister for Finance and Planning (the Minister) or the Finance Bill. The Finance Act 2025 has made various amendments to a number of laws which includes tax laws covering Direct Taxes, Indirect Taxes, and Administrative Changes. The Act also introduces new levies such as the industrial development levy that aims to protect local manufacturers and enhance competition and the HIV Response Levy which aims to support HIV prevention and contribute to the National Universal health fund.

This alert also highlights some key changes in the taxation of various industries including the mining, insurance, gaming, & hospitality sectors.

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Income Tax



The Income Tax Act, (CAP 332)

No	Changes	Details	Our comments
1.	Inclusion of "retained earnings" in the definition of the term "equity" for thin-capitalisation purposes.	The Act has expanded the definition of 'equity' to include positive retained earnings for thin capitalization purposes. This clarifies the Government's position as the original proposal was to treat all retained earnings (including accumulated losses) as equity. This amendment means the amount of equity for thin capitalization purposes will only apply to paid up share capital and positive retained earnings. The Act further amends the definition of permanent establishment to include circumstances where an agent other than an independent agent secures orders, wholly or almost wholly for that other person or for the ***entity and other entities*** controlling, controlled by, or subject to the same common control, as that of that other person. Prior to this amendment, the definition was limited to agents acting on behalf of ***enterprises*** which referred to large scale business operations and not individual entities.	The inclusion of positive retained earnings as part of equity for thin capitalisation purposes will be beneficial to entities as the same will have an impact of reducing the amount of non-allowable interest expense.
2.	Introduction of a single instalment tax on forest produce	A resident person (other than a corporation) receiving payment for the sale of forest produce (i.e timber, logs, mirunda and poles) is required to remit a single instalment tax amounting to 2% of the ***gross payment*** prior to the transportation of the forest produce. The Act further defines "gross payment" to mean the farm gate price, purchasing price or value of the produce as determined by Tanzania Forest Service Agency, whichever is greater. **This provision will be effective from January 1, 2026.**	The compliance requirements will result into some administrative cost not only for the individuals responsible for remitting the taxes, but also for TRA who have to issue an instalment payer with a single instalment certificate certifying that the tax has been paid or that no tax is payable). Further, this amendment is expected to increase the costs of purchasing forest products and hence affecting the prices of goods in the market

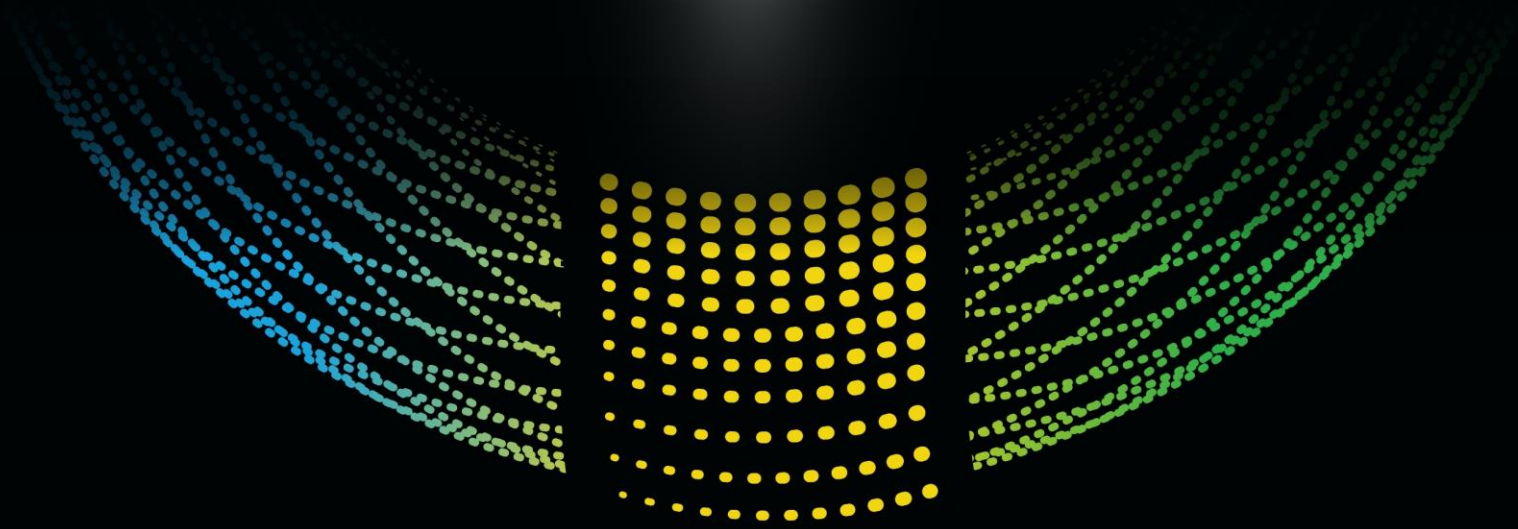
The Income Tax Act, (CAP 332)

No	Changes	Details	Our comments
3.	Increase of the Alternative Minimum Tax rate	The AMT rate applied to corporations with perpetual unrelieved tax losses for three consecutive years has increased from 0.5% to 1% of turnover	The increase of the AMT rate to 1% creates an additional tax burden to loss-making entities.
4.	Abolishment of 10 years income tax holiday for investors in Special Economic Zones and Export Processing Zones	Investors in Special Economic Zones and Export Processing Zones who sell or distribute products in the domestic market are no longer eligible for income tax exemptions	The amendment aims is to protect local manufacturers and enhance fairness in taxation between producers operating within Special Economic Zones and those operating outside Special Economic Zones
5.	Preparation and certification of returns of income by Certified Public Accountants	The Act introduces a threshold of TZS 500 million for individuals and TZS 100 million for corporations whose returns of income must be prepared or certified by a certified public accountant in public practice	This amendment aims to relieve small businesses and business owners from the costs of compliance. However, it is noted that the threshold for individuals is much higher than corporations.
6.	Reduced public stake in companies newly listed on the Dar es Salaam Stock Exchange (DSE)	Newly listed companies in the DSE with a minimum of 25% of its shares owned by the public benefits from a 25% corporate income tax rate for the initial three years following its listing. Previously, the minimum public shareholding was 30%	This amendment encourages broader market participation and long-term investments.
7.	Utilization of losses for companies in the extractive sector	The limit for unrelieved losses carried forward from the previous years that can be deducted during the income tax calculation for businesses in the mining, petroleum, oil and gas industries has been reduced from 70% to 60%.	This change is meant to align the loss utilization restriction rules for players in the extractive industry, to the general rules applicable to other resident corporations.

The Income Tax Act, (CAP 332)

No	Changes	Details	Our comments
8.	Amendments to presumptive tax rates for small scale transport providers	The Finance Act 2025 introduces new presumptive tax rates for taxis, ride hailing, ride sharing and special hire vehicles. Further the Act abolishes the current presumptive taxes that apply to motorcycles and tricycles that were previously levied at **TZS 65,000** and **TZS 120,000** respectively	This amendment is meant to provide clarity and reduce a tax burden in an area which currently provides self-employment opportunities to a significant youth population.
9.	The change of tax rate for non-residents who realize gains from investment.	The single instalment tax payable by a non-resident on a gain derived from conducting investment in Tanzania has increased from 20% to 30%.	The amendment aligns with the practice that the TRA has been implementing on the basis that there was no mechanism for non-residents to remit the remaining 10% tax on the gains received.
10.	Transfer of assets to associates or for no consideration	The Finance Acts amends section 44 to provide that where a person subsequently realises or transfers ownership of an asset, the cost of the asset for purposes of computing gains or losses shall be the net cost of the asset at the time of acquisition of the asset by the associate and subsequent costs after acquisition as if the person and the associate were the same person. This means, the original transfer value must be carried forward into future transactions involving associates or recipients of gifts.	

Withholding Tax



The Income Tax Act, (CAP 332)

No	Changes	Details	Our comments
1.	Introduction of WHT on deemed distributions.	The Act has introduced section 33A that empowers the Commissioner General (CG) to impose a 10% withholding tax on 30% of the profits after-tax which have not been distributed within 12 months from the end of the fiscal year. This section empowers the CG to deem 30% of the undistributed earnings as being distributed and impose WHT on the deemed distribution. It should be noted however, that this provision is limited to distributions made by resident entities to non-resident associated entities. Further, when the said earnings are subsequently distributed, WHT shall not be applied on the said amount.	The introduction of WHT on retained earnings was first presented to parliament in the National Budget speech for 2025/26 followed by the Finance Bill 2025. The initial proposal was to introduce a 10% withholding tax on retained earnings following a duration of six months. This proposal raised some concerns in the business community due to the impact of the 10% WHT on their business operations and the timeline for distribution. It was further argued that taxing undistributed earnings may amount to double taxation since those profits have already been taxed as corporate income. This position was rejected by the Minister of Finance as the amendment is an anti-avoidance measure to ensure that both dividends and retained earnings are taxed in line with the equity principle. While the introduction of 10% WHT on retained earnings may equalize the tax position for entities which distribute dividends to those which retain profits, the same will have unintended consequences since there are numerous reasons why the entities decide not to distribute profit to shareholders, one of which being, having profits that originate from accounting adjustments and not actual income. Businesses—especially profit-making entities should reassess their dividend distribution policies, and capital retention practices to remain compliant.

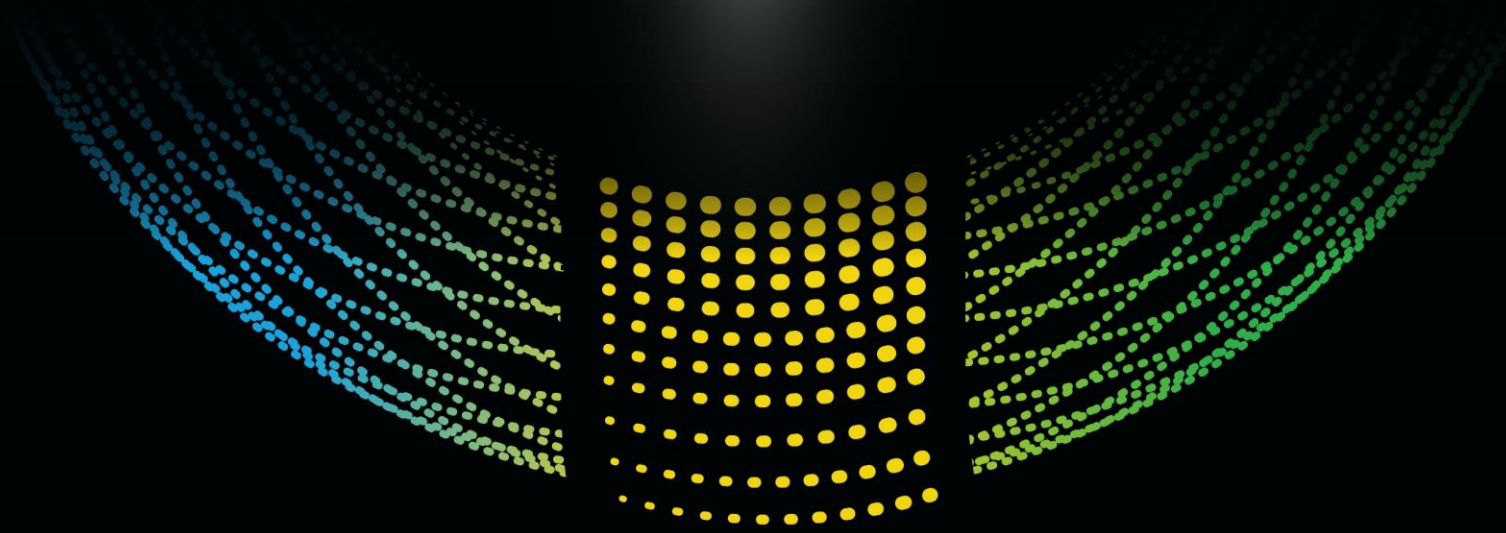
The Income Tax Act, (CAP 332)

No	Changes	Details	Our comments
2.	Introduction of WHT on hired motor vehicles	Withholding tax to be levied at a rate of 10% on payments made by a resident person to another for the rental of motor vehicles.	Generally, a hired motor vehicle may mean a vehicle that is rented, leased, or borrowed for business purposes. This provision lacks clarity on whether it covers vehicle leases which a re typically long-term arrangements or short-term vehicle hires for a specific purpose. Further, the amendment creates uncertainty on whether the implementation may end up affecting transporters who provide exclusive services for specific customers. More clarity on the scope of this provision will help mitigate compliance risks and the potential for tax disputes.
3.	Introduction of WHT on gaming promotion and advertising commissions	Withholding tax to be levied at a rate of 10% on commission payments originating from gaming advertisement or promotion	The introduction of WHT on commission payments from sport betting advertisements is a continuation of the Government's effort to ensure that the betting industry contributes to the government's revenues, given the increase in betting activities in Tanzania.
4.	Inclusion of payments made on purchase of salt in the scope of WHT	Introduction of a 2% withholding tax on payments for the purchase of industrial minerals including salt.	Including salt in the list of industrial minerals subject to 2% withholding tax aims to broaden the tax base. However, it poses an added administrative cost for businesses involved in the trading of salt

The Income Tax Act, (CAP 332)

No	Changes	Details	Our comments
5.	Increased WHT rate on insurance and re-insurance premium paid to non-resident insurers.	Increasing the withholding tax rate from 5% to 10%, on insurance and re-insurance premium payments to non-resident insurance companies.	Whilst the aim of this amendment is to support the growth of the local insurance industry, the domestic insurance sector is still growing, and local insurance companies tend to offer very limited coverage. Non-resident insurers provide added flexibility and access to specialized and high-quality services due to their wide network of service providers. This amendment is likely to increase the already high costs of external insurance cover
6.	Increased WHT rate on payments for professional and management services provided to the extractive sector.	Increasing the withholding tax rate from 5% to 10%, on payments for professional and management services provided to the extractive sector.	This amendment will have a significant impact on the suppliers of technical and management services in the extractive industry since the increase in the final withholding tax suffered and deducted at source without a deduction of expenses essentially doubles their income tax costs. The increased rate is also likely to subsequently result an increase in costs for service consumers, since the suppliers are likely to find a way to ensure their margins are not affected by the tax costs.

Value Added Tax



The Value Added Tax Act, (CAP 148)

No	Changes	Details	Our comments
1.	Introduction of VAT withholding agents	The Act defines "withholding agent" to mean (a) the Ministry responsible for finance; (b) a Government entity which retains whole or part of its collected revenue; (c) a registered person as may be appointed by the Commissioner General by notice;"	The withholding VAT system will help the government to collect the output VAT in advance, but there must be clear guidance on how the VAT withheld will be claimed by the withholdee to ensure equity, and how the withheld VAT will be accounted for in the taxpayers' portal for VAT purposes, considering the automation and integration done in the TRA systems. The Act provides that the Commissioner General will issue a public notice to specify the persons eligible and the manner in which the arrangement shall be implemented
2.	Introduction of VAT withholding on taxable supplies.	The relevant withholding agents are required to withhold 3% of the VAT due for goods and 6% of the VAT due for services. As such, the amount payable to a person supplying goods is 15%, whilst the amount payable to a taxable person providing services is 12%.	
3.	Reduction of the standard VAT rate from 18% to 16% on electronic purchases of goods	Effective 1 September 2025, there will be a reduction of the standard VAT rate from 18% to 16% on the purchases of goods (Business-to-Consumer - B2C) when payments for such purchases are made online with the requirement for the consumer to confirm the accuracy of the payment for the invoice.	This amendment aims to encourage cashless transactions and enhance timely and effective collection of VAT. Aside from increasing tax revenue collections, this will also incentivize the adoption of online payment systems.
4.	Cessation of the VAT deferment scheme for imported capital goods	The Act maintains the existing provision that limits the period for VAT deferment on imported capital goods to 30 June 2026. The Bill proposed removing the expiry date for VAT deferment on capital goods, but this was not passed in the Act	This position may be seen as unfavorable, as it imposes cash flow burden on investors and may hinder industrial growth.
5.	Notification by intending traders on failure to meet registration threshold	VAT registered intending traders that do not begin making taxable supplies by the date specified in their VAT registration application, must notify the CG within 90 days. Should the CG refuse to grant an extension of time, then the person shall be deemed to be deregistered for VAT.	The amendment appears to aim at keeping track of persons eligible for VAT registration and consequently manage input tax claims by non-eligible persons.

The Value Added Tax Act, (CAP 148)

No	Changes	Details	Our comments
6.	Inclusion of non-resident online payment services platforms in the scope of financial intermediaries	Inclusion of non-resident online payment services platforms that use the infrastructure of other services providers in the scope of financial intermediaries that provide services in the country from abroad.	The taxation of the digital economy continues to be a focus area of the government towards maximization of tax revenue. The expansion of the scope of online intermediation services acknowledges the increased use of online market platforms and thus this will help mandate formalization for some businesses and consequently increase the tax base.
7.	Expansion of the scope for online intermediation services	Expansion of the scope for online intermediation services to include online marketplace platforms and network marketing platforms.	
9.	Accounting for withheld VAT	The withholding agent shall account for, and remit output tax withheld at the time when the value added tax return is due to be filed or in a manner as may be directed by the Commissioner General."	The CG is expected to provide clear guidance on how this will be implemented in the taxpayers' portal.
10.	Issuance of VAT withholding certificate	A withholding agent who is liable to pay VAT shall, not later than the day on which VAT becomes payable on the supply, issue to the supplier a VAT withholding certificate generated by the system approved by the Commissioner General. The issued VAT withholding certificate must meet the relevant criteria provided under section 90B of the VAT act to qualify for claiming a credit for the withheld output tax.	

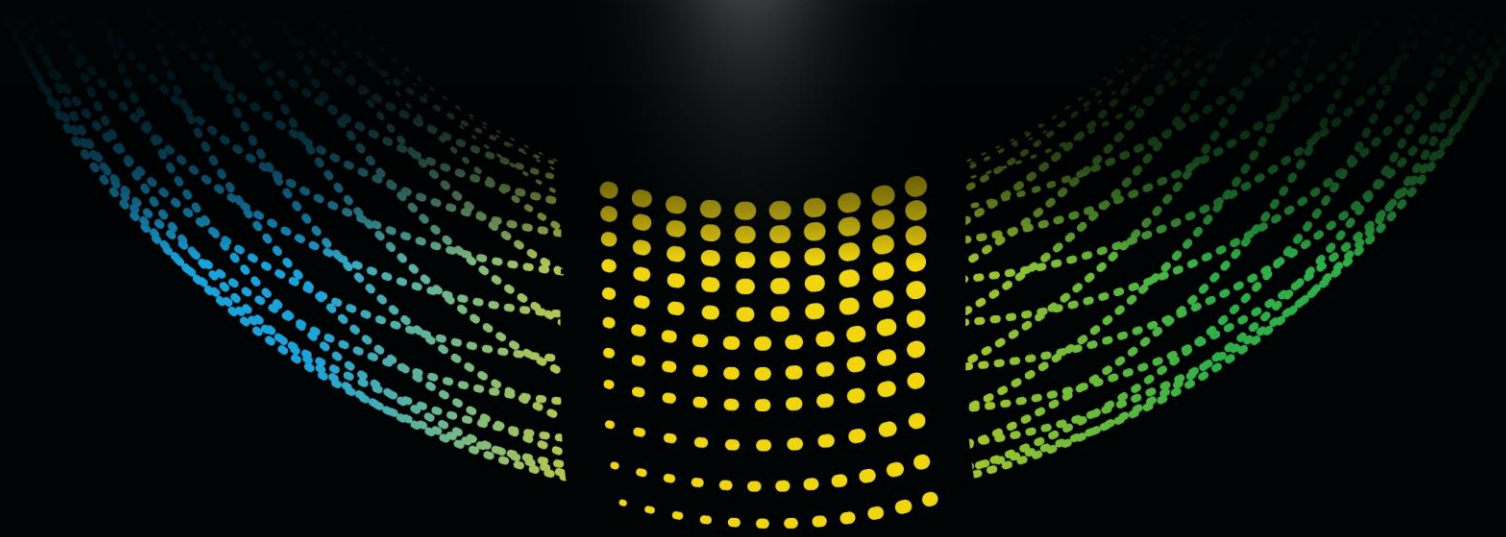
The Value Added Tax Act, (CAP 148)

No	Changes	Details
11.	Introduction of new VAT Exemptions	i. Edible oil: Extension of exemption of VAT on edible oil produced locally using locally grown seeds for a period of one year. ii. Unprocessed sisal fibre: Exemption of VAT on unprocessed sisal fibre iii. Re-insurance: Exemption of VAT of re-insurance transactions between insurance companies and re-insurance companies. iv. Newspapers printed and published locally by a person licensed under the Media Services Act. v. Natural gas: Exemption of VAT on natural gas sold to Compressed Natural Gas (CNG) stations for motor vehicles use only vi. Pesticides: Exemption of VAT on pesticides with HS Codes 3808.61.00 (In packings of a net weight content not exceeding 300g), 3808.62.00 (In packings of a net weight content exceeding 300g but not exceeding 7.5 kg) and 3808.69.00 (Other). vii. Cooking gas tanks & cylinders under HS Code 7311.00.10. viii. Carbonization furnace: Exemption of VAT on carbonization furnace with HS Code 8417.80.00. used in production of briquettes.
12.	Extension of zero-rating of supplies	i. Extension of zero rating of VAT on locally produced textile products made from locally grown cotton until 30 June 2026. ii. Extension of zero rating of VAT on locally produced fertilizers until 30 June 2028.

The Value Added Tax Act, (CAP 148)

No	Changes	Details
13.	Removal of VAT Exemptions	i. Removal of VAT exemption on petroleum bitumen (HS Code 2713.20.00) and bituminous mixtures based on natural asphalt, on natural bitumen, on petroleum bitumen, on mineral tar or on mineral tar pitch (HS Code 2715.00.00). ii. Locally supplied forks, rakes, axes, dam liners iii. Locally supplied new pneumatic tyres used in agricultural and forest vehicles
14.	Imposition of condition on exemption of VAT on tractor tires	Introduction of a requirement to have an approval of the Minister responsible for agriculture on exemption of VAT on new pneumatic rubber tyres used in agricultural or forestry vehicles and machines (HS Code 4011.70.00), dam liners (Heading 39.20), mattocks, picks, hoes and rakes (HS Code 8201.30.00) and axes, billhooks and similar hewing tools (HS Code 8201.40.00).
15.	Deadline for filing VAT returns	The submission deadline shall be the 20th of the subsequent month, regardless of whether the date coincides with a weekend or public holiday. Prior to this amendment, if the deadline fell on a weekend or public holiday, the return would be filed in the following working day.

Excise Duty



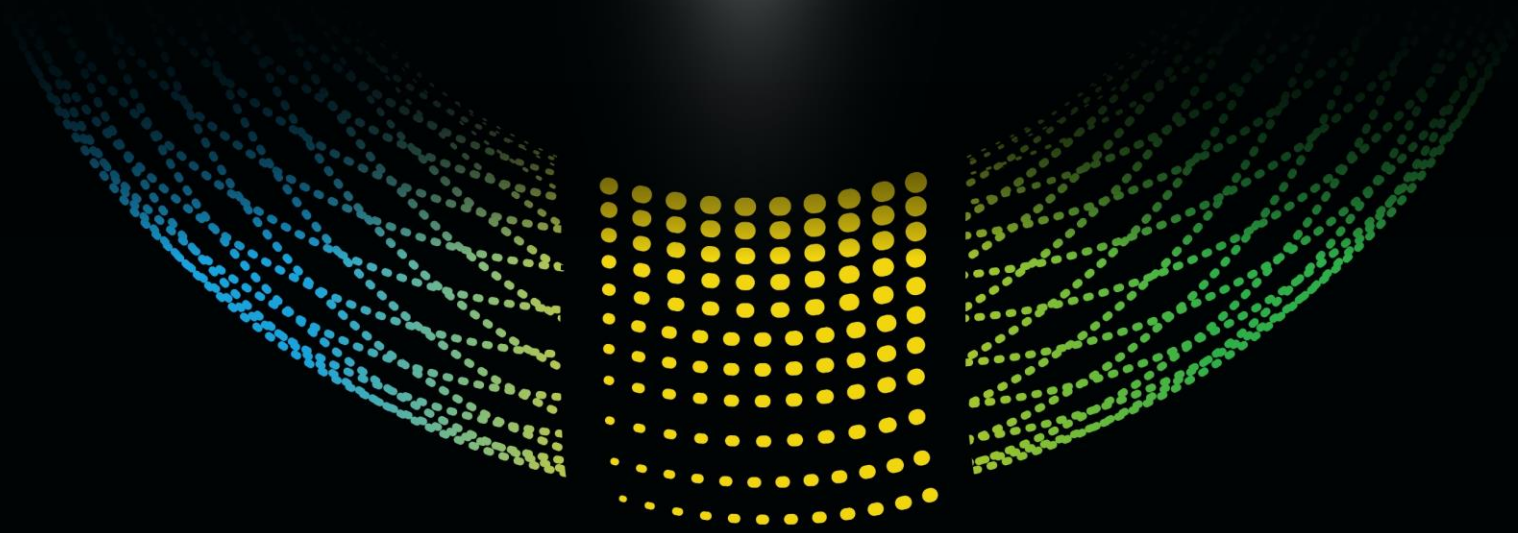
The Excise (Management and Tariff) Act, (CAP 147)

No	Changes	Details
1.	Expansion of the definition of “financial institutions”	The definition of financial institutions now includes Tier 1 microfinance service providers under the Microfinance Act. This means that a 10% excise duty shall be imposed on fees and charges paid to these providers.
2.	Expiration of licenses for manufacturers of excisable goods	A license for the manufacture of excisable goods will expire 12 months from the date of issuance. Prior to this amendment, the license expired on 31 December of each year.
3.	Increased excise duty rate on pay per view services	The excise duty rate for pay-per-view television services delivered via cable, terrestrial infrastructure, satellite, or other technologies has increased from 5% to 7%
4.	Filing of excise duty returns	The payment of excise tax and submission of excise duty returns is now on the 25th day of the month following the month in which the duty or return is due. Previously, the deadline was the last day of the subsequent month.
5.	Inclusion of cable services within the scope of electronic communication services	Cable services are now part of electronic communication services hence subject to Excise duty at 17%.

The Excise (Management and Tariff) Act, (CAP 147)

No	Changes	Details
5.	Excise duty on service providers of money transfer and payment systems	Introduction of excise duty at a rate of 10% to money transfer providers employing independent payment systems other than financial and telecommunication systems
6.	Introduction of new excise duty rates	The Finance Act 2025 introduces excise duty on the following items: • Imported margarine; • Imported and locally manufactured sausages; • Imported and locally produced potatoes; • Imported and locally manufactured Ice cream, whether or not containing cocoa; • Crisps; • Beer made from malt; • Wine with domestic grapes content exceeding 75%; • Cider; • Opaque beer; • Vodka, whiskies, and rum; • Fireworks; • Soap; • Cufflinks and studs; and • Imported seats.

Other Changes



The Budget Act, (CAP 148)

No	Changes	Details	Our comments
1.	Approval required to establish or impose any fees, levies, and charges	The Finance Act introduces section 60A which require any government department or authority to seek approval of the Minister of finance prior to establishing, reviewing or imposing any fees, levies, and charges. This provision, however, does not apply to local government authorities	This change aims to ensure consistency in financial decisions across government entities and ensuring that any financial impositions align with the government policies and overall objectives.

The Business Licensing Act, (CAP 101)

No	Changes	Details	Our comments
1.	Restriction on the issuance of a business licences to non-citizens	The Business Licensing Act is amended to restrict the issuance of business licences to non-citizens for specific businesses that are reserved for locals. The Minister is expected to publish in the government ggazette, the specific activities that shall not be carried out by non-citizens.	The purpose of this amendment is to protect business opportunities for Tanzanians and to foster equitable business participation between locals and foreigners.

The Export Tax Act, (CAP 196)

No	Changes	Details
1.	Introduction of tax on veneered sheets	Introduction of tax on veneered sheets at a rate of 30% of the value (f.o.b) or TZS 150 per kilogram whichever is greater.

The Gaming Act, (CAP 41)

No	Changes	Details	Our comments
1.	Taxation of land-based casinos	Land-based casinos shall be taxed at the rate of 13% on the amount or value of winnings however, 8% of the collected amount shall be distributed to the AIDS Trust Fund (70%) and Universal Health Insurance Fund (30%).	As a result of the decline in donor funding, these amendments aim to encourage domestic financing in the health sector to ensure that health programs and initiatives remain undeterred.
2.	Sport betting tax changes	Sport betting to be taxed at the rate of 12% on the amount or value of winnings and 17% of the collected amount shall be distributed to the AIDS Trust Fund (70%) and Universal Health insurance fund (30%).	
3.	Requirement of filling return and remitting withheld gaming tax	Gaming Tax returns and the withheld gaming tax on winnings shall be remitted to the commissioner electronically on or before the seventh day of the month following the month of payment of the winning	

The Investment and Special Economic Zone Act No.6 of 2025

No	Changes	Details
1.	Import duty exemption for deemed capital goods	The Act introduces a 75% import duty exemption for deemed capital goods imported by investors registered under the Investment and Special Economic Zone Act. This means that the investor will be required to pay 25% of the required tax. The Act provides a list of products that no longer qualify for exemptions as provided in the repealed Act. Specifically, the list includes, vehicles with HS codes 8702.10.19, 8702.90.19 and part 8703, that are not used directly in the projects, imported trailers with HS code 8716.31.90 and 8716.40.90, sugar, beverages, roofing sheets, Air Conditioners, Cement, PVC, HDPE pipes and Cutleries.

Insurance Act, (CAP 394)

No	Changes	Details	Our comments
1.	Introduction of travel insurance requirement	The Act introduces travel insurance for foreigners entering the country at the rate of USD 44 similar to the rate currently applied in Zanzibar. The insurance will be limited to 92 days and will cover travel-related health emergencies, repatriation expenses (both bodily and medical), accidents, baggage delay and theft. The insurance will not apply to EAC and SADC citizens.	In line with global best practices and to attain uniformity with Zanzibar, this amendment is a clear demonstration of the Government's will towards strategic tourism and economic management planning. It is important however, that this policy is well communicated to visitors, tour operators and airlines to avoid any confusion and allow tourists to plan for the additional expenses.

The Mining Act, (CAP 123)

No	Changes	Details	Our comments
1.	Introduction of HIV response levy on minerals	A HIV response levy on minerals shall be charged at a rate of 0.1% of the gross value and payable at the time of royalty payments by persons liable to pay royalties under the Mining Act.	This measure is intended to provide a new domestic revenue stream to fund HIV / AIDs control initiatives and finance the National Universal Health Fund.

Local Government Finance Act, (CAP 290)

No	Changes	Details	Our comments
1.	Reduction of hotel levy	The hotel levy is reduced from 10% to 2% of the guest house charges payable by a guest	The government continues to amend and abolish various fees as it continues to implement the blueprint for regulatory reforms to improve the business environment. The notable reduction in hotel levy is particularly welcomed by the hospitality industry.
2.	Reduction of city service levy	The city service levy is reduced from 0.3% to 0.25%.	The reduction of city service levy from a rate of not exceeding 0.3% to a fixed rate of 0.25% eliminates the challenge of imposing varying rates within the Local Government Authority, reduces the operating costs of businesses and encourages tax compliance.
3.	Removal of loading and offloading fees	The Act remove loading and offloading fees charged by Local Government Authorities in relation to the transportation of goods.	Similarly, the removal of loading and offloading fees in the transportation of goods will help reduce business costs, enhance regional trade and attract investment in the country. It may also reduce delays and bureaucracy hence reducing transit time.

The Merchandise Marks Act, (CAP 85)

No	Changes	Details	Our comments
1.	Requirement to keep records of trademarks relating to goods to be imported in mainland Tanzania by the Chief Inspector	The Act amends section 11 by adding subsection 11A which impose requirement for putting record, of trademarks relating to goods to be imported in mainland Tanzania, by Chief Inspector in the prescribed manner irrespective of the place of registration.	The amendment seeks to strengthen the protection of intellectual property rights, thereby prevent the importation of counterfeit or infringing goods, consequently safeguarding the interests of trademark owners.

The Airport Service Charge Act, (CAP 365)

No	Changes	Details	Our comments
1.	Increase of service charge payable by air travelers	Section 3 is amended by deleting the word “ten” in subsection (2) and replacing it with the word “eleven” to increase service charge paid by a person who embarks on an aircraft within the URT and intents to travel to a destination within URT from **TZS 10,000** to **TZS 11,000** Subsection (3) is also amended to increase service charge paid by a person who embarks on an aircraft within URT and intents to travel to a destination outside the URT from the equivalent of USD 40 to equivalent of USD 40.4.	The change aims to increase revenue collection.
2.	Change in due date for remitting service charges	Amendment of section 7 by deleting the words “the last working day” on subsections (1) and (3) to change the due date for remitting the charges collected to the TRA from the last working day of the following month to the 20th day of the following month.	The purpose of these changes is to ensure an earlier collection of revenue.

The Railways Act, (CAP 170)

No	Changes	Details	Our comments
1.	HIV response levy on train tickets	The Act imposes a HIV response levy on train tickets which shall be charged at a rate of five hundred shillings per ticket.	The imposition of a 500 shilling levy on train tickets is expected to generate additional revenue earmarked for health-related initiatives.

The Road and Fuel Tolls Act, (CAP 41)

No	Changes	Details
1.	Inclusion of kerosene in the list of items subject to road and fuel tolls	The Act imposes TZS 7 per litre on petrol, diesel and kerosene that shall be deposited into the AIDS Trust Fund established under the Tanzania Commission for AIDS Act and a further TZS 3 per litre which shall be deposited into the Universal Health Insurance Fund. Including kerosene in the list of items subject to road and fuel tolls broadens the revenue base for the roads fund, potentially increasing funds available for infrastructure development and maintenance. Additionally, the collected funds will help boost the local funding for HIV / AIDs control initiatives and finance the National Universal Health Fund.

The Bank of Tanzania Act, (CAP 197)

No	Changes	Details
1.	Loans and advances to commercial banks by the Bank of Tanzania	The Bank of Tanzania may grant loans and advances to commercial banks and financial institutions for up to three (3) months, using collateral such as credit instruments, treasury bills, performing loans, or other prescribed securities. This amendment is expected to address liquidity issues and enhance financial stability

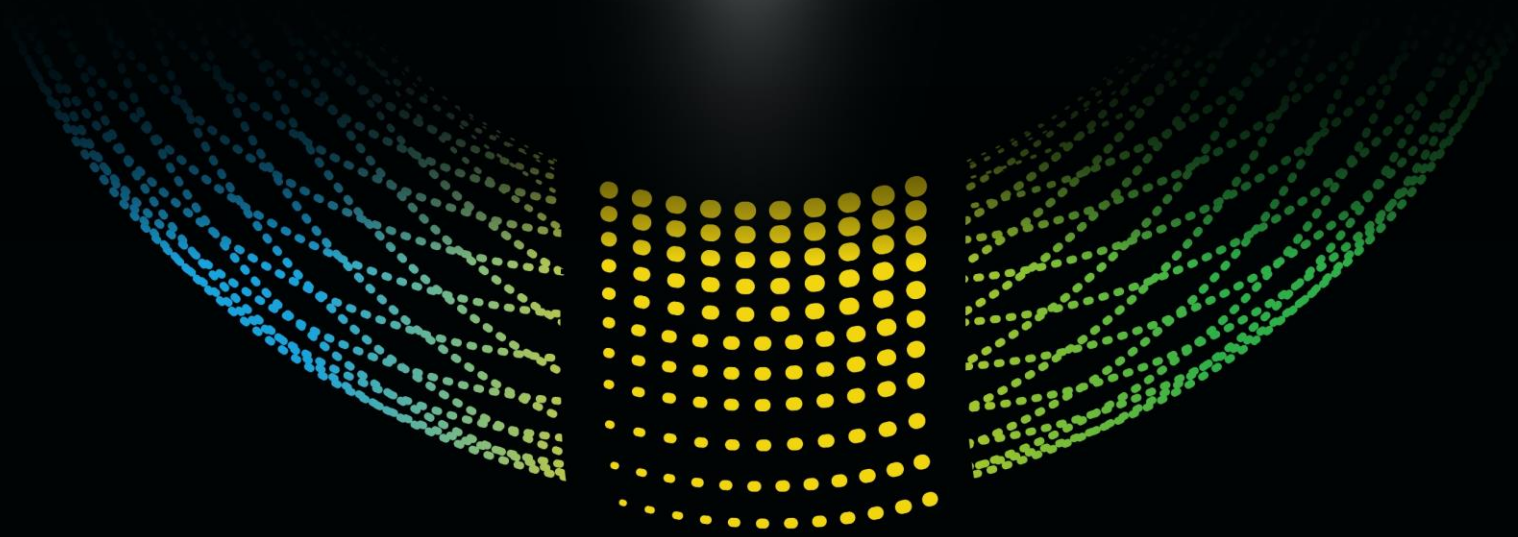
The Motor Vehicle (Tax on Registration and Transfer) Act, (CAP 124)

No	Changes	Details
1.	Introduction of HIV response levy on first registration of motor vehicles	The Act introduces a HIV response levy ranging from TZS 50,000 to TZS 250,000 on first registration of motor vehicles which shall be charged in the manner prescribed in the Act. The same shall be collected by Commissioner General of Tanzania Revenue Authority and remitted to the AIDS Trust Fund established under the Tanzania Commission for AIDS Act and the Universal Health Insurance Fund established under the Universal Health Insurance Act at 70% and 30% respectively.

Universal Health Insurance Act, (CAP 161)

No	Changes	Details
1.	Addition of new funding sources for the Universal Health Insurance Fund	The act amend paragraph 25(3)(b) by adding new sources of funds for the Universal Health Insurance Fund, including: • 3 Tanzanian shillings per litre of beer classified under heading 22.03 • 4.5 Tanzanian shillings per litre of wine classified under headings 22.04, 22.05, and 22.06. • 7.5 Tanzanian shillings per litre of spirits and other alcoholic beverages classified under heading 22.08. • 30% of the revenue from the HIV/AIDS control fee on vehicle registration under the Motor Vehicles (Tax on Registration and Transfer) Act, (CAP 124). • 5% on winnings from betting games according to the Gaming Act, (CAP 41). • 2% on winnings from land-based casino games. • 30% of the revenue collected from the HIV response levy on each train ticket. • 3% of the airport service fee charged according to the Airport Service Charge Act, (CAP 365) for each passenger travelling domestically. • 0.3% of the airport service fee charged according to the Airport Service Charge Act for each passenger travelling internationally. • 3 Tanzanian shillings per litre on petrol, diesel, and kerosene collected as a road and fuel levy according to the Roads and Fuel Tolls Act, (CAP 220). • 30% of the revenue from the HIV response levy on minerals.

Tax Administration



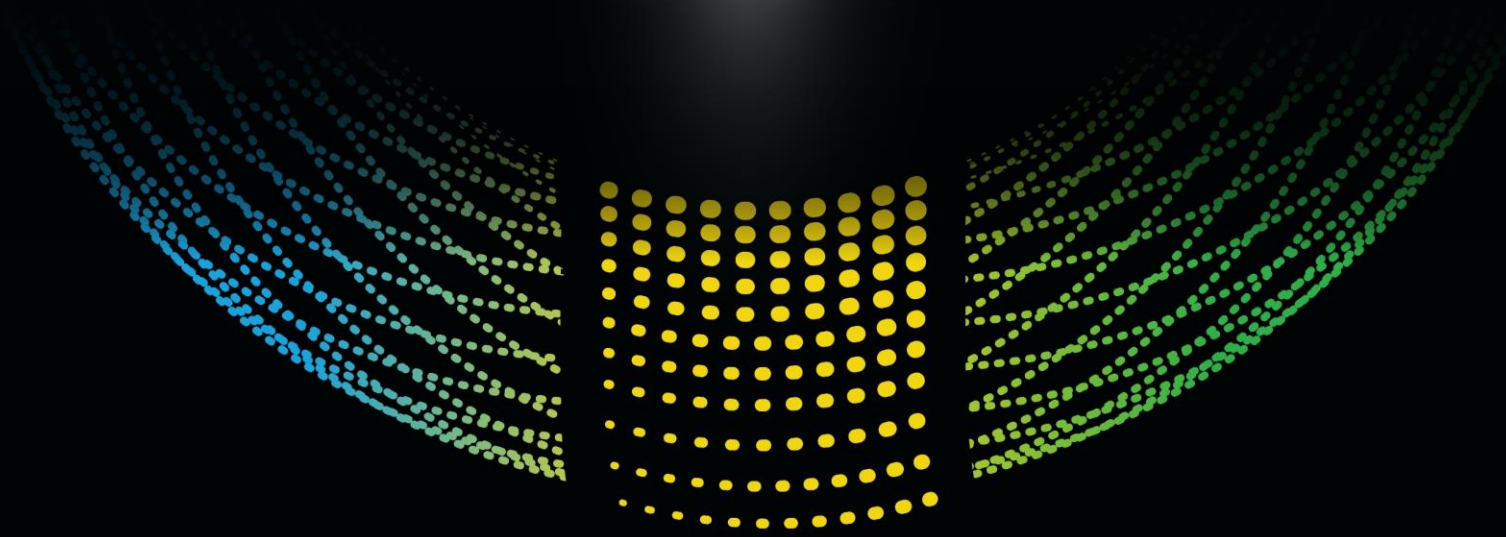
The Tax Administration Act, (CAP 438)

No	Changes	Details
1.	Issuance of tax residency certificates	In the event the Commissioner General issues a private ruling in favor of a person relating to tax residence status, the ruling shall be accompanied with a tax residency certificate
2.	Registration of small-scale traders	The Commissioner General shall recognize small-scale traders conducting business in an informal sector who have been duly registered by the relevant authority. However, the registration of small-scale traders does not automatically support that a trader's annual turnover is below the minimum taxable income The Act empowers the Commissioner General to assess and demand tax payable if it is discovered that the registered small-scale trader has an annual turnover exceeding the minimum taxable income.
3.	Disclosure of subcontractors	Entities in the construction and extractive industry must submit details of their subcontractors (including contract value, nature of the activities performed, and duration) within 30 days of the commencement of the subcontracted activities
4.	Deemed admission of objections	An objection shall be deemed to have been admitted if (a) filed within 30 days from the date of service of a tax decision or (b) on the date of payment of one third or amount not in dispute or the lesser amount as provided under the Tax Administration Act or (c) in any other case, on the date the objection is served to the Commissioner.

The Tax Administration Act, (CAP 438)

No	Changes	Details
5.	Failure to respond to a proposal to settle objection	In the event an objector fails to respond to a proposal to settle objection from the Commissioner General within the statutory timeframe (i.e., 30 days from the date of proposal for settlement), the notice of objection shall be treated as an objection decision and, the objector shall have the right to appeal to the Board in accordance with the Tax Revenue Appeals Act
6.	Amendment of TP penalty to cover loss-making entities	Prior to the Finance Act 2025, the transfer pricing penalty for failure to determine income and expenditure arising from controlled transactions in accordance with the arm's length principle was equal to 100% of the tax shortfall (underpaid tax). This meant that loss making companies were not subject to this penalty The transfer pricing penalty is now equal to 100% of the tax shortfall or 30% of the adjusted loss.
7.	Electronic tax administration system	The Finance Act amended the CG's power to establish an electronic tax administration system whereby taxpayers may be required to integrate their electronic systems with the electronic tax administration system established under the Tax Administration Act. The CG shall provide guidance on the usage of the system for tax administration purposes and specify the penalties for misuse of the system.

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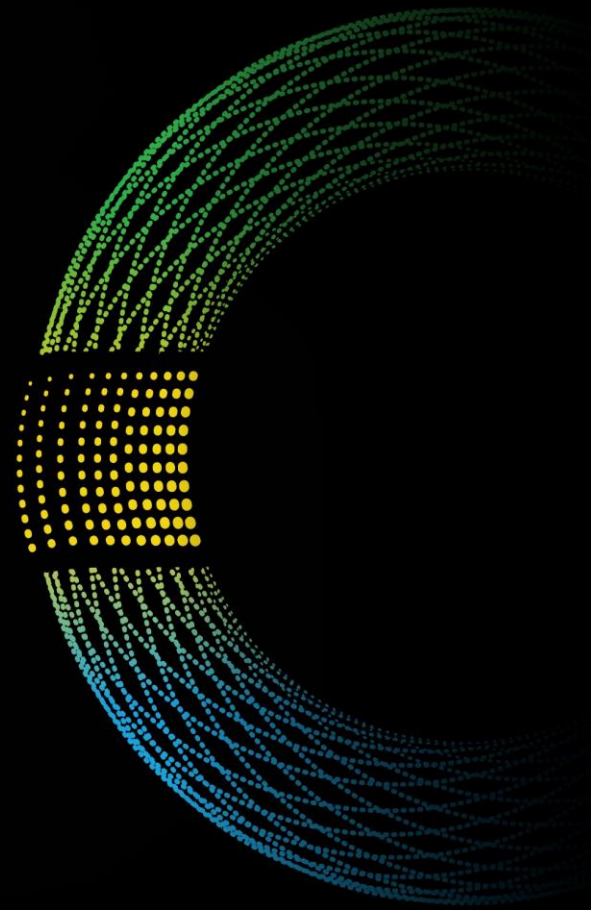
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