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RSM EA Newsletter

Overview of The Tanzania 2024/25 Budget Speech

CONTENTS

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ECONOMIC OUTLOOK

GLOBAL OUTLOOK

- The global inflation rate is expected to decline to 5.8% by end of 2024. By 2025, the inflation rate is expected to further decline to 4.4%. However, this optimism remains measured with divergent growth across key economies that is; the service, transport and tourism industries, stability of Middle East and Europe and high financing costs impacting businesses and households.
- Advanced economies are anticipated to experience faster disinflation. In 2024, their inflation rate was projected to fall by 2.0%, reaching 2.6%. This decline reflects effective monetary policies by various central banks and economic recovery.
- The United States has a staggering GDP of $25 trillion, constituting to nearly a quarter of the global economy. The upcoming 2024 US election is poised to have a profound impact on global markets, surpassing previous elections. Key factors include the US's economic positioning, trade policies, international relations and environmental commitment. Notably, the US has the ability to influence international trade, as demonstrated by the 2018 tariffs imposed by the previous administration on Chinese imports, which caused a 0.3% dip in global GDP. Expect the election to shape global economic landscapes, market volatility, trade dynamics, and ecological investments.
- The Russia-Ukraine conflict and escalating tensions in the Middle East region are causing several economic challenges globally. These include higher fuel prices, supply-demand imbalances, and disruptions in global supply chains due to re-routed shipping lines in the Red Sea. Additionally, the war is expected to slow economic growth and contribute to elevated inflation.
- Inflation for Emerging Market and Developing Economies is expected to decrease by 0.3%, reaching 8.1% in 2024. These economies face unique challenges, including structural issues and policy constraints.
- Sub-Saharan Africa growth outlook is positive. After an estimated 3.3% growth in 2023, it is projected to rise to 3.8% in 2024 and 4.0% in 2025.

Table 1 below summarises the World Economic Outlook Projections:

Table 1 – World Economic Outlook (Real GDP in %)			
REAL GDP GROWTH (%)	Average	Projections	
	2023	2024	2025
Global Economy (World)	3.2	3.2	3.2
Advanced Economies	1.6	1.7	1.8
Emerging and Developing Asia	5.6	5.2	4.9
Emerging and Developing Europe	3.2	3.1	2.8
Latin America and the Caribbean	2.3	2.0	2.5
Middle East and Central Asia	2.0	2.8	4.2
Sub-Saharan Africa	3.4	3.8	4.0
Tanzania	5.0	5.5	6.0

Table 1: Source (IMF World Economic Outlook Report April 2024)

SUB-SAHARAN ECONOMIC HIGHLIGHTS

- After enduring a period of instability, the outlook for sub-Saharan Africa is steadily improving. It is projected that the region's GDP growth rate will increase from 3.4% in 2023 to 3.8% in 2024, with a significant majority of countries expecting an upturn in growth (IMF Regional Economic Outlook Sub-Saharan Africa, April 2024).
- Additionally, the level of inflation has halved, public debt ratios have generally stabilized, and a number of countries have successfully issued Eurobonds in 2023, marking the end of two years of limited activity in international markets.
- However, not all are favourable. The combination of higher global interest rates, elevated sovereign debt spreads, and exchange rate depreciations has continued to increase the persistence of funding squeeze in the region. Governments are still struggling with financing shortages, high borrowing costs, rollover risks amid persistently low domestic resource mobilization, and impending debt repayments. Financing challenges force countries to cut public spending and redirect development funds to debt service, endangering future growth prospects.
- The IMF has recommended three policies to help address current financing constraints and cascading shocks faced by the region, which are; Improved public finances focused on revenue mobilization; Aligning fiscal, monetary, and exchange rate policies to ensure price stability; and implementing structural reforms targeted at broadening funding sources.
- Sub-Saharan Africa is poised to grow at 3.8% in 2024 from 3.4% in 2023. This is driven by higher private consumption and investment. This is mainly due to a recovery in economies that heavily rely on oil exports (excluding Nigeria), with their projected growth reaching 3.1%. Countries with diverse economies and high growth rates are expected to maintain their current levels of growth.

Table 2 – Real GDP Growth Sub-Saharan Region

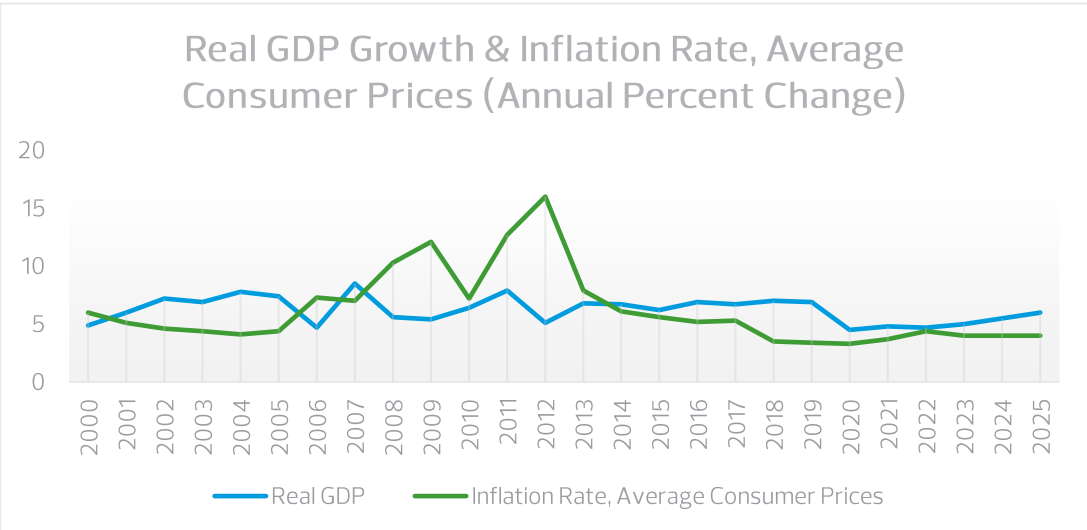
	Real GDP (Annual percentage change)					
	2020	2021	2022	2023	2024*	2025*
Sub-Saharan Africa	-1.6	4.7	4.0	3.4	3.8	4.0
Nigeria	-1.8	3.6	3.3	2.9	3.3	3.0
South Africa	-6.0	4.7	1.9	0.6	0.9	1.2
Kenya	-0.3	7.6	4.8	5.5	5.0	5.3
Tanzania	4.5	4.8	4.7	5.0	5.5	6.0
Ethiopia	6.1	6.3	6.4	7.2	6.2	6.5
Uganda	-1.1	5.5	6.3	4.8	5.6	6.5
Zambia	-2.8	6.2	5.2	4.3	4.7	4.8

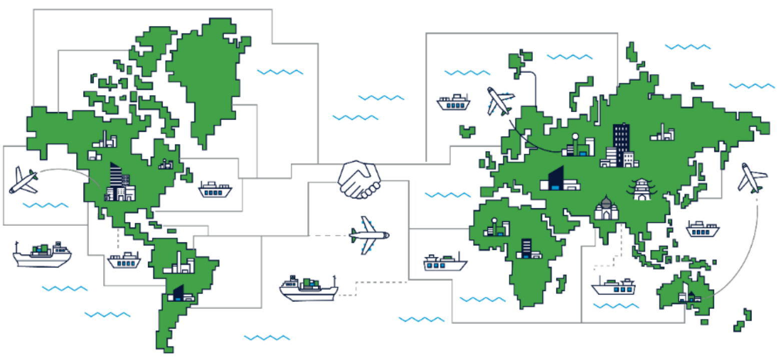
Table 2: Source (IMF Regional Economic Outlook Report for Sub-Saharan Africa)

*Forecast

TANZANIA ECONOMIC HIGHLIGHTS

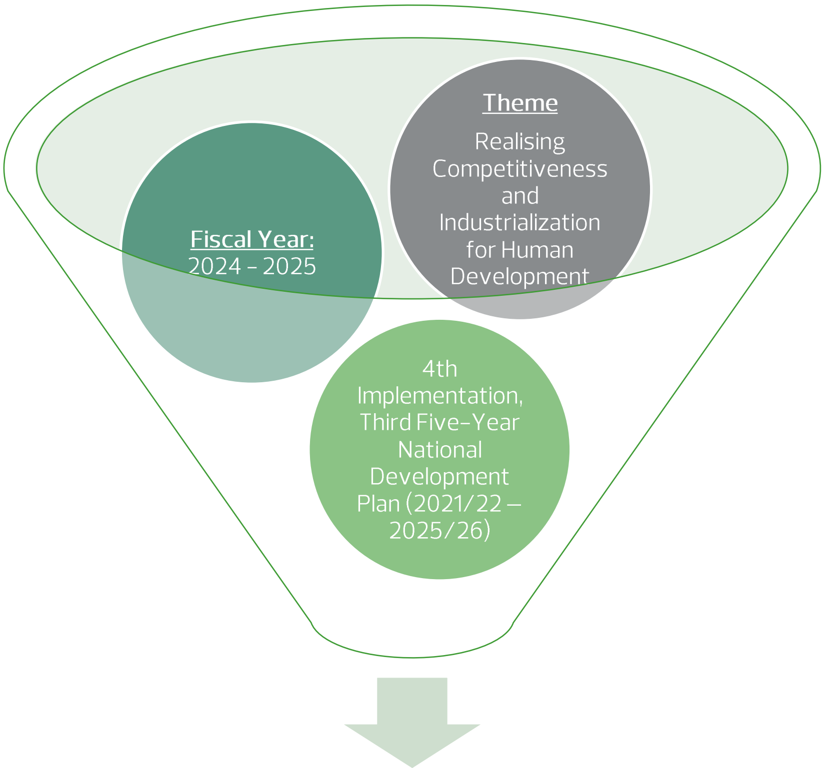
- Tanzania's real GDP growth rate is projected to increase to 5.5% in 2024 from 5.0% in 2023 and will rise to 6.0% in the year 2025 *(IMF Regional Economic Outlook Sub-Saharan Africa, April 2024)*.
- Tanzania's twelve-month inflation slightly increased to 3.1% in April 2024 after stagnating at 3.0% for three consecutive months since the beginning of 2024 *(NBS National Consumer Price Index (NCPI), April 2024)*. Inflation is expected to remain within the targeted range of 3% - 5% in the near and medium term, underpinned by the expectation of moderated food prices, backed by ample food supply in domestic markets and the neighbouring countries *(BOT Monthly Economic Bulletin, April 2024)*.
- As of March 2024, Money supply growth recorded a growth of 13.8% whereas credit to the private sector was strong, at 16.6%. The sustained growth of private sector credit is underpinned by the persistent high demand for loans, which can be attributed to the improving business environment.
- The external sector continued to portray signs of recovery, notwithstanding persistent concerns related to the ongoing conflicts—Russian- Ukraine and Israel-Hamas wars. As of March 2024, there was a notable increase in exports, accompanied by a decline in imports, resulting in a reduction of the current account deficit by half to USD 2,584.1 million for the year, compared to USD 5,282.2 million during the same period in 2023.
- Foreign exchange reserves remained adequate, increasing to USD 5,327.1 million at the end of March 2024, up from USD 5,012.5 million at the end of a similar period in 2023. The reserves were sufficient to finance 4.4 months of projected import of goods and services, which is above the country benchmarks of at least 4 months but below the 4.5 months of imports benchmark of the EAC.
- The banking sector remained stable amid shocks, evidenced by adequate capital, liquidity and profitability. In the first quarter of 2024, banks' deposits, loans and assets continued to increase, in line with the ongoing recovery of economic activities and enhanced use of digital financial services. Banks' deposits rose to TZS 36.33 trillion in March 2024 from TZS 31.72 trillion in March 2023, a rise of 14.53% while loans and bills grew by 16.76% from TZS 30.69 trillion in March 2023 to TZS 35.83 trillion in March 2024. Total assets saw an improvement to TZS 59.15 trillion in March 2024 from TZS 51.19 trillion in March 2023, a rise of 15.55% *(BOT Statistical Bulletin, April 2024)*.
- Considering the global and domestic economic outlook, the Monetary Policy Committee increased the Central Bank Rate (CBR) from 5.5% to 6% in the second quarter of 2024. Accordingly, the 7-day IBCM rate is expected to range from 4% to 8% (+/-200 basis points of the CBR) *(BOT Monetary Policy Report, April 2024)*.





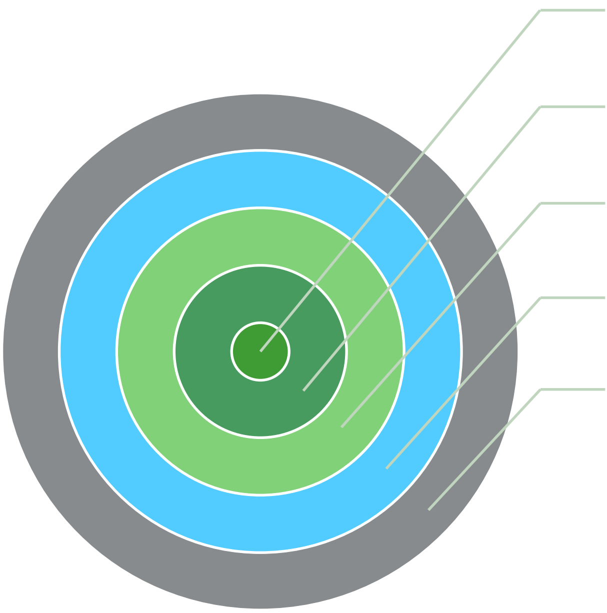
BUDGET HIGHLIGHTS

The budget for 2024/2025 is the fourth in the implementation of the Third Five Year National Development Plan (2021/22-2025/26) with the theme ***"Realising Competitiveness and Industrialization for Human Development"*** which in turn supports the main theme agreed by EAC Partner states ***"Accelerating Economic Recovery, Climate Change Adaption/Mitigation and Enhancing Productive Sectors for Improved Livelihood."***



Main theme agreed by EAC Partner states:
"Accelerating Economic Recovery, Climate Change Adaption/Mitigation and Enhancing Productive Sectors for Improved Livelihood."

Macro-Economic Targets for the FY 2024/25 Budget



- Boost Gross Domestic Product (GDP) growth rate to 5.4% in 2024, up from 5.1% in 2023.
- Control inflation, aiming to keep it within the single-digit range, averaging between 3.0% - 5.0% in the medium term.
- Enhance domestic revenue to reach 15.8% of GDP by 2024/25, surpassing the estimated 15.4% in 2023/24.
- Increase tax revenue to 12.9% of GDP in 2024/25, up from 12.6% target for 2023/24.
- Maintain budget deficit (including grants) not exceeding 3.0% of the GDP and keep foreign reserves adequate for at least 4 months imports.

Assumptions in Setting Macro-economic Targets for FY 2024/25 Budget:

- Boost private sector involvement in investments and business.
- Enhance resilience to disasters like drought, war, floods, and pandemics.
- Strengthen the global economy and ensure price stability in financial and commodity markets.
- Improved food security.
- Maintain peace, security, unity, and stability loccally and in neighbouring countries.

FY 2024/25 Key Priority Areas:

- Completing flagship and strategic projects e.g. SGR JN Hydropower Project, SEZ establishment – Bagamoyo etc.
- Strengthening production sectors.
- Enhancing human capital development particularly in social services.
- Increasing the use of ICT.
- Improving the business environment and investment.

In addition to the key priority areas, the 2024/25 budget will also cover the wage bill, government debt, the 2024 Local Government Election, preparations for the 2025 General Election, the National Development Vision 2050 and the 2027 Africa Cup of Nations (AFCON 2027) preparations, including stadium construction and rehabilitation.

Implementation of the FY 2023/24 Budget: – Revenue Performance Vs Expenditure Performance

Revenue Collection Performance

- In 2023/24, the government projected to collect TZS 44.39 trillion from both domestic and external sources.
- By April 2024, TZS 35.25 trillion i.e. 79.4% of annual target has been collected.

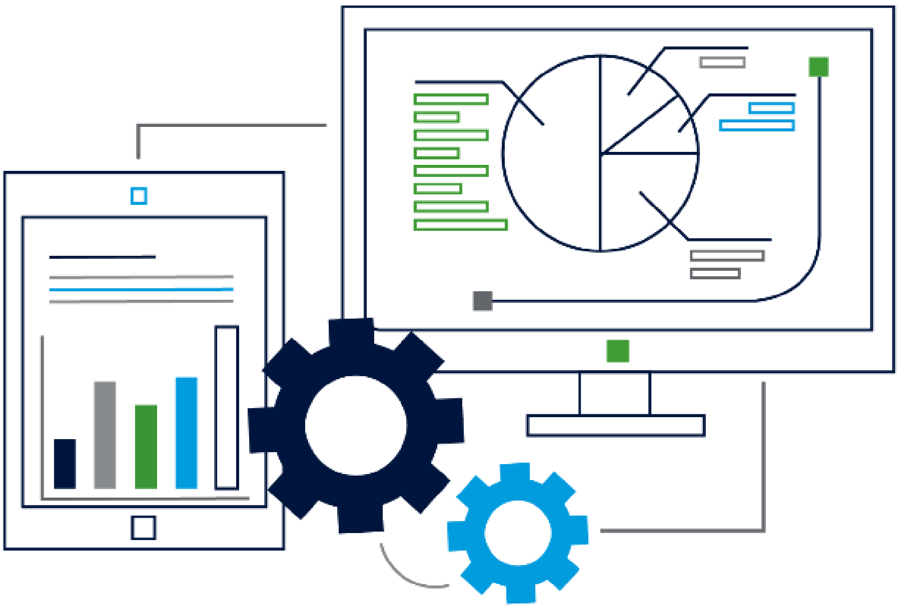
Expenditure Performance

- An estimated TZS 44.39 trillion was approved for government spending in 2023/24.
- TZS 30.31 trillion was allocated for recurrent expenses and TZS 14.08 trillion for development projects
- By April 2024, TZS 35.63 trillion (80.3% of the annual target) was released: – TZS 23.29 trillion (76.8%) for recurrent expenses and 12.34 trillion (87.7%) for development projects.

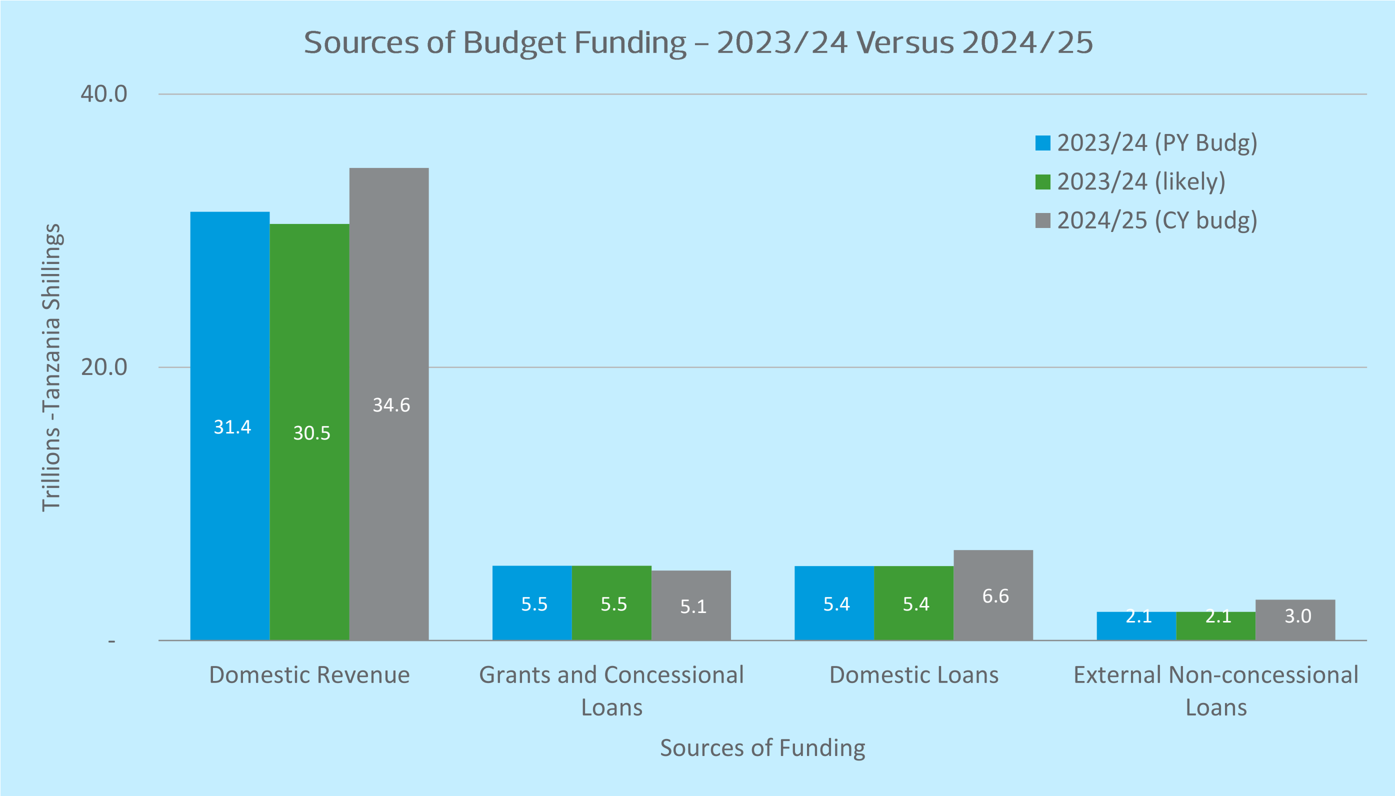
In the FY 2024/25, various strategies will be employed to boost revenue generation. These include:

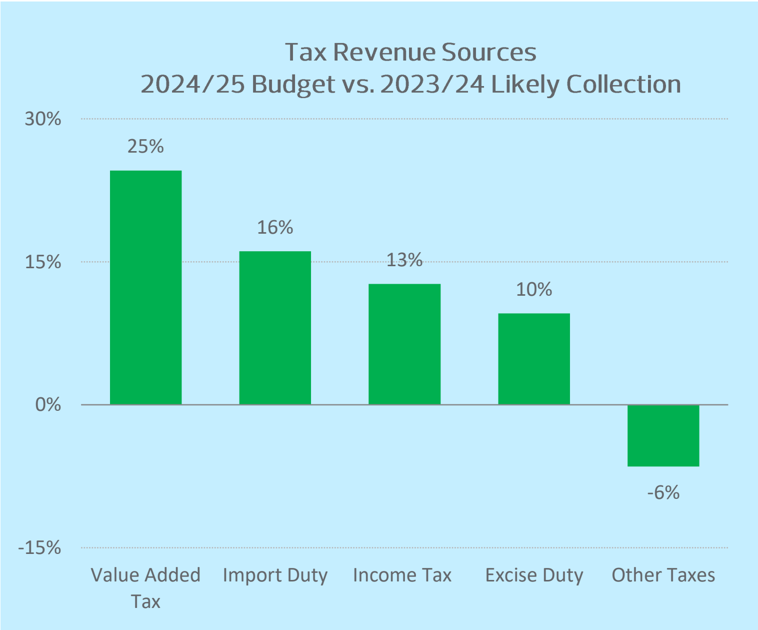
- The government will enhance domestic resource mobilization through the Medium-Term Revenue Strategy (2024/25-2026/27), aiming to reduce budget dependency by expanding the tax base, improving tax systems, and encouraging voluntary tax payment.
- Through the identified investment opportunities, the government will identify new taxpayers and register multinational digital businesses through a simplified system.
- To boost tax compliance and simplify payments by improving institutional systems for integrated invoicing and timely revenue collection.
- Continuing investments in ICT are enhancing system interoperability, eliminating duplication, and strengthening public fund management.
- Ensure all payments are collected through control numbers to prevent revenue leakage.

- The government also plans to create a Patriotism award via the Electronic Fiscal Receipting System to promote the public's demand for legitimate receipts and encourage businesses to issue receipts voluntarily. Awards will recognize compliant taxpayers through lottery prizes.
- Continuous emphasis on tax compliance among public institutions, organizations, companies, and individuals in transactions involving buying or selling goods and services.
- The government aims to enhance the business environment by simplifying procedures and regulations for businesses.
- Strengthen international relations and economic diplomacy to support trade and foreign investment.
- Review tax exemptions and incentives for investors to ensure transparency, efficiency, and economic benefits.
- Enhance oversight and performance evaluation of public institutions to ensure they operate efficiently and effectively for the public good.
- Ensure the institutions entrusted with revenue collection are using official systems and ensuring taxes are paid as required by law.



For the fiscal year 2024/25, the Government has an ambitious target of TZS 49.3 trillion, reflecting a 11.1% increase compared to previous fiscal year's budget of TZS 44.38 trillion. Of this, the Government expects to collect TZS 34.6 trillion from domestic revenue.



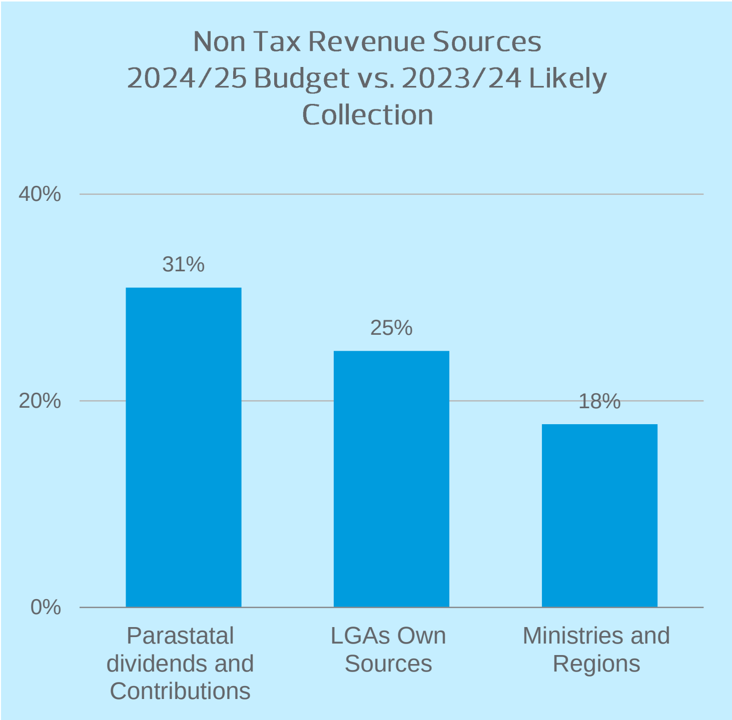


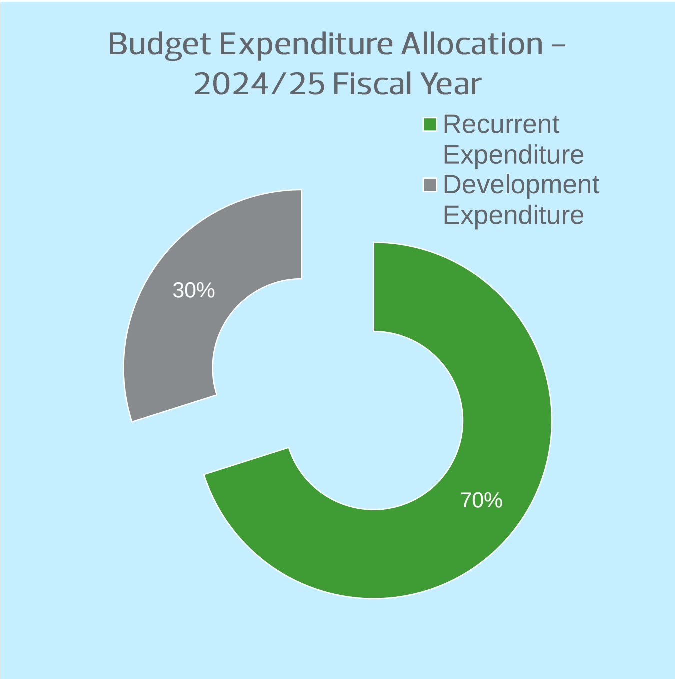
From Domestic Tax sources, the government expects a 25% increase in VAT collection for the 2024/25 budget compared to 2023/24.

This is followed by an expected 16% rise in Import Duty, a 13% increase in Income Tax, and a 10% growth in Excise Duty. Meanwhile, revenue from other taxes is anticipated to decline by 6%.

The government remains optimistic about non-tax revenue collections for the 2024/25 fiscal year, even in light of a 9% budget deficit and missed targets in the current year's budget.

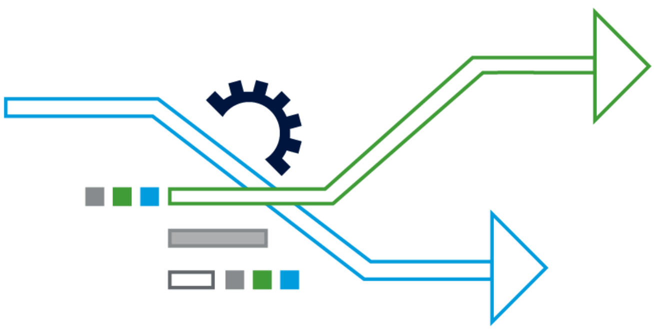
The target for non-tax revenue collection has been increased by 12% from the 2023/24 budgeted figure of TZS 4.6 trillion to TZS 5.19 trillion for 2024/25.





The budget allocation for expenditures in 2024/25 maintains the same ratio as last year, with 70% allocated to recurrent expenditures and 30% to development expenditures.

Recurrent expenditures for 2024/25 have increased by 15%, rising from TZS 30 trillion in 2023/24 to TZS 34.5 trillion. Development expenditures have also increased by 11% from TZS 13.3 trillion to TZS 14.76 trillion in 2024/25.



KEY HIGHLIGHTS OF THE SPEECH BY THE MINISTER OF FINANCE 2024/25

The following proposals have been tabled by the Minister in his speech:

- *Capping of penalties relating to non-compliance with EFD machine:* In the previous year's budget, the Minister proposed reduction in penalties relating to non-compliance with the EFD Regulations, which was also enacted vide the Finance Act 2023. The Minister has proposed to further cap the fine for offense of failure to issue a fiscal receipt to a maximum of 1000 currency points, which shall be equivalent to TZS 20,000,000, with the intension to provide relief to taxpayers and encourage voluntary compliance.

- *Timely payment of VAT refunds:* Proposal to amend the VAT Act for VAT refunds to be processed within 30 days from the submission date. This amendment aims to encourage voluntary tax compliance and enhance the accountability of the Tanzania Revenue Authority. The proposed change is likely to be a welcome relief, particularly in light of past delays in VAT refund disbursements. Historically, a primary concern surrounding VAT refunds has been the verification of input VAT claimed by taxpayers. However, leveraging the use of the taxpayer portal, which only allows claiming of eligible input VAT, the 30-day timeframe is indeed feasible. This initiative is anticipated to provide much-needed relief to taxpayers consistently in a VAT repayable position.

- *Bolstering a digital tax regime:* The Government remains committed to harnessing the potential of IT infrastructure to enhance efficiency in tax administration with various projects. A key focus is the investment in ICT systems to ensure systems interoperability, eliminate duplication and strengthen the monitoring and management of public funds. The Minister emphasized during his speech that all payments collected by public institutions should be through control number to mitigate revenue leakage. Furthermore, the adoption of ICT systems will streamline tax administration processes, making them more convenient and accessible throughout the country. The Minister also highlighted the positive uptake on the use of Point of Sale and electronic payments in the electronic banking sector and encouraged use of such systems to facilitate seamless transactions.

- *Inclusion of institutions dealing in advancement of health services and environmental conservation under charitable institutions:* The proposed amendment to include institutions that advance health services and environmental conservation as charitable organizations represents a significant step forward. By relieving these institutions from Income Tax obligations, the government aims to incentivize investment in these critical sectors. Environmental conservation, in particular, is becoming increasingly vital in the fight against global climate change. This tax relief will not only encourage existing entities to invest but also attract new investors dedicated to sustainable development and health improvements.

- *Long awaited clarification on write off of bad debts:* Under Section 25(5) (a) of the Income Tax Act, taxpayers can write off bad debts and claim deduction provided they have taken all reasonable steps to recover it. However, in practice, the Revenue Authority has often required a court ruling to prove the debt is irrecoverable, leading to significant administrative burdens. The Finance Minister's proposal to streamline these procedures through new regulations is expected to simplify the process and provide clearer guidelines, reducing the compliance burden for businesses and ensuring more efficient tax administration. However, it remains to be seen how this matter shall be addressed in the Regulations.

- *Control on government spending:* The Finance Minister has outlined a strategic plan to curb government spending, emphasizing the need for fiscal discipline. Key measures include controlling procurement and use of vehicles, minimizing international travel, and reducing the size of delegations for meetings both domestically and abroad. These efforts are projected to lead to substantial savings, enhancing the efficiency of public expenditure.

- *Payment of various government levies and fees in Tanzania Shillings:* To address the ongoing shortage of US Dollars, the Finance Minister has proposed, effective from 1 July 2024, all government institutions that currently collect levies and fees in USD should amend their regulations to ensure these payments are made in Tanzanian Shillings. This change aims to alleviate pressure on foreign currency reserves, stabilize the local currency, and make transactions more straightforward for businesses and individuals. By mandating the use of the national currency, the government seeks to enhance economic stability and promote the use of local currency in all financial transactions.

- *Role of tax ombudsman:* proposal to empower the Tax Ombudsman with the authority to hear and address complaints arising from tax decisions, services, and administrative matters related to tax decisions or objections. Currently, under Section 28D of the Tax Administration Act, the Tax Ombudsman is restricted from reviewing any tax decision or objection decision made by the Commissioner General. This limitation prevented the Ombudsman from intervening in many disputes that related directly to tax decisions, leaving taxpayers with fewer avenues for recourse. The proposed change is expected to be a significant relief for taxpayers. By broadening the scope of the Tax Ombudsman, this amendment aims to provide a more accessible and effective mechanism for resolving disputes. If implemented effectively, it will facilitate smoother and more efficient dispute resolution processes, enhancing fairness and transparency in tax administration.

- *Zero rating of supply of gold to domestic refineries as well as the Central bank of Tanzania:* Proposal to zero rate the supply of gold to domestic refineries and the Central Bank of Tanzania is a strategic measure aimed at boosting the growth of domestic refining operations. By ensuring that domestic refineries have an adequate supply of feedstock, this initiative supports the government's objective of refining raw gold minerals within the country for value addition before export. Furthermore, zero-rating the supply of gold to the Central Bank is intended to enhance the country's foreign currency reserves, thereby helping to alleviate the dependency of US dollars. This policy is expected to strengthen the local gold refining industry and improve the nation's economic stability.

- *VAT relief to the agricultural sector:* The proposed VAT relief measures for the agricultural sector are comprehensive and targeted at promoting growth and sustainability. Key measures include the exemption of VAT on agricultural implements, which will reduce costs for farmers and enhance agricultural productivity. Additionally, the zero rating of locally manufactured fertilizers for one year starting July 2024 aims to support local production and reduce dependency on imported fertilizers. Similarly, the zero rating of textile products (fabric and garments) made from locally grown cotton is expected to boost the domestic textile industry. The exemption of VAT on double refined edible oil produced from locally grown seeds by local manufacturers for one year will also encourage local production and processing, contributing to the sector's overall growth.

- *Reduction of the charge fee for renewing licenses to operate safety planes (Air Operators Certificates – AOC) from the current rate of USD 600 per year per aircraft to USD 600 per year per company:* The proposal to reduce the license renewal fees for Air Operators Certificates (AOC) from USD 600 per year per aircraft to USD 600 per year per company represents a significant step towards stimulating the aviation industry. This change will lower the operating costs for airlines, making it more financially viable for them to maintain and expand their operations within the country. By easing the financial burden on airlines, this policy aims to promote the growth of the aviation sector, enhance connectivity, and support the broader economic development goals of the country.

Whilst the above changes have been proposed, it is of concern that some policy changes proposed by various stakeholders have not been addressed:

- *VAT on tourism:* Despite the Finance Minister's acknowledgment of the tourism sector's substantial growth and contribution to the economy, particularly after the successful "The Royal Tour" initiative led by Her Excellency President Samia Suluhu Hassan, a crucial issue remains unresolved. The VAT rate applied to various park fees continues to hinder further development of the tourism industry. Stakeholders had hoped for a reduction or exemption of VAT to boost the sector, but the budget speech did not address this pressing concern, potentially limiting the sector's growth and international competitiveness.

- *Waiver application:* The application process for tax waivers, which allows taxpayers to avoid making required tax deposits during the objection process, has been a contentious issue. Recent court rulings on the jurisdiction of the Tax Revenue Appeals Board (TRAB) to handle non-objection appeal cases raised expectations for clear procedural guidelines in the budget. Taxpayers were expecting specific measures detailing the steps to be taken following the rejection of waiver applications. Unfortunately, the budget speech did not address this, leaving taxpayers in a continued state of uncertainty and potential conflict with the Revenue Authority. However, the mention of measures to curb issues through the establishment of a Tax Ombudsman offers a glimmer of hope for future resolutions.

- *Time limit for responding to objections:* In an effort to expedite tax cases and reduce disputes, an amendment was proposed in 2020 to introduce a six-month time limit for the Commissioner to decide on tax objections. If the Commissioner fails to respond within this period, the assessment would be treated as confirmed. However, this amendment did not achieve its intended purpose and resulted in further uncertainty regarding the process and timelines. The fiscal budget does not address the issue of deemed determination of objections.

- *Issues around demand notices/agency notices for taxes beyond 5 years not addressed:* The budget speech did not address the frequent issuance of demand and agency notices by the Revenue Authority for taxes dating beyond the five-year timeframe stipulated in tax laws, often under pressure to meet collection targets. While the Minister emphasized strict penalties for tax evasion, this critical issue remains unaddressed. The unresolved problem continues to create an uncertain business environment, deterring investment and growth.

- *Capping of interest and penalty:* Despite multiple appeals regarding the excessive interest and penalties imposed for non-compliance with tax laws, the budget speech only addressed the capping of penalties related to non-compliance with Electronic Fiscal Devices (EFDs). Stakeholders expected broader measures to align interest and penalties with East African Community (EAC) standards, which would make the tax environment more equitable and less punitive for businesses. The absence of such measures leaves a significant concern unaddressed.

- *VAT registration threshold:* In the 2023/24 budget, the Minister proposed increasing the VAT registration threshold to TZS 200 million, with a gradual increase to TZS 500 million. Although the threshold was increased to TZS 200 million, this year's budget speech does not address the same. Given the depreciation of the Tanzanian Shilling, the objective of improving administrative efficiency and reducing compliance costs for businesses remains unfulfilled.

- *Issue on decreasing adjustments not addressed:* Another item expected to be addressed during the speech was decreasing adjustments on the VAT returns, which are currently restricted on the taxpayer portal. While the taxpayers have access to reflect increasing adjustments, the system prohibits decreasing adjustment, as a result of which there are numerous issues relating to the system reflecting erroneous tax liabilities. Based on the current practice, all decreasing adjustments are manually addressed by the respective tax office, however, given the volume of the submissions, there are significant delays in reflecting these adjustments, which results to unnecessary tax demand notices issued to taxpayers.

- *Primary data server matter not addressed whilst* the Finance Act of 2023 amended the definition of primary data server based on the outcry from the taxpayers, the main provision, S. 35 (7), which requires a taxpayer to maintain a primary data server in the country was not amended. Therefore, the intended objective of the amendment to reduce the cost associated in establishing and maintaining servers was not addressed. It remains to be seen whether the minor changes to tax laws mentioned by the Minister shall include amendment of the definition.

- *Refund/offset of overpaid Taxes:* While the Minister proposed payment of VAT refunds within 30 days, which is surely a welcome relief, the issue of delays in refunds/offsets of overpaid corporate tax has not been addressed in the budget speech. Quite often, when the taxpayers request for refund of overpaid taxes, even after comprehensive tax audits are concluded, there is no response from the Revenue Authority and since the law does not allow offset of overpaid tax, this affects the cash flows of the taxpayers.

THE INCOME TAX ACT

PROPOSED AMENDMENTS TO VARIOUS SECTIONS OF THE INCOME TAX ACT

EXEMPTIONS

- Broaden the definition of charitable organizations to include institutions that advance health services and environmental conservation. Currently, the exemption under Section 64(8) of the Income Tax Act applies to institutions providing general public health services, such as NGOs. However, further clarity is anticipated in the Finance Bill to specify which entities will qualify for charitable status under the new provisions. This change is expected to incentivize investment and support in these critical areas, enhancing their contributions to public health and environmental sustainability.
- Abolition of the Alternative Minimum Tax (AMT) for tea processing companies. AMT is a tax imposed at the rate of 0.5% of revenue on entities with perpetual tax losses for three consecutive years. This measure intends to provide a relief to the tea industry, which is currently facing losses due to falling market prices.
- Exemption of 15% of the contributions made by the public institutions to the Consolidated Fund. This aims at reducing the tax challenge in computing taxable income.
- Clarification of the exemption from Change in Control Tax imposed under Section 56, as introduced by the Finance Act 2023 for allotment of shares to apply to a **resident** entity only.
- Abolition of withholding tax obligation to a resident institution on the payment of interest to Non-resident Financial Institutions and Funds which have an agreement with the Government of the United Republic of Tanzania to dispense concessionary loans to resident banks and Financial Institutions. This measure intends at ensuring availability of affordable credit financing facility to citizens for economic growth.

OTHER CHANGES

- Increase the presumptive tax from TZS 550,000 to TZS 650,000 for passenger vehicles with carrying capacity of between 16 to 25 passengers, commonly known as DALADALA. Whilst the Minister stated that this improvement is intended to relieve the tax burden on passenger vehicles in order to conform with passenger transportation norms especially the city commuters, it is unclear how this change will fetch the same intent since the proposal is to increase the tax rate.
- Introduction of 5% withholding tax obligation to non-resident persons on the payments made to resident digital content creators. This aims at widening the tax base and embrace the principle of equity in taxation. Given that the non-resident entities do not have any filing obligations in Tanzania, it remains to be seen how this shall be enforced.
- Introduction of 2% withholding tax on purchase of industrial minerals other than salt, metallic minerals or other precious minerals sold by Primary Mining Licensee or Artisanal miner as stipulated in the Mining Act to broaden the tax base and ensure equity in Taxation.
- Introduction of 3% withholding tax on income derived from transfer of digital assets by both resident and non-residents. A foreign citizen who operates a digital platform, which facilitate transfers or exchange of digital assets, shall be registered with TRA under a Simplified Tax Regime. We expect that the Finance Bill/Act shall provide the definition and scope of digital asset.
- Introduction of 5% withholding tax on income generated from digital content creation by resident content creators, which is aimed at widening the tax base and embrace tax equity.
- Introduction of 2% withholding tax on the payment made for agricultural produce, fishing, animal and poultry keeping except forestry produce. The tax shall be final and the seller shall have no further income tax obligations.
- Amendment on utilisation of carried forward losses for entities with unrelieved losses for 4 consecutive years. Currently, where an entity with four consecutive tax losses derives a chargeable income in the fifth year, the minimum taxable income is 30% of the chargeable income. In other words, the entity shall be able to utilise brought forward tax losses to the tune of 70% of the chargeable income. However, the Minister has proposed to amend S.19 (2) of the Income Tax Act to increase the minimum taxable income to 40% of the chargeable income in a bid to increase government revenue.
- Grant power to the minister to make regulations that provide guidance on the review, recognition and writing off of bad debts to remove ambiguities surrounding deduction of bad debts for financial institutions. This is a long-awaited relief to the financial institutions in Tanzania considering the ambiguities engulfing the deduction of bad debts under Section 25 (5) (a) of the Act. While the law stipulates that a person can write off a debt as bad and claim deduction if all reasonable steps were taken to recover the debt, in practice, the Revenue Authority has often required a court ruling to prove the debt is irrecoverable irrespective of the amount involved. Without the court ruling, the write off is disallowed from a tax perspective, often resulting in tax disputes. It remains to be seen how this matter shall be addressed in the Regulations.

- Introduction of a new requirement to use electronic receipts to authenticate purchases made. This means in the absence of electronic receipts, certain expenses shall not be allowed for corporate tax deduction under Section 11 of the Income Tax Act. The aim is to emphasize the use of electronic receipt and reduce the leakage of government revenue.

TAX ADMINISTRATION ACT

PROPOSED AMENDMENTS TO VARIOUS SECTIONS OF TAX ADMINISTRATION ACT

- To introduce a provision that grants the Tax Ombudsman office to hear and resolve complaints arising from tax decisions, procedures, services, and administrative issues associated with such tax decisions or objections.
- To raise currency points from TZS 15,000 to TZS 20,000, aiming to uphold the comparability of prices and protect the actual worth of Government revenue considering the purchasing power of money, which varies overtime.
- To amend Section 86(1) of the Tax Administration Act, CAP 438 by establishing a ceiling penalty of 1000 currency points (C.P.) for the offense of not issuing a fiscal receipt.

INDIRECT TAXES

VALUE ADDED TAX ACT

EXEMPTIONS

- Supply and importation of motor vehicles, equipment, machinery and other goods for official use of Tanzania People's Defence Force under Item 18 of Schedule to the VAT Act, CAP. 148. This measure is intended to support the military in fulfilling its critical role of national defence by reducing operational costs and enhancing its logistical capabilities. By alleviating the tax burden on essential goods, the government aims to ensure that the military can efficiently perform its duties in protecting the country's sovereignty and security.
- Supply of aircraft, aircraft engine, aircraft parts and aircraft maintenance to a local air manufacturer, assembling or production under Item 31 Part 1 of the VAT Act. This move aims to enhance the competitiveness of local aircraft producers and assemblers, attract investment into the country, and stimulate growth within the aviation sector. Additionally, by supporting the domestic aviation industry, the government hopes to bolster tourism by improving the availability of travel within and beyond Tanzania.
- Supply and importation of water treatment chemicals, water meter and sewage. This exemption will be granted upon the approval of the chemicals by the responsible minister. By reducing the cost of essential water treatment and measurement equipment, this measure aims to improve access to clean water and sanitation, which is crucial for public health and overall quality of life in the country.
- Importation of Video Assistant Referee (VAR) equipment and accessories for the Africa Cup of Nations (AFCON) tournament to be held in 2027. The exemption will be granted upon the discretion of Ministry of Sports. The move aims to enhance the country's international image and increase in foreign exchange reserves.
- Extend the exemption of Value Added Tax on supply of double refined edible oil from locally grown seeds by a local manufacturer for one more year. Initially granted through the Finance Act, 2023, this exemption is set to expire on 30th June 2024. Extending this exemption aims to support local agriculture and manufacturing sectors, reduce production costs, and promote the consumption of locally produced goods, thereby contributing to the country's economic development and self-sufficiency in edible oil production.
- Single axle tractors (Power Tiller) in order to reflect the scope of exempted items and harmonize the HS codes in the EAC Common External Tariff book.

ZERO RATING OF GOODS AND SERVICES

- Locally manufactured fertilizer for a period of one year to provide relief in this period of global economic downturn.
- Textile products (Fabrics and Garments) manufactured using locally grown cotton. The measure aims to provide relief to farmers and local textile industries.
- Gold supplied to Central bank of Tanzania and domestic refineries. Aims to incentivize supply of gold thus increasing country's foreign currency reserves and also intended to promote growth of domestic refineries in the country.

OTHER CHANGES

- Refunds to be paid within 30 days from the date of submission of refund applications. This initiative aims to encourage voluntary tax compliance and enhance the accountability of the Tanzania Revenue Authority (TRA). Historically, delays in VAT refund disbursements have been a significant concern for taxpayers, often due to the lengthy verification process of input VAT claims.
- To include Online data services in the VAT base. The measure is intended to broaden the tax base. However, the definition of the word 'online data services' needs clarification.
- Abolish VAT on supply and importation of agricultural implements i.e. Spades & Shovels (under HS Code 8201.10.00) and Mattocks & Picks (under HS Code 8201.30.00).
- Abolish the exemption on supply of precious metals, gemstones and other precious stones at refineries. This is intended to increase mining sector's percentage contribution to the GDP.

EXCISE DUTY ACT

Item	HS Codes	Proposed new rate	Rate	Aims to
Locally produced bottled water	2201.10.00 and 2201.90.00	TZS 58 per litre	TZS 63.80 per litre	Encourage overall consumption of locally produced bottled water and support growth of small scale factories
Imported un-denatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher (ethanol) except un-denatured ethyl alcohol for non-manufacturing purposes upon ministerial recommendation.	2207.10.00	TZS 7,000 per litre	NIL	Protect domestic industries
Locally produced un-denatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher (ethanol) except un-denatured ethyl alcohol for non-manufacturing purposes upon ministerial recommendation	2207.10.00	TZS 5,000 per litre	NIL	Increase government revenue and widen the tax base
Imported and locally manufactured tomato and chilli sauce/ketchup, and mango pickle (excludes tomato paste)	2103.20.00 and 2103.90.00	TZS 300 per Kg	NIL	Widen the tax base and cushion effects caused by consumption of sugar and salt contained in these goods
Solvent-based paints and varnishes (paint or varnish that dissolves in a non-aqueous medium)	32.08	TZS 500 per Kg	NIL	Broaden tax base and finance public spending including cushioning the effects caused by consumption of solvent based paints
Imported opaque beer	2206.00.20	TZS 963.90 per litre	NIL	

Item	HS Codes	Proposed new rate	Rate	Aims to
Other imported fruit-based beer	2206.20.90	TZS 2,959.74 per litre	NIL	Enhance equity in taxation as well as to increase government revenue
Betting, gaming, and lottery stakes	n/a	10%	NIL	Support and finance universal health coverage by allocating revenue to Universal Health Insurance Fund to improve accessibility of health services for people who cannot afford to pay
Advertisement fee for betting, gaming, and lottery	n/a	10%	NIL	Widen tax base

- To introduce a provision to allocate 2% of excise duty collections from carbonated soft drinks, cosmetics, and alcoholic beverages to the Universal Health Insurance Fund.
- To Amend the Electronic Tax Stamps Regulations, 2018 (ETS), to restrict the licensing of manufacturers of excisable goods until ETS installation is complete and production has begun. This measure aims to combat counterfeit goods and illicit trade while enhancing the efficiency of excise duty collection.

Overall, the proposed amendments aim to balance revenue generation, economic protection, and social welfare, which are crucial for sustainable development and fiscal health.

THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT, 2004

The EAC is set to revise its Customs Management Act and adjusting CET rates for 2024/25 to support economic transformation and climate change initiatives. These changes, discussed during the Finance Ministers' meeting in Arusha, will affect sectors ranging from automotive to construction, with significant implications for regional economies and integration. The proposed amendments include:

- To grant duty remission at a rate of 0 percent on various inputs essential for assembling or manufacturing mobile phones, with the objective of reducing the cost of mobile phone assembly and promoting regional assembling schemes.
- To revise tariff structures for hybrid motor vehicles (HS Codes 8703.40.00, 8703.50.00, 8703.60.00, and 8703.70.00), introducing a 0 percent import duty rate for unassembled vehicles to promote regional assembling operations.
- The proposed amendments in the Common External Tariff are as follows:

Item	HS Codes	Proposed new rate	Old Rate	Aims to
Lithium-ion Electric accumulators	8507.60.00	0% for one year	25%	Reduce manufacturing costs, encourage local investment, and ensure availability of affordable vehicle and motorcycle
Unassembled Televisions (CKD)	8528.72.10 and 8528.73.10	0% for one year	10%	Promote domestic assembling schemes by reducing assembly costs and ensuring competitive pricing of products, whilst fostering employment creation
Other paper, paperboard, cellulose wadding, and webs of cellulose fibers used in the manufacture of labels and thermal paper rolls for cash registers, POS, and EFD machines	4811.90.00	10% for one year	25%	Decrease the costs of these essential inputs for local manufacturers
Float glasses used in manufacturing of toughened glass	7005.10.00, 7005.21.00, 7005.29.00, and 7005.30.00	10% for one year	35%	Lower the costs of these essential inputs so as to encourage local production of toughened glass
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; and 7607.19.90	0% for one year	25% or 35%	Reduce cost of local production which would in turn promote investment in dairy sector
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; 3907.99.00; 3916.90.00; 3917.39.00; 3919.90.90; 3920.69.90; 3920.99.90; 3921.14.90; 3921.90.90;	0% for one year	Various rates	Encourage local production, expand network communication coverage and promote investment communication sector

Item	HS Codes	Proposed new rate	Old Rate	Aims to
	5402.11.00; 5404.90.00; 7019.90.90; 8536.90.00; and 8544.49.00			
Inputs used for the manufacture of mosquito repellents	4817.30.00, 4819.10.00, 5407.51.00, and 3921.19.90	0% one year	25%	Reduce the production costs of mosquito repellents in the region, in order to enhance efforts to combat Malaria
Inputs used to manufacture food and beverages	2106.90.20	10% for one year	10%, 25% or 35%	Reduce production cost of food and beverages in the region
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, and 7008.00.00	35% for one year	10%	Safeguard domestic glass manufacturers and enhance competitive advantage
Ceramic tiles	6907.21.00, 6907.22.00, and 6907.23.00	Higher of 35% or USD 3 per square meter, for one year	35%	Protect local manufacturer against unfair competition from cheap and subsidized imports
Flat-rolled products of iron or non-alloy steel	7210.49.00, 7210.61.00, 7210.69.00, 7210.70.00, 7210.90.00, and 7212.30.00	Higher of 25 % or USD 300/MT, for one year	25% or USD 200/MT	Protect local manufacturers
Flat-rolled products of iron or non-alloy steel	7212.40.00 and 7212.50.00	Higher of 25%or USD 300/MT, for one year	35%	Protect local manufacturers from undervaluation of imports
Flat-rolled products of iron or non-alloy steel	7212.60.00	Higher of 10% or USD 300/MT, for one year	10%	Curb the problem of undervaluation of commodities for customs duty purpose
Iron and steel flat rod products	7225.91.00, 7225.92.00, and 7225.99.00	Higher of 25%or USD 300/MT, for one year	10%	Safeguard domestic manufacturers of iron and steel products from subsidized imports
Corrugated iron sheets	7210.41.00	Higher of 35% or USD 500/MT, for one year	35%	Grant competitive advantage to the local manufacturers of corrugated iron sheets

Item	HS Codes	Proposed new rate	Old Rate	Aims to
Salt	25.01	50%	25% or 35%	Protect local manufacturers
Semi-finished flat rolled products	7226.99.00	Higher of 10%or USD 300/MT, for one year	10%	Protect local manufacturers against undervalued imports and promote local investment
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.	Higher of 35% or USD 500/MT, for one year	35%	Promote the processing of vegetable oils in the country, utilizing locally grown seeds and imported crude palm oil

For the fiscal year 2024/25, the EAC is set to continue with a range of fiscal measures that were initiated in the previous years. These measures are designed to support economic growth, enhance domestic production, and promote public welfare. These measures include but are not limited to:

Item	HS Codes	Proposed rate	Aims to
Electronic Fiscal Devices (EFD) Machines and Point of Sale (POS) systems	8470.50.00 and 8470.90.00	0%	Encourage the use of electronic devices for efficient government revenue accounting
Corks and stoppers	4503.10.00	0%	Promote the growth of the grape farming and wine industries and creating employment opportunities
Unsweetened cocoa powder (not containing added sugar or other sweetening matter)	1805.00.00	10%	Encourage local processing, enhance value addition, and increase government revenue
Packaging material used for packing processed coffee	7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90	0%	Reduce packaging material costs for coffee processors
Sacks and bags of polymers of ethylene used by cashew processors	3923.21.00	0%	Reduce costs and supporting the industry
Inputs used by domestic processors of cotton lint	3920.30.90; 6305.39.00; and 7217.90.00	0%	Promote cotton processing industry in the country

Item	HS Codes	Proposed rate	Aims to
Raw materials used to manufacture sanitary pads and baby diapers	–	0%	Reduce cost for local manufacturers of these products
Packaging materials for seeds used by local producers of agricultural seeds	3923.29.00; 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90	0% for one year	Reduce the cost of packaging materials for domestic producers of agricultural seeds
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	Higher of 10% or USD 125/MT	Protect local manufacturers and create employment
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	Higher of 25% or USD 250/MT	Protect local industry and encourage investment
Monofilament (cross sectional dimension exceeds 1mm) rods, sticks and profile shapes	3916.10.00; 3916.20.00; and 3916.90.00	10% for one year	Increase government revenue
Paper and paper products	4804.29.00	25% for one year	Protect domestic industry and enhance competitiveness of domestically produced paper and paper products
Imported wheat grain	1001.99.10 and 1001.99.90	10% for one year	Reduce the cost of production for manufacturers of wheat flour in the country and relieve citizens from high prices of wheat products
Refined Bleached Deodorized (RBD) Palm Stearin	1511.90.40	0% for one year	Promote the domestic manufacturers of soaps
Safety matches	3605.00.00	Higher of 25% or USD 1.35/Kg for one year	Protect domestic manufacturers
Mineral water	2201.10.00	60% for one year	Protect local industries as there is ample capacity in the country
Gypsum powder	2520.20.00	10% for one year	Protect local manufacturers
Worn items of clothing, footwear and articles	6309.00.10; 6309.00.20 and 6309.00.90	35% for one year	Protect consumer welfare
Raw materials and industrial inputs used to manufacture textiles and leather footwear	Various	Various	Promote textiles and leather footwear manufacturers in the country
New pneumatic tyres of rubber used on motorcycles	4011.40.00	25% for one year	Encourage domestic investment in production of pneumatic tyres in the country

Item	HS Codes	Proposed rate	Aims to
Milk cans	7310.10.00 and 7310.29.90	0% for one year	Provide relief to dairy sector
Organic surface-active agents used by manufacturers of detergents and liquid soaps	3402.31.00; 3402.39.00; and 3402.49.00	0% for one year	Reduce the cost of inputs for detergents and liquid soaps manufacturers in the country
Raw material used to manufacture different types of fertilizers	2710.99.00; 2528.00.00; and 3505.20.00	0% for one year	Promote growth of local industry
Packaging materials for processed tobacco	5310.10.00	0% for one year	Reduce cost for tobacco processors
Packaging material used by local manufacturers of tea (blenders)	4819.20.90; 5407.44.00; and 3923.29.00	0% for one year	Reduce cost for tea blenders
CKD for three-wheel motorcycle (excluding chassis and components)	8704.21.90	10%	Reduce assembly/manufacturing costs for cargo transportation three-wheel motorcycles
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, and3907.91.00	0%	Promote local manufacturing of pipes and create employment
Refined sugar (industrial use)	1701.99.10, and 1701.99.20	10%	Reduce input costs for local manufacturers
Flat-rolled products	7212.20.00	10%	Protect local manufacturers, enhance revenue, and create employment
Baby diapers	9619.00.90	35%	Protect local manufacturers, increase revenue, and create employment
Cotton yarn	52.05; 52.06 and 52.07	25%	Promote cotton yarn production, increase value addition, and support C2C strategy
Horticultural products	0604.20.00; 0604.90.00; 0808.30.00 and 0808.10.00	35%	Protect local producers.
Raw materials for food flavors	1901.90.10; 3302.10.00 and 3505.10.00	0%	Promote local food flavors manufacturing
Inputs for manufacturing of corrugated boxes	4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00	0%	Encourage domestic investment in corrugated box production
Inputs for soap manufacturing	3401.20.10	25%	Reduce input costs for soap manufacturing
Inputs for 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	0%	Promote domestic investment in electrical cable production
Polyester/Nylon Twine	5607.50.00	25%	Protect local manufacturer, promote employment

Item	HS Codes	Proposed rate	Aims to
Smart cards for National ID	8523.52.00	0%	Facilitate National ID issuance
Flat-rolled products (iron/non-alloy steel)	7210.30.00	0%	Protect local manufacturers, increase revenue, and create employment
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	35%	Protect consumer welfare
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%	Protect local manufacturer, encourage local production, increase revenue, and create employment
Paper used in issuing EFD Receipts	4811.90.00	25%	Protect local manufacturers
Buses for transportation (more than 25 persons)	8702.10.99; and 8702.20.99	0%	Decongest city, improve transportation system
Nails, staples, etc.	7317.00.00	35% or USD 350/MT	Protect local producers, increase revenue, and create employment
Cane sugar	1701.14.90	35% or USD 460/MT	Cover sugar production gap
Inputs/raw materials for manufacture of capital goods/equipment	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	0%	Reduce production costs, encourage domestic production
Inputs used to manufacture radiators	7409.11.00; 7409.19.00; 7410.11.00; 7410.12.00; 7409.21.00; 8001.10.00; and 3810.90.00	0%	Reduce production costs, encourage domestic investment in radiator production
Inputs used to 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	0%	Reduce production costs, encourage domestic investment in wiring harness production
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	10%	Promote domestic production of vegetable oils

These continued measures reflect the government's strategic approach to fostering a conducive business environment, supporting local industries, and ensuring the sustainability of revenue streams for public spending and health initiatives.

MISCELLANEOUS AMENDMENTS

THE VOCATIONAL EDUCATION AND TRAINING ACT, CAP 82

- To include casual laborers employed in the execution of water projects managed by Water Authorities in the scope of exemption, aiming to reduce project costs.

THE LOCAL GOVERNMENT AUTHORITIES (RATING), ACT CAP 289

- To allow 20 percent of the revenue collected from property tax and land rent to be directly remitted to the Local Government Authorities (Councils) accounts. Currently, such revenues are remitted to the Consolidated Fund and LGA's apply for a 20 percent refund.

THE MOTOR VEHICLE (TAX REGISTRATION AND TRANSFER) ACT, CAP 124

- To include electrical motor vehicle in the scope of vehicle registration fees. This aims to adhere to the principle of equity in taxation and to accommodate technological advancement.

THE EXPORT LEVY ACT, CAP 196

- To introduce export levy at the rate of 10 percent on Crude Sunflower Oil, Sunflower Cake and Sunflower seeds. The measure is expected to increase Government revenue by 2,048 million shillings.

THE IMPORT CONTROL ACT, CAP 276

- To introduce Industrial Development Levy on selected imported goods as follows:
    - 10 percent on wire rods with HS Code 7213.91.90;
    - 10 percent on beer under heading 22.03;
    - 5 percent on non-alcoholic beer with HS Code 2202.91.00;
    - 5 percent on energy drinks with HS Code 2202.99.00;
    - 10 percent on organic surface-active agents - detergents with HS Code 3402.50.00; and
    - 10 percent on liquid with HS Code 3402.90.00.

The Industrial Development Levy will not apply on goods originating from East African Community Partner States that meet the East African Community Rules of Origin. The measure aims to support local manufacturing, spur investments and increase exports.

AMENDMENTS OF VARIOUS GOVERNMENT FEES AND LEVIES AND THE IMPLEMENTATION OF THE BLUEPRINT IMPROVEMENT PLAN

The following miscellaneous changes are proposed to enhance robust growth of various sectors and improve business environment in the country as part of the ongoing implementation of the Blueprint for Regulatory Reforms. Specifically, these amendments include:

MINISTRY OF LIVESTOCK AND FISHERIES

- **Fisheries sector**

  Amendments to fees (moving permits and export royalty) are as follows:

Type	Old fee	New fee
Fish and fish products there of (dagaa, furu, dried fish, fresh fish and frozen) which are fresh, dried or frozen	TZS 100 per KG	TZS 50 per KG
Dried fish and fish products which weighing below 20kgs and fresh or frozen fish and fish products weighing below 30kgs	Exempt	Exempt
Fish maw (mabondo)	TZS 2,500 per KG	TZS 1,000 per KG
Dried fish maw	TZS 3,500 per KG	TZS 2,800 per KG
Export royalty on fish maw	USD 2.7 per KG	USD 3 per KG
Export royalty on dried fish maw	USD 3.3 per KG	USD 3.5 per KG

- **Livestock sector**

  Amendments proposed to livestock moving permit are as tabled below:

Livestock	Old fee	New fee
Per cattle	TZS 30,000	TZS 31,000
Per goat/sheep	TZS 6,500	TZS 7,000

MINISTRY OF NATURAL RESOURCES AND TOURISM

- To charge Tourist Business License fee in Tanzanian Shillings, instead of using US Dollar. The fees should be paid for a period of 12months from the last day of the execution of the final payment for the business license; and
- To reduce the Tanzanian Tourist Business License fees for mountain climbing, paid by agents, from USD 2,000 to TZS 3,000,000.

TANZANIA CIVIL AVIATION AUTHORITY (TAA)

- To charge a fee of USD 600 per Company per year for renewing licenses to operate safety planes (Air Operators Certificates – AOC). Previously, the fee was per aircraft per year.

FIRE AND RESCUE FORCE

- To reduce fees chargeable for training wardens on fire prevention and precautionary measures from TZS 500,000 to TZS 200,000. At least one warden must mandatorily undergo the training annually.

TANZANIA ATOMIC ENERGY COMMISSION

- To charge a fee of 0.1% of the FOB value on export of animal products and foodstuff to foreign destinations that require a 'Radiation Certificate' or when the exporter has requested the certificate.
- To reduce the radiation inspection and certification fee from 0.4 % to 0.2% of the FOB value on finished goods, which are imported into the country.

BANK OF TANZANIA ACT, CAP 197

To amend sections 32(2)(b); 35(1); 41 and 42(2) of the Act by adding the words 'return' or 'profit'. This measure is intended to enhance banks and financial institutions that do not charge interest to access equal opportunities as conventional banks and financial institutions.

BANKING AND FINANCIAL INSTITUTIONS ACT, CAP 342

To amend section 24(g)(iv) by adding the words 'return' or 'profit' to enable banks that do not charge interest to operate their own or their customers' accounts to get access to government bonds.

MICROFINANCE ACT, CAP 407

To amend section 4(3) by adding the words 'return' or 'profit'. This change is aimed at microfinance institutions to provide services without charging interest.

LAW OF CHILD ACT, CAP 13

- To introduce a registration fee of TZS 100,000 for day care centre and crenches; and
- To introduce annual fee of TZS 200,000 for day care centre and crenches.

The above proposals are aimed to enhance enforcement of the Act and improve inspection and monitoring of the centres.

THE PORT ACT, 2004

To reinstate the mandate of collecting wharfage to Tanzania Ports Authority (TPA). The revenue collected by TPA shall be deposited in the account of TPA at the Bank of Tanzania and use of funds shall be authorized by the Paymaster General.

THE MINING ACT, CAP 123

- To exempt payment of inspection fee of 1% for supply of gold to the Bank of Tanzania (BOT);
- To reduce royalty rate from 6% to 2% on the supply of gold to be sold to the BOT;
- To reduce royalty rate from 4% to 2% on the supply of gold to be sold to the domestic refineries;
- To require mineral right holders and mineral dealers to set aside minerals for processing, smelting, refining and trading within the country; the amount of minerals to be set aside will be determined by the Minister responsible for Minerals Mining (Mineral and Gem Houses) Regulations 2019. Currently the threshold is set at 20%;
- Mining companies with signed agreements with the government of Tanzania will not be required to set aside gold. However, the government will renegotiate with the companies on the possibility of implementing this requirement without affecting the terms of the agreement; and
- BOT to be recognized as the Statutory Gold Dealer.

The above measures are aimed at:

- Incentivising the supply of gold at BOT, reducing associated costs to enhance national gold and foreign currency reserve and reduce dependency on dollars for different international transactions;
- Incentivising the supply of gold to the domestic refineries and ensuring availability of stock;
- Ensuring availability of gold for accreditation purpose; and
- Enhancing smooth purchase of gold by the BOT for purpose of growth of national gold and foreign currency reserve in the country.

SUGAR INDUSTRY ACT, CAP 251

- To empower the National Food Reserve Agency (NFRA) to buy, stock, and reserve sugar as a National food reserve for domestic consumption during periods of shortage. This is to prevent hoarding by manufacturers without compromising protection of local industries;
- To include sugar as part of food security in the NFRA regulations; and
- To introduce a fee of TZS 50 per kilogram of sugar by-products.

The proposed amendments are well intentioned and beneficial for insuring a stable sugar supply, supporting local industry, and generating revenue for capacity building and industry monitoring, among others.

THE ROAD AND FUELS TOLLS ACT CAP 220

- To charge TZS 382 per kilogram of Compressed Natural Gas (CNG) used in motor vehicles. The funds collected from this measure shall be directed to the Road fund and used for road repair and maintenance as well as creating equity with vehicles that use petrol.
- To set aside funds for road infrastructure and development from revenues earned as a result of fall in petrol prices. This arrangement will be managed by a special committee formulated by Minister responsible for Energy in collaboration with the Minister responsible for Finance.

CASHEWNUT INDUSTRY ACT, NUMBER18

- To empower the Board to collect and utilize revenue obtained from export levy on cashewnuts for 5 years. This measure aims to boost the cashewnut sub sector making funds available for subsidies, research and contribution to the economic growth.
- To grant TRA mandate to collect export and import levies on crops; 50% of the revenues collected shall be remitted to Agricultural Development Fund and 50% to the Consolidated Fund with an aim to increase efficiency in collection and stimulate the development of agriculture sector.

GAMING ACT, CAP 41

- Introduction of various fees as follows:

Type	Fee
Gaming dealer's certificate application	TZS 10,000
Gaming dealer's certificate	TZS 20,000
Lottery centres registration	TZS 30,000
Token supply license application	TZS 500,000
Token supply license annual fee	TZS 1,000,00

The above aims to increase revenue to enhance the Gaming Board capacity of monitoring and control of the gaming industry.

THE RAILWAY ACT, 2017

- To increase Railway Development Levy from 1.5% to 2% of CIF value; and
- 50% of revenue collected to be allocated to Railway Development Fund and other 50% to Road Fund.

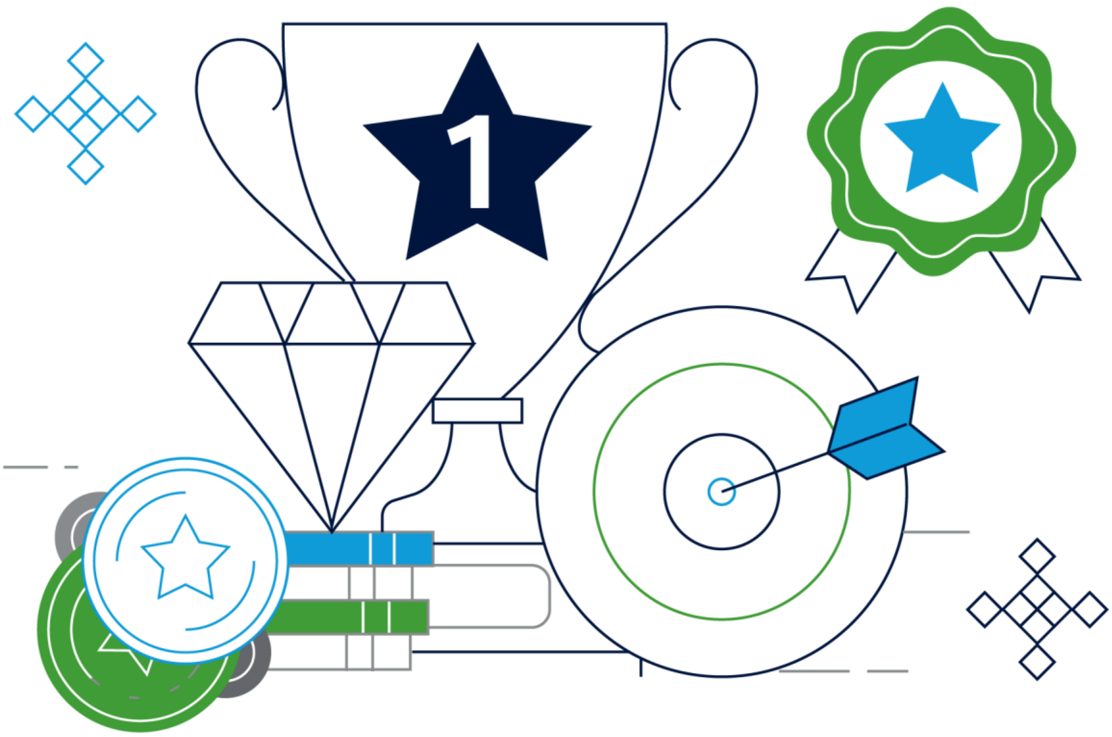
These amendments aim to increase revenue for the development and maintenance of the railway and road infrastructure.

THE TANZANIA METEOROLOGICAL AUTHORITY ACT, CAP 157

- Introduction of various fees as follows:

Type	Project value	Fee
Use of specific meteorological service on Construction project	TZS 500M – TZS 1B	TZS 500,000
	TZS 1.1B – TZS 10B	TZS 1,500,000
Meteorological service for water resource management activities	High financial capacity	TZS 500,00 per month per water basin board
	Low financial capacity	TZS 200,000 per month per water basin board

This amendment aims to raise revenue for efficient delivery of specific meteorological services, improving safety and security for people and assets in construction zones and also efficiency in provision of weather and climate services to water projects and water projects.



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