

Tanzania Budget Highlights 2024/25
Fostering inclusion for sustainable growth
June 2024

From the desk of the country managing partner

Under our theme of “**Fostering inclusion for sustainable growth**”, the 2024/2025 budget has been presented against a backdrop of a globally challenging environment. However, in Tanzania, the government has continued to transform the productive sectors including agriculture, livestock, fisheries and mining, enabling infrastructure development and social services.

In furtherance of the Five-Year Development Plan III (FYDP III), the budget has set out five focus areas that are; the completion of flagship and strategic projects, strengthening productive sectors, enhancing human capital development particularly in social services, increasing the use of ICT, and improving the business environment and investment. The budget has also given preference to the private sector, and it stands to benefit immensely from the government's commitment of fostering a conducive business environment. The continued implementation of the Tanzania Investment Act No. 10 of 2022 provides a strong framework for attracting both local and foreign investment. Initiatives by the Bank of Tanzania to expand access to finance, coupled by the growing banking sector, further fuels the engine of economic recovery.

As the global economic climate continues to exhibit volatility, ongoing geopolitical uncertainties cast a potential influence in disrupting global supply chains and propelling commodity prices upwards. The strengthening US dollar exerts even further pressure, impacting Tanzania’s socio-economic relations with

many other nations. Forecasted GDP growth estimates for 2024, stand at 5.4%, according to the Minister of Finance, driven by traction in agriculture, tourism and financial services. Even with positive growth, we are seeing an increased pressure to invest in safer assets such as gold in order to enable the Bank of Tanzania to balance the foreign currency reserve and provide a cushion against inflation.

Tanzania possesses inherent strengths that serve as a foundation for resilience. The strong leadership of President Dr. Samia Suluhu Hassan and the ongoing implementation of FYDP III, provide a framework for weathering external shocks. FYDP III prioritizes inclusive economic growth, a cornerstone of Vision 2025's ambitious goal of a nation where prosperity is universally shared.

This summary of the budget provides our analysis of Tanzania’s progress in the economic transformation and key government policies and programs scheduled for implementation in the coming fiscal year. Our analysis of the policy proposals are intended to help our readers make informed decisions as we build together to drive Tanzania forward and strengthen our economic competitiveness.

We hope you enjoy the read.



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Foreword

In recent years, Tanzania has embarked on a series of reforms to improve the investment landscape. The government has streamlined regulatory frameworks, reduced bureaucratic hurdles, and implemented digital solutions to facilitate ease of doing business. Notable among these reforms is the establishment of a One-Stop Centre for investors, which simplifies the process of obtaining necessary permits and licenses. Additionally, amendments to the Investment Act have introduced more investor-friendly policies, including better protection of property rights and incentives for strategic sectors.

The government's efforts to attract Foreign Direct Investment have intensified, with targeted strategies focusing on high-potential sectors such as manufacturing, agriculture, mining, and tourism. The government has actively engaged with international investors through forums, roadshows, and bilateral agreements, showcasing Tanzania's unique opportunities. The government has also enhanced investment promotion activities by empowering the Tanzania Investment Centre (TIC) to offer more comprehensive support to potential investors, ensuring that their entry and establishment processes are seamless.

The past few years have also witnessed significant fiscal policy developments aimed at fostering a favorable investment environment. The government has maintained a stable macroeconomic framework, characterized by prudent fiscal discipline and effective debt management.

Tax incentives have been introduced for priority sectors, including reduced corporate tax rates and exemptions on import duties for essential machinery and equipment.

Public investments in infrastructure, particularly in energy, transportation, enabling agricultural infrastructure and telecommunications have been prioritized to create a solid foundation for private sector growth.

In FY2024/25 the government continues to place importance on digital economy. The digital economy represents a potentially untapped source of revenue for Tanzania especially in the recent years where the country has seen an increase in e-commerce activity. The budget proposes to introduce withholding tax targeting content creators and those involved in trading digital assets. Combining this with investment in ICT systems in the various areas of tax administration will boost government revenue.

While considerable progress has been made, there are areas where policy improvements are necessary to further enhance the investment climate. Addressing inconsistencies in tax administration is a priority, as unpredictable tax policies and practices can deter investment. The government should ensure a transparent, fair, and predictable tax regime, with clear guidelines and efficient dispute resolution mechanisms.

Enhancing policy coherence and coordination across different government agencies is also crucial. The government has demonstrated commitment to prioritize policy reforms. However, more needs to be done to harmonize policies and ensure that reforms are consistently implemented across all levels of government.

Another area of policy improvement is enhancing access to finance for small and medium-sized enterprises (SMEs). SMEs are a vital component of our economy, driving innovation, job creation, and economic diversification. However, access to finance remains a significant challenge for many SMEs.

While the government is working to address this issue by promoting financial inclusion, supporting the development of alternative financing mechanisms, fostering partnerships between financial institutions and SMEs is crucial.

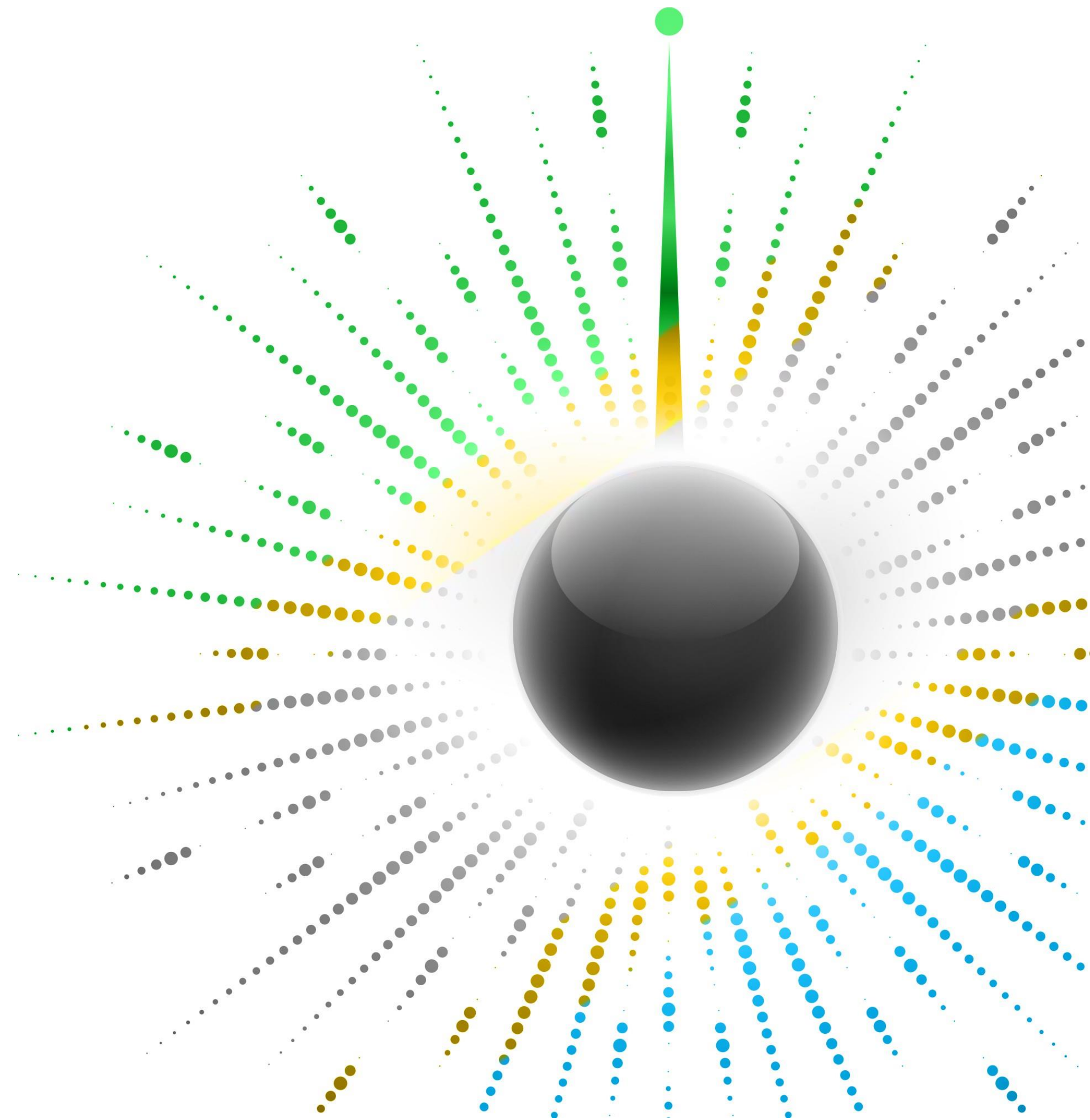
In conclusion, the Tanzania National Budget 2024/2025 reflects the government's unwavering commitment to creating a thriving, inclusive and sustainable economy. Through continuous reforms, strategic fiscal policies, and targeted initiatives, Tanzania will continue to attract and retain investors who will contribute to our nation's sustainable development. We look forward to a future where Tanzania stands out as a premier investment destination in Africa, offering unparalleled opportunities and a supportive business environment.

This document outlines our detailed analysis of the key focus areas of the 2024/25 budget and impact to businesses operating in Tanzania. I hope you will draw relevant insights and it will remain a reference point as you navigate the new fiscal year.



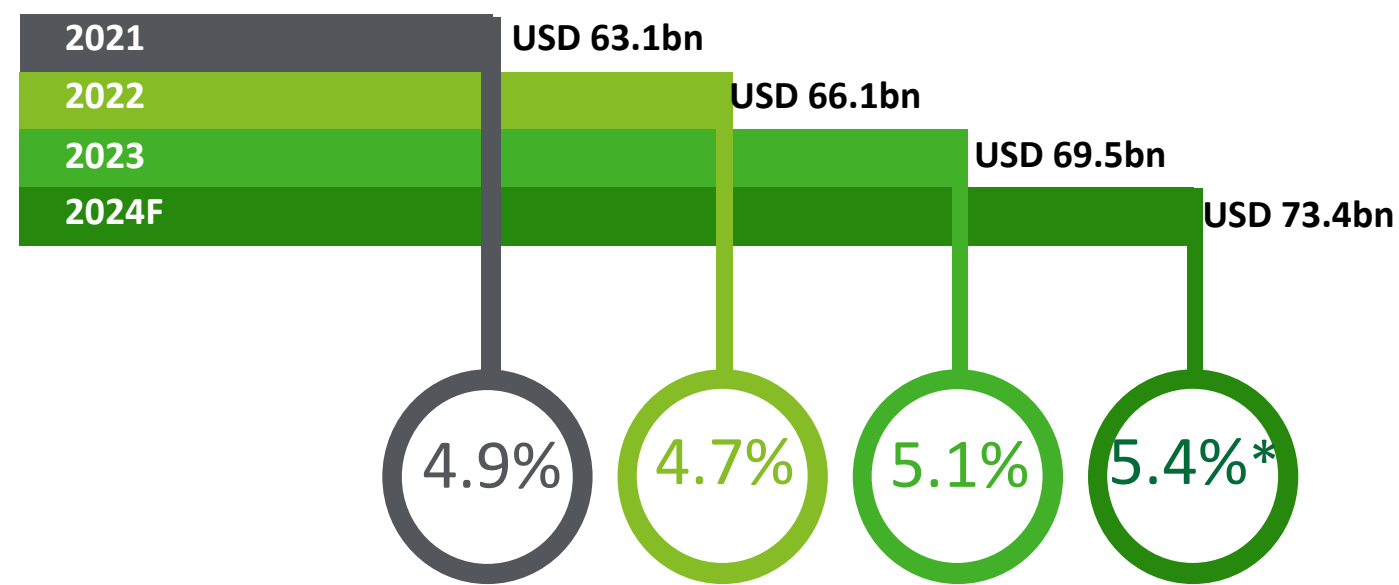
Festo Barthalome
Tax & Legal Partner
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Economic Outlook



Key macroeconomic highlights

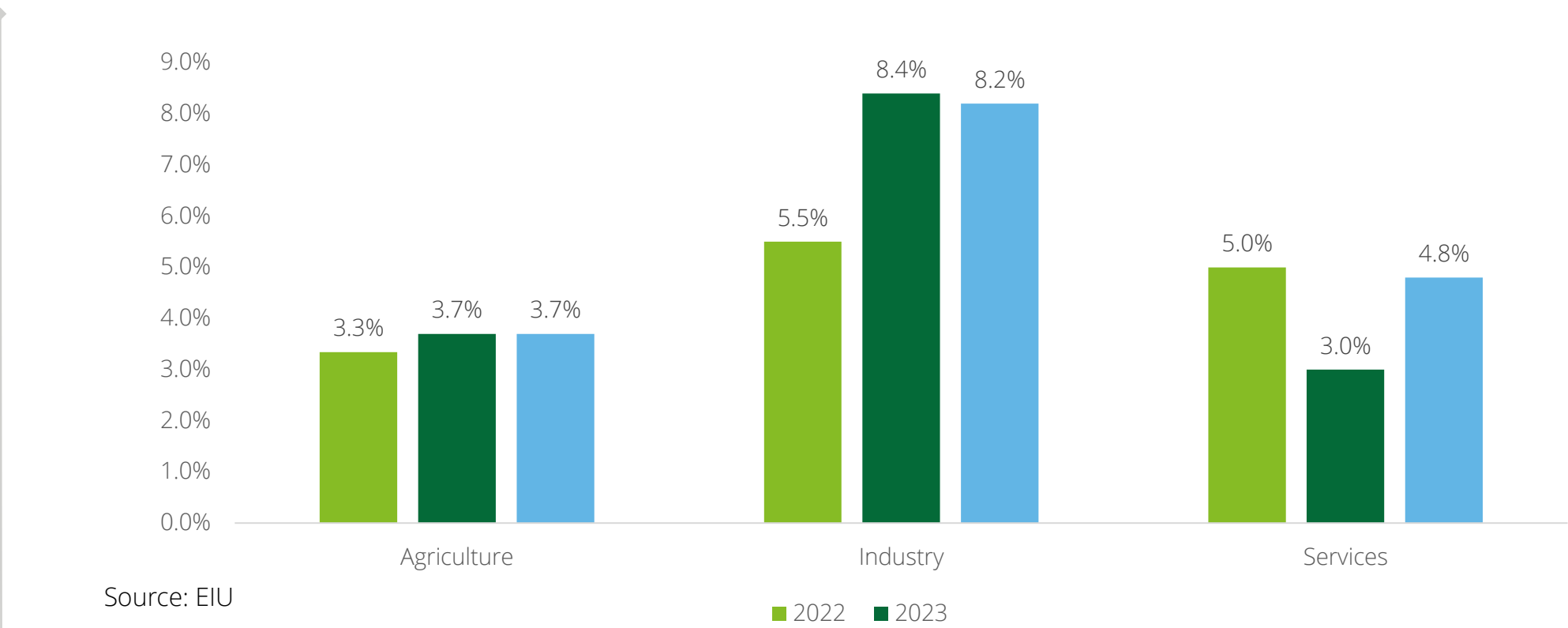
Real GDP



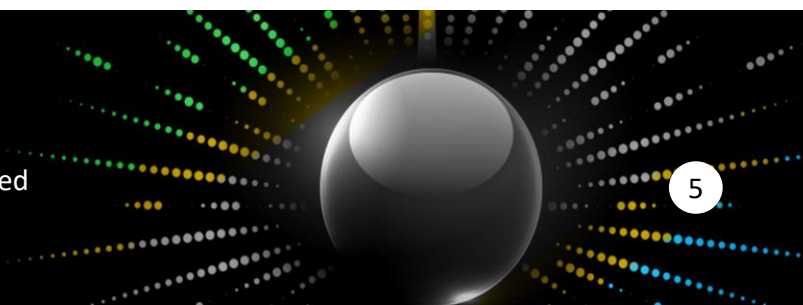
Source: EIU; Deloitte analysis
F – Forecast
* The Minister’s Speech

- Tanzania’s real GDP grew by 5.1% in 2023, up from 4.7% in 2022. This growth was attributable to sustained recovery in tourism and a gradual stability in the broader economy.
- In 2024, real GDP is projected to grow by 5.4%, driven by public and private investment.
- Looking forward, between 2025 and 2028, Tanzania’s annual real GDP growth is forecasted to average 6.3% annually, reaching 6.8% in 2028 (according to European Intelligence Unit (EIU)), on account of strong private consumption, growth in the energy sector and the implementation of the Julius Nyerere Hydropower Project and the ongoing 400KV Power Transmission Line from Rufiji to Chalinze and the extension of the Natural Gas-Powered Plant in Kinyerezi.
- Both the tourism and mining industries (critical foreign exchange earners) are on an upward trajectory with tourism looking to rebound to pre-pandemic levels with a growth trajectory in the future. The highest growing sectors include arts and culture (17.7%), financial services (12.2%), mining (11.3%), food and accommodation (8.3%) and media and communication (7.6%).

Sectoral Growth



- The agriculture sector marginally grew by 3.7% in 2023 compared to 3.3% in 2022. This is mainly attributed to an increase in agricultural yield precipitated by improved technology and inputs including extension services and the four-year fertiliser subsidy program. This achievement has led to the nation attaining 124% food self-sufficiency in 2024, an increase from 114% in 2022/2023.
- Industry grew by 8.4% in 2023, driven by large scale infrastructure projects such as the Standard Gauge Railway (SGR), revamping of Air Tanzania Company Limited (ATCL) with the procurement of planes and service improvements at various airports. The sector is projected to grow by 8.2% in 2024 as large-scale infrastructure projects, such as the Julius Nyerere dam are commissioned in 2024.
- The services sector is estimated to grow by 4.8% in 2024, compared to a 3.0% growth in 2023 supported by buoyant economic activities in finance & insurance, transport & storage and trade & repair subsectors.

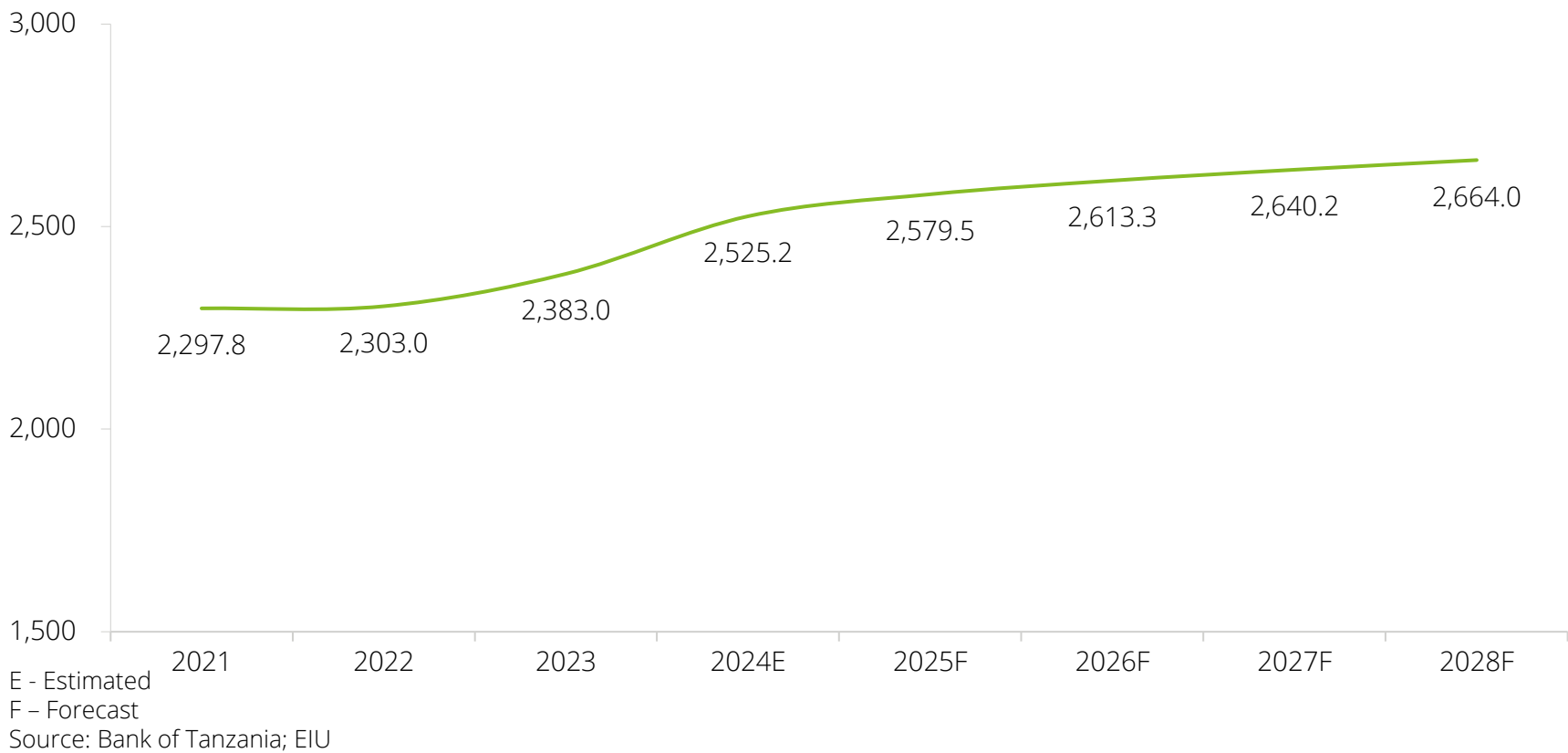


Key macroeconomic highlights

Inflation

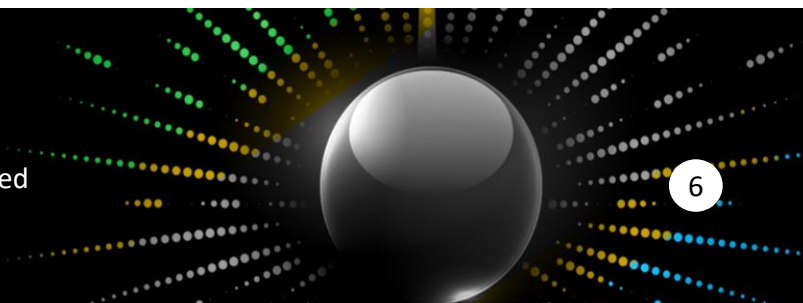


Exchange rate



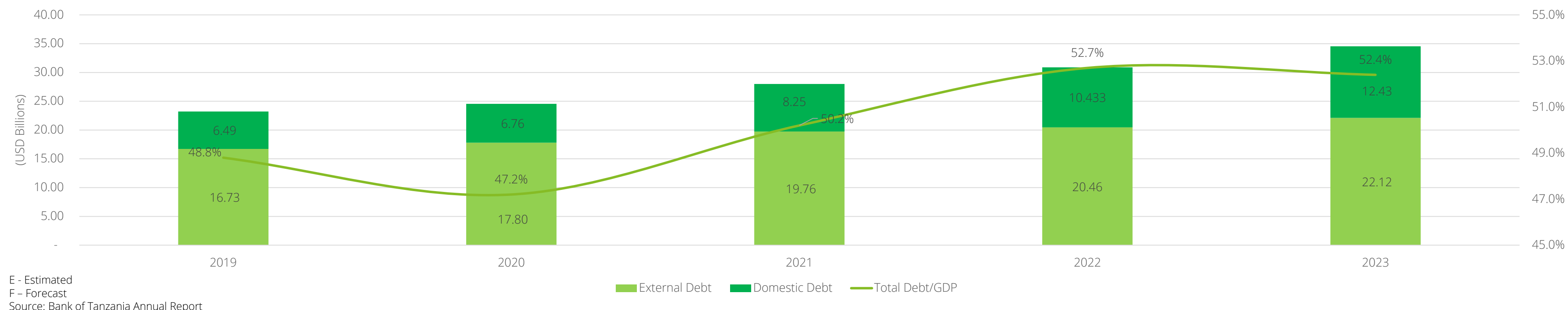
Inflation and Foreign Exchange

- Inflation declined from 3.8% in 2023 to 3.1% in April 2024 according EIU. This was driven by fuel and fertiliser subsidies, coupled with liquidity tightening measures by the central bank aimed at suppressing inflationary pressures. The Bank of Tanzania (BoT) increased the central bank rate (CRB) from 5.5% to 6% in April 2024 in a move to further mitigate the global spill-over effects on inflation.
- From a long-term perspective, inflation is estimated to average 4.1% per annum between 2024 and 2028, well below the 5.0% target set by Bank of Tanzania (BoT).
- The Tanzanian shilling (TZS) depreciated by 3.5% from TZS 2,303/USD in 2022 to TZS 2,383/USD in 2023, mostly due to monetary tightening by major global central banks. The country's foreign currency reserves declined from USD 5.2bn in 2022 to USD 4.9bn in 2023 but increased to USD 5.327bn by March 2024, representing an import cover of 4.4 months.
- As of March 2024, the Shilling had depreciated to 2,569.66. The comparative stability of the Shilling is partly driven by deliberate efforts of the central bank to impose various measures to maintain monetary stability. The Shilling has experienced pressure from an increased import bill, particularly fuel. The Minister of Finance will seek to further control dollarization of the economy by restricting payment in dollars for goods and services procured locally.



Fiscal commentary

Debt sustainability and performance

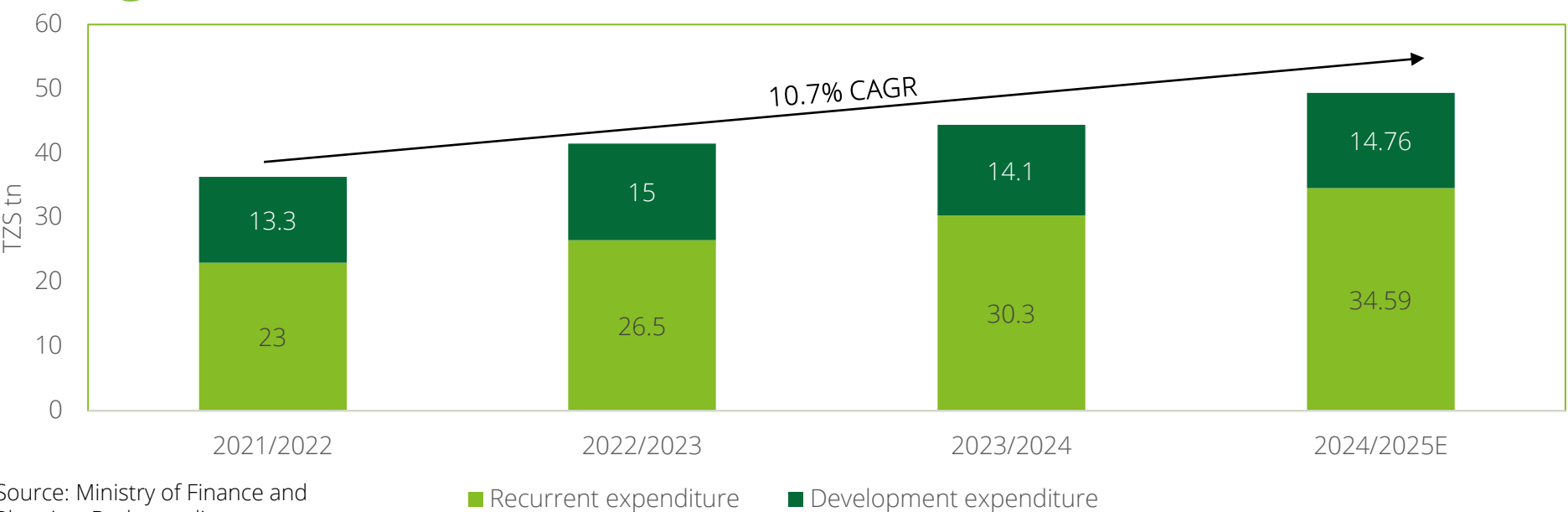


- The increase in external debt can be attributed to the volatility of the exchange rates and floating interest rates. In May 2024, The International Monetary Fund (IMF) reached a staff-level agreement to provide US\$ 150 million to Tanzania bringing the total IMF support to US\$ 604.2 million
- Of the total national debt, external debt accounted for 66.5% as of March 2024. In the Minister's speech, he indicated that 50.2% of external debt was owed to multilateral creditors with commercial and bilateral creditors accounting for 37.4% and 12.4% of external debt, respectively.

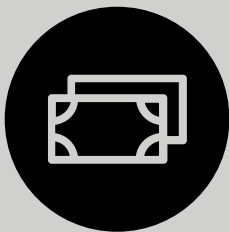
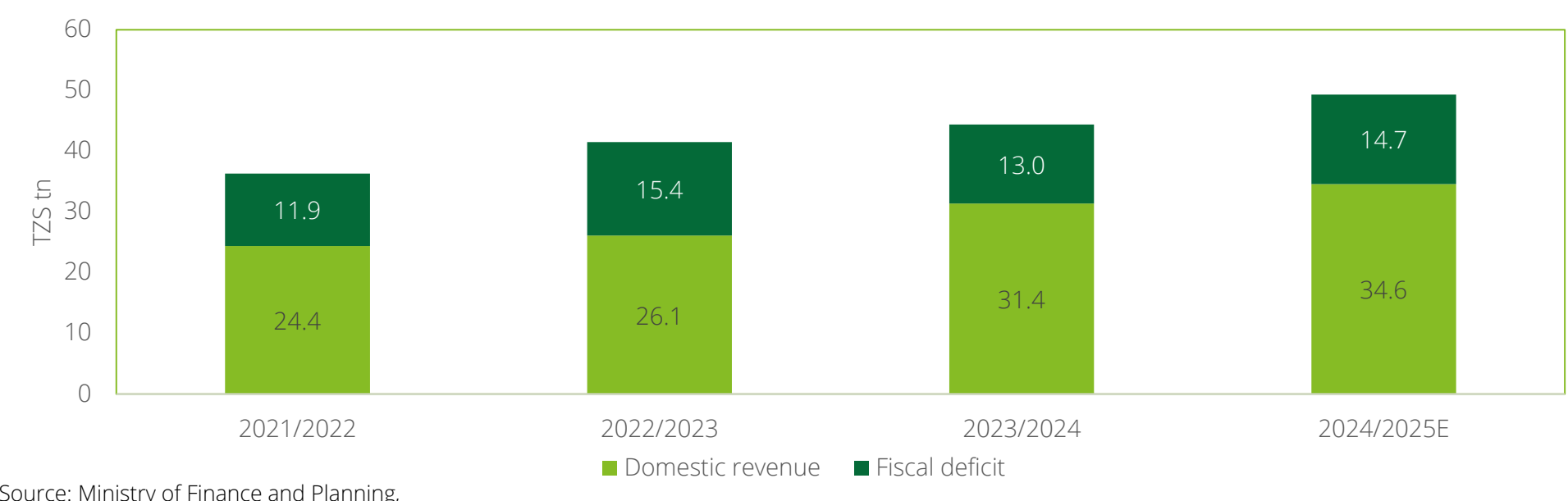
- Growth of debt in FY23 and part of FY24 is mainly attributed to further disbursements of external loans, issuance of new government securities locally and a depreciating shilling.
- The largest part of domestic debt, accounting for 75.7% is bonds and stocks, with treasury bills accounting for 9.7% as of the 1st quarter of 2024.
- Domestic debt service payments in March 2024 amounted to TZS 792.4bn, of which TZS 607.6bn related to debt principal amounts while TZS 184.8bn related to interest payments.
- Tanzania's Debt Sustainability Analysis (DSA) indicates that the risk of external debt distress remains moderate as per the IMF. In 2023, the total external debt service paid as a percentage of nominal GDP was 3.1% and is estimated to decline to 2.3% by 2028.

Budget overview

Budget overview



Revenue and fiscal deficit



The 2024/2025 budget amounts to **TZS 49.35tn**, an 11.2% increase from the TZS 44.4tn 2023/2024 budget. The government intends to allocate funds guided by its Five-Year Development Plan (2021/22–2025/26), with a majority of funds going to 2025’s local and general elections; servicing of governments debts; and rehabilitation and construction of new stadium as the country prepares to co-host the 2027’s Africa Cup of Nations.



TZS 33.6tn has been set aside in 2024/2025 for recurrent expenditure, 5.0% up from TZS 29.2tn in the current fiscal year. Recurrent expenditure comprised of TZS 11,774.8 bn for wages and salaries increasing from TZS 10,882.1bn in 2023/24, external and domestic interest payments accounting for TZS 2,435.3bn and TZS 3,146.67bn.



The 2024/2025 budget will primarily be financed by domestic revenue of TZS 34.6tn. Growth in domestic revenues will be driven by government’s strengthening of revenue collection, predominantly through encouraging the formalization of informal businesses.

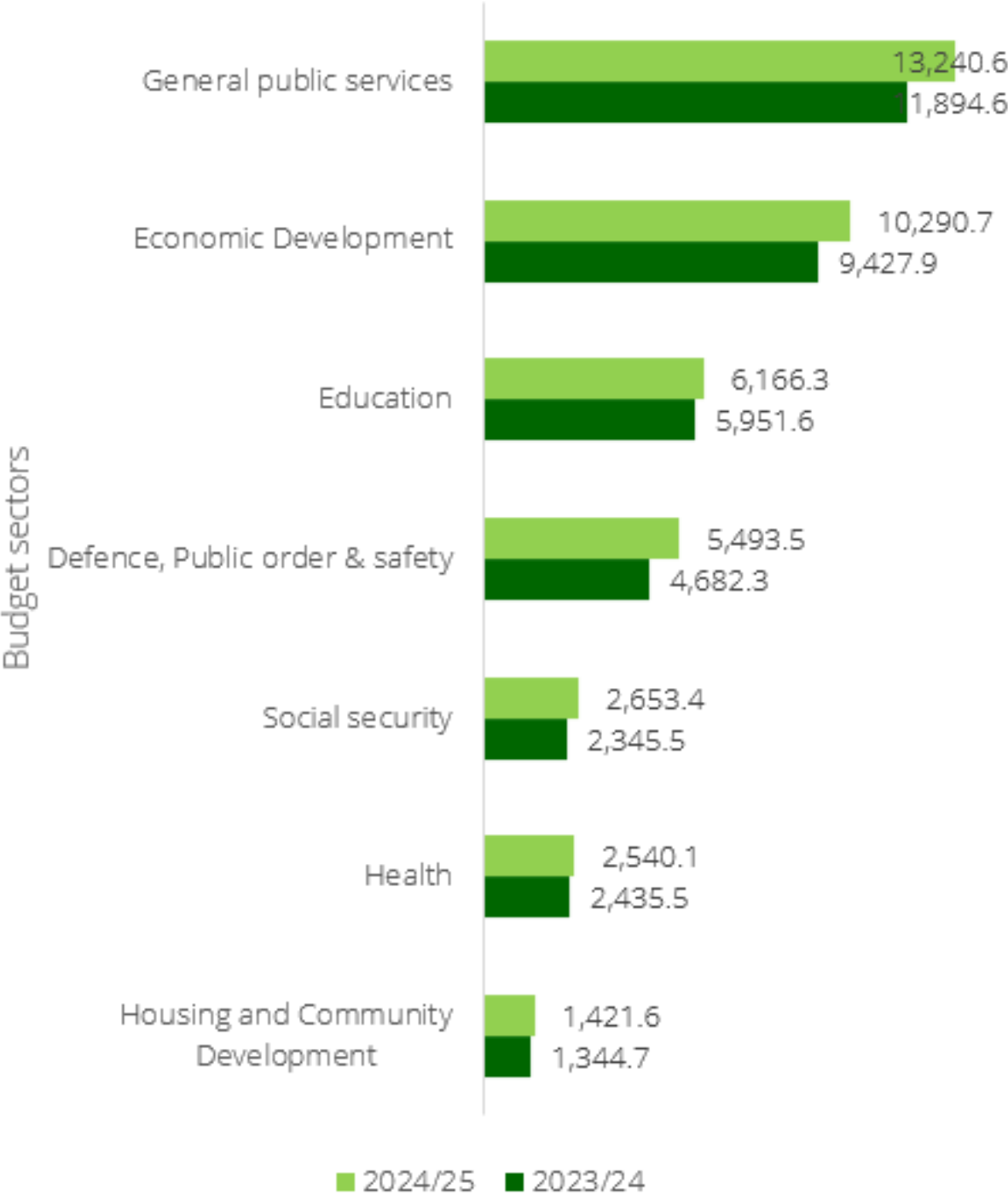
Domestic and external non-concessional loans are estimated to yield TZS 9.6tn in 2024, growing from TZS 7.5tn in 2023, while income from external grants and concessional loans is set to drop from TZS 5.5tn in 2023/2024 to TZS 5.13tn in 2024/2025.



Development expenditure of TZS 14.76tn is estimated to account for 30% of the total budget in 2024/2025. The development budget will largely be spent on of agriculture, education, livestock, infrastructure development, water, rural energy and health. Significant funds will be deployed towards the completion of flagship projects which include the Standard Gauge Railway (SGR) and the Julius Nyerere Hydro-Power Project (JNHPP).

Budget overview | Biggest winners

Budgetary allocation by sector (TZS millions)



Source: Budget books 2024/2025

The largest winners in the 2024/25 budgetary allocation include:

General public services

General public services comprises four sub-sectors: executive & legislative organs, financial & fiscal affairs, and external affairs and debt services (principal repayment). The sector has been allocated TZS 13.2tn (25.8% of budget) in 2024/25, increasing from TZS 11.8tn (8.4%) allocation, mainly attributed to increased debt service payments and the upcoming 2025 general elections.

Economic development

Economic development has been allocated TZS 10.3tn, which translated to a 21% budgetary allocation. This was an increase from the TZS 9.4tn in the 2023/2024 allocation to facilitate construction of infrastructure aimed at enhancing economic opportunity, expanding electricity coverage, and protecting the populace from global petroleum price volatility.

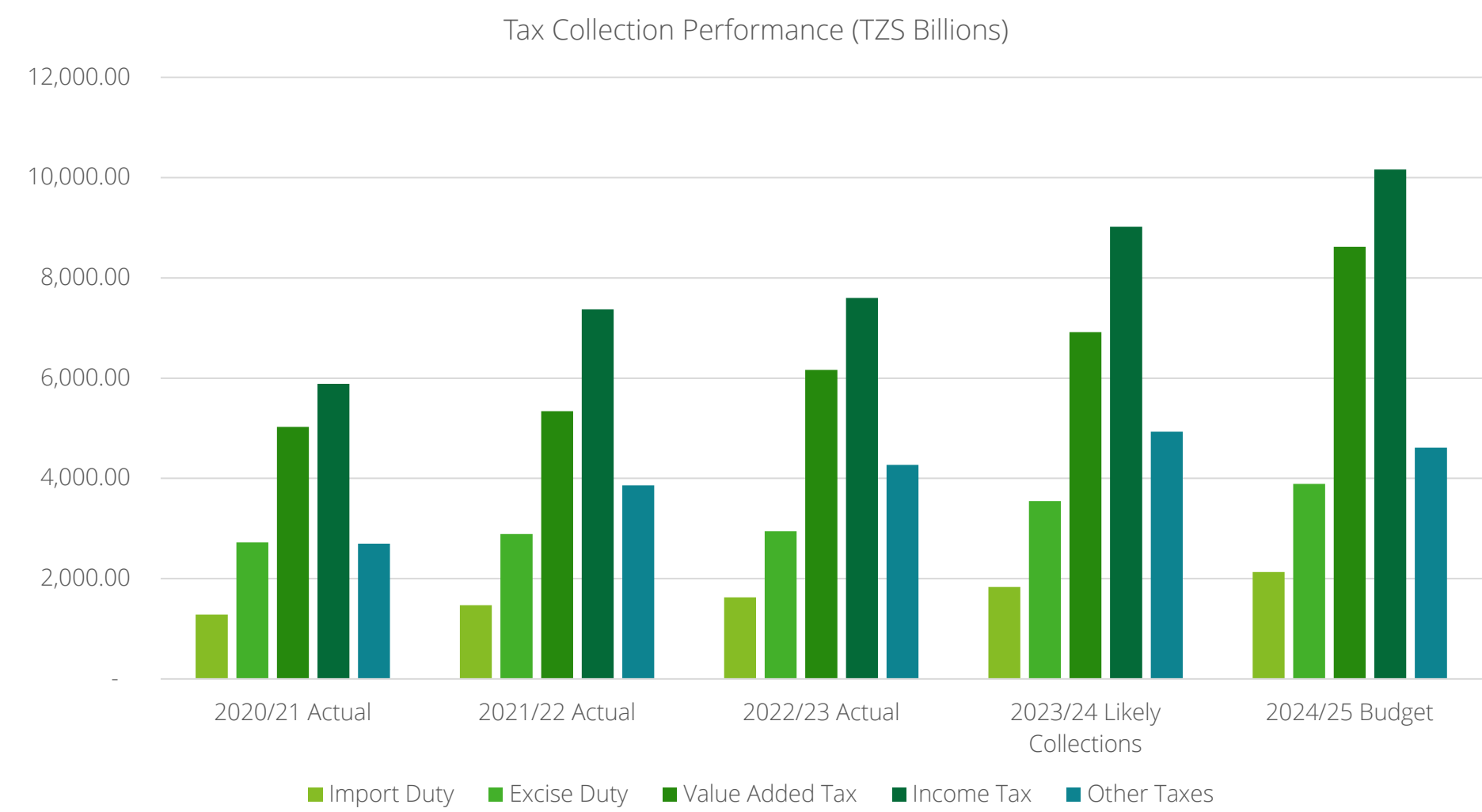
The sector comprises of works, transport & communication; agriculture; industry & trade; energy; minerals; natural resources, environment, & tourism; and labour, youth & skill development. Energy accounts for 32.6% of the overall allocation.

Education

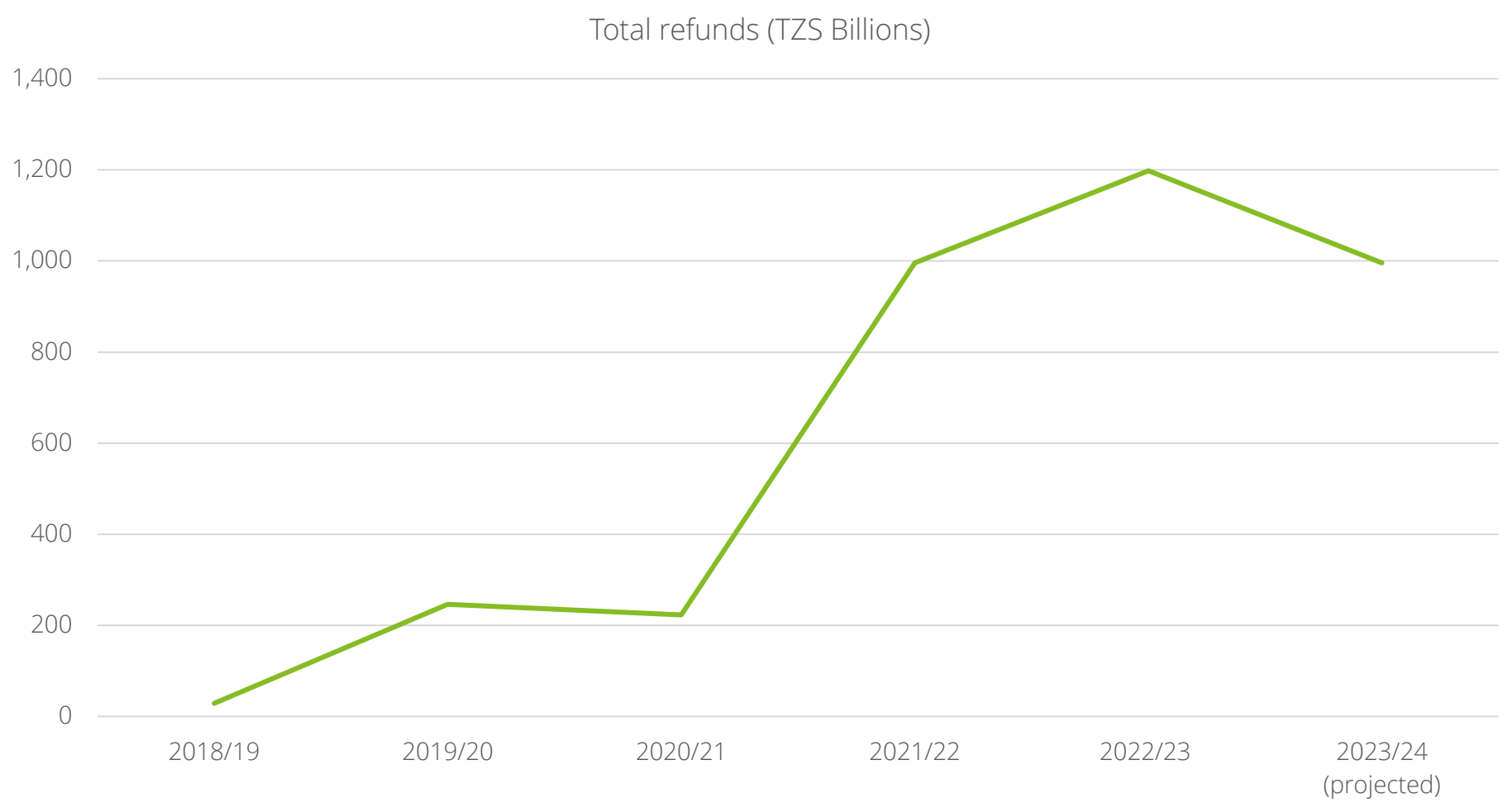
Education has been allocated TZS 6.2tn (12.5%), a 5% increase from 2023/24, reflecting the government's commitment to free education, ensuring graduates' employability, strengthening the country's capacity in research and the use of science, technology and innovation to accelerate the move towards an industrial, knowledge-based economy.

Revenue collections

Tax collections



Tax refunds

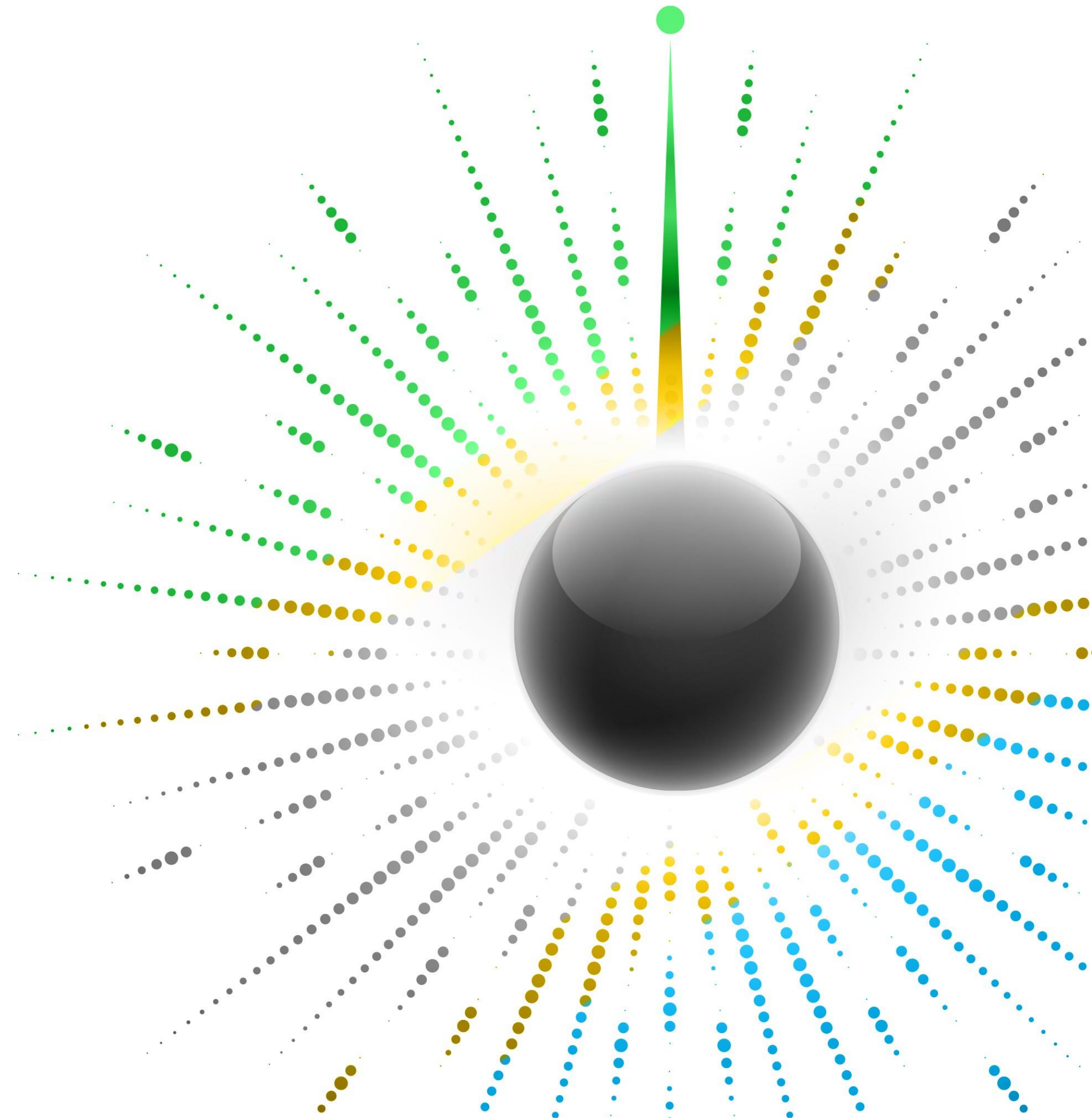


Domestic revenue is projected to be TZS 34.61 trillion shillings, equivalent to 70.1 percent of the total Budget. Out of this, TZS 29.41 trillion shillings is estimated to be collected by the Tanzania Revenue Authority with income tax remaining the largest contributor of tax revenues.



In 2022/23, there was a surge in tax refunds disbursed to taxpayers with a three-fold increase in the refunds remitted to taxpayers in comparison to the previous financial years. This is welcomed news for businesses, particularly exporters. However, the trend is projected to decline slightly in 2023/24.

Sectoral Highlights



Agriculture highlights



Agriculture continues to be the biggest sector and contributes 26.5% of Tanzania’s GDP and has created employment opportunities to about 65.6% of the total national labour force and contributed about 65% on the availability of industrial raw materials.

Budget changes

In the 2024/25 agriculture budget a new priority has been added to the existing five priorities.

The 2024/25 budget included agriculture digitization as a new addition to the five priorities set in the FY 2023/24. Through digitalization the Ministry is set to:

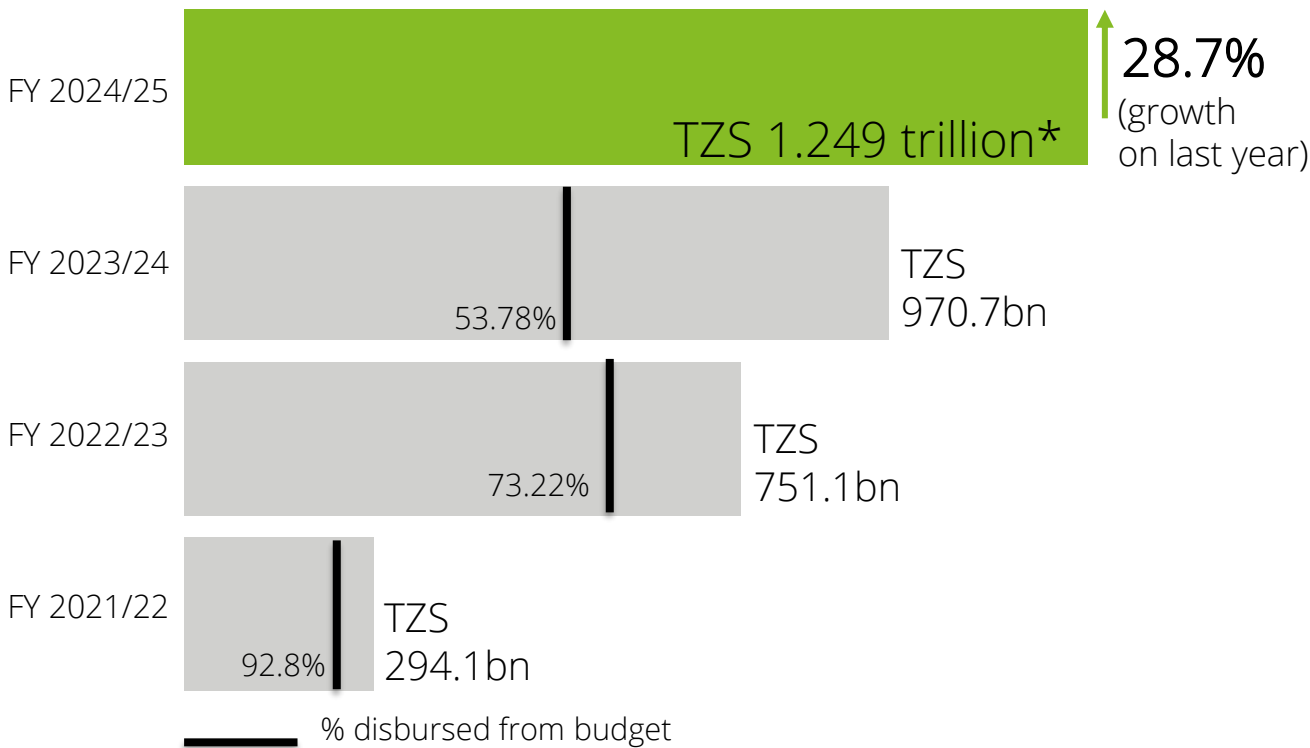
- Invest in information communication and technology in agriculture sector with intention to boosting up access to information by linking the sector with key government agencies such as Tanzania Revenue Authority (TRA), Bank of Tanzania (BOT) and National Bureau of Statistics (NBS); and
- Massively invest in utilization of information technology such as artificial technology (AI), Internet of Things (IoT) and sensors in agriculture operations in Tanzania.

Strategic Priorities 2024/25

- Increase production and productivity;
- Increase decent jobs and enhancing youth and women participation in agriculture;
- Improve food and nutrition security;
- Strengthen access to market, agricultural and crop exports;
- Strengthen cooperative development; and
- Agriculture digitalization.



Budget Allocation



TZS 49.35trn
Total proposed budget
for 2024/25

TZS 1.249 trn
Agriculture
sector budget

(2.53% of
total
budget)



- For the FY 2023/24, the Ministry of Agriculture was allocated a total of TZS 970,785,619,000 for both development and recurrent expenditure. As of April 2024, only 53.78% of the total amount allocated was received by the Ministry.
- In FY 2024/25, the agriculture sector is allocated TZS 1,248,961,680,000 which is made up of TZS 1,032,217,692,000 (i.e., 82.65% of the total amount allocated) for capital expenditure and TZS 216,743,988,000 for recurrent expenditure

Construction highlights



Sector highlights and success

The Ministry of Works is responsible for major contributors to the country’s GDP by about 14% for the period between 2012 - 2022. The sector has also shown average growth of 12% year-on- year in the past 10 years. In FY2023/24, the sector recorded the following success which largely contributed to the economy:

- Completion of 25 road projects covering km 1,198.50 which is an increase of 11% of tarmac roads from 2021;
- Started 74 road projects of about km 3,794.11 that are still in progress;
- Completion of 8 large bridges, including the Wami Bridge, Kitengule, Msingi, Mpwapwa, Gerezani etc;
- Completed 3 airports construction i.e. Songwe, Mtwara and Songea; and
- Strategic projects ongoing such as the John Pombe Magufuli bridge (Kigongo-Busisi), road traffic control projects (flyover construction) in Dar es Salaam, Dodoma, Arusha, Mbeya, Kilimanjaro and Iringa

Strategic Priorities FY24/25

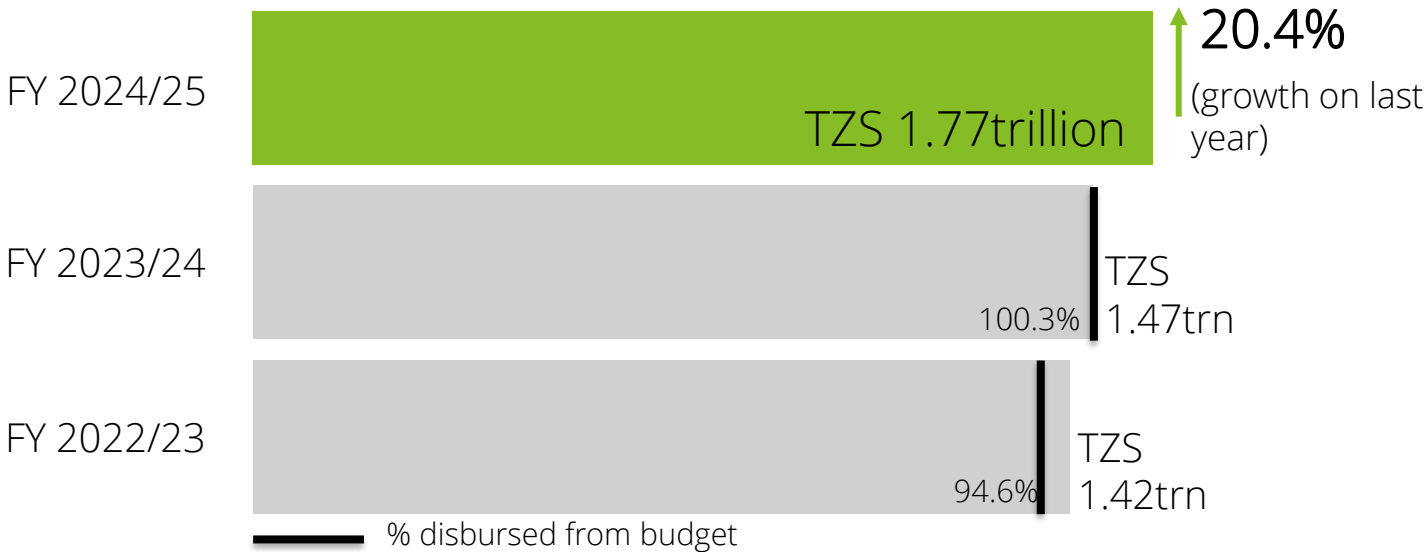
- Road and bridge construction projects i.e. Dodoma expressway, access roads to SGR stations and Rufiji hydropower project.
- Airport constructions and related infrastructures i.e. Mwanza, Mtwara, Kigoma, Msalato etc.
- Bus Rapid Transit (BRT) Phase I – V of about km 69.8.
- Construction of Head Quarters of Institute of Construction Technology (ICoT).
- Construction and maintenance of ferries and ferry parking lots.



Insight

Amounts disbursed during the FY 2023/24 to the construction sector was 100.3% denoting government’s full commitment in fulfilling major construction projects which are key contributors to the nation’s economy. Furthermore, the notable increase in the FY 2024/25 budget of the sector is the continued commitment of the government to the strategic importance of the sector to the economy at large. To stress the importance of the construction sector and challenges faced due to the natural calamities resulting from effects of climate changes, the Minister proposed the creation of a specialized fund dedicated to financing emergency repairs of deteriorating road infrastructure. This will ensure the infrastructures are intact to facilitate both social and economic developments.

Budget Allocation - Construction



TZS 49.35trn
Total proposed budget
for 2024/25

TZS
1.77trn
Construction



(3.59%
of total
budget)

Education highlights



Tanzania's Vision 2025 aims at achieving high-quality livelihood, peace, stability and unity, good governance, the rule of law, a well-educated and learning society, and a strong and competitive economy. To support the vision, the Ministry of Education has a mission to put in place and strengthen structures and procedures that will enable the country to get educated and continuously learn to add value to national development.

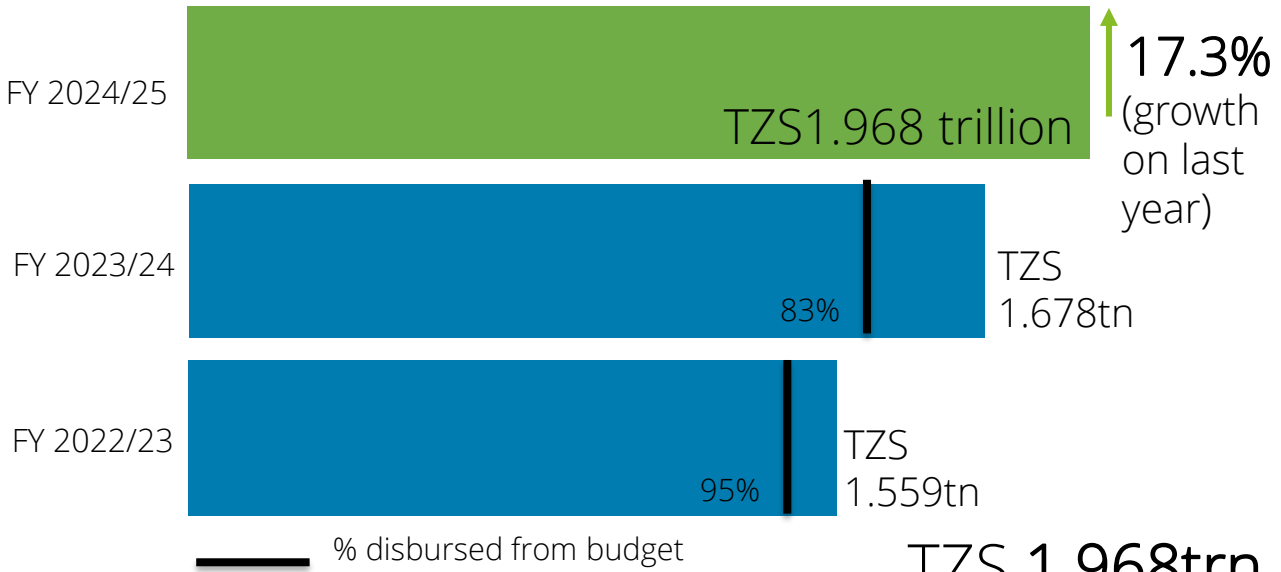
Budget changes

- A 17.26% increase in the budget for the education sector from TZS 1.678 trillion to TZS 1.968 trillion.
- The implementation of the Education and Training Policy of 2014, the 2023 version started in January 2024.
- An increase in technical education training colleges from 465 colleges in 2022/23 to 474 colleges in 2023/24 and an increase in vocational education and training colleges from 687 in 2022/23 to 830 colleges in 2023/24.

Strategic Priorities 2024/25

- Continuing with the implementation of the Education and Training Policy of 2014, the 2023 version and curriculums, review of the laws, and issuing regulations that will ensure provision of quality education in Tanzania;
- Increasing opportunities and improving quality vocational training skills in secondary schools and Vocational training institutions;
- Increasing opportunities and improving the quality of primary, secondary, and teachers' education;
- Increasing opportunities and improving the quality of higher learning; and
- Strengthening the country's capacity to conduct research, use of science and technology, and creativity.

Budget Allocation



TZS 49.35trn
Total proposed budget
for 2024/25

TZS 1.968trn
Education sector
budget



(3.99% of
total
budget)



- For FY 2023/24, the Ministry of Education was allocated a total of TZS 1,678,487,215,000 for development and recurrent expenditure. As of April 2024, only 83% of the budget allocated was received by the Ministry.
- In FY 2024/25 the education sector has budgeted for TZS 1,968,212,534,000 which is made up of TZS 1,328,042,674,000 (i.e., 67% of the total amount allocated) for capital / development expenditure and TZS 640,169,860,000 for recurrent expenditure

Energy highlights



Successes in the energy sector

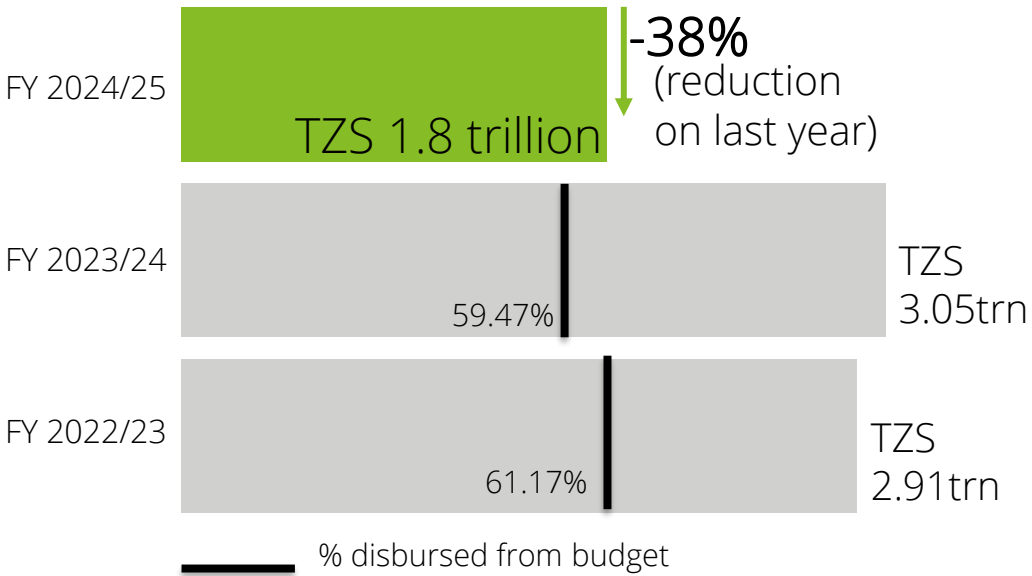
- Capacity increase of the machinery for production of electricity by 14.2%.
- 97.43% completion of Julius Nyerere hydroelectric dam (MW 2,115) by March 2024, one MW 235 plant started production and was connected to the National grid.
- 21.7% increase in the power transmission lines from 6,363.3 kms in 2022/23 to 7,745.4 Kms in March 2024.
- National grid stabilization, rehabilitation and upgrading projects.
- Increase of number of people connected to electricity by 9.4% between June 2023 and March 2024.
- Inauguration of the clean cooking energy program.



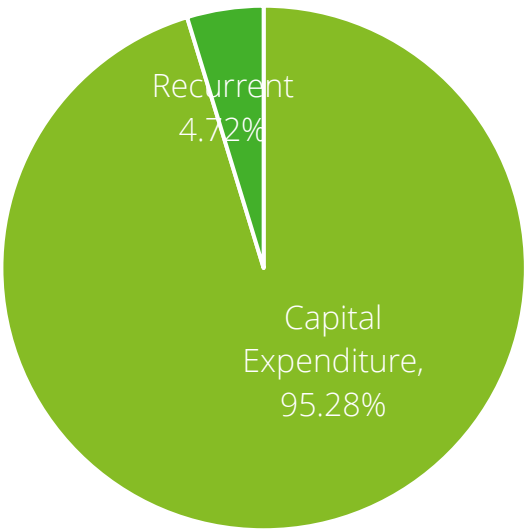
Strategic priorities 2024/25

- Completion of the MW 2,115 Julius Nyerere Hydro Power Project.
- Implementation of various renewable energy projects including solar and Wind Projects in Singida and Dodoma.
- Implementation Projects for Rural Energy as well as starting the process of delivering electricity to rural areas all in the country.
- Implementation of MW 600 Kinyerezi III natural gas electricity project.
- Finalization of LNG project negotiations and the start of preparations of its implementation.

Budget Allocation - Energy



Allocation of capital vs recurrent expenditures



Source: Ministry of Energy Budget Speech 2024/25

TZS 49.35trn
Total proposed budget
for 2024/25

TZS 3.05trn
Energy sector
budget



(3.65% of
total
budget)

Health highlights

This analysis assesses the alignment of the 2024/2025 Health Sector Budget with the Tanzania Health Sector Strategic Plan V (HSSP V) for 2020/2021-2025/2026. It further investigates trends in budget allocation for development and recurrent expenditures. Additionally, the report explores the Ministry of Health's diverse revenue streams, including medical services, fees, donations, tuition fees from health training institutions, and income generated through tenders

Health sector budget over the years

An analysis of the recent health sector budget allocation reveals a concerning trend. While the total health budget has seen some increase, its share of the national budget has stagnated, even declining in some years.

This is particularly evident from 2019/20 onwards, with allocations dropping from 7% to 5.5% in 2023/24 (7% in 2019/20, 3% in 2018/19, 5% in 2020/21, 4.8% in 2021/22, 5.2% in 2022/23, and 5.5% in 2023/24). This stagnant, and at times decreasing, proportional allocation falls significantly short of the Abuja Declaration target of 15% of national budgets dedicated to healthcare.

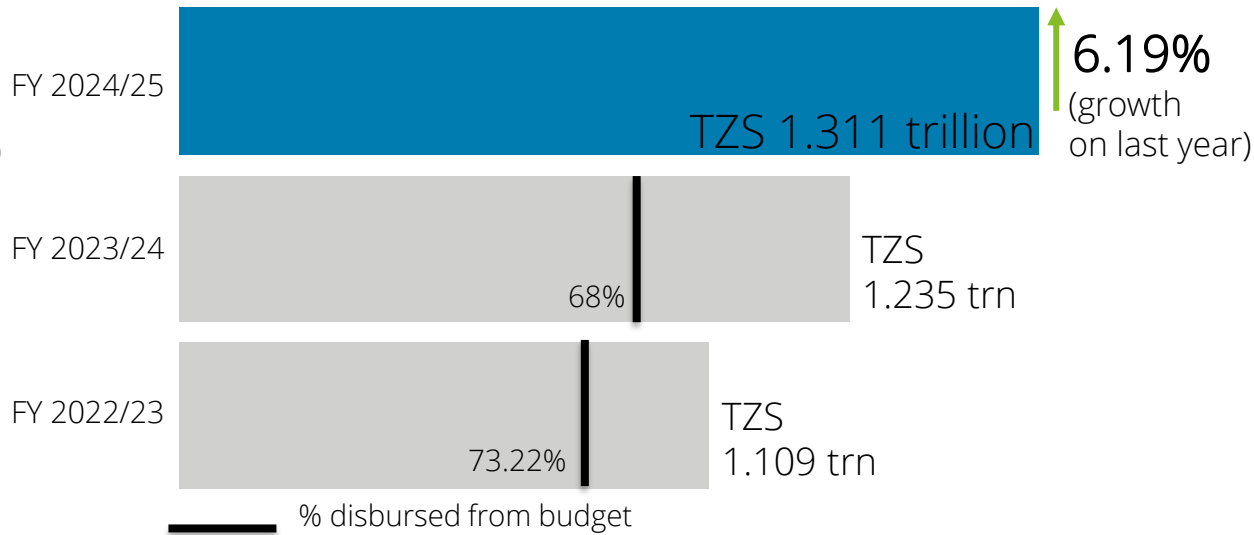
Tanzania, a signatory to this declaration, faces challenges in meeting its commitment to prioritize health spending.

Performance of the 2023/2024 Ministry of Health Budget

The Tanzania Ministry of Health (MoH) has utilized 68% of its budget of TZS 1.23trn in 2023/24. The MoH has also achieved significant healthcare improvements from July 2023 to March 2024:

- An 80% drop in maternal mortality rates from 556 per 100,000 live births to 104;
- Vaccination programs surpassing national and WHO targets;
- Successful health campaigns in polio, measles-rubella, and HPV in most cases achieving 90% or above of the targets;
- Improvements in public health and sanitation and improved access to clean water and latrines reaching 77.5% coverage of households; and
- Progress in the fights against HIV and malaria including reducing prevalence rates and advancing towards the 95-95-95 target for HIV treatments and viral suppression.

Budget Allocation



TZS 49.35trn
Total proposed budget for 2024/25

TZS 1.311 trn
Health sector budget

(2.77% of total budget)

Health highlights

Strategic Priorities 2024/25

In the financial year 2024/25, the Ministry has set the following priorities to improve the health services in the country to strengthen:

- Preventive healthcare services;
- Availability and quality of healthcare services provided by healthcare facilities from the Dispensary to the National level;
- Health financing systems in the country;
- Maternal, child and newborn health services to reduce maternal and infant mortality;
- The availability and development of health professionals in the Health Sector for mid-level, specialist and sub-specialist cadres;
- Specialized and sub-specialized medical services in the country;
- Promote and manage Traditional and Alternative Medicine interventions;
- The availability of services for communicable diseases, non-communicable diseases and outbreaks;
- Mental health services, psychosocial services especially for children, the elderly and people with disabilities; and
- Manage Research and the use of results from various health research studies.



TZS 100bn

Availed to Medical Stores Department as working capital to enhance capacity



Insight

Tanzania's health sector faces limitations despite potential budget increases. This restricts investments in crucial areas. Additionally, the Ministry underspends its budget, leaving projects incomplete.

The situation is further challenged by recent changes to the National Health Insurance Fund (NHIF). While NHIF contributes 80% of healthcare facility revenue, private hospitals have had challenges working with the new pricing for drugs, surgeries, and diagnostics. A reduction in covered medications also raises concerns. The Minister's initiative to address these issues with a joint committee is a positive step.

However, a two-pronged approach is crucial:

1. **Address budget shortfalls:** Explore innovative financing to supplement the health budget, such as public-private partnerships and user fee adjustments focused on equity.
1. **Strengthen NHIF:** Maintain open communication with stakeholders, particularly the private sector, to ensure a fair and sustainable NHIF Benefits Package. Regularly review and update covered medications based on the National Essential Medicine List.

Financial sector highlights

Sector highlights

- Contributed growth of 10.8% to GDP through December 2023.
- Credit extended to the private sector recorded an average growth off 17% in the 1st quarter of 2024 , similar to prior year.
- Non-performing loans are now within the acceptable threshold of 4.3% as of April 2024, an improvement (5.5% in April 2023 and April 2022 of 8.3%).
- Increase in microfinance licenses from 1,187 licenses in March 2023 to 1,726 in June 2024.

Foreign currency - 2023 and 2024 have posed significant foreign currency challenges to the economy with various measures being enacted by the government to ease these shortages. The Bank of Tanzania has taken measures to reduce dollarization within the country in an effort to reduce the shortages. The government is also in receipt of USD 150mn from the IMF in an effort to ease the pressure.

In the Minister’s speech on 13th June 2024, it was reiterated that selling domestic goods or services using foreign currency is an offense according to section 26 of the Bank of Tanzania Act of 2006. A directive has been issued, effective 1st July 2024 that goods and services provided within Tanzania should be **quoted and paid in Tanzanian shillings**, and in addition, all government institutions should ensure that all levies, good and services are paid in Tanzanian shillings.

Bank of Tanzania measures

- Continuing to implement the Banking and Financial Institutions Act, CAP 342; the Microfinance Act, CAP 407; and the National Financial Education Program 2021/22-2025/26;
- Deepening the Rural Financial Literacy Programme; and

- Sensitisation and capacity building for microfinance groups;

Digital Finance

The government has continued to promote the use of digital within the banking system, having successfully integrated all commercial banks and mobile financial services providers into Tanzania Instant Payments System (TIPS) and will be commencing the next stage of this project which allows payment of goods and services through QR codes.

The country has also deepened its use of electronic money transfer as well as increases in deployment of Point of Sale (POS) machines; with increases of TIPS users of 35% from 38.3mn in 2022 to 51.7mn in 2023. Similarly, POS transactions have grown by 47.76% to 9.9mn in 2023 from 6.7mn in 2022.

Expected income tax changes: Given existing challenges in accounting for the tax deduction linked to bad debt write-offs, the government is going to publish clear Regulations that will govern the steps to be taken to determine allowable bad debt write-offs. This is expected to resolve persistent disputes around tax deductibility of bad debts that have been written off.



76% of
Tanzanians use
formal financial
services

Digital traction



51.7 mn
users of e-
transfers

TZS 11.32 trn
transmitted through
TIPS



9.9 million
POS
transactions

TZS 1.34 trn
transactions through
POS

Mining highlights

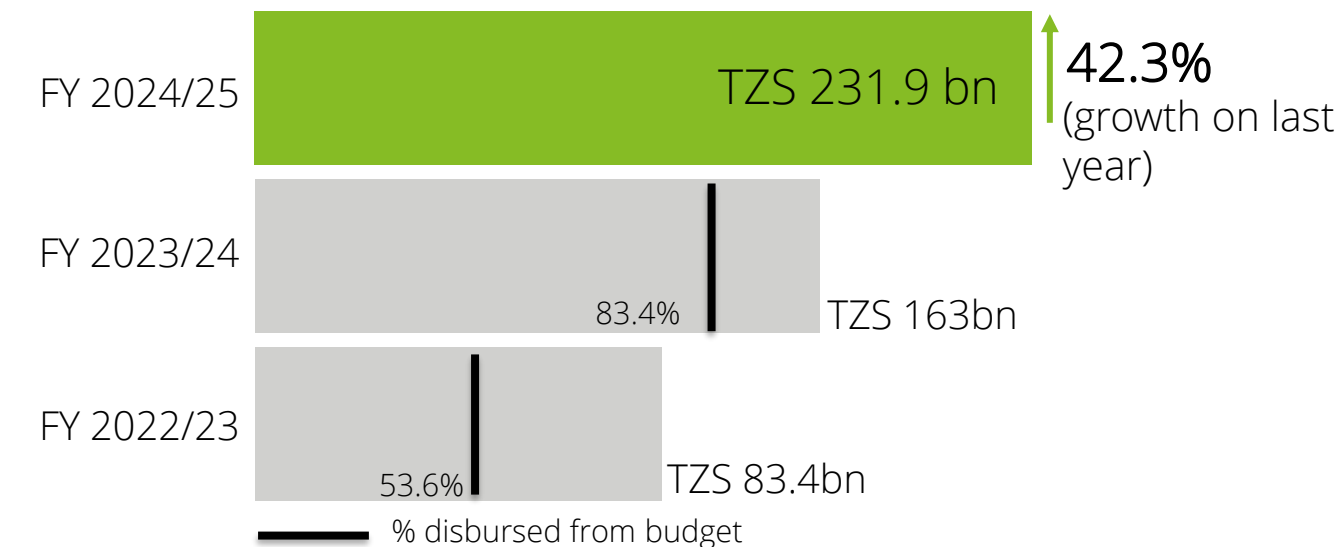
Sector highlights

- Approximately 80% of the revenue generated from this sector is derived from gold, driven by rising gold prices, whose average price was \$2,138.01 per ounce between July 2023 and March 2024 compared to \$1,854 per ounce between July 2022 and March 2023. The prices of other metals such as silver registered an increase in price as well.
- The mining sector has demonstrated consistent growth, making a 9% contribution to GDP in 2023 from 7.3% contribution in 2021, serving as the largest contributor to exports by value. The most exported mineral is gold which contributes \$ 2,909 million in foreign exchange income.
- For the period from July 2023 to March 2024, the Ministry of Minerals has issued Special Mining Licenses, including Heavy Mineral Sands mining in Pangani, Tanga Region, and Nickel Refining in Kahama, Shinyanga Region. This signals an increased focus on investment in the industry.

Key achievements in 2023/24

- Improved royalty collection and contribution of the sector to the GDP:** The revenue collection target of TZS 1,006.71 billion was set, with a distribution plan of 87% to the Consolidated Fund and 13% to various institutions under the Ministry. As of March 2024, the Ministry successfully collected TZS 548.3 billion, achieving 54.46% of the annual target.
- Increased markets and mineral trading centers** from 41 and 61 in 2020/2021 to reach 42 and 100 in 2023/2024 where the business was done with minerals worth 2 trillion shillings and 1.9 trillion shillings, respectively.

Budget Allocation - Mining



- Development of Small-Scale Miners and Citizen Participation in the Mining Economy Value Chain:** Training of 10,213 small-scale miners on environmental, safety, occupational health, proper business management, taxes, and royalties. 100 small-scale miners from FEMATA (Federation of Miners Association of Tanzania) visited processing facilities and had meetings with mineral dealers in China.
- Promotion of Tanzania as a mining investment destination:** Tanzania's debut participation as a country in the Mining Indaba 2024, held in Cape Town, South Africa and successful organization of the Mineral Investment Forum by the Ministry of Mines in Dar es Salaam, Tanzania, in October 2023.
- Enhanced mineral export license issuance:** 11,258 mineral export licenses were issued in 2023, compared to 10,318 in 2022. The increase in demand for gemstones and coal in neighboring countries contributed to this rise. Additionally, 115 mineral import licenses were granted between July 2023 and March 2024.

TZS 49.35trn
Total proposed budget
for 2024/25

TZS 231.9bn

Mining sector
budget

(0.49% of
total
budget)

Mining highlights



Proposed implementations in 2024/25

Key implementations

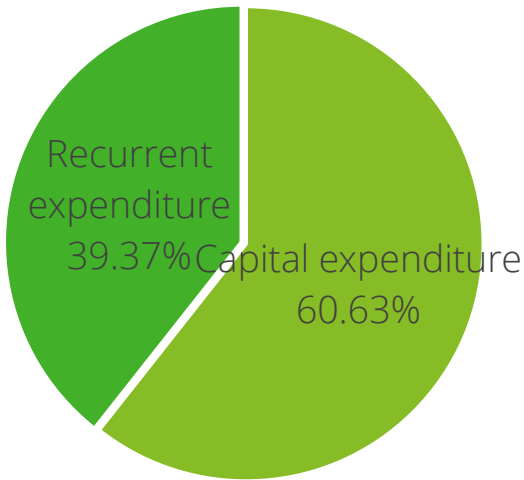
- Enhancing the collection and increasing the contribution of the mining industry to the GDP by encouraging the start of production for the companies that were granted a mining, refining and trading licenses.
- Developing important minerals and strategic minerals (These minerals include lithium, nickel, helium, nickel, cobalt, titanium, copper, aluminum, niobium, and rare earth elements which are used to make scientific equipment and technology).
- Encouraging investment, value addition mining, establishment of auctions and exhibitions of gem minerals.
- Continuing to conduct high-resolution airborne geophysical surveys.
- Developing small-scale miners.
- Building the capacity of institutions under the Ministry of Minerals so that they can carry out their duties for more efficiency and productively



Insight

- Positioned as Africa's fourth-largest gold exporter, Tanzania has a golden opportunity to unlock even greater economic prosperity. By transitioning from exporting raw materials to processed minerals. Tanzania can capture a significantly larger share of the value chain, boosting export revenue and propelling economic growth.
- Capitalising on the achievements attained in 2023/2024, the government remains on the right track to achieving its plan of having this sector contribute 10% of GDP by 2025.

Allocation of capital vs recurrent expenditures 2024/25 for mining



TZS1.2tn
Expected in royalties and inspection fees in 2024/25



Mining contribution to GDP

Tourism highlights

Highlights

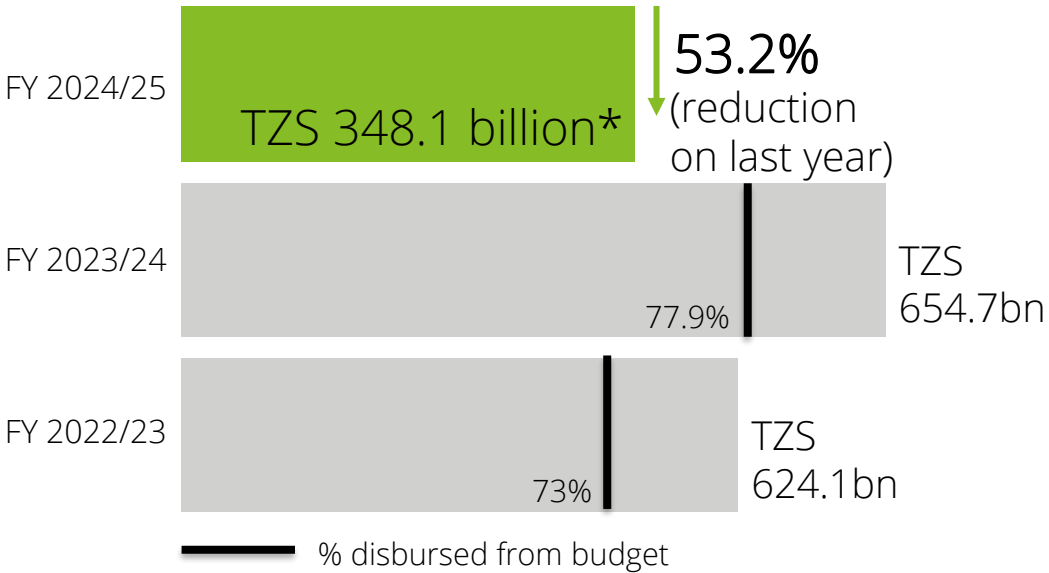


The Minister of Natural Resources and Tourism in a presentation on 30 May 2024 discussed the priorities and focus for the coming year for the Ministry. The Minister indicated some key achievements and highlights during the year as follows:

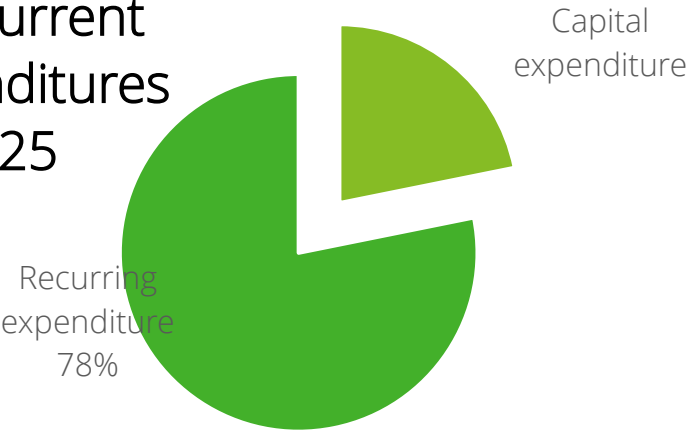
- Revenue collected** in 2023: Foreign tourist revenue equaled USD 3.37bn, which is a 159% increase from USD 1.3bn in 2021, indicating a full recovery from the COVID-19 shocks. Additionally, local tourist revenues reached TZS 175.3bn, which is equivalent to a 279% increase from 2021.
- Tourism receipts reaching USD 3.37bn marks the highest amount ever earned in the history of tourism in Tanzania and is also equally reflected in the rebound of actual arrivals, with **tourist arrivals increasing by 24.3%** to a record-breaking 1,808,205.
- The Royal Tour* project seems to be showing results with the number of foreign tourists increasing by 96% from 2021 to 2023, while revenues increased by 159% during that same time frame. Additional traction is expected from the *Amazing Tanzania* film that premiered in May 2024.



Budget Allocation



Allocation of capital vs recurrent expenditures 2024/25



*Source: Minister of Natural Resources and Tourism budget presentation on 30 May 2024

TZS 49.35trn
Total proposed budget
for 2024/25

TZS 348.1bn
Tourism sector
budget

(0.73% of
total
budget)

Tourism highlights

Strategic priorities

In this drive to develop the industry and boost growth, the Ministry of Natural Resources and Tourism's has an emphasis on infrastructure developments to facilitate easier access to underserved destinations, briefly detailed below:

- **Airstrip developments:**
 - Construction of 12 new airstrips in various national parks; and
 - Ongoing construction of 4 additional airstrips.
- **Road Construction Efforts:**
 - Nyerere National Park: 694.5 km of roads;
 - Other Parks: 3631 km of roads constructed; and
 - Construction of 157 km Mountain Trail in Nyerere National Park.

The infrastructure development are expected to improve connectivity within and between parks, enriched the visitor experience and further support sustainable growth in the tourism sector.

Strategic move

- With strategic initiatives focused on infrastructure, sustainability, marketing, and visitor experiences, Tanzania is poised for continued growth as a premier tourist destination, driving economic prosperity for the nation. A key strategic move would be to expand tourist access beyond the traditional Northern Circuit and Zanzibar in order to reduce pressures that may come from over-concentration as tourist numbers increase.



Insight

In the year 2022, in order to promote tourism, the government embarked on the Tanzania Royal Tour project. A film which was directed by the famous Peter Greenberg of CBS News (An American television service). The Ministry of Tourism and Natural Resources has indicated the following to be among the benefits derived by the royal tour project:

- Ngorongoro National Park received an award as Africa's leading tourist attraction in 2023;
- Increase in the number of arrivals by over 24.3%;
- Serengeti National Park was among the top six (6) attraction centers which was most visited in June 2023.. The park has also had continuous recognitions, highlights the importance of preserving and promoting Tanzania's natural heritage after receiving an award for Africa's Leading National Park for 5 years in a row since 2019 and being placed in the Diamond Category by the European Society for Quality Research and top attraction for Africa by Trip Advisor;
- In addition to the achievements and ongoing projects, the Ministry has identified key insights to inform future initiatives;
- Collaboration with stakeholders has proven instrumental in promoting tourism and showcasing Tanzania's diverse offerings; and
- Participation in international exhibitions enhances Tanzania's visibility and attracts potential tourists from around the globe.



+152%

Growth in visitors to Tanzania compared to 2021.

Transport highlights

Sector highlights and success

The Ministry of Transport largely contributes and helps with accelerating growth of other key sectors in the country. Such sectors, among others, include agriculture, mining, tourism, trade and industries. The transport sector is also the third highest forex contributor to the nation through trade in services. In FY2023/24, the sector has recorded the following success:

- Completion of the Standard Gauge Railway (SGR) Lot 1 and Lot 2 where-by its commissioning is currently ongoing.
- Deepening of the existing berth to 15.5 meters and widening the entrance channel and turning basin to 200 meters to accommodate Panamax sized vessels at the Dar es Salaam port.
- Construction of Kwala dry port is at 96% completion.
- Installation of two (2) radars in Mbeya and Kigoma regions. These are aimed at improving the meteorological infrastructure.
- Increased the number of ATCL aircrafts to 16.

Strategic Priorities FY24/25

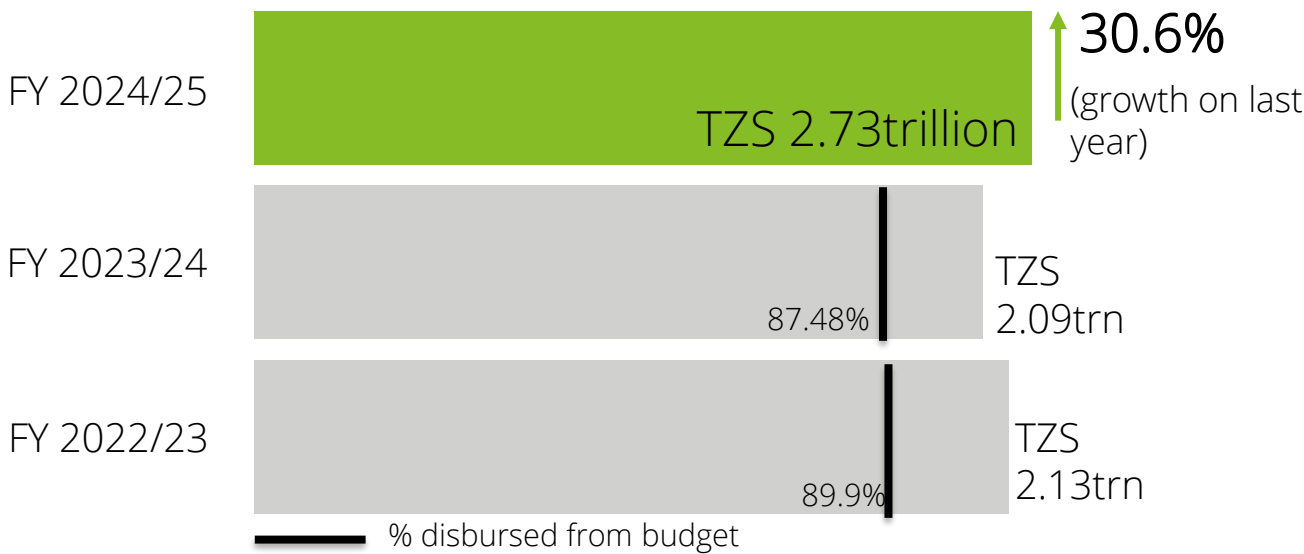
- Construction of the Standard Gauge Railway (SGR) Lot 3 (Makutupora – Tabora), Lot 4 (Tabora – Isaka), Lot 6 (Tabora – Kigoma), Lot 7 (Uvinza – Musongati).
- ATCL revival.
- Institutional support which includes operationalization of Terminal III building at JNIA.
- Airports and Ports infrastructures.
- Dar es Salaam Maritime Gateway Program (DMGP) which aims at improving the effectiveness and efficiency of the Dar es Salaam Port and supporting the economy.
- Maintenance of Meter Gauge Railway (MGR).
- Construction of the Aviation College.
- Installation of radars, equipments and other related infrastructures.



Insight

Amounts disbursed during the FY 2023/24 to transport sector was 87.48% of the total budget, denoting a commitment to fulfilling infrastructure priorities set out for the fiscal year which are key facilitators of the nation’s economy. Furthermore, the notable increase in the FY 2024/25 budget is the continued commitment of the government to the strategic importance of the sector to the economy at large.

Budget Allocation - Transport



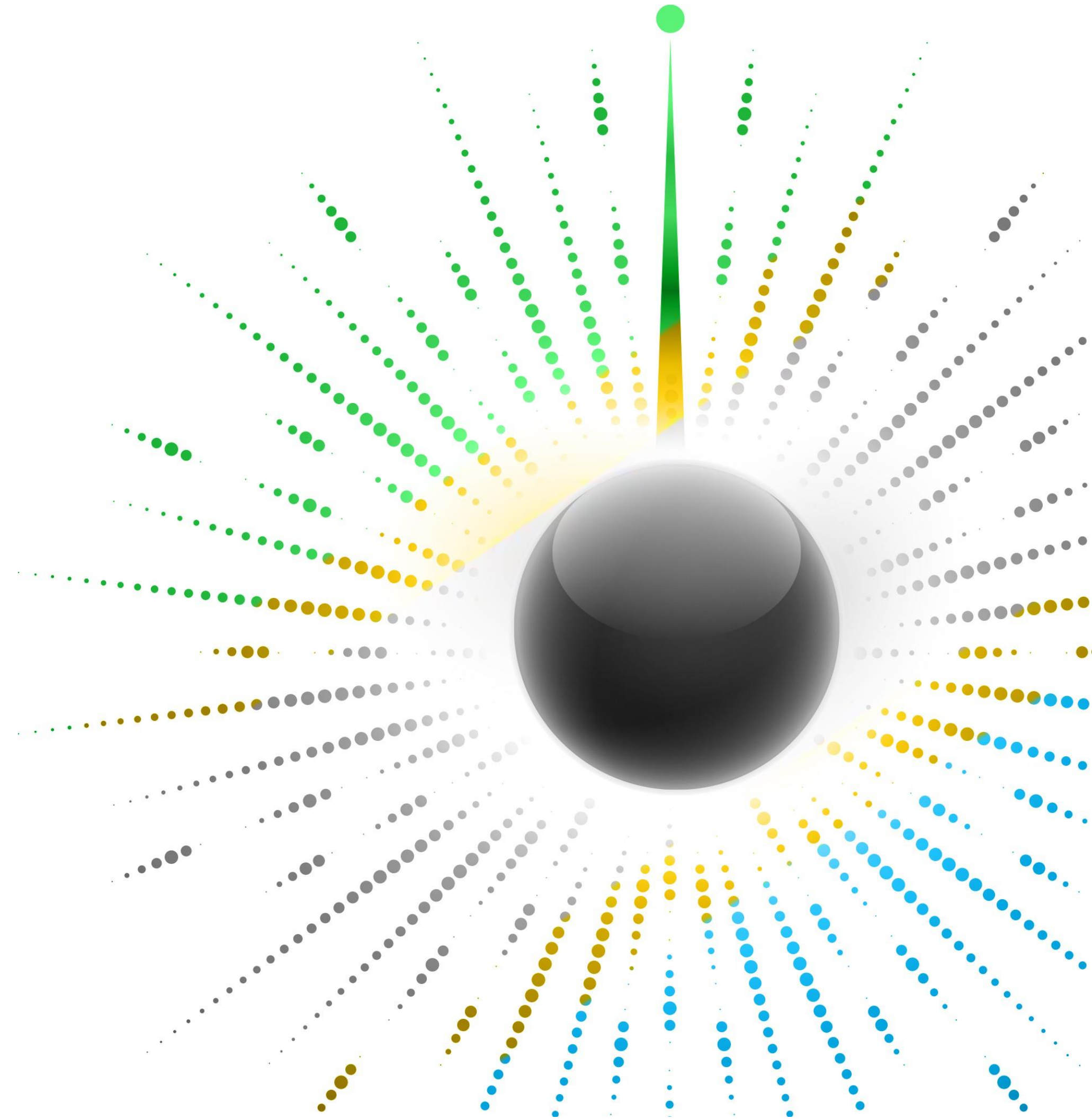
TZS 49.35trn
Total proposed budget
for 2024/25

TZS
2.73trn

Transport

(5.5% of
total
budget)

Tax Measures



Income Tax



Corporate Income Tax Measures

- Inclusion of institutions dealing with the advancement of health services and environmental conservation in the list of institutions that qualify as charitable organizations.
- Exemption of tea processing companies with unrelieved losses for three consecutive years, from paying Alternative Minimum Tax (AMT).
- Introduction of a requirement to have electronic fiscal receipts on purchases from local suppliers as a condition for an expense to get a deduction in computing the taxable income for the year.
- Allowing a deduction of the 15% contribution made by public institutions to the Consolidated Fund when computing its taxable income.
- Amendment of indicative income tax rates for passenger transportation businesses whose gross income do not exceed TZS 100 million and are not legally bound to prepare accounts. The proposed indicative rate for passenger transportation buses carrying between 16 to 25 passengers range from TZS 650,000 from TZS 550,000 that is currently charged.
- Amendment of the percentage of the income chargeable to corporate income tax for entities that have had unrelieved losses for four prior consecutive years, from 30% to 40%. Previously, corporations with unrelieved losses would utilise those against current profits to the tune of up to 70% of the taxable income of the year.
- Specification of procedures for review, recognition and writing off bad debts. The procedures will be prescribed in Regulations that will be published.



↑ **30% to 40%**

(increase in percentage of current taxable income that will be taxed for an entity with four years of consecutive unrelieved losses)



Insight

Guidelines on the procedures for review, recognition and writing of bad debts will bring the long-awaited clarity on the processes and hopefully put an end to the never-ending disputes on this issue between taxpayers and the tax authority.

The AMT exemption for tea processing companies will be positively welcomed since the initial definition of agricultural businesses that enjoyed the exemption excluded processing of agricultural produce for companies whose operations combine both growing and processing tea and thus negatively impacted tea companies as tea leaves require simple processing for preservation purposes.

The requirement to have electronic fiscal receipts aims at increasing the use of electronic receipts. It is likely that the authority will now only grant a deduction on expenses available in the EFDS and recorded in the EFDMS. It will be important for businesses to keep a copy of their invoices and may present verification challenges for taxpayers who are not required to have EFD machines.

Income Tax



Withholding Tax Measures

- Introduction of a 5% withholding tax on payments made by non-residents to resident digital content creators.
- Introduction of a 2% withholding tax on payments received from purchase of industrial minerals with the exception of salt, metallic minerals or other precious minerals as stipulated in the Mining Act, Cap 123, when sold by a primary mining licensee or artisanal miner.
- Introduction of a 3% withholding tax on income derived from a transfer of digital assets with the foreign digital platform owners or any person who facilitates digital asset transfers or exchange becoming withholding agents.
- Introduction of a 5% withholding tax on income derived from the digital content creation business done by resident entities.
- Introduction of a 2% final withholding tax on payments made by resident entities on purchase of agricultural produce, fish, animals and poultry except forestry.
- Exemption of WHT on interest on loans paid by resident financial institutions to non-resident financial institutions and funds having concessional loans' agreements with the United Republic of Tanzania and the agreement has article(s) that provide for tax exemptions.



5%
(introduction of withholding tax on payments made by non-residents to resident digital content creators)



Insight

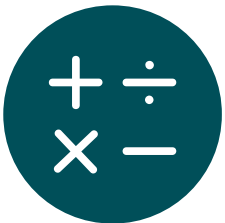
The proposed changes reflect the Government's focus to expand the tax base and subsequently increase the government revenue while also promoting economic growth.

The specific focus on taxation of suppliers and/owners of digital products and services is a step towards the right direction in terms of keeping up with technology that is growing at an unprecedented rate. However, it remains unclear as to how the withholding obligations by non-residents will be fulfilled considering the majority of platform owners do not have a local presence.

We are also seeing an attempt to introduce a 2% withholding tax on purchase of industrial minerals. While this year's move is not targeting artisanal miners and primary mining licensees, it remains to be seen whether the proposed change will make it to the Finance Act.

The 2% final withholding tax on payments made by resident entities on purchase of agricultural produce, fish, animals and poultry except forestry is an attempt to widen the tax base by taxing the informal agricultural sector. A similar provision was made in 2021 but was repealed due to resistance in the industry, particularly from farmers.

Value Added Tax (VAT)



Our point of view on VAT

Delays in getting VAT refunds has been an outcry for a long time and thus the proposal to have the refunds paid in 30 days from the date of submission of the application is welcomed news particularly for exporters and donor funded projects. The 30 day timeline is quite ambitious and it remains to be seen whether delayed verification procedures will frustrate such positive intention. The signal, however, is commendable given the relative plateauing of refunds in the last year.

Incentives in favour of the agricultural sector including zero-rating of fertilizers are key to boosting the sector. The industry specific initiatives intend to offer relief to farmers and protect local manufacturers.

Whilst the exemption on the aviation sector is meant to attract investment and enhance competitiveness, the same may affect the ability of suppliers to claim input VAT on the related purchases since they will be considered partial exempt traders. The amendment would have been more beneficial if the proposal was to zero-rate the supply of the aforementioned items however, this is still a positive move.

Zero rating of gold supplied to the Central Banks also aligns with proposed amendments in the Mining Act which are all aimed at increasing the foreign currency reserves and reducing the dollar shortage.

The introduction of VAT on data services appears to be in line with the general posture of the government with respect to taxing the digital economy. It remains to be seen what the law will define ‘data services’ to be. Further clarity will be provided once the Finance Bill and ultimately Finance Act is passed.

Key changes

- Exemption of VAT on supply and importation of motor vehicles, equipment, machinery and other goods for official use of Tanzania People’s Defence Force.
- Exemption of VAT on supply of aircraft, aircraft engine, aircraft parts and aircraft maintenance services to local air manufacturers and assemblers.
- Exemption of VAT on supply and importation of water treatment chemicals, water meter, and sewage services. The exemption will be granted upon approval of the chemicals by the minister responsible for water.
- Exemption of VAT on importation of Video Assistant Referee equipment and accessories. The exemption will be granted subject to approval by the Minister responsible for Sports.
- The Minister proposes to start paying VAT refunds within 30 days from the date of submission of the refund applications to promote voluntary tax compliance.
- Exemption of VAT on single axle tractors (Power Tiller) (HS Code 8701.10.00).
- Abolishment of VAT exemption on supply and importation of agricultural implements. The affected implements are spades and shovels (HS Code 8201.10.00) and mattocks and picks (HS Code 8201.30.00)
- Zero-rating of gold supplied to the Central Bank of Tanzania.
- Zero-rating of gold supplied to domestic refineries.
- Abolishment of VAT exemption on supply of precious metals, gemstones and other precious stones at refineries.
- Zero-rating of fertilizer manufactured locally for the period of one year.
- Zero-rating of fabric and garments made using locally grown cotton.
- Exemption of VAT on supply of double refined edible oil from locally grown seeds by a local manufacturer for one year.
- Introduction of VAT on online data services. The Act is expected to clarify on what will constitute online data services.

Customs

Key changes

- Duty remission on Lithium-ion electric accumulators under HS Code 8507.60.00, unassembled Television (CKD) under HS Code 8528.73.10, as well as various inputs used in the assembling or manufacturing of mobile phones.
- Duty remission at a duty rate of 0% on inputs under various specified HS codes used for the manufacture of yoghurt, powdered or UHT milk to reduce the cost of milk production in the country.
- Duty remission at a duty rate of 0% on inputs used for the manufacture of mosquito repellants to reduce the cost of production of mosquito repellants in the region.
- Various measures adopted in the financial year 2023/24 including duty remission on corks and stoppers for manufacture of wines, EFD, POS, cash registers and point of sale, packaging raw materials for coffee, seeds, tobacco, tea cashew nuts as well as sanitary pads to promote local manufacturing.
- Duty remission on raw materials for domestic manufacturing of fertilizer with the intention of promoting local fertilizer manufacturing.
- Stay of application of EAC CET rate of 100% or 460/MT, whichever is higher, and apply a duty of 10% on refined sugar (sugar for industrial use).



+10%
(duty increase on sugar)



Insight

The government proposes a number of duty remission to zero percent on inputs and raw materials used by local manufactures and assembly of various articles in Tanzania. This measure signifies the move by Tanzanian government and the rest of the East African States to boost our local investment in the manufacturing sector, create more local employment, reduce production costs and elevate economic growth.

The proposed application of duty rates is meant to protect local industries on one hand and consumer welfare on the other. The measures will encourage consumers and businesses to opt for local goods instead of importing the same which will guarantee strong balance of payments and strengthen manufacturing sector in the country.

Additional information on detailed listing of rates and duties available in [appendix](#).

Excise Duty

Key changes

- Reduction of excise duty on locally produced bottled water with HS Code 2201.10.00 and 2201.90.00 from TZS 63.80 to TZS 58 per litre.
- Introduction of excise duty at a rate of TZS 7,000 and TZS 5,000 per litre on imported and locally produced un-denatured ethyl alcohol with 80% alcoholic strength respectively.
- Introduction of a 10% excise duty on the value of stake on betting, gaming and national lottery and ring-fence the amount collected to be remitted to the Universal Health Insurance Fund.
- Introduction of a 10% excise duty on the advertisement fee paid to television, print media and radio stations for betting, gaming and lotteries advertisement.
- Introduction of excise duty at the rate of TZS 300 per kg on imported and locally manufactured tomato sauce and tomato ketchup with HS Code 2103.20.00 as well as chilli sauce, chilli ketchup and mango pickle with HS Code 2103.90.00. The change will not affect tomato and chili paste.
- Introduction of excise duty at the rate of TZS 500 per kg on locally manufactured and imported solvent based paints and vanishes with HS Code 32.08.
- Introduction of excise duty at the rate of TZS 963.90 and TZS 2,959.74 per litre on imported opaque beer with HS Code 2206.00.20 and other imported beer made of mixed fruits with HS Code 2206.20.90 respectively.
- Allocating 2% of the excise duty collected on carbonated soft drinks, cosmetics products and alcoholic drinks to the Universal Health Insurance Fund.
- Introduction of a requirement for manufacturers of excisable goods to have a manufacturing licence upon installing ETS machines and starting production.



+10%
(advertisement fee paid on betting, gaming and national lottery)



Insight

The proposed measures are primarily geared towards increasing government revenue, protecting local producers and manufacturers as well as protecting consumers.

In addition, the move to have part of the excise duty collected on carbonated soft drinks, cosmetics products and alcoholic drinks as well as newly introduced duty on betting, gaming and national lottery remitted to the Universal Health Insurance Fund is a welcome proposal from a sustainability perspective because it is aimed at improving accessibility of health services for people who cannot afford the same.

On the other hand, the imposition of excise duty on advertisements relating to lottery, gaming and betting activities is aligned to the general approach of imposing the duty on what is considered as a luxury/entertainment. In our view this may go a long way to reduce the impact of such activities to the young people in the society.

Miscellaneous fees and levies

Key changes

The Tax Administration Act, CAP 438

- While not captured in the budget reading by the Minister, the speech proposes to extend powers of the Tax Ombudsman to hear and address complaints emanating from tax decision or objection on procedural, service and administrative matters;
- Increasing the currency point value from TZS 15,000 to TZS 20,000 to keep up with the time value of money; and
- Setting a maximum fine for the offense of failure to issue fiscal receipt at 1,000 currency points equivalent to TZS 15,000,000 (the amount is subject to change if the above proposal to increase the currency point value is passed).

The Local Government Authorities (Rating), Act CAP 289

The Minister proposes to remit 20% of the revenue collected from property tax and land rent, directly to the Local Government Authorities (Councils) accounts, as opposed to the Local Government seeking a refund from the Consolidated Fund as done now.



Bank of Tanzania Act CAP.197 and Banking and Financial Institutions Act, CAP.342

The Minister proposes amendments that aim to allow banks and financial institutions that do not charge interest to access opportunities the same way as other conventional banks and financial institutions, and to operate with their accounts or their customers’ accounts to access Government Bonds.

The Road and Fuels Tolls Act CAP 220

Introduction of a toll of TZS 382 per kilogram of Compressed Natural Gas (CNG) used in motor vehicles. The Funds will be directed towards road repair and maintenance.

Sugar Industry Act, CAP 251

- The Minister proposes to empower National Food Reserve Agency (NFRA) to buy, stock and reserve sugar as national food reserve to cover during shortages.
- Inclusion of sugar as part of food security; and
- Introduction of levy of TZS 50 per kilogram of sugar by-products originating from sugar production.

The Ports Act, 2004

Reinstating the mandate to collect wharfage to the Tanzania Ports Authority.

The Mining Act, CAP 123

- I. Exemption of the 1% clearance fee on supply of gold to the Bank of Tanzania (BoT). This aims to incentivize the supply of Gold to BoT and enhance growth of National gold and foreign currency reserve.
- II. Reducing the royalty rate from 6%t to 2% on the supply of gold to be sold to the BoT.
- III. Reduction of royalty rate from 4% to 2% on the supply of gold to be sold to the domestic refineries.
- IV. Introduction of the requirement for the mineral right holders and the mineral dealers to set aside minerals for processing, smelting, refining and trading within the Country. The Minister responsible for Minerals will be required to determine the amount to be set aside however for a start, 20% of gold will be set aside for this purpose.
- V. To recognize the Bank of Tanzania (BOT) as the Statutory Gold Dealer.

Miscellaneous fees and levies

Key changes

Gaming Act, CAP 41

- I. Introduction of a gaming dealer’s certificate application fee of TZS 10,000 and certificate fee of TZS 20,000.
- II. Introduction of lottery centers registration fee of TZS 30,000.
- III. Introduction of license application fee of TZS 500,000 and annual fee of TZS 1,000,000 for supply of tokens used in slot machines.

The Railway Act, 2017

Increase of the railway development levy from 1.5% to 2%. The levy collected will be distributed equally to railway development fund and road fund.

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

Inclusion of electrical vehicles in the scope of vehicles eligible for payment of registration fees.

Amendments of Various Government Fees and Levies of the Government Agency and the Implementation of the Blueprint Improvement Plan.

Fire and Rescue Force

Reduction of a fee chargeable for training wardens on fire prevention and cautionary measures from TZS 500,000 to TZS 200,000.

Tanzania Civil Aviation Authority (TCAA)

Revision of the fee for renewal of Air Operators Certificates (AOC). Instead of charging \$600 per aircraft annually, the new rate will be \$600 per company per year.

Ministry of Natural Resource and Tourism

- Minister proposes to charge tourist business license fee in Tanzanian Shillings, instead of US Dollars.
- Reduction of the tourism business license fee paid by an agent of the mountain climbing from USD 2,000 to TZS 3,000,000 per annum.



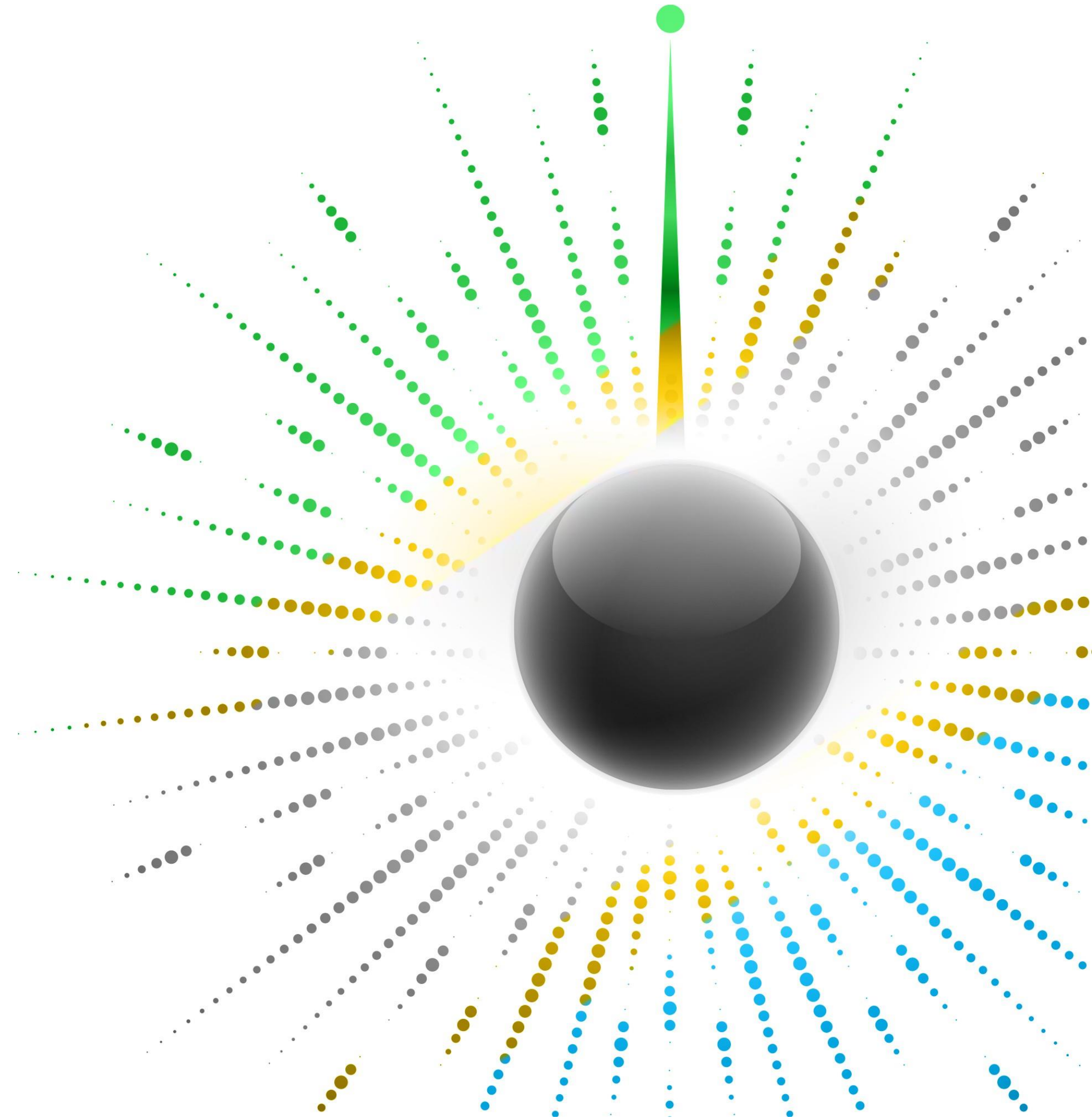
Insight

We continue to see the Government’s efforts to strengthen the economy despite the current inflationary pressures. This year’s budget seeks to improve the business environment while also narrowing the fiscal deficit through enhanced tax revenue collection. This is why the budget proposes various notable reforms that aim to enhance tax collections while creating investor-friendly environment.

The proposed amendments to the Mining Act shows the Government’s commitment to deal with the recent shortage of foreign currency in our market. By incentivising mining companies and dealers in gold to sell gold to the BoT, the Government seeks to boost the national gold and foreign currency reserve.

Additionally, requiring tourism license fees to be paid in local currency and instructing service providers as mwell as institutions to quote and receive payments in local currency will play a part in curbing the dollarization problem.

Appendices



Appendix 1

A. Proposed Duty Remissions

Item	HS Code	Current rate	Proposed rate
Lithium-ion Electric accumulators used in assembling/manufacturing of vehicle and motorcycle	8507.60.00	25%	0%
Unassembled Television in Completely Knocked Down form (CKD)	8528.72.10; 8528.73.10.	10%	0%
Various inputs used in the assembling or manufacturing of mobile phones	Not specified	10% or 25%	0%
Paper, paperboard, cellulose wadding and webs of cellulose fibres used to manufacture labels and thermal paper rolls for cash registers, POS and EFD machines	4811.90.00.	25%	10%
On float glasses used to manufacture toughened glass	7005.10.00; 7005.21.00; 7005.29.00; 7005.30.00.	35%	10%
Inputs used by domestic manufacturers of yoghurt, powdered or UHT milk.	3923.50.90; 4819.20.90; 4819.30.00; 4819.50.00; 4821.90.00; 7607.19.90.	25% or 35%	0%
Inputs and raw materials used to manufacture optical fiber cables	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; 8536.90.00; and 8544.49.00.	Not specified	0%
Inputs used for the manufacture mosquito repellants	4817.30.00; 4819.10.00; 5407.51.00; 3921.19.90	Not specified	0%
Inputs used in the manufacture of foods and beverages	2106.90.20	Not specified	10%

Appendix 1

B. Continued Duty Remissions

Item	HS Code	Current rate	Proposed rate
Corks and stoppers	4503.10.00	10%	0%
Packaging materials	7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90 and 3920.30.90	25%	0%
sacks and bags of polymers of ethylene	3923.21.00	25%	0%
Inputs used by domestic processors of cotton lint.	3920.30.90; 6305.39.00; and 7217.90.00	25%	0%
Raw materials used to manufacture sanitary pads and baby diapers.	Not specified	10% or 25%	0%
Packaging materials for seeds	3923.29.00;6305.10.00;4819.40.00; 7310.29.90;6305.33.00;6305.20.00;6304.91.90 and 7607.19.90	25%	0%
Refined Bleached Deodorized (RBD) Palm Stearin	1511.90.40	10%	0%
Organic surface-active agents	3402.31.00; 3402.39.00; and 3402.49.00	0%	10%
Raw material	3208.20.10;3208.20.20; 3208.90.20 and 3210.00.10	10% or 25%	0%
Raw material to manufacture different types of fertilizers.	2710.99.00.2528.00.00; and 3505.20.00	10% or 25%	0%
Packaging materials for processed tobacco	5310.10.00.	25%	0%
Packaging materials used by local manufacturers of tea (blenders).	4819.20.90;5407.44.00; and 3923.29.00	25%	0%
CKD for three-wheel motorcycle excluding chassis and its components	8704.21.90.	25%	10%
Inputs used to manufacture glass reinforced plastic pipes.	3920.61.10,7019.39.00,7019.31.00,6006.90.00,7019.12.00 3920.10.10, 4016.93.00, and 3907.91.00	10% or 25%	0%
Raw materials for the manufacture of food flavors	1901.90.10; 3302.10.00; and 3505.10.00	10%	0%
Inputs for the manufacture of corrugated boxes	4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00	10% or 25%	0%
Inputs for the manufacture of soaps	3401.20.	35%	10%
Inputs for the manufacture of electrical cables	7312.10.00; 7217.20.00; 7408.19.00; 7409.11.00; 7605.21.00;2710.19.56;3815.90.00;5402.19.00; 5903.90.00; 7907.00.00; and 2712.10.00	10% or 25%	0%
Inputs/raw materials used to manufacture capital goods/equipment	Headings 72.14; 72.15;72.16; 32.08; 73.07; 83.11; 85.44; 68.06; 74.19;72.08; 73.06; 73.12; 73.15; 73.18; 84.82; 84.83.72.22; 73.04; 84.81; 84.84; 7325; 40.10; and 76.06	10%, 25% or 35%	0%
Inputs for manufacture of radiators	7409.11.00; 7409.19.00;7410.11.00;7410.12.00; 7409.21.00;8001.10.00; and 3810.90.00	10%, 25% or 35%	0%
Inputs for manufacture of manufacture wiring harnesses for vehicles and motorcycles.	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; and 8544.30.00	10% or 25%	0%
Wheat grain	1001.99.10 and 1001.99.90	35%	10%
Raw materials and industrial inputs used to manufacture textiles and leather footwear	Not specified	Not specified	Not specified

Appendix 1

C. Stay of application

Item	HS Code	Current rate	Proposed rate
Float, toughened and multiple walled insulating units of glass	7005.10.00; 7005.21.00; 7005.29.00; 7005.30.00; 7007.19.00; 7007.29.00; 7008.00.00	10%	35%
Ceramic tiles	6907.21.00; 6907.22.00; 6907.23.00.	35%	35% or USD 3 per square meter whichever is higher
Flat-rolled products of iron or non-alloy steel	7210.49.00;7210.61.00;7210.69.00; 7210.70.00;7210.90.00; 7212.30.00	25 percent or USD 200/MT	25 percent or USD 300/MT whichever is higher
Flat-rolled products of iron or non-alloy steel	7212.40.00 and 7212.50.00.	35%	25 percent or USD 300/MT whichever is higher
Flat-rolled products of iron or non- alloy steel	7212.60.00.	10%	10% or USD 300/MT whichever is higher
Iron and steel flat rods products	7225.91.00; 7225.92.00; 7225.99.00.	10%	25% or USD 300/MT whichever is higher
Corrugated iron sheets	7210.41.00.	35%	35% or USD 500/MT whichever is higher
salt	Heading 25.01	25% or 35%	50%
Semi-finished flat rolled products	7226.99.00.	10%	10 % or USD 300/MT whichever is higher
Refined vegetable oils	1507.90.00;1508.90.00;15.09;15.10; 1511.90.30;1511.90.90;1512.19.00; 1512.29.00; 1513.19.00;1513.29.00; 1514.19.00;1514.99.00;1515.19.00;1515.29.00;1515.50.00;1515.60.00 and 1515.90.00.	35%	35 %or USD 500/MT whichever is higher

Appendix 1

D. Continued stay of application

Item	HS Code	Current rate	Proposed rate
Cash registers and other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS)	8470.50.00; 8470.90	10%	0%
Iron and steel products	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; 7226.92.00; and 7225.50.00	10%	10% or USD 125/MT whichever is higher
Iron and steel reinforcement bars and hollow profiles	7213.10.00;7213.20.00; 7213.99.00;7306.30.00;7306.50.00;7306.61.00;7306.69.00; and 7306.90.00.	25% or USD 200/MT	25% or USD 250/MT whichever is higher
Monofilament of which any cross-sectional dimension exceeds 1mm, rods, sticks and profile shapes whether or not surface worked but not otherwise worked of plastics	3916.10.00; 3916.20.00; and 3916.90.00.	0%	10%
Mineral water	2201.10.00	25%	60%
Gypsum powder	2520.20.00	0%	10%
worn items of clothing, footwear and articles	6309.00.10; 6309.00.20 and 6309.00.90	35% or USD 0.40/Kg whichever is higher	35%
Raw materials and industrial inputs	Not specified	Not specified	Not specified
New pneumatic tyres of rubber, of a kind used on motorcycles	4011.40.00	10%	25%
Milk cans	7310.10.00 and 7310.29.90	25%	0%
Refined sugar (sugar for industrial use)	1701.99.10 and 1701.99.20	100% or USD 460/MT whichever is higher	10&
Flat-rolled products	7212.20.00	10%	10% or USD125/MT
Baby diapers	9619.00.90.	25%	35%
cotton yarn	Headings 52.05;52.06; and 52.07 except HS Code 5205.23.00.	10%	25%
horticultural products	0604.20.00; 0604.90.00; 0808.10.00; and 0808.30.00	25%	35%
Polyester/Nylon Twine	5607.50.00	10%	25%
Smart cards imported by National Identification Authority	8523.52.00	25%	0%
Flat-rolled products of iron or non-alloy steel	7210.30.00.	25%	25% or USD 250/MT
Vitenge	5208.51.10;5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10;5212.15.10;5212.25.10;5513.41.10; and 5514.41.10	50%	35%
Cotton grey fabric	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;5212.11.00; and 5212.21.00	25%	25 % or 0.25 USD per meter whichever is higher
Imported items classified under HS Code 4811.90.00 (Other than paper, paperboard, cellulose wadding and webs of cellulose fibres) for the manufacture of papers used in issuing EFD receipts		10%	25%

Appendix 1

D. Continued stay of application (cont.)

Item	HS Code	Current rate	Proposed rate
Other paper, paperboard, cellulose wadding and webs of cellulose fibres	4811.90.00	10%	25%
Cotton grey fabric	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; 5212.11.00; 5212.21.00	25%	25% or 0.25USD per meter (whichever is higher)
Imported items classified under HS Code 4811.90.00 (Other than paper, paperboard, cellulose wadding and webs of cellulose fibres)	4811.90.00	10%	25%
Buses for transportation of more than 25 persons	8702.10.99 and 8702.20.99	25%	0%
Nails, tacks, drawing pins, corrugated nails staples (other than those of heading 83.05) and similar articles of iron or steel, whether or not with heads	7317.00.00	25%	35%
Consumption sugar	1701.14.90	100 % or USD 460/MT	35%
Crude vegetable oils of soya-beans, groundnuts, coconuts, mustard and linseed	1507.10.00;1508.10.00;1513.11.00;1513.21.00;1514.11.00; 1514.91.00; and 1515.11.00.	0%	10%

Appendix 1

D. Continued stay of application (cont.)

Item	HS Code	Current rate	Proposed rate
Cocoa powder not containing added sugar or other sweetening matter	1805.00.00	0%	10%
Iron and steel products	7209.16.00; 7209.17.00; 7209.18.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7226.92.00; 7225.50.00	10%	10% or USD 125 per metric ton (whichever is higher)
Flat-rolled products of iron on non-alloy steel	7210.30.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00; 7212.30.00	25% or USD 200 per metric ton (whichever is higher)	25% or USD 250 per metric ton (whichever is higher)
Flat-rolled products of iron on non-alloy steel of a width of less than 600mm, clad	7212.60.00	10%	10% or USD 250 per metric ton (whichever is higher)
Iron and steel reinforcement bars and hollow profiles	7213.10.00; 7213.20.00; 7213.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; 7306.90.00	25% or USD 200 per metric ton (whichever is higher)	25% or USD 250 per metric ton (whichever is higher)
Flat-rolled products of other alloy steel of a width of 600mm or more	7225.91.00; 7225.92.00; 7225.99.00	10%	25% or USD 250 per metric ton (whichever is higher)
Monofilament of which any cross-sectional dimension exceeds 1mm, rods, sticks, and profile shapes whether or not surface worked but not otherwise worked of plastics	3916.10.00; 3916.20.00; 3916.90.00	0%	10%
Paper and paper products	4804.29.00	10%	25%
Safety matches	3605.00.00	25%	25% or USD 1.35 per kg (whichever is higher)
Mineral water	2201.10.00	25%	60%
Gypsum powder	2520.20.00	0%	10%
New pneumatic tyres of rubber of a kind used on motorcycles	4011.40.00	10%	25%
Flat-rolled products	7212.20.00; 7226.99.00	10%	10% or USD 125 per metric ton (whichever is higher)
Baby diapers	9619.00.90	25%	35%
Cotton yarn (except sub-heading 5205.23.00)	52.05; 52.06; 52.07	10%	25%
Horticultural products	0604.20.00; 0604.90.00; 0808.10.00; 0808.30.00	25%	35%
Crude vegetable oils of soya beans, groundnuts, coconuts, mustard, and linseed	1507.10.00; 1508.10.00; 1513.11.00; 1513.21.00; 1514.11.00; 1514.91.00; 1515.11.00	0%	10%

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