



Tax Alert

The East African Community (EAC) Gazette 2020

The East African Community Council of Ministers ('Council') has considered and adopted Partner States budget proposals for the financial year 2020/21. The approved measures include stays of application of the Common External Tariff (CET), remission of duty on industrial inputs and amendment of the exemption regime under the Fifth Schedule of the EACCMA. During a meeting held on 31 May 2020, the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) adopted these changes which were subsequently published in the EAC Gazette Notice dated 30 June 2020.

The approved measures are generally geared towards promoting industrialization, encouraging local investments and promoting local production of Covid 19 personal protective equipment. We have summarized notable measures contained in the EAC Gazette Notice and analyzed the impact of these changes that take effect on 1 July 2020.



Stay of application of the CET

The EAC Council of Ministers has granted stay of application of the CET on certain items to allow Kenya apply the following rates for a period of one year:

- Rice at 35% or USD 200/MT whichever is higher instead of 75% or USD 345/MT whichever is higher;
- Refined vegetable oils of tariff codes 1507.90.00, 1511.90.30, 1511.90.40, 1511.90.90, 1512.19.00 and 1515.29.00 at 25% or USD 500/MT whichever is higher instead of 25% or 10% for tariff code 1511.90.40;
- Margarine and edible mixtures of tariff code 1517.90.00 at 25% or USD 500/MT whichever is higher instead of 25%;
- Sweet biscuits of tariff code 1905.31.00 at 30% instead of 25%;
- Safety matches of tariff code 3605.00.00 at 25% or USD 1.35/Kg whichever is higher instead of 25%;
- Styrene acrylic at 10% instead of 0%;
- Copolymers of tariff code 3905.91.00 at 0% instead of 10%;
- Trunks, suit-cases, vanity-cases, executive-cases, bags and similar containers of tariff heading 4202 at 35% instead of 25%;
- Particleboard, oriented strand board and other similar boards of tariff heading 4410 at 25% or USD 110/MT whichever is higher instead of 25%;
- Fibreboard of wood and other ligneous materials of tariff heading 4411 at 25% or USD 120/MT whichever is higher instead of 25%;
- Plywood, veneered panels and similar laminated wood of tariff codes 4412.10.00, 4412.31.00, 4412.33.00, 4412.34.00 and 4412.39.00 at 25% or 175/M3 whichever is higher instead of 25%;
- Block board, laminboard and battenboard of tariff codes 4412.94.00 and other wood of 4412.99.00 at 25% or USD 200/MT whichever is higher instead of 25%;
- Uncoated paper and paperboard in rolls or sheets of tariff codes 4805.19.00 and 4805.91.00 at 25% instead of 10%;
- Skillets, free hinge lid packets of tariff code 4819.20.10 at 25% instead of 10%;
- Articles of apparel and clothing accessories of Chapter 61 and 62 (excluding kitenge, khanga and kikoi of tariff codes 6211.42.10, 6211.43.10 and 6211.49.10) at 35% instead of 25%;
- Worn items of clothing of tariff code 6309.00.10 at 35% or USD 0.20/Kg instead of 35% or USD 0.40/Kg whichever is higher;
- Footwear with uppers of leather of tariff code 6405.10.00 and other footwear of tariff code 6404.20.00, 6403.20.00, 6403.40.00 and 6403.51.00 at 25% or USD 5 per pair whichever is higher instead of 25%;
- Footwear with uppers of textile materials of tariff code 6405.20.00 and other footwear of tariff code 6404.11.00, 6403.12.00, 6403.19.00, 6402.19.00, 6402.20.00, 6402.91.00, 6404.19.00, 6402.99.00, 6401.10.00, 6401.92.00, 6401.99.00 and 6405.90.00 at 25% or USD 2.5 per pair whichever is higher instead of 25%;
- Flat-rolled products of iron or non-alloy steel of tariff codes 7209.16.00, 7209.17.00, 7209.18.00, 7209.26.00, 7209.27.00, 7209.28.00, 7209.90.00, 7211.23.00 and 7212.60.00 at 10% or USD 125/MT whichever is higher instead of 10%;
- Flat-rolled products of iron or non-alloy steel of tariff codes 7210.30.00, 7210.41.00, 7210.49.00, 7210.61.00, 7210.69.00, 7210.70.00 and 7210.90.00 at 25% or USD 250/MT;
- Flat-rolled products of iron or non-alloy steel of tariff code 7211.90.00, 7212.20.00 and 7211.29.00 at 25% or USD 125/MT whichever is higher;
- Flat-rolled products of iron or non-alloy steel of tariff code 7212.30.00, 7212.40.00 and 7212.50.00 at 25% or USD 250/MT whichever is higher instead of 25% or USD 200/MT whichever is higher;
- U, I, H, L or T sections of iron or non-alloy steel of tariff codes 7216.31.10, 7216.32.10, 7216.33.10 and 7216.40.10 at 25% or USD 250/MT whichever is higher instead of 0%;

- Bars, rods, angles, sections or shapes of stainless steel of tariff heading 7222 at 25% or USD 250/MT whichever is higher instead of 10%;
- Wire of iron or non-alloy steel of tariff code 7217.10.00 at 25% or USD 250/MT whichever is higher instead of 10%;
- Flat-rolled products of tariff codes 7225.91.00 and 7225.92.00 at 25% or USD 250/MT whichever is higher instead of 10% and those of tariff code 7225.99.00 at 25% or USD 275/MT whichever is higher instead of 10%;
- Flat-rolled products of tariff code 7225.30.00 at 0% instead of 10%;
- Flat-rolled products of tariff code 7225.50.00, 7226.92.00 and 7226.99.00 at 10% or USD 125/MT whichever is higher instead of 10%;
- Tubes, pipes and hollow profiles of tariff code 7306.30.00, 7306.50.00, 7306.61.00, 7306.69.00 and 7306.90.00 at 25% or USD 200/MT whichever is higher instead of 25%;
- Bridges & bridge sections; towers & lattice masts; doors, windows and their frames; and equipment for scaffolding, shuttering, propping or pit propping; road guard rails and other structural steel work of tariff codes 7308.10.00, 7308.20.00, 7308.30.00, 7308.40.00, 7308.90.91 and 7308.90.99 at 25% or USD 250/MT whichever is higher instead of 25%;
- Liquid gas cylinders of tariff code 7311.00.00 at 25% instead of 0%;
- Nails, tacks, drawing pins, corrugated nails, staples and similar articles of tariff code 7317.00.00 at 35% or USD 350/MT whichever is higher instead of 25%;
- Coach screws, wood screws, screw hooks and screw rings of tariff codes 7318.11.00, 7318.12.00 and 7318.13.00 at 35% or USD 350/MT whichever is higher instead of 10%;
- Screws and bolts of tariff code 7318.15.00 at 35% or USD 250/MT whichever is higher instead of 25% and nuts of tariff code 7318.16.00 at 35% or USD 250/MT whichever is higher instead of 10%;
- Other threaded and non-threaded articles of tariff codes 7318.19.00, 7318.23.00 and 7318.29.00 at 35% or USD 350/MT whichever is higher instead of 10%;
- Leaf springs and leaves thereof of tariff code 7320.10.00 at 25% or USD 250/MT whichever is higher instead of 25%;
- Stoves, ranges, grates, cookers, barbecues, braziers, gas-rings, plate warmers & similar non-electric domestic appliances of tariff codes 7321.19.00 and 7321.89.00 at 25% instead of 10%;
- Iron or steel wool, pot scourers and scouring or polishing pads, gloves and similar items of tariff code 7323.10.00 at 25% or USD 200/MT whichever is higher instead of 25%;
- Other articles of iron and steel of tariff code 7326.90.90 at 25% or USD 250/MT instead of 25%;
- Filing cabinets of tariff code 8304.00.00 at 25% or USD 250/MT whichever is higher instead of 25%;
- Wooden furniture of tariff codes 9403.30.00, 9403.40.00, 9403.50.00 and 9403.60.00 at 35% instead of 25%;
- Prefabricated buildings of tariff code 9406.90.90 at 35% or USD 250/MT whichever is higher instead of 25%;
- Coated electrodes of base metal for electric welding of tariff code 8311.10.00 at 25% or USD 250/MT whichever is higher instead of 25%;
- Ceramic flags and paving, hearth or wall tiles of tariff code 6907.21.00, 6907.22.00, 6907.23.00, 6907.30.00 and 6907.40.00 at 30% or USD 1.75/SQM whichever is higher instead of 25%;
- Wire of iron or non-alloy steel of tariff code 7217.20.00 at 25% instead of 10%;
- Helicopters and aeroplanes and other aircraft of unladen weight not exceeding 2,000kgs of tariff code 8802.20.00 at 25% instead of 0%;
- Insulated wire, cable and other insulated electric conductors of heading 8544 excluding optical fibre cables of tariff 8544.70.00 at 35% instead of 25%; and
- Other switches of tariff code 8536.50.00 at 35% instead of 10%.

Who will be affected

Manufacturers, importers and consumers

Our View

In a bid to safeguard and protect local industries where Kenya has sufficient manufacturing capacity, the EAC Council of Ministers has largely extended the stay of application of the CET rates on various targeted finished products to allow Kenya import these products at a higher import duty rate. This measure is expected to continue cushioning local manufactures of these products from competition arising from imported products. In line with the Big 4 Agenda of promoting growth of industrialisation to 15% of the GDP, Kenya has consistently sought approval to import certain products in the textile and leather industry, iron and steel industries at higher import duty rates to increase the cost of importing these products and discourage cheap imports. A notable inclusion in the list of goods granted stay of application of the CET rates are helicopters; and light aircrafts of unladen weight not exceeding 2,000kg which will now attract import duty at 25% instead of 0%. This measure is in line with the removal of VAT and IDF exemption on aircrafts and is likely to have adverse cost implications on the airline industry particularly considering the significant value of aircrafts and the current economic slowdown occasioned by the Covid-19 pandemic.

Rice is a sensitive item in the EAC CET and the Council increased the duty rate from 75% or USD 200/MT to 75% or USD 345/MT in 2015 to protect local farmers from cheap imports. However, Kenya still lacks capacity to satisfy the local rice demand. In this regard, Kenya has been granted an extension to stay the application of the CET on rice at 35% or USD 200/MT for a further period of one year. This measure is geared towards addressing the food insecurity in Kenya and is line with one of the Big Four Agenda pillars of providing food security.

The EAC has been carrying out a comprehensive review of the EAC CET since 2018 to enhance economic growth and development in the region, promote social welfare, increase intra and extra regional trade, food security, employment and safeguard revenue. One of the recommendations made by SCTIFI includes scrapping of the stay of application which is deemed to have created distortions in intra EAC trade and undermined credibility of the EAC CET.

Duty Remission under Section 140 of the EACCMA, 2004

The Council has approved remission of duty on the following goods when imported by gazetted manufacturers in Kenya:

- Wheat grain at an import duty rate of 10% instead of 35%;
- Unassembled mobile phones and inputs for the assembly / manufacture of mobile phones at a duty rate of 0%;
- Inputs to manufacture essential medical products and supplies including masks, sanitizers, coveralls, face shields and ventilators at a duty rate of 0%;
- Bars and rods of tariff code 7213.99.00 at 0% instead of 25% or USD 200/MT;
- Hot rolled spring steel flat bars SUP9A of tariff code 7228.30.00 and round and hex bars of tariff code 7228.50.00 at 0% instead of 25% or USD 200/MT;
- Fabrics of tariff code 5211.39.00, 5211.42.00, 5211.43.00, 5407.42.00, 5408.10.00, 5408.22.00, 5408.24.00, 5512.19.10, 5801.22.00, 5801.26.00 and 5804.10.00 at a duty rate of 10% instead of 25%;
- Aerosol cans at a duty rate of 0% instead of 10%;
- Inputs of tariff codes 2517.49.00, 7210.61.00 and 3906.90.00 used in the manufacture of roofing tiles at 0%;
- Various inputs used in the manufacture of energy saving stoves at 0%;
- Various inputs used in the manufacture of baby diapers at 0%;
- Recliner mechanism of tariff code 9401.90.00 used for manufacture of automotive seats at 0% instead of 25%;

The Council has further extended the stay of application of the conditions contained in legal notice no EAC/39/2013 of 30th June 2013 on duty remission for motor cycles assembly for one year. This legal notice allows for duty remission for assemblers of Completely Knocked Down Kits (CKD) motor cycles who procure or manufacture the following specified parts within the EAC: mainframe, suspension, or a combination of seat and seat frame, mudguard, wheel rim, break gear and exhaust pipe.

Who will be affected

Gazetted manufacturers and consumers

Our view

The EAC Council of Ministers has approved importation of several products under the EAC duty remission scheme by gazetted manufactures for a period of one year. Manufactures who intend to import the listed products must be gazetted and will only enjoy the duty remission for approved quantities of the products. The EAC duty remission scheme is an export promotion scheme that is usually geared towards reducing local production costs and encouraging growth of the export market.

To support the fight against the Covid-19 pandemic, all the Partner States have been granted remission on inputs to manufacture essential medical products and supplies including masks, sanitizers, coveralls, face shields and ventilators which will be paramount in making the protective gears affordable to the public.



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Stay of application of the CET

The EAC Council of Ministers has granted Uganda a stay of application of the CET on certain items listed for a period of one year as summarized in the table below.

Product description	Tariff code(s)	CET rate	Rate applicable for 1 year
Gum boot linings	6115.21.00, 6115.22.00 and 6403.99.00	25%	35%
Beauty or make up preparations	Heading 3304 and 3305	25%	35%
Transformers (Both dry and liquid)	Various	0% or 10%	25%
Printed plastic label of polymers of styrene	3920.20.90	25%	35%
Mobile phones	8517.12.00	0%	10%
Wheat grain	1001.99.10 and 1001.99.90	35%	10%
Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes of plastics, whether or not in rolls	Heading 3919	10% or 25%	35%
Safety matches	3605.00.00	25%	25% or USD 1.35/kg whichever is higher
Worn clothing and footwear	6309.00.10, 6309.00.20 and 6309.00.90	35% or USD 0.4/kg whichever is higher	35%
Liquid gas cylinders	7311.00.00	0%	25%
Nails, tacks, drawing pins, corrugated nail, staples and similar articles.	7317.00.00	25%	35% or USD 350/MT whichever is higher
Various food products including:			
<ul style="list-style-type: none"> • Processed coffee • Processed tea • Cooked Potatoes other than seed • Honey, Jams, marmalades, jelly • Ginger • Peanut butter • Meat of heading 0201 to 0207 and 1602 • Bread spreads • Onions, shallots, garlic, leeks, refined • Refined cotton seed oil • Refined sunflower seed and sunflower oil • Chocolate and other food preparations containing cocoa • Butter and other fats and oils derived from milk; dairy spreads • Sausages and similar products • Biscuits • Tomato sauce 	Various	25%	60%

Product description	Tariff code(s)	CET rate	Rate applicable for 1 year
Several food products including:			
• Tomato paste and other preserved tomatoes	2002.90.00, heading 2202 and 1704	25%	35%
• Chocolates			
Cocoa powder	1805.00.00	0%	60%
Tiles	Various	25%	35%
Television sets	8528.72.90	25%	35%
Toothpaste and other mouth wash preparations.	3306.10.00 and 3306.90.00	25%	35%
Shoe polish	3405.10.00	25%	35%
Bathrobes, clothes-dryers imported by licensed hotels.	Various	Various	0%
Road tractors for semitrailers	8701.20.90	10%	0%
Motor vehicles for transport of goods with gross weight exceeding 5 Tons but not exceeding 20 Tons	8704.22.90	25%	10%
Motor vehicles for transport of goods with gross weight exceeding 20 Tons.	8704.23.00	25%	0%
EFD, cash registers, point of sale, cashless machines	8470.90.00	10%	0%
Ball point pens	9608.10.00	25%	60%
Electric Accumulators	8507	25%	35%
Iron or steel wool, pot scourers and scouring or polishing pads, gloves and similar items	7323.10.00	25%	35%
Coated electrodes of base metal, for electric arc-welding	8311.10.00	25%	35%
Other insecticides put up for retail sale	3808.91.31, 3808.91.32 and 3808.91.39	25%	35%
Wigs, false beards, eyebrows and eyelashes, etc.; human hair, nes	Heading 6704	25%	35%
Mixes and doughs for the preparation of bakers' wares of heading	1901.20.90	25%	35%
Tarpaulins	6306.12.00 and 6306.19.00	25%	35%
Ceramic toilet seats and cisterns	6912.00.00	25%	35%
Maternity (Mama) kit	8212.20.00	25%	0%
Other soap in other forms – Soap Noodles	3401.20.10	25%	10%
New pneumatic tyres of rubber, of a kind used on motorcycles.	4011.40.00	10%	35%
Wire of iron or non-alloy steel	7217.20.00	10%	35% or USD 350/MT
Flat rolled products of iron or non-alloy steel products of iron or non-alloy steel	7210.11.00, 7210.20.00 and 7216.50.00	25%	25% or USD 200/MT

Product description	Tariff code(s)	CET rate	Rate applicable for 1 year
Flat rolled products of iron or non alloy steel	Various	25% or \$200/MT whichever is higher.	35% or USD 350/MT
Flat rolled products of iron or non-alloy steel	7212.60.00	10%	25% or USD 250/MT
Jacquard material for making spring mattresses (printed with Logo)	5408.33.00	25%	10%
Poly cotton material for making mattresses	5513.49.00	25%	10%
Penstock pipes for use in hydro electric power projects.	Various	10% or 25%	0%
Barley	1003.90.00	25%	10%
Poly vinyl alcohol	3905.30.00	10%	0%
Chewing gum and other sugar confectionery	1704.10.00 and 1704.90.00	25%	35%
Mineral water	2201.10.00	25%	60%
Partly refined base oil	2710.19.10	0%	10%
Lubricants in liquid form	2710.19.51	25%	35%
Lubricating greases	2710.19.52	25%	35%
Soap and organic surface active products for use as soap	3401.11.00 ,3401.19.00 , 3401.20.90 and 3401.30.00	25%	35%
Cartons, boxes, cases, bags and other packing containers of paper	Heading 4819	25%	35%
Toilet paper and exercise books	4818.10.00 and 4820.20.00	25%	60%
Other printed matter, including printed pictures and photographs.	4911.10.00, 4911.91.00 and 4911.99.10	25%	35%
Blankets	Heading 6301	25%	35%
Steel articles	Various	Various	25% or USD 350/MT whichever is higher
Doors, windows and their frames and thresholds for doors of iron and steel and Plastic/ polymers	7308.30.00, 7610.10.00 and 3925.20.00	25%	35%
Furniture and parts thereof	Heading 9403, 9401 and tariff code 9402.90.90	25%	35%
Mattress supports and mattresses	Heading 9404	25%	35%
Iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like	7323.10.00	25%	35%
Ball point pens and toothbrushes	9608.10.00 and 9603.21.00	25%	60%
Electric Accumulators	Heading 8507	25%	35%
Coated electrodes of base metal, for electric arc-welding	8311.10.00	25%	35%
Toys	9503.00.00	25%	35%
Textile and textile articles excluding khanga, kikoi and kitenge.	Various	25%	35% or USD 5/Kg whichever is higher
Goods imported for implementation of projects under a special operating framework arrangement with the Government approved by the Minister responsible for Finance.	Various	Various	0%
Other toughened (tampered) laminated safety glass	7007.19.00 and 7007.29.00	25%	10%

Duty Remission under Section 140 of the EACCMA, 2004

The Council has approved remission of duty on the following goods when imported by gazetted manufacturers in Uganda:

Description	Tariff codes	Duty remission rate
Parts of chains for assemblers of chains for motorcycles, bicycles and industrial machinery	7315.90.00	0%
Unassembled mobile phones. Inputs for the assembly/manufacture of mobile phones	Various	0%
Inputs for the manufacture of edible salt of subheading 2501.00.00	Various	10%
High tensile galvanised wire	7217.20.00	10%
Various packaging materials	Various	0%
Inputs to manufacture essential medical products and supplies including masks, sanitizers, coveralls, face shields and ventilators	Various	0%
Aerosol cans	7310.29.10	0%
Inputs for use in the manufacture of energy saving stoves	Various	0%
Equipment for polishing and heating gemstones	Various	0%
Organic surface-active agents	3402.11.00, 3402.12.00 and 3402.19.00	0%
Umbrella heads for roofing nails	7326.90.90	10%
Various inputs for the manufacture of baby diapers	Various	0%
Steel blanks for spoons and forks	8215.99.00	10%
Inputs for assembly of flat irons, speakers, LED & CFL bulbs, DVD players, blenders and water kettles	Various	0%
Unassembled floor, table and wall fans	8414.51.00	10%
Unassembled cookers	8516.60.00	10%
Inputs for manufacture of toughened and laminated glass	7005.29.00, 3920.91.10 and 7312.10.00	0%
Inputs for manufacture of aluminium decorative panels	3208.90.00 and 7606.12.00	10%
Sacks and bags (including cones) of other plastics	3923.29.00	10%
Odoriferous mixtures used as raw materials in the food or drink industries	3302.10.00	0%
Various raw materials and industrial inputs for manufacture of furniture	Various	0% or 10%
Orange juice, frozen or not frozen	2009.19.00	10%
Apple juice	2009.79.00	10%
Active yeasts	2102.10.00	10%
Petroleum jelly	2712.10.00	10%
Polyurethane resins	3909.50.00	0%
Unprinted plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials	3920.10.10	0%
Unbleached Kraft liner in rolls or sheets	4804.11.00	10%
Unbleached sack kraft paper in rolls or sheets	4804.21.00	0%
Other unbleached kraft paper and paperboard	4804.31.00	10%
Paper and paperboard coated, impregnated or covered with plastics (excluding adhesives)	4811.59.90	0%
Raw materials and industrial inputs for the manufacture of textiles and footwear	Various	0% or 10%



Stay of application of the CET

The Council has granted Tanzania a stay of application of the CET on certain items listed for a period of one year as summarized in the table below:

Product description	Tariff code(s)	CET rate	Rate applicable for 1 year
Sacks and bags, of Jute or other textile bast fibers of heading 5303	6305.10.00	25%	35%
Safety matches	3605.00.00	25%	25% or USD 1.35/kg whichever is higher
Worn clothing and footwear	6309.00.10, 6309.00.20 and 6309.00.90	35% or USD 0.4/kg whichever is higher	35%
Nails, tacks, drawing pins, corrugated nail, staples and similar articles	7317.00.00	25%	25% or USD 350/MT whichever is higher
Coffee and processed tea	Headings 0901 and 0902	25%	35%
Cocoa powder not containing added sugar	1805.00.00	0%	10%
Meat and edible offals	Chapter 2	25%	35%
Other raw cane sugar	1701.14.90	100% or USD 460/MT whichever is higher.	35% on 40,000 MT
EFD, cash registers, point of sale, cashless machines	8470.50.00 and 8470.90.00	10%	0%
Gypsum Powder	2520.20.00	0%	10%
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%
Horticultural products	Various	25%	35%
Sack kraft paper	4804.29.00	10%	25%
Flat-rolled products of iron or non-alloy steel	Various	10%	10% or USD 125/MT whichever is higher
Sausages and similar products	1601.00.00	25%	35%
Biscuits	Heading 1905	25%	35%
Tomato sauce	2103.20.00	25%	35%
Chewing gum and other sugar confectionery	1704.10.00 and 1704.90.00	25%	35%
Mineral water	2201.10.00	25%	60%
Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated	Various	25%	25% or USD 250/MT whichever is higher
Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated	7212.30.00, 7212.40.00 and 7212.50.00	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher
Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm (clad)	7212.60.00	10%	10% or USD 250/MT whichever is higher
Chocolate and other food preparations containing cocoa	Heading 1806	25%	35%
Reinforcement bars and hollow profiles	Various	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher
Semi refine and refine edible Oils	Various	25%	35%
Crude edible oils	Various	0% or 10%	25%
Tiles	Various	25%	35%

Duty Remission under Section 140 of the EACCMA, 2004

The Council has approved remission of duty on the following goods when imported by gazetted manufacturers in Tanzania

Description	Tariff codes	Duty remission rate
Wheat grain	1001.99.10 and 1001.99.90	10%
Palm Stearin (RBD)	1511.90.40	0%
Various packaging materials	Various	0%
Corks and stoppers	4503.10.00	0%
Various inputs for manufacture of horticultural packing materials	Various	0% or 10%
Aluminium barrier laminates	3920.10.90	0%
Various inputs for the manufacture of baby diapers	Various	0%
Inputs to manufacture essential medical products and supplies including masks, sanitizers, coveralls, face shields and ventilators	Various	0%
Equipment for polishing and heating gemstones	Various	0%
Raw materials and industrial inputs for the manufacture of textiles and footwear	Various	0% or 10%



Changes to all EAC Partner States



Amendments to the Exemptions Regime under the Fifth Schedule of the EACCMA

The Council has amended Part B of the Fifth Schedule of the EACCMA as follows:

- Paragraph 15(a) on exemption of import duty on inputs imported by persons engaged in horticulture, aquaculture, agriculture or floriculture has been amended to include implements imported by persons engaged in the said activities. The paragraph has also been amended to replace the condition that the Commissioner of Customs should be satisfied that the inputs and implements are for use in the horticulture, aquaculture, agriculture or floriculture sector with a requirement to secure exemption recommendation by the responsible Minister subject to conditions and limitations as the Commissioner may impose.
- Paragraph 15(b) on exemption of import duty on poultry parent stock imported by persons engaged in poultry farming has been amended to include fertilized eggs for incubation.
- Paragraph 20 on exemption of import duty on relief goods imported for emergency use to include any supplies for diagnosis, prevention, treatment, and management of epidemics, pandemics and health hazards as recommended by the competent authority in the Ministry responsible for Health.
- Paragraph 26 on exemption of import duty on specialised solar equipment and accessories has been amended to delete the term “development” and include photovoltaic (PV) modules, direct current charger controllers, and direct current inverters in the list of exempted items.

Who will be affected

Horticulture, aquaculture, agriculture and floriculture sectors, poultry farmers and the players in the Energy sector.

Our view

The EACCMA previously provided for import duty exemption on specialised equipment for development and generation of solar and wind energy, including deep cycle batteries which use and/or store solar power. During the pre-budget consultation meetings held at the EAC level, the Committee on Customs noted that the term “development” created implementation ambiguity and proposed for deletion of the term. Further, the Committee on Customs agreed to expressly include photovoltaic (PV) modules, direct current charger controllers, and direct current inverters in the list of exempted items.

In our view, the wording of Paragraph 26 referring to specialised solar equipment used for generation and development of solar was ambiguous and left it open for restrictive interpretation by Customs authorities. In practice, Customs has in the past only considered PV modules, inverters, controller and deep cycle batteries as eligible for import duty exemption under paragraph 26. Although this change expands the list of expressly included items, it could be interpreted to mean any other item considered to be a specialised solar equipment in addition to the listed items is exempted from import duty. Perhaps, the list should be expanded to specifically include all items that qualify as specialised solar equipment in order to avoid potential implementation disputes.

The fight against epidemics, pandemics and health hazards has been boosted with the exemption of any supplies for diagnosis, prevention, treatment, and management of such. Given the current cost constraints of managing the Covid-19 pandemic, this measure would ensure that all partner states are able to offer affordable treatment and manage pandemics and health hazards with reduced strain on the national resources.

Should you have any question on this, kindly contact your relationship manager at Deloitte who will be more than glad to offer you guidance and assistance as necessary.

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