



# TANZANIA BUDGET & TAX BRIEF

2023 - 2024

On Thursday, 15 June 2023, the Honorable Minister of Finance presented Tanzania's Economic updates, Government budget and Tax reforms for the fiscal year 2023/24. The Budget has been set at TShs 44.39 Trillion which is a 7% increase from prior year's TShs 41.48 Trillion.

Bearing in mind that Tanzania has a population of 61.7 Million, in 2021/22 the registered taxpayers were 4.4 Million out of which 1.6 Million had a business TIN. However, during that year an astonishing 80% of TRA revenue was contributed by only 20% of the 1.6 Million. This clearly shows that Government efforts have to be in place to widen the tax bracket to capture more taxpayers.

In this brief, we provide you with an insight on how our economy has performed together with proposed budget and changes to boost our economy.

## ECONOMIC OUTLOOK

### World Economy

The International Monetary Fund (IMF) report shows that global economic growth rate has declined from 6.3% in 2021 to 3.4% in 2022.

The decrease is due to war between Russia & Ukraine, slow growth of China & India, effects of COVID and monetary policies undertaken by European economies aiming to reduce liquidity in order to manage inflation.

In 2023, the economy is expected to grow by 2.8% due to continuing war of Russia-Ukraine, climate change & change in interest rate policies from the US Federal Reserve.

### Africa & Regional Economy

In 2022, the economic growth rate in Sub-Saharan countries decreased to 3.9% compared to 4.8% in 2021.

The economy of SADC, grew at average of 4.1% as compared to 5.3% in 2021.

In East African Community, the growth in 2022 was at 5.3% as compared to 6.3% in 2021.

This decline is mainly resulted from the effects of the Russian-Ukraine war that caused a rise in fuel and food prices.

## TANZANIA ECONOMY

### Economic growth

Tanzania registered a growth of 4.7% in 2022 compared to 4.9% in 2021. This was due to diverse Government efforts taken including fuel subsidies, investment in infrastructure, mineral production, credits to private sector & increasing tourism activities.

Sectors that recorded highest growth rate are:

- Arts & entertainment (19%)
- Quarrying & mining (11%)
- Finance & insurance (9%)
- Accommodation & food (9%)



**Inflation trend** – In 2022, 4.3% and 2021 3.7% which is within the 5% set target.

**Lending & deposit rates** – lending rates to private sector decreased to 15.9% in April 2023 as compared to 16.3% in 2022. Similarly, Deposit rates decreased to 6.79% from 6.81%.

**Banking sector** – Comparing April 2022 and 2023 figures, loans disbursed to private sector increased to TShs 28.7 Trillion from prior year of TShs 23.4 Trillion equivalent to 22.5%. Non-performing loans decreased to 5.5% from 8.3%.



**Foreign currency reserves** – as of April 2023 are \$ 4.88 Billion, which is worth 4.4 months of imports of goods and services which is within Tanzania target of a minimum of 4 months.

**Value of Tanzania shilling** - Fairly remained stable despite of economic challenges in the world due to increase in commodity prices. The average BOT exchange rate from April 2022 to April 2023 was TShs 2,310.14 to USD.

## GOVERNMENT BUDGET

### Revenue



The Government budget frame for the year 2023-24 is set at TShs 44.39 Trillion as compared to the last years TShs 41.48 Trillion (7% increase).

It is expected by end of the fiscal year i.e. June 2023, a total of TShs 40.4 Trillion will be collected which is a shortfall of TShs 1 Trillion in our budget for 2022-23.



In the proposed budget for 2023-24, its expected that TRA collections from tax revenues will be to the tune of TShs 26.7 Trillion.

This is a 13% increase when compared to the prior years budgeted TShs 23.65 Trillion collection target.

### Expenditure

For 2023-24, recurrent & development expenditure is split at 68% & 32%, respectively.

In the year 2022-23 up to April 2023, TShs 32.9 Trillion was released. TShs 11.5 Trillion was for development projects where most funds were towards:

- Implementation of SGR project
- J. Nyerere Hydropower project (MW 2,115)
- JP Magufuli bridge (Kigongo-Busisi)
- Irrigation and infrastructure projects
- Infrastructure for Government city (Dodoma)
- Road and social service projects

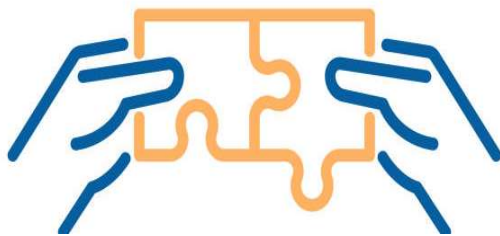


## GOVERNMENT DEBT

### Government Debt

As of April 2023, the Government debt stock is at TShs 79.1 Trillion being a 13.9% increase when compared to prior year records of April 2022. The percentage of foreign and domestic debt is 65% and 35%, respectively.

A report in December 2022, revealed that Tanzania are well within the thresholds for short, medium & long-term sustainability.



### Strategies to increase revenue in 2023/24

- The government is expecting to introduce electronic system which will monitor and ensure government taxes are paid on time. The measure will include commercial adverts which are posted by celebrities (digital influencer) and other ecommerce activities conducted in the country.
- Regulatory institutions are to use Single Window Payment System for collection of fees, levies and penalties and establish inspection procedures to facilitate business without affecting their functions in 2023/24.
- Ensure the proper use of EFD so as to increase tax collection.
- Continue encouraging the use of the Government Electronic Payment Gateway (GePG) system by government institutions.
- To utilize opportunity resulted from credit rating exercise to raise additional resources from international financial and capital markets for investing in strategic development projects.

## TAX AMENDMENTS AND REFORMS

The following amendments are proposed to be in effect from 1 July 2023 unless otherwise stated.

### Income Tax

#### Amendment of “change in control” for Income Tax Purposes

Proposed to amend Section 56 such that issuance of shares and shareholding changes within Tanzania should not be subjected to the realisation impact that would risk the Tanzanian entity to corporate income tax.

The investors outcry on S. 56 has been heard. We look forward to the finance bill to analyse whether the proposal will address the S. 56 ambiguities.



#### Capital gain tax (CGT)

Proposed to exempt CGT on internal restructuring of the mining companies that is done in accordance with the Framework Agreement entered with the Government in order to form a partnership entity.

Proposed reduction of CGT for individual (natural persons) property sellers who cannot keep records of expenses. The proposed revised rate is the higher of 3% of the land sales value or appraised land value regardless of the costs invested. For those who are required and do maintain records will continue to pay tax at the rate of 10% on the capital gains.

#### Exemption of income earned by NHIF

It has been proposed to grant income tax exemption on revenue generated from investment returns (such as dividend from shares, treasury bonds and bills) of the National Health Insurance Fund (NHIF).

## TAX AMENDMENTS AND REFORMS

### Withholding tax on residential property

It is proposed to remove the requirement for individual tenants to withhold income tax for rent paid on residential property which was introduced in 2022.

### Simplified procedure for estimating income tax for transporters

It is proposed to introduce a simplified procedure for estimating income tax for individual transporters of passengers and cargo.

The proposed indicative tax rates will apply to the Taxpayers with gross sales below TShs. 100 Million and are not obliged to prepare accounts and file tax returns.

The proposed indicative tax rates are shown as **Appendix A.**



### Taxation of Artisanal and Small Miners (ASM)

Proposed introduction of Income Tax at the rate of 2% of payments to Artisanal and Small Miners.

### Verified Emission Reduction (VER)

Proposed introduction of Income Tax at the rate of 10% on income accrued due to Verified Emission Reduction.

### Certificates for Tax exemption

Proposal to process tax exemption certificates electronically for communities such as religious institutions. The estimated time to process the tax exemption certificates is 14 days.

## Value Added Tax

### VAT Registration threshold

Proposed to increase the VAT registration threshold from TShs 100 Million to TShs 200 Million where the eventual target is to increase up to TShs 500 Million over the years to come.

This will assist to reduce burden for small taxpayers and as well reduce fraudulent refund claims.



### Domestically manufactured goods to enjoy deferment

- Proposed to allow purchasers of domestically manufactured capital goods to enjoy VAT deferment similar to the VAT deferment that was granted to importers of capital goods.
- Proposed that the VAT deferment period on imported capital goods to be reduced from 10 years to 3 years.

The proposed amendments are welcomed. However, we wait to see the impact of the same as many capital goods are imported rather than domestically produced.

Furthermore, we wait for the finance bill to provide further clarity whether will the 3 years apply to both imported and domestically produced capital goods.

### Proposed exemptions

The following VAT exemptions have been proposed:

Item	HS Code
Inputs used to manufacture insecticides & acaricides (Benzalkonium Chloride & Glutaraldehyde)	2916.32.00
Imported prefabricated structures used by poultry farmers*	9406.20.90



## TAX AMENDMENTS AND REFORMS

Item	HS Code
Sale and lease of aircraft, aircraft engine or parts by a local operator of air transportation.	N/A
Supply of precious metals, gemstones and other precious stones at buying centres, mineral markets and Gem houses designated by the Mining Commission under the Mining Act or refinery situated in Mainland Tanzania.	N/A
Inputs used to manufacture packaging materials as follows: Polypropylene USP (Medical Grade) and Polyethylene Terephthalate USP*	3902 & 3907
Moulds used solely by pharmaceutical manufacturers	N/A
Sale of houses by contractors whose market value is not more than TShs 50 Mill	N/A

\*The exemption will be granted after having Performance Agreement with the Government.

It proposed to amend the VAT exemption schedules in order to align HS codes under the schedule to align with the EAC Tariff book. Please see [Appendix B](#) for the proposed amendments.

### Clarification on definition of “gaming supply”

The ongoing debates on whether gaming odds and gaming software is part of “gaming supply” and should be VAT exempt.

### Proposed zero rating

It has been proposed to zero rate the following:

- Textile products manufactured using domestically produced cotton for period of one year
- Fertilizer manufactured locally for the period of one year



### Land Rent Act

Amendments have been proposed to reduce cost of planning and owning land in the country. The proposals are:

- Reduction of Premium charge from 0.5% of the land value to 0.25%;
- Reduction of Certificate of Occupancy fees from TShs 50,000 to 25,000 TShs per certificate;
- Reduction of Registration Fees from 20% to 10% of Land Rent;
- Reduction of the application fee from TShs 20,000 to TShs 5,000; and
- To abolish the fee for the Deed Plan which was charged at TShs 20,000.

### Vocational Education and Training Act

Proposed amendments are:

- Reduction of SDL rate from 4% to 3.5%; and
- Finance Minister to issue SDL exemption certificate upon satisfaction that exemption is for the interest of the nation.



### Immigration Act

Proposal to issue a residence permit (Class B) to any foreign investor who will buy a house with a capital of not less than USD 150,000. The residence permit will be issued after authorities responsible for investment in collaboration with the Minister responsible for housing are satisfied that the relevant capital has come from abroad.

This is a great measure to attract investment and increase foreign exchange.

## TAX AMENDMENTS AND REFORMS

### Tax Administration Act

#### Clarification on primary data server

Proposed amendment to provide clear definition of primary data server to include physical server in the country, virtual or any other server which stores data that is created or collected by a taxable or liable person in the ordinary course of business.

This is a sigh of relief as there was uncertainty on whether cloud-based data servers would be in line with the primary data server requirements. The current clarification allows virtual data servers for taxpayers in Tanzania. The requirement for taxpayers to maintain primary data server in Tanzania now be in effect from 1 January 2024.

#### Proposed changes in offences administered under section 86 (1) of the Tax Administration Act, Cap 438:

Offence	Initial offence	Proposed changes
Failure to acquire and use an electronic fiscal device	Min: TShs 3M Max: TShs 4.5M	Whichever is greater between - TShs 3M; and - 20% of the value of tax evaded
Failure to demand or report a denial of issuance of a fiscal receipt or fiscal invoice upon payment for goods or service	Min: TShs 30,000 Max: TShs 1.5M	Whichever is greater between - TShs 30,000; and - 20% of the value of tax evaded

### Mining Act

It's proposed to exempt refinery centre from paying the inspection fee of 1%. This will stimulate the growth of transportation of minerals by small mining sector in the country.



### Gaming Act

- Proposed to reduce tax rate from 25% to 18% on gross gaming revenue (GGR) for forty machine site operations.
- Proposed to introduce limitation of not more than two table games for forty machines sites operations.
- Proposed to increase gaming levy from TShs 10,000 to TShs 30,000 per slot machine in bar sites.
- Proposed to introduce application fee of TShs 500,000 and Principal license fee of USD 10,000 for slot machines in shops and in bar sites.
- Introduce application fee of TShs 500,000 and principal license fee of USD 5,000 for forty machines sites.



## TAX AMENDMENTS AND REFORMS

### Local Government Finance Act

#### Fees for Billboards, Posters and Hoarding

Proposal to reduce the rates of billboard fees as follows:

- From TShs 10,000 to TShs 7,000 per square feet for non-illuminated; and
- From TShs 13,000 to TShs 10,000 per square feet for illuminated billboards.

#### Transfer of mandate to collect billboard fees

Proposed to transfer the mandate to collect billboard fees from the TRA to the Local Government.



#### Integration of property tax and land

Proposal to be integrate the payment of property tax and land rent through one control number and revenue collected be remitted to the Consolidated Fund.

#### Empower the Minister for Local Government to collect service levy

Local Government Finance Act, has been proposed to empower the Minister responsible for Local Government to collect service levy (0.3 percent of turnover) from Electronic Money.

Issuance Licenses (EMI) on behalf of the Local Government Authorities and distribute the collected.

### Local Government Authorities (Rating)

#### District councils to be included as ratable areas

Proposal to amend Section 6(1), to include all the District Councils areas as ratable area with exceptional of property which are not ratable property as prescribed under Section 7 of this Act.



#### Property Tax

It is proposed to:

- Increase the property tax rates from TShs 12,000 to TShs 18,000 for a normal building and from TShs 60,000 to TShs 90,000 per each store building.
- President's Office-Regional Administration and Local Government Tanzania will be in charge of the valuation exercise and collection of the property tax from January 2024. In the meantime, property tax will continue to be collected through purchase of electricity tokens (LUKU).





## TAX AMENDMENTS AND REFORMS

### Road and Fuel Tolls Act

Proposal to Increasing the Road and Fuel Tolls by TShs 100 per each litre of Petrol and Diesel. It's as well proposed that funds collected from will be used for strategic projects.

### National Payment System Act

The following amendments have been proposed:

- remove mobile money transaction levy on sending money electronically
- remove mobile money transaction levy on receiving money electronically
- increase mobile money transaction levy on withdraws by 50%
- Proposed abolishment the daily levy imposed on each sim card
- Proposed review of the charges imposed on electronic transactions in the country with the aim of reducing those charges so as to increase the use of official electronic transactions.



### Other Amendments

**Foreign vehicle transit charge Act** - It has been proposed to charge the same rate charged for all foreign vehicle registered outside Tanzania as rate charged in EAC, SADC & COMESA region. However, if any country charges a higher rate, Tanzania will charge the same rate to the respective country.



**Export Levy Act** - Proposed to waive the 80% export levy on raw or semi processed (wet blue) hides & skin exported outside the country by investors who are in export processing zone (EPZ).



**Amendment of Government fees & levies as per Blueprint for Regulatory Reforms** – there are proposals for various Ministries and Government Bodies to amend their levies. Refer to **Appendix C**.



## EXCISE DUTY

The Excise Tax (Management and Tariff) Act, provides for annual adjustments of the specific excise duty rates of non-petroleum products to cater for inflation and other macroeconomic indicators. However, due to current economic conditions the excise duty rates were not significantly amended. Below is the table of the proposed changes and new introductions to the excise duty scheme:

Item	Current	Proposed	Change
Engine capacity on electric non - utility vehicles with only electric motor for propulsion with HS CODE 8702.40.11; 8702.40.19; 8703.80.10; and 8703.80.90 along with Compressed Natural Gas (CNG) vehicles.	N/A	Exempt	New
Domestically manufactured Ready to Drink products with HS CODE 2208.60.00 from Shilling 4,386.6 to Shilling 2466.45 per litre.	4,386.6	2,466.45	Decrease
Shilling 20 per kilogram of imported and domestically manufactured cement.	N/A	20	New
Motor vehicles, with engine capacity of more than 1000cc but not exceeding 2000 cc capable of being charged by plugging to external source of electric power of HS Code 8703.40.00, 8703.50.00, 8703.60.00 and 8703.70.00.	N/A	5%	New
Motor vehicles, with engine capacity of more than 2000cc capable of being charged by plugging to external source of electric power of H.S Codes 8702.10.11, 8702.10.19, 8702.20.11, 8702.20.19, 8702.30.11, 8702.30.19, 8702.90.11, 8702.90.19, 8703.40.00, 8703.50.00, 8703.60.00, 8703.70.00 and 8703.90.90.	N/A	5%	New
Motor vehicles older than five years used for the transportation of passengers of H.S Codes 8702.20.22, 8702.20.29, 8702.20.99, 8702.30.22, 8702.30.29, 8702.30.99, 8702.40.22, 8702.40.29 and 8702.40.99.	N/A	10%	New
Per litre on petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, containing biodiesel, other than waste oils of HS code 2710.20.00.	N/A	80%	New
Other Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes of HS CODE 2402.90.00; water tobacco of Hs code 2403.11.00; and electronic cigarette, vape products and shisha with Hs codes: 8543.40.10, 8543.40.90 and 9614.00.00.	N/A	80%	New
Imported and domestically manufactured gambling machines of HS code 9504.30.00.	N/A	80%	New
Imported energy drink with HS Code 2202.99.00 from Shilling 589.05 to Shilling 600 per litre.	589.05	600	Increase

Get in touch with us on the respective HS codes on the items which have been amended.

## CUSTOM DUTY RATES

As the Government aims at **“Accelerating Economic Recovery, Climate Change Adaptation & Mitigation, and Enhancing Productive Sectors for Improved Livelihood”**, see below table for the custom amendments for the year 2023/2024:

Manufacturing Industry			
New Proposed Changes in the Common External Tariff (CET)			
Item	Current Rate	Proposed Rate	Scheme
Imported items under HS Code 4811.90.00 (Other paper, paperboard, cellulose wadding and webs of cellulose fibres) for one year except for manufacturers who use this product as raw material will import under prevailing duty remission scheme rates	10%	25% for one year	Stay
Imported Vitenge under HS Codes 5208.51.10; 5208.52.10;5209.51.10;5210.51.10;5211.51.10;5212.15.10; 5212.25.10; 5513.41.10; and 5514.41.10	50%	35% for one year	Stay
Imported cotton grey fabric under HS Codes 5208.11.00; 5208.12.00; 5208.13.00; 5208.19.00; 5209.11.00; 5209.12.00; 5209.19.00; 5210.11.00; 5210.19.00; 5211.11.00; 5211.12.00; 5211.19.00; 5212.11.00; and 5212.21.00	25%	25% or 0.25 USD/m whichever is higher for one year	Stay
Imported Smart cards under HS Code 8523.52.00 by the National Identification Authority	25%	0% for one year	Stay
Polyester/ Nylon Twine under HS Code 5607.50.00	10%	25% for one year	Stay
Ceramic tiles under HS Codes 6907.21.00; 6907.22.00; and 6907.23.00.	25%	35% or USD 2/square meter whichever is higher	Stay
Nails, tacks, drawing pins, corrugated nails staples (other than those of heading 83.05) and similar articles of iron or steel, whether or not with heads of other materials under HS Code 7317.00.00	35%	35% or USD 350/MT whichever is higher for one year	Stay
Inputs/raw materials used to manufacture capital goods/equipment for various sectors under headings 72.14; 72.15; 72.16; 32.08; 73.07; 83.11; 85.44; 68.06; 74.19; 72.08; 73.06; 73.12; 73.15;73.18; 84.82; 84.83; 72.22; 73.04;84.81; 84.84; 7325; 40.10; and 76.06	10%, 25% or 35%	0% for one year	Duty Remission
Raw materials (wire rod) under HS Codes 7213.91.10; and 7213.91.90 to manufacture wire products.	25% or USD 200/MT whichever is higher	0%	Duty Remission
Inputs (base oil) under HS Code 2710.19.59 used to manufacture of lubricants	10%	0%	Duty Remission

<b>Manufacturing Industry</b>			
<b>New Proposed Changes in the CET</b>			
<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Scheme</b>
Inputs under HS Codes 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 used to manufacture wiring harnesses for vehicles and motorcycles	10% or 25%	0% for one year	Duty Remission
Inputs under HS Codes 7409.11.00; 7409.19.00; 7410.11.00; 7410.12.00; 7409.21.00; 8001.10.00; and 3810.90.00 used to manufacture Radiators	10%, 25% or 35%	0% for one year	Duty Remission
Footwear; grains and vegetables like almonds, hazelnuts, macadamia nuts, cucumbers and gherkins; live animals like cows, goats, sheep; coffins; fish; cassava and natural honey under HS Codes 4421.20.00; 6402.19.00; 6403.19.00; 6403.51.00; 6404.19.00; 6404.20.00; 6405.20.00; 6405.90.00; 0802.11.00; 0802.22.00; 0802.61.00; 2001.10.00; 0102.29.00; 0102.39.00; 0102.90.90; 0103.91.00; 0103.92.00; 0104.10.90; 0104.20.90; 0407.21.00; 0409.00.00; 0714.10.00 and Chapter 3.	10% or 25%	35%	Imposed
Cane sugar under HS Code 1701.14.90 imported under a permit issued by the Tanzania Sugar Board	100% or USD 460/MT whichever is higher	35% for one year	Stay
Wire of iron or non-alloy steel under heading 72.17.	0% or 10%	25%	Imposed
<b>Transportation Industry</b>			
<b>New Proposed Changes in the CET</b>			
<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Scheme</b>
Buses for transportation of more than 25 persons under HS Codes 8702.10.99 and 8702.20.99 imported for rapid transport project	25%	0% for one year	Stay
<b>Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:</b>			
<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Scheme</b>
CKD for three-wheel motorcycle excluding chassis and its components under HS Code 8704.21.90	25%	10% for one year	Duty Remission



Other New Proposed Changes in the CET items includes:

- EAC Partner States agreed to amend Item 27, Part B of the Fifth Schedule of the East African Community Customs Management Act, 2004 to read “Biogas Digesters” instead of “Plastic Bag Bio Digesters”;
- EAC Partner States agreed to amend the structure of Heading 17.01 by introducing a new subheading 1701.99.20 to cater other refined sugar (for industrial use);
- EAC Partner States agreed to align the structure of Heading 76.12 with 73.10 by introducing a new subheading 7612.90.10 which will attract a duty rate of 10% instead of 25%;
- EAC Partner States agreed to split tariff line 8703.80.00 (Other vehicles, with only electric motor for propulsion) in order to provide tariff line for unassembled at a duty rate of 0% and others at a duty rate of 25%;
- EAC Partner States agreed to grant regional Duty Remission at a duty rate of 0% on input under HS Code 7217.30.10 used to manufacture tyres and on inputs under HS Codes 7217.10.00, 7217.20.00, 7217.30.90 and 7217.90.00 used to manufacture wire products, needles, springs, rope, pins, nails, electric cables at a duty rate of 10%; and
- EAC partner States agreed to continue grant duty remission on raw materials and industrial inputs used to manufacture textiles and footwear.

<b>Manufacturing Industry</b>			
<b>Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:</b>			
<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Scheme</b>
Inputs under HS Code 3920.30.90; 6305.39.00; and 7217.90.00 used by domestic processors of cotton lint	25%	0% for one year	Duty Remission
Iron and steel products under HS Code 7209.16.00; 7209.17.00; 7209.18.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7226.92.00; and 7225.50.00	10%	10% or USD 125/MT whichever is higher for one year	Stay
Flat-rolled products of iron or non-alloy steel under HS Codes 7210.30.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00; and 7212.30.00	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher for one year	Stay

Manufacturing Industry			
Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:			
Item	Current Rate	Proposed Rate	Scheme
Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad under HS Code 7212.60.00	10%	10% or USD 250/MT whichever is higher for one year	Stay
Iron and steel reinforcement bars and hollow profiles under HS Codes 7213.10.00; 7213.20.00; 7213.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher for one year	Stay
Flat-rolled products of other alloy steel, of a width of 600 mm or more under HS Codes 7225.91.00; 7225.92.00; and 7225.99.00	10%	25% or USD 250/MT whichever is higher for one year	Stay
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 under HS Codes 3916.10.00; 3916.20.00; and 3916.90.00. These are intermediate products and are used to perform similar function as of aluminum profiles (substitute) falling under Heading 76.04.	0%	10% for one year	Stay
Paper and paper products under HS Code 4804.29.00.	10%	25% for one year	Stay
Printed Aluminum Barrier Laminates (ABL) under HS Code 3920.10.90	25%	0% for one year	Duty Remission
Refined Bleached Deodorized (RBD) Palm Stearin under HS Code 1511.90.40	10%	0% for one year	Duty Remission
Safety matches under HS Code 141 3605.00.00.	25%	25% or USD 1.35/Kg whichever is higher for one year	Stay
Gypsum powder under HS Code 2520.20.00	0%	10% for one year	Stay
Worn items of clothing, footwear 142 and articles under HS Code 6309.00.10; 6309.00.20 and 6309.00.90	35% or USD 0.40/Kg whichever is higher	35% for one year	Stay
Raw materials and industrial inputs used to manufacture textiles and footwear.			Duty Remission
New pneumatic tyres of rubber, of a kind used on motorcycles under HS Code 4011.40.00	10%	25% for one year	Stay

### Manufacturing Industry

**Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:**

Item	Current Rate	Proposed Rate	Scheme
Organic surface-active agents under HS Codes 3402.31.00; 3402.39.00; and 3402.49.00 used by manufacturers of detergents and liquid soaps.	10%	0% for one year	Duty Remission
Raw material under HS Codes 3208.20.10; 3208.20.20; 3208.90.20 and 3210.00.10 used in leather processing	25% or 10%	0% for one year	Duty Remission
Raw materials under HS Codes 2710.99.00; 2528.00.00; and 3505.20.00 used to manufacture different types of fertilizers.	25% or 10%	0% for one year	Duty Remission
Packaging materials for processed tobacco under HS Code 5310.10.00	25%	0% of one year	Duty Remission
Packaging materials under HS Codes 4819.20.90; 5407.44.00; and 3923.29.00 used by local manufacturers of tea (blenders).	25%	0% for one year	Duty Remission
Inputs used to manufacture glass reinforced plastic pipes (Polyester Film 50mm & 200mm; Tissue Mat 30gr; Chopped Strand Mat/Knitted glass Mat; Mesh cloth liner; Sand holding cloth (Polyester Mesh); Direct Roving (2400 TEX); Direct Roving (600 TEX); Chop Roving; Surface Liner; Rubber-Oring; Rubber Gasket; and Resin 146 Cystitis) under HS Codes 3920.61.10, 7019.39.00, 7019.31.00, 6006.90.00, 7019.12.00, 3920.10.10, 4016.93.00, and 3907.91.00	25% or 10% for one year	0%	Duty Remission
Flat-rolled 147 products under HS Codes 7212.20.00 and 7226.99.00	10%	10% or USD 125/MT whichever is higher for one year	Stay
Baby diapers under HS Code 9619.00.90	25%	35% for one year	Stay
Cotton yarn under heading 52.05; 52.06; and 52.07 except subheading 5205.23.00	10%	25% for one year	Stay
Inputs under HS Codes 4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00 used to manufacture corrugated boxes	10 or 25%	0% for one year	Duty Remission
Organic surface-active agents under HS Codes 3402.31.00; 3402.39.00; and 3402.49.00 used by manufacturers of detergents and liquid soaps.	10%	0% for one year	Duty Remission
Raw material under HS Codes 3208.20.10; 3208.20.20; 3208.90.20 and 3210.00.10 used in leather processing	25% or 10%	0% for one year	Duty Remission
Raw materials under HS Codes 2710.99.00; 2528.00.00; and 3505.20.00 used to manufacture different types of fertilizers.	25% or 10%	0% for one year	Duty Remission
Packaging materials for processed tobacco under HS Code 5310.10.00	25%	0% of one year	Duty Remission



### Manufacturing Industry

**Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:**

Item	Current Rate	Proposed Rate	Scheme
Packaging materials under HS Codes 4819.20.90; 5407.44.00; and 3923.29.00 used by local manufacturers of tea (blenders).	25%	0% for one year	Duty Remission

### Food and Beverages Industry

**Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:**

Item	Current Rate	Proposed Rate	Scheme
Other packing containers, including record sleeves under HS Code 4819.50.00 used as inputs by domestic manufacturers of UHT milk	25%	0% for one year	Duty Remission
Corks and stoppers under HS Code 4503.10.00 used as inputs by domestic manufacturers of local wines	10%	0% for one year	Duty Remission
Cocoa powder, not containing added sugar or other sweetening matter under HS Code 1805.00.00.	0%	10% for one year	Stay
packaging materials under HS Codes 7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90 and 3920.30.90 used for packing processed coffee	25%	0% for one year	Duty Remission
Sacks and bags of polymers of ethylene under HS Code 3923.21.00 used as inputs by domestic processors of cashew nuts	25%	0% for one year	Duty Remission
Refined sugar (sugar for industrial use) under HS Code 1701.99.10 and 1701.99.20	100% or USD 460/MT Whichever is higher	10% for one year	Stay
Raw materials under HS Codes 1901.90.10; 3302.10.00; and 3505.10.00 used to manufacture food flavors	0%	10% for one year	Duty Remission
Crude vegetable oils of soya-beans, groundnuts, coconuts, mustard and linseed under HS Codes 1507.10.00; 1508.10.00; 1513.11.00; 1513.21.00; 1514.11.00; 1514.91.00; and 1515.11.00.	0%	10% for one year	Stay
Refined vegetable oils under HS Codes 1507.90.00; 1508.90.00; 15.09; 1510.10.00; 1510.90.00; 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; and 1515.90.00.	35%	25% or USD 500/MT whichever is higher for one year	Stay

<b>Agricultural Industry</b>			
<b>Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:</b>			
<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Scheme</b>
packaging materials for seeds under HS Codes 3923.29.00; 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90 and 7607.19.90 used by local producers of agricultural seeds.	25%	0%	Duty Remission
Imported wheat grain under HS Codes 1001.99.10 and 1001.99.90 for one year	35%	10% for one year	Duty Remission
Mineral water under HS Code 2201.10.00.	25%	60% for one year	Stay
Milk cans under HS Codes 7310.10.00 and 7310.29.90	25%	0% for one year	Stay
Horticultural products under HS Codes 0604.20.00; 0604.90.00; 0808.10.00; and 0808.30.00	25%	35% for one year	Stay

<b>Health, Medical and Pharmaceutical Industry</b>			
<b>Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:</b>			
<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Scheme</b>
Inputs used to manufacture essential medical products and supplies for fighting COVID-19 including masks, sanitizers, coveralls, face shields and ventilators.	10% or 25%	0%	Duty Remission
Raw materials under HS code 3506.91.00 (Hot Melt Adhesive); HS Code 3920.10.90 ( <i>PE film</i> ); HS Code 6305.33.00 ( <i>Empty bag for Baby Diapers</i> ); HS Code 3926.90.90 (Plastic cask); HS Code 3906.90.00 ( <i>Super Absorbent Polymer</i> ); HS Code 4803.00.00 ( <i>Wet strength paper</i> ); HS Code 5603.11.00 ( <i>Non-woven</i> ); HS Code 5903.90.00 ( <i>Polyethylene laminated Nonwovens</i> ); HS Code 5402.44.00 ( <i>Spandex</i> ); and HS Code 4803.00.00 ( <i>Dust free paper</i> ).	10% or 25%	0%	Duty Remission

<b>General</b>			
<b>Other Proposed Changes (effected during 2022/23 and will continue to be implemented in 2023/24) are as follows:</b>			
<b>Item</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Scheme</b>
Cash registers and other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS) of HS Codes 8470.50.00 and 8470.90.00 imported by the Government or authorized persons	10%	0% for one year	Stay

**APPENDIX A**

<b>A Class A: Passenger Service Vehicles</b>				
<b>Current Rates</b>			<b>Proposed Rates</b>	
	<b>No. of Passengers</b>	<b>Rates (TShs)</b>	<b>No. of Passengers</b>	<b>Rates (TShs)</b>
1	Less than 10	180,000	Less than 15	250,000
2	Nov-15	450,000	16 – 25	550,000
3	16 - 30	720,000	26 - 45	1,100,000
4	Up to 32	1,710,000	46 - 65	1,600,000
5	Normal Buses	2,430,000	Above 65	2,200,000
6	Semi-Luxury	2,610,000		
7	Luxury	2,790,000		

<b>B Class B: Tour Service Vehicles</b>				
<b>Current Rates</b>			<b>Proposed Rates</b>	
	<b>No. of Passengers</b>	<b>Rates (TShs)</b>	<b>No. of Passengers</b>	<b>Rates (TShs)</b>
	Nil	Nil	Up to 15	650,000
	-	-	16 to 25	900,000
	-	-	26 to 45	1,300,000
	-	-	46 to 65	1,800,000
	-	-	Above 65	2,400,000

<b>C Class C: Goods Carrying Vehicles</b>				
<b>Current Rates</b>			<b>Proposed Rates</b>	
	<b>No. of Passengers</b>	<b>Rates (TShs)</b>	<b>No. of Passengers</b>	<b>Rates (TShs)</b>
1	Less than 1	180,000	Less than 1	250,000
2	01-May	450,000	01-May	500,000
3	06-Oct	720,000	06-Oct	750,000
4	Nov-15	1,710,000	Nov-15	1,100,000
5	16 - 20	2,430,000	16 - 20	1,300,000
6	21 - 25	2,610,000	21 - 25	1,650,000
7	26 - 30	2,790,000	26 - 30	1,900,000
8	31 tons and above	2,790,000	31 tons and above	2,200,000

<b>D Class D: Private Hire Service Vehicles</b>				
<b>Current Rates</b>			<b>Proposed Rates</b>	
	<b>Item</b>	<b>Rates (TShs)</b>	<b>Item</b>	<b>Rates (TShs)</b>
1	Motor cycles	Nil	Motor cycles	65,000
2	Tricycles	-	Tricycles	120,000
3	Tax Cab	-	Tax Cab	180,000
4	Ride Hailing	-	Ride Hailing	350,000
5	Ride Sharing	-	Ride Sharing	450,000
6	Special Hire	-	Special Hire	750,000



## APPENDIX B

Implements	HS Code	New HS Code _CET 2022	Remarks
Tractors for agricultural use	8701.90.00	8701.30.00 8701.91.00 8701.92.00 8701.93.00 8701.94.00 8701.95.00	The law should be transposed as per CET 2022
Liquid sprayers for agriculture	8424.81.00	8424.41.00 8424.49.00	The law should be transposed as per CET 2022
Powder sprayers for agriculture	8424.81.00	8424.41.00 8424.49.00	
Tractor trailers (what about farm trailers)	8716.10.10	8716.20.90	The law should be amended to reflect CET 2022
New Pneumatic tyres of a kind used in agricultural and forest vehicles	4011.61.00	4011.70.00	
Irrigation equipment (system)	8424.81.00	8424.82.00	The law should be amended to reflect CET 2022
Green house system	9406.00.10	9406.10.10 9406.20.10 9406.90.10	The law should be transposed as per CET 2022
Item	HS Code	New HS Code _CET 2022	Remarks
Fungicides	3808.92.10 or 3808.99.90	3808.92.10 or 3808.92.90	The law should be amended to reflect CET 2022
Rodenticides	3808.92.10 or 3808.99.90	3808.99.10 or 3808.99.90	
Herbicides	3808.93.10 to 3808.92.90	3808.93.10 or 3808.93.90	
Food item	HS Code	New HS Code _CET 2022	Remarks
Live cattle	0102.21.00	0102.21.00 0102.29.00	To probe whether it was an omission or intention
Live swine	0103.10.00	0103.10.00 0103.91.00 0103.92.00	
Live sheep	0104.10.10	0104.10.10 0104.10.90	
Live goats	0104.20.10	0104.20.10 0104.20.90	
Live poultry	0105.11.10	01.05	

Food item	HS Code	New HS Code_CET 2022	Remarks
Unprocessed edible eggs	0407.29.00	0407.21.00 0407.29.00	To probe whether it was an omission or intention
Unprocessed fish (Crustaceans, molluscs, etc)	03.02	03.02 03.03 03.05 03.06 03.07 03.08	To probe whether it was an omission or intention
Unprocessed fruits	08.10 and 0905.10.00	08.03 to 08.13	To probe whether it was an omission or intention.
Unprocessed nuts	08.02	08.01 08.02	Also vanilla should be separated from fruits
Unprocessed coffee	0901.11.00	0901.11.00 0901.12.00	To probe whether it was an omission or intention
Unprocessed tea	0902.10.00	0902.10.10 0902.10.90	The law should be amended to reflect CET 2022
	0902.20.00	0902.20.10 0902.20.90	
Soya beans	12.01	12.01	The law should be amended to take into consideration of the Finance Act 2016.
Groundnuts	12.02	12.02	
Unprocessed cotton	1207.21.00	52.01	The law should be amended to reflect CET 2022
Seeds and plants thereof (seeds, fruits, spores, seedlings and plants for sowing or planting).	12.09	Any Description	The description should be amended
Fertilized eggs for incubation	0407.11.00	0407.11.00	The law should be amended to reflect CET 2022
	0407.19.00	0407.19.00	
	0407.21.00		
Methionine	29390.40.00	2930.40.00	The law should be amended to reflect CET 2022
Mycotoxin binders	3824.10.00	2309.90.10	
Pollard	2309.90.10	2309.90.90	
Standing Tree	06.02	06.02	The law should be amended to consider proper numbering
Rice Bran	2306.90.90	2302.40.00	The law should be amended to reflect CET 2022
Cotton cake	2304.00.00	2306.10.00	Repetition of item 33
Implements	HS Code	New HS Code_CET 2022	Remarks
Fishing nets	5608.11.00 3926.90.10	5608.11.00 3926.90.10	The law should be emended to consider adding HS Code 3926.90.10 in sub item 1 and delete it in sub item 2

Dairy and Special	HS Code	New HS Code_CET 2022	Remarks
Protective bee keeping jacket veil	6113.40.00	Any Description	The law should be amended
Honey strainer		Any Description	The law should be amended
Bee hive smoker	8424.89	Any Description	The law should be amended
Mask	6307.9	6307.90.00	The law should be amended to reflect CET 2022
Milk storage tanks		Any Description	The law should be amended
Dairy packaging materials	3923.30.00	3923.30.00	
	4819.10.00	4819.10.00	
	4819.20.00 4819.20.90	4819.20.10 4819.20.90	
Braille	8469.00.007	8472.90.00	The law should be amended
Mechanically propelled tricycle for carriage of disabled persons	8713.1.00	8713.90.00	The law should be amended
Printing	HS Code	New HS Code_CET 2022	Remarks
Newspapers	4902.90.00	4902.10.00 4902.90.00	The law should be amended
Instructional charts and diagrams	4911.90.10	4911.99.10	The law should be amended
Petroleum product	HS Code	New HS Code_CET 2022	Remarks
Petrol (MSR and MSP)	2710.12.10 and 2010.12.20	2710.12.10 and 2710.12.20	The law should be amended
Revenue Stamps of HS Code 4907.00.90	4907.00.90	4907.00.90	The law should be amended to take into considerations Finance Act 2018 (Should be Shifted to part one)
Electronic cash register Code 8470.50.00	8470.50.00	8470.50.00	
A supply of precious Aircraft Lubricants of HS codes 2710.19.51, 2710.19.52, 3403.19.00 and 3403.99.00 to a local operator of air Transportation	2710.19.51 2710.19.52 3403.19.00 3403.99.00	2710.19.51 2710.19.52 3403.19.00 3403.99.00	The law should be amended to delete word "precious" in the description



Implements	HS Code	New HS Code _CET 2022	Remarks
An import of grain drying equipment of HS code 8419.31.00 by a person engaged in Agriculture for exclusive use in Agriculture in mainland Tanzania	8419.31.00	8419.34.00	The law should be amended to reflect CET 2022
An import of artificial grass of HS Code 5703.30.00 and 5703.20.00 for football pitches located in City or Municipal Council approved by the National Sports Council of Tanzania.	5703.30.00 5703.20.00	5703.31.00 5703.39.00 5703.21.00 5703.29.00	The law should be amended to reflect CET 2022
An import of raw materials of HS Code 7208.39.00, 3810.90.00, 3401.19.00, 7904.00.00, 4016.93.00, 8481.10.00 and 8309.90.90 by a manufacturer of gas cylinders upon signing a performance agreement with the Government of the United Republic.	7208.39.00 3810.90.00 3401.19.00 7904.00.00 4016.93.00 8481.10.00 8309.90.90	7208.39.00 3810.90.00 7904.00.00 4016.93.00 8481.10.00 8309.90.90	Amend the law to delete HS code 3401.19.00 (Soap) as it defeats the spirit of exemptions

## APPENDIX C

### Amendment of Government fees & levies as per Blueprint for Regulatory Reforms

#### I. Ministry of Investment, Industry and Trade

Proposed to abolish the 15% penalty on the value of the product charged by the Tanzania Bureau of Standards on products imported without a certificate of quality inspection (Certificate of Conformity - COC). In addition to that, the imported products without quality assurance certificate will be subjected to an inspection upon arrival and will be charged the inspection fee without penalty.

#### II. Ministry of Home Affairs

Proposals are to:

- Increase fee for a certificate of good conduct for non-resident from \$25 to \$50
- Increase fee for clearance certificate of good conduct for residents from TShs. 2,000 to TSh. 10,000
- Increase fee of examination of disputed documents from TShs 50,000 to TShs 75,000
- Increase fee for property loss report from TShs 500 to TShs 1,000
- Impose fee at rate of TShs 10,000 for driving license clearance for foreign drivers coming to work in the country/employed by companies in the country
- Propose increase registration fee for a new trainer of a driving school from TShs 10,000 to TShs20,000
- Propose to increase private firearms warehouse license fee per annum from TShs 1,000,000 to TShs1,500,000 per year
- Propose to increase permit fee for possession of firearms per annum as follows:

Firearm Type	Current (TShs)	Proposed (TShs)	Change
Pistol	70,000	100,000	Increase
Shotgun	35,000	50,000	Increase
Muzzle loading gun	35,000	50,000	Increase
Rifle	35,000	50,000	Increase
Other firearms	35,000	50,000	Increase

#### III. Ministry of Tourism and Natural Resource

- Propose to abolish fee on grading and regrading to all accommodation facilities established inside and outside protected areas
- Propose to reduce Tourism Business License fee for accommodation establishments owned by Tanzanians as follow:

Accommodation type	Current Rate (USD)	Proposed Rate (USD)	Change
Five-star hotels	2,500	1,500	Decrease
Four-star hotels	2,000	1,000	Decrease
Three-star hotels	1,500	500	Decrease
Two-star hotels	1,300	300	Decrease
One-star hotels	1,000	200	Decrease

- Propose to reduce the Tourism Business License Fee for ungraded accommodations establishment as follows:

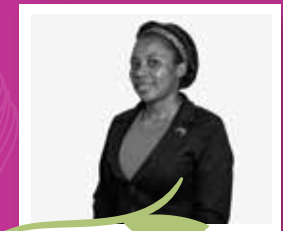
Ungraded Accommodation type	Current Rate (USD)	Proposed Rate (USD)	Change
In protected area	1,000	300	Decrease
Homestays	400	100	Decrease
In Hostel	400	200	Decrease

#### IV. Ministry of Tourism and Natural Resource

- **Ministry of works & transport** – Proposed to reduce right of way fees for use of roads reserve corridor for installation of fiber optic cables from initial management charge of \$ 1,000/ KM to \$200/ KM, and annual management charge from \$1,000/KM to \$ 100/KM.
- **Ministry of Livestock & Fisheries** – It is proposed to amend various fees charged to the livestock and fisheries sector.
- **Ministry of culture, arts and sports** – proposed to introduce 1.5% levy on mini discs, compact discs, DVD and SD Memory.
- **Registration Insolvency & Trustees Agency (RITA)** – proposed to amend various fees on birth and death registration, adaptation of a child, marriage, trustees incorporation, administration of estate of the deceased; and various other fees.
- **Tanzania Fertilizer Regulatory Authority (TFRA)** – proposed to introduce laboratory fees.
- **Occupational Safety & Health Authority (OSHA)** – proposed to abolish inspection fee of TShs 200,000 charged on gas installation per station.



If you have any questions or thoughts to share. Get in touch with our dedicated team.



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