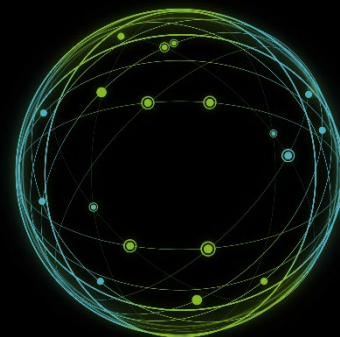


International Tax Tanzania Highlights 2026

Updated July 2026



Investment basics

Currency: Tanzanian Shilling (TZS)

Foreign exchange control: Tanzania does not have exchange controls in respect of capital inflows and overseas remittances. A maximum travel allowance of USD 10,000 for each trip out of Tanzania is granted to individuals. Payments to entities outside Tanzania require the approval of the Bank of Tanzania (BOT). However, transfers of shares between residents and nonresidents ordinarily are considered an internal matter of the company and the entire process is governed by the articles of the company, although financial institutions require approval from the BOT before the transfer. Additionally, all transfers require a clearance certificate from the tax authorities to confirm that tax has been paid or that there is no tax payable. Resident companies may remit capital and income to nonresident companies through commercial banks operating in Tanzania.

Accounting principles/financial statements: IFRS generally applies. Companies must prepare financial statements annually using the generally accepted accounting principles issued by, and guidance provided by, the National Board of Accountants and Auditors. The financial statements must be audited and include a profit and loss account (or in the case of a company not trading for profit, an income and expenditure account), a balance sheet as at the last day of the accounting period, and a cash flow statement.

Principal business entities: Companies are classified in terms of their ownership and liability. On the basis of ownership, the Companies Act distinguishes a private company and a public company. On the basis of liability, a company is categorized as a limited company or an unlimited company. A limited company can be categorized as being limited by shares or limited by guarantee, while an unlimited company is a company not having any limit on the liability of its members. The Companies Act defines a public company as “a company limited by shares or limited by guarantee and having a share capital, being a company the memorandum of which states that it is to be a public company.” A private company is a company that (i) restricts the right to transfer its shares and limits the number of its members to 50, excluding employees and previous employees who, both while employed and following the termination of their employment, are members of the company; and (ii) prohibits any invitation to the public to subscribe for any shares or debentures of the company.

A foreign company can operate in Tanzania as a branch. A foreign company has the same obligations and rights as if it were a company incorporated in Tanzania. The most commonly adopted forms of doing business by foreign investors are private companies and branches.

Corporate taxation

Rates	
Corporate income tax rate	30% (in general)
Branch tax rate	30%, plus 10% tax on profits repatriated to a foreign head office
Capital gains tax rate	30%

Residence: A company is resident if it is incorporated under the Companies Act or if, at any time during the tax year, management and control of its affairs are exercised in Tanzania.

Basis: Resident companies are taxed on worldwide income. Branches of foreign corporations are taxed in the same way as resident companies, but they are subject to an additional tax imposed on branch profits. A branch is considered an extension of a foreign incorporated company and, from a tax perspective, a branch is deemed to be a permanent establishment (PE) of a nonresident. A PE is treated as a separate but associated person to its head office for income tax purposes. Consequently, the PE is treated as a resident person in Tanzania.

Taxable income: Taxable income includes profits derived from the operation of a business, capital gains, dividends, interest, and royalty income. Interest income from certain bonds listed on the Dar es Salaam stock exchange is exempt from income tax, including bonds issued by the East African Development Bank and government bonds issued as from July 2021 with a maturity of no less than three years. All expenditure incurred wholly and exclusively in the production of income from any business or investment generally is deductible. This is subject to specific exceptions for items such as capital expenditure, personal or domestic expenditure, income tax, bribes, fines, dividends, and withholding tax paid by the withholding agent.

Rate

General

The standard corporate income tax rate is 30%. Newly listed companies with at least 25% of their equity ownership issued to the public are taxed at a reduced corporate income tax rate of 25% for three consecutive years as from the date of listing. Companies with newly established plants for assembling motor vehicles, tractors, fishing boats, and outboard motors and that have concluded a performance agreement with the government are taxed at a reduced rate of 10% for five consecutive years as from the date production commences. Newly established companies engaged in the manufacture of pharmaceuticals or leather products and that have concluded a performance agreement with the government are taxed at a reduced rate of 20% for five consecutive years as from the date production commences.

Surtax

There is no surtax.

Alternative minimum tax

Companies with three consecutive years of tax losses are generally subject to an alternative minimum tax (AMT) of 1% of turnover for the third year and any subsequent consecutive years of tax losses; however, there is an exemption from the AMT for companies conducting agricultural businesses or engaged in the provision of health or education services. There is also a temporary AMT exemption for tea processing businesses, which is available from 1 July 2024 through 30 June 2027.

Global minimum tax (Pillar Two)

Tanzania has not committed to implementing rules that generally are in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for certain multinational enterprise groups.

Taxation of dividends: Dividends distributed by a resident corporation are taxed in the hands of the corporation's shareholders in the form of a final withholding tax, while dividends distributed by a nonresident corporation are taxed by being included in calculating the income of the shareholders.

Capital gains: Capital gains are taxed at the regular corporate income tax rate, with an installment payment due before title to the investment asset can be transferred. For land and buildings located in Tanzania, where a taxpayer has a record of the cost of the asset, the installment payment is due upon realization of the asset, at a rate of 10% of the capital gains for residents and 30% for nonresidents.

Losses: Subject to continuity-of-ownership and same-business tests, losses may be carried forward indefinitely. The amount of unrelieved losses to be used against taxable profits is restricted to 60% of income for an entity having chargeable income and unrelieved losses for the four previous consecutive years of income. However, the restriction does not apply to companies engaged in agricultural businesses or health or education services. The carryback of losses generally is not permitted. Special rules apply to long-term contracts.

See "Alternative minimum tax," above, for information on the AMT that may apply to companies with three consecutive years of tax losses.

Foreign tax relief: Foreign tax paid may be credited against Tanzanian tax on the foreign-source income, but the credit is limited to the amount of Tanzanian tax payable. Excess credits may be carried forward.

Participation exemption: There is no participation exemption.

Holding company regime: There is no specific tax regime for holding companies, but dividends paid by an unlisted company to a resident company that holds 25% or more of the payer company's shares are subject to a reduced withholding tax rate (see "Withholding tax," below).

Incentives: The Public Private Partnership Act provides scope for the private sector to invest in public infrastructure and operate such with a view to providing public services at a reasonable cost, while at the same time addressing the public's economic and social needs.

The Tanzania Investment and Special Economic Zones Authority (TISEZA) was formed through the merger of the former Tanzania Investment Centre and the Export Processing Zone Authority. The TISEZA is a newly established body that aims to create a streamlined, efficient, and more investor-friendly environment. It is specifically designed to be the first and primary point of contact for investors interested in Tanzania. One aspect of the eligibility criteria for the center is a minimum capital threshold of USD 50,000 for local investors and USD 500,000 for foreign investors or joint ventures. Upon a successful application and acceptance, the TISEZA will issue a company a certificate of incentives, including tax incentives.

The Tanzania Investment Act provides that a relevant minister can identify an investment as a "strategic" or "major" investment. In doing so, the minister, in consultation with the finance minister, can issue a gazette notice setting out specific incentives to be granted to the "strategic investor." A strategic investor is one whose investment is at least USD 20 million for local investors, and at least USD 50 million for foreign investors.

The Export Processing Zones (EPZ) scheme provides for the establishment of export-oriented investments in designated zones with a view to fostering international competitiveness for export-led economic growth. Operators in an EPZ can sell up to 20% of their goods within the customs territory, provided the necessary customs permits and applicable import duties, levies, and other charges are cleared.

The Special Economic Zone (SEZ) regime in Tanzania applies to investments that produce goods and services for the local market. An investment falling short of qualifying for the EPZ scheme likely will be eligible for the SEZ regime. Depending on whether investors are (i) zone developers (category A), (ii) suppliers producing and selling into an SEZ (category B), or (iii) certain other investors (category C), the investor may be eligible for some of the benefits granted to EPZ investors (categories A and B), exemptions from taxes and duties on capital goods and materials used for purposes of development in SEZs (category

A), exemptions from stamp duty (category A), an exemption from interest withholding tax on foreign-source loans (category B), or investor entitlements that mirror those of EPZ investors (category C).

Other

Extractive industries

Special rules apply to companies in extractive industries (e.g., mining, oil and gas).

Change in control

Where the underlying ownership of a company changes by more than 50% as compared with the ownership at any time during the preceding three years, the company is treated as having realized its assets and liabilities held immediately before the change in control, at their market values. However, deemed realization does not apply where the change of underlying ownership is the result of an allocation of a new membership interest in a resident company, or is the sole result of a transfer of a membership interest between two resident persons.

Compliance for corporations

Tax year: The tax year is the calendar year. A different tax year may be approved by the tax authorities upon application.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate return.

Filing and payment: For calendar year taxpayers, an estimated income tax return and payment of the first installment of self-assessed income tax are due by 31 March of each year. Additional installment payments of income tax are due on 30 June, 30 September, and 31 December.

A final tax return and final payment of income tax are generally due by 30 June of the year following the tax year (six months after the year end). However, for entities whose financial statements are audited by the Controller and Auditor General, the due date for the final tax return and final payment of income tax is within nine months after the year end. Withholding taxes are payable within seven days after the end of the calendar month to which the taxes relate.

Penalties: Penalties and interest apply for failure to comply with the various provisions of the tax laws, including failure to maintain proper documentation.

Rulings: A person may apply for a private or class ruling to understand the tax authorities' position on the application of tax law to an arrangement.

Individual taxation

Rates		
Individual income tax rate	Taxable income (TZS)	Tax
	Up to 270,000	0%
	270,001–520,000	8% of amount over TZS 270,000
	520,001–760,000	TZS 20,000 + 20% of amount over TZS 520,000
	760,001–1,000,000	TZS 68,000 + 25% of amount over TZS 760,000
	Over 1,000,000	TZS 128,000 + 30% of amount over TZS 1,000,000
Capital gains tax rate		As above

Residence: An individual is considered resident in Tanzania for tax purposes if they:

- Have a permanent home in Tanzania and are present in Tanzania at any time during the tax year;

- Are present in Tanzania for 183 days or more during the tax year;
- Are present in Tanzania during the tax year, and in each of the two preceding tax years, for periods averaging more than 122 days per year; or
- Are an employee or an official of the government of Tanzania posted abroad during the tax year.

Basis: Residents are taxed on worldwide income. Nonresidents are subject to tax only on Tanzanian-source income.

Taxable income: Individuals are taxed on the value of any benefit or advantage arising from employment. Income derived by an individual conducting a business is taxed in the same way as income of a company. The total income of a person is the sum of the person's chargeable income for the tax year from each employment, business, and investment. Medical expense coverage, health insurance premiums, and onsite meals provided by an employer to its employees on a nondiscriminatory basis do not form part of taxable employment income.

Rates: Tax rates for resident individuals are progressive from 0% to 30%. Nonresident individuals are taxed on their Tanzanian-source employment income at a rate of 15%, which is a final tax. Nonresident individuals generally are subject to tax at a 30% rate on their total income from other Tanzanian sources.

Capital gains: Capital gains are generally taxed in the same manner as other income, with an installment payment due before title to the investment asset can be transferred. For land and buildings located in Tanzania, where a taxpayer has a record of the cost of the asset, the installment payment is due upon realization of the asset, at a rate of 10% of the capital gains for residents and 30% for nonresidents. However, if a resident individual has no record of the cost of the asset, the gains are taxed at a rate of 3% of the greater of the sales proceeds or the approved value of the asset.

Deductions and allowances: No personal allowances are available; however, a deduction is allowed for retirement contributions made to an approved retirement fund.

Foreign tax relief: Foreign tax paid may be credited against Tanzanian tax on the foreign-source income, but the credit is limited to the amount of Tanzanian tax payable. Excess credits may be carried forward.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Married couples are taxed separately.

Filing and payment: An estimated income tax return and payment of the first installment of self-assessed income tax are due by 31 March of each year. Additional installment payments of income tax are due on 30 June, 30 September, and 31 December. A final tax return and final payment of income tax are due on 30 June of the year following the tax year.

Under the Pay-As-You-Earn (PAYE) system, income tax on an employee's employment income must be withheld at source by a resident employer (which includes a PE) at the time the income is paid to the employee (normally on a monthly basis). PAYE for resident employees is deducted at the statutory individual income tax rates, with a top marginal rate of 30%. A flat rate of 15% applies for nonresident employees.

Penalties: Penalties and interest apply for failure to comply with the various provisions of the tax laws, including failure to maintain proper documentation.

Rulings: A person may apply for a private or class ruling to understand the tax authorities' position on the application of tax law to an arrangement.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	5%/10%	5%/10%	5%/10%	5%/10%
Interest	10%	10%	10%	10%
Royalties	10%/15%	10%/15%	10%/15%	10%/15%

Dividends: The rate of withholding tax on dividends paid by listed companies is 5%. For dividends paid by unlisted companies, the rate is 5% on dividends paid to a resident company that holds 25% or more of the payer company's shares, and 10% in all other cases. The rate may be reduced under an applicable tax treaty in the case of nonresidents.

Interest: The rate of withholding tax on interest is 10%. The rate may be reduced under an applicable tax treaty in the case of nonresidents.

Royalties: The rate of withholding tax on royalties is generally 15%. Royalties relating to the film industry are subject to a special reduced rate of 10%. These rates may be reduced under an applicable tax treaty in the case of nonresidents.

Fees for technical services: A 5% withholding tax generally applies to service fees paid by a resident (including a PE) to another resident. The tax is an advance tax that may be offset against the corporate income tax liability for the year. A 15% withholding tax applies to service fees paid to a nonresident, irrespective of the place of performance of the service.

Branch remittance tax: The repatriated income of a local PE of a nonresident is subject to a 10% withholding tax on taxable branch profits, in addition to the 30% corporate income tax.

Other: Annual directors' fees are subject to a 15% final withholding tax, but the tax applies only to fees paid to directors who are board members. All supplies of goods by one resident corporation to another whose budget is wholly or substantially financed by the government are subject to a 2% withholding tax, irrespective of whether the supplier has a tax identification number. Rents in excess of TZS 500,000 per annum and aircraft rentals are subject to a 10% withholding tax. Insurance premiums paid to nonresidents are subject to a 10% withholding tax. Payments for the sale of minerals that are made to a resident individual who is a holder of a primary mining license or an artisanal miner are subject to a 2% final withholding tax.

See also "Other" under "Anti-avoidance rules," below.

Anti-avoidance rules

Transfer pricing: The Income Tax Act provides that where transactions between associated persons are not at arm's length, the tax authorities have discretion to make adjustments to taxable income and impose penalties resulting from any underpayment. Similar rules apply where an arrangement exists between parties to allocate income in such a way as to reduce the overall tax payable, whether or not the arrangement is between associated companies. Transfer pricing regulations require taxpayers with related party transactions to prepare transfer pricing documentation. Taxpayers with annual related party transactions amounting to TZS 10 billion or more must submit the documentation to the tax authorities with their annual corporate income tax returns. Taxpayers with annual related party transactions of less than TZS 10 billion also must prepare and maintain transfer pricing documentation at the time the annual corporate income tax return is filed and, if requested by the tax authorities, must be able to provide the documentation within 30 days. Tanzania's transfer pricing rules largely follow the OECD and UN guidelines. However, where inconsistencies exist, the Tanzanian transfer pricing rules prevail.

Interest deduction limitations: The total amount of interest that an "exempt controlled resident entity" may deduct for corporate income tax purposes may not exceed the amount of interest equivalent to a 7:3 debt-to-equity ratio. An entity is an exempt controlled resident entity if it is a resident and 25% or more of the underlying ownership of the entity is held by entities exempt under the second schedule to the Income Tax Act, approved retirement funds, charitable organizations, nonresident persons, or associates of such entities or persons. The amount of deductible realized foreign exchange loss on an interest-free

debt obligation is the amount of loss attributable to no more than 70% of such obligation. For the purposes of this limitation, equity includes paid-up share capital and positive retained earnings.

Controlled foreign companies: Residents are taxed on the undistributed income of controlled foreign companies and controlled foreign trusts.

A controlled foreign company or controlled foreign trust is a nonresident corporation or trust in which a resident person has a direct or indirect interest through one or more interposed nonresident entities, and where the person is “associated” (i.e., connected) with the corporation or trust. The ownership threshold for association is at least 25%; however, there are other relevant factors. A controlled foreign company or trust is treated as having distributed its unallocated income at the end of each tax year, and the shareholders or beneficiaries are treated as having received such income. The unallocated income of the company or trust is determined as if it were a resident of Tanzania, less any distributions made.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: There are no legislated economic substance requirements.

Disclosure requirements: For purposes of the administration of the Income Tax Act, the tax authorities may require any taxpayer or any other person to furnish information, documents, or other items upon an audit or investigation. A taxpayer also should maintain documents for the tax authorities in paper or electronic form containing information to be provided to or filed with the Commissioner General (CG) of the Tanzania Revenue Authority.

Exit tax: There are no specific exit taxes.

General anti-avoidance rule: Statutory general anti-avoidance rules apply. Other anti-avoidance rules aim to address income- or dividend-stripping arrangements and income splitting.

Other: An anti-avoidance provision allows the CG to impose a 10% withholding tax on 15% of an entity’s after-tax profits that have not been distributed within 12 months from the end of the year of income. However, taxation of the deemed distribution excludes companies listed on the Dar es Salaam Stock Market (DSE), financial institutions as defined under the Banking and Financial Institutions Act, insurance companies, and mining companies that have entered into a framework agreement with the government. The withholding tax does not apply to deemed distributions made by a resident corporation to a nonresident associate of the corporation.

Value added tax

Rates	
Standard rate (mainland Tanzania)	16%/18%
Standard rate (Zanzibar)	15%/18%
Reduced rate	0%

Taxable transactions: VAT is imposed on the supply of most goods and services in Tanzania, with exceptions for certain goods and services eligible for “zero rating” or a VAT exemption.

Rates: The standard rate of VAT in Tanzania is 18% (15% on the island of Zanzibar, other than banking, postal, and telecommunication services, which are charged at 18%). The standard VAT rate on supplies made to unregistered persons in mainland Tanzania is reduced from 18% to 16% when payments are made through electronic means or through a bank. Exports of goods and services are subject to a zero rate of VAT, subject to certain conditions.

Registration: There are four triggers for VAT registration: (i) reaching a TZS 200 million threshold of turnover from taxable supplies; (ii) providing designated services, irrespective of turnover; (iii) being an “intended trader”; and (iv) carrying on business in Tanzania as a nonresident, which generally requires registration by appointing a VAT representative. Persons registered for VAT as intended traders that do not begin making taxable supplies by the date specified in their VAT registration

application must notify the CG within 90 days. If the CG refuses to grant an extension of time, the person will be deemed to be deregistered for VAT.

Nonresident suppliers providing electronic services to a non-VAT registered recipient in Tanzania are subject to VAT and digital services tax. When the nonresident supplier has not appointed a local VAT representative, they are required to register online for VAT purposes. See also “Other: Digital services tax” under “Other taxes on corporations and individuals,” below.

Filing and payment: VAT is payable and monthly returns are due on the 20th day of the month following the supply.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social contributions and payroll taxes: There are two approved retirement funds: one for employees in the private sector and the other for employees in the public sector. Contributions at 20% of wages are imposed under the governing legislation for the private sector, with the duty to remit the contribution *prima facie* falling on the employer. However, the employer has the right to recover up to 10% of the contribution from the employee (via a deduction from wages). The contribution at 20% of wages also applies in the public sector, but the employer (i.e., the government) has the right to recover up to 5% from the employee via a deduction from wages.

For mainland Tanzania, a skills and development levy (SDL) is payable by any employer with 10 or more employees at a rate of 3.5% of cash emoluments paid to employees. However, for Zanzibar, an SDL is payable by any employer with four or more employees at a rate of 4% of cash emoluments paid to employees. A Workers Compensation Fund has been established, with an additional levy payable by both public and private employers at a rate of 0.5% of the total wage bill for a given period.

Capital duty: There is no capital duty.

Real property tax: Property tax is imposed by the municipal or city councils. Applicable rates vary depending on the size, use, and location of the property. Property tax currently is imposed as a percentage of the property value, which is specific to each council. Property tax on unvalued property is imposed at flat rates of TZS 1,000 per month for single-story buildings or apartments with one electricity meter, and TZS 5,000 per month for multiple-story buildings with one electricity meter. The levies are included in the electricity bill or prepaid meter for ratable property.

Transfer tax: There is no transfer tax.

Stamp duty: Stamp duty on most common instruments is 1% of the value of the instrument. An exemption from stamp duty applies to transfers between associates where one associate owns at least 90% of the other.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other

Digital services tax

A 3% tax (on the gross payment exclusive of VAT) on digital services applies to payments made to entities without any establishment in Tanzania that sell digital services to recipients in Tanzania (see “Registration” under “VAT,” above).

Business license fees

The business license fees per annum depend on several factors, including the size of the business, the nature of the business, and the shareholding. The fees range from USD 15 to USD 10,000, depending on the area where the business is (or would be) located.

City service levy (CSL)

Municipal councils are empowered to administer and collect a CSL from companies operating in their municipalities. CSL is chargeable at 0.25% on turnover.

Tax treaties: For information on Tanzania’s tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: Tanzania Revenue Authority (TRA)

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