

THE FINANCE ACT OF 2023

This Article is an update after the release of the Finance Act 2023 and it summarizes all the additional changes of the Finance Act, 2023 (“the Act”) that came into force and operation as of 01st July 2023.

AMENDMENT OF THE EXCISE (MANAGEMENT AND TARIFF) ACT, (CAP. 147)**Imposition of excise duty**

Part IV of the Act amended Section 124(2) of the Excise (Management and Tariff) Act by stating that the specific excise duty rates imposed under subsection (1), may now be “adjusted after every three years” in accordance with the projected inflation rate and other key macroeconomic indicators.

Part IV of the Act amended Section 124(5A) of the Excise (Management and Tariff) Act, that imposes charges in addition to any other rates imposed under the law, a duty at the rate of: -

- a. 15% in respect of the imported vehicle aged eight years but not more than ten years; and
- b. 30% in respect of the imported vehicle aged more than ten years, from the year of its manufacture excluding passenger motor vehicles under additional HS Codes including 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, 8702.40.99.

Also, under section 124(5B), The Act, amended by adding other duty which shall be charged in addition to any other rates imposed under the law, a duty at a rate of 10% in respect of imported passenger motor vehicles under the following additional HS 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” aged more than five years from the year of its manufacture.

Further the Finance Act amended section 137(3) by ensuring every manufacturer of scheduled article or provider of excisable service shall submit to the Commissioner-General a monthly return giving particulars of the quantity or the number of scheduled articles sold or service rendered by him during one month and every return required shall be submitted not later than the last working day of the month following the month to which the return relates.

Further the Act, also amended specific excise duty rates under the Excise Tax (Management and Tariff) Act, by providing adjustments of the specific excise duty rates of non-petroleum products to cater for inflation and other macroeconomic indicators.

Below is the table of the new amended changes and new introductions to the excise duty scheme:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
20.09		Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.			

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
	20.09.11.00				
	20.09.12.00				
	20.09.19.00				
	20.09.21.00				
	20.09.29.00				
	20.09.31.00				
	20.09.39.00				
	20.09.41.00				
	20.09.49.00				
	20.09.50.00				
	20.09.61.00				
	20.09.69.00				
	20.09.71.00				
	20.09.79.00				
	20.09.81.00				
	20.09.89.00				
	20.09.90.00				
		Locally produced fruit juices manufactured from Domestic fruits under Heading 20.09	<i>l</i>	Tshs. 9.00 per litre	Tshs. 9.90 per litre
		Other fruit juices under the heading 20.09	<i>l</i>	Tshs. 232.0 per litre	Tshs. 255.2 per litre
21.06		Food preparations not elsewhere specified or included.			
		Other			
	2106.90.90	Imported powdered beer	<i>kg</i>	Tshs. 844.00 per/kg	Tshs. 1,012.8 per/kg

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
	2106.90.90	Imported powdered juice	<i>kg</i>	Tshs. 232.00 per/kg	Tshs. 255.20 per/kg
22.01		Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter or flavored; ice and snow.			
	2201.10.00	Mineral waters and aerated waters			
		Locally produced, bottled	<i>l</i>	Tshs. 58.00 per litre	Tshs. 63.80 per litre
		Imported, bottled	<i>l</i>	Tshs. 64.05 per litre	Tshs. 70.46 per litre
	2201.90.00	-Other	<i>l</i>		
		Locally produced, bottled	<i>l</i>	Tshs. 58.00 per litre	Tshs. 63.80 per litre
		Imported bottled	<i>l</i>	Tshs 64.05 per litre	Tshs 70.46 per litre
22.02		Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter, or flavored, and other non- alcoholic beverages, not including fruit vegetable juice of heading 20.09			

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
	2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored			
		Locally produced	<i>l</i>	Tshs. 61.00 per litre	Tshs. 67.10 per litre
		Imported	<i>l</i>	Tshs. 61.00 per litre	Tshs. 67.10 per litre
		Other			
	2202.91.00	Non- alcoholicbeer	<i>l</i>		
		Locally produced	<i>l</i>	Tshs. 561.00 per litre	Tshs. 673.20 per litre
		Imported	<i>l</i>	Tshs. 589.05 per litre	Tshs. 706.86 per litre
	2202.99.00	Other			
		Locally produced	<i>l</i>	Tshs. 561.00 per litre	Tshs. 561.0 per litre
		Imported	<i>l</i>	Tshs. 589.05 per litre	Tshs. 600.0 per litre
22.03		Beer made from malt.			
	2203.00.10	Stout and porter			
		Made from 100 % Locally grown barley	<i>l</i>	Tshs. 620.00 per litre	Tshs. 620.0 per litre

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
		Made from wholly or Partially imported barley	<i>l</i>	Tshs. 765.00 per litre	Tshs. 918.00 per litre
		Imported	<i>l</i>	Tshs. 803.25 per litre	Tshs. 963.90 per litre
	2203.00.90	Other			
		Made from 100 % Locally grown barley	<i>l</i>	Tshs. 620.00 per litre	Tshs. 620.00 per litre
		Made from wholly or Partially imported barley	<i>l</i>	Tshs. 765.00 per litre	Tshs. 918.00 per litre
		Imported	<i>l</i>	Tshs 803.25 per litre	Tshs 963.9 per litre
22.06		Other fermented Beverages (for example, cider, perry, mead, sake); mixtures of fermented beverages and mixtures of fermented beverages and non- alcoholic beverages, not elsewhere specified or included.			
	2206.00.10	Cider			
		Locally produced	<i>l</i>	Tshs. 2,466.45 per litre	Tshs. 2959.74 per litre
		Imported	<i>l</i>	Tshs 2,466.45 per litre	Tshs 2959.74 per litre
	2206.00.20	Opaque beer (for example Kibuku)			
		Beer made from 100% Local un-malted cereals	<i>l</i>	Tshs. 450.00 per litre	Tshs. 540.00 per litre

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
		Imported			
	2206.00.90	Other			
		Other beverages Produced from locally grown fruits such as banana, tomato, rosella, etc other than grapes with domestic content exceeding 75%	<i>l</i>	Tshs. 61.00 per litre	Tshs. 73.20 per litre
		Other	<i>l</i>		
24.02		Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.			
		Cigarettes containing tobacco: -			
	2402.20.10	Of length not exceeding 72mm in length including the filter tip			
		Without filter tip and containing Domestic tobacco Exceeding 75%	<i>mil</i>	Tshs. 12,447.00 permil	Tshs. 14,936.40 per mil
		With filter tip and containing domestic Tobacco exceeding 75%	<i>mil</i>	Tshs. 29,425.00 per mil	Tshs. 35,310.00 per mil
		Other	<i>mil</i>	Tshs. 55,896.75 per mil	Tshs. 67,076.10 per mil
	2402.20.90	Other			
		Without filter tip and containing Domestic tobacco exceeding 75%	<i>mil</i>	Tshs. 12,447.00 permil	Tshs. 14,936.40 per mil
		With filter tip and containing Domestic tobacco exceeding 75%	<i>mil</i>	Tshs. 29,425.00 permil	Tshs. 35,310.00 per mil

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
		Other	<i>mil</i>	Tshs. 55,896.75 per mil	Tshs. 67,076.10 per mil
24.03		Other manufacture d tobacco and manufactured tobacco substitutes; “homogenized” or “reconstitute d” tobacco; tobacco extracts and essences.			
		Smoking tobacco, whether or not containing tobacco substitute in any proportion:			
	2403.19.00	Other (for example cut rag/filler)			
		Locally produced containing Domestic tobacco exceeding 75%	<i>kg</i>	Tshs. 8,000.00 per kg	Tshs. 9,600.00 per kg
		Other/Imported	<i>kg</i>	Tshs. 28,232.40 per kg	Tshs. 33,878.88 per kg
	2403.91.00	“Homogenized” or “reconstituted” tobacco	<i>kg</i>	Tshs. 28,232.40 per kg	Tshs. 33,878.88 per kg
	2403.99.00	Other	<i>kg</i>	Tshs. 28,232.40 per Kg	Tshs. 33,878.88 per kg

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
34.03		Lubricating preparations (including cutting-oil preparations, bolt or nut release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment of textile materials, leather, fur-skin or other materials, but excluding Preparations containing, as basic constituents, 70% or more by weight of petroleum oils or oils obtained from bituminous minerals.			
		Containing petroleum oils or oils obtained from bituminous minerals			
	3403.19.00	Other			
		Lubricating oils preparation	<i>l</i>	Tshs. 669.00 per cubic meter	Tshs. 735.90 per cubic meter
		Greases preparation	<i>kg</i>	Tshs. 0.79 per kg	Tshs. 0.87 per kg
	3403.99.00	Other			
		Lubricating oils preparations	<i>l</i>	Tshs. 669.00 per cubic meter	Tshs. 735.90 per cubic meter
		Grease preparations	<i>kg</i>	Tshs. 0.79 per kg	Tshs. 0.87 per kg

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise Rate
85.23		Discs, tapes, solid state non-volatile storage devices, "smart cards" and other media for the recording of sound or other phenomena, whether or not recorded, including matrices and masters for the production of discs, but excluding products of Chapter 37 of East African Community Common External Tariff, 2022			
		Magnetic media			
		Other (excluding Cards incorporating magnetic stripe)			
	8523.29.90	recorded video and audio tape	<i>u</i>	Tshs. 50.00 per unit	Tshs. 55.00 per unit
		Optical media			
	8523.49.00	Recorded DVD, VCD, CD	<i>u</i>	Tshs. 50.00 per unit	Tshs. 55.00 per unit

The Act amended the above-mentioned Act by deleting HS Code 2208.60.00 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
	2208.60.00	Vodka			
		Locally manufactured ready to drink of not more than 7% Alcohol By Volume (ABV)	<i>l</i>	Tshs. 4,386.06 per litre	Tshs. 2,466.45 per litre
		Other/Imported		Tshs. 4,386.06 per litre	Tshs. 4,386.06 per litre

The Act amended the above-mentioned Act by adding below H.S Code 2402.20.90 the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
	2402.90.00	Other	<i>kg</i>		
		Locally manufactured		N/A	30%
		Imported		N/A	30%

Deleting the whole of H.S code 2403.11.00 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
	2403.11.00	Water pipe tobacco specified in Subheading Note 1 to this Chapter	<i>kg</i>		
		Locally manufactured		N/A	30%
		Imported		N/A	30%

The Act amended the above-mentioned Act by adding below Heading 24.03 the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
25.23		Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers.			
		Portland cement:			
	2523.21.00	White cement, whether or not artificially colored	<i>kg</i>		
		Locally manufactured		N/A	Tshs. 20
		Imported		N/A	Tshs. 20
	2523.29.00	Other	<i>kg</i>		
		Locally manufactured		N/A	Tshs. 20
		Imported		N/A	Tshs. 20
	2523.30.00	Aluminous cement	<i>kg</i>		
		Locally manufactured		N/A	Tshs. 20
		Imported		N/A	Tshs. 20

	2523.90.00	Other hydraulic cements	kg		
		Locally manufactured		N/A	Tshs. 20
		Imported		N/A	Tshs. 20

The Act amended the above-mentioned Act by deleting the whole of Heading 57.03 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
57.03		Carpets and other textile floor coverings (including turf), tufted, whether or not made up:			
	5703.10.00	Of wool or fine animal hair	m ²	10%	10%
		Of nylon or other polyamides:			
	5703.21.00	Turf	m ²	10%	10%
	5703.29.00	Other	m ²	10%	10%
		Of other man-made textile materials:			
	5703.31.00	Turf	m ²	10%	10%
	5703.39.00	Other	m ²	10%	10%
	5703.90.00	Of other textile materials	m ²	10%	10%

The Act amended the above-mentioned Act by deleting the whole of Heading 62.01 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
62.01		Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 62.03			
	6201.20.00	Of wool or fine animal hair	u	10%	10%
	6201.30.00	Of cotton	u	10%	10%
	6201.40.00	Of man-made fibers	u	10%	10%
	6201.90.00	Of other textile materials	u	10%	10%

The Act amended the above-mentioned Act by deleting the whole of Heading 62.02 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
62.02		Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, other than those of heading 62.04.			
	6202.20.00	Of wool or fine animal hair	u	10%	10%
	6202.30.00	Of cotton	u	10%	10%
	6202.40.00	Of man-made fibers	u	10%	10%
	6202.90.00	Of other textile materials	u	10%	10%

The Act amended the above-mentioned Act by adding immediately after Heading 85.23 the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
85.43		Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter.			
	8543.40.10	Electronic cigarettes	u		
		Locally manufactured		N/A	30%
		Imported		N/A	30%
	8543.40.90	Similar personal electric vaporizing devices	u		
		Locally manufactured		N/A	30%
		Imported		N/A	30%

The Act amended the above-mentioned Act by deleting the whole of Heading 87.02 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
87.02		Motor vehicles for the transport of ten or more persons, including the driver (except HS Code 8702.40.11 and 8702.40.19 and vehicles that use Compressed Natural Gas (CNG) only).			
		With only compression ignition internal combustion piston engine (diesel or semi-diesel)			
		Four-wheel drive vehicles for the transport of ten persons:			
	8702.10.11	Unassembled			
	8702.10.19	Other (Assembled)	u		10%

		With both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion:			
		Four-wheel drive vehicles for the transport of ten persons:			
	8702.20.11	Unassembled			
	8702.20.19	Other (Assembled)	u	N/A	10%
		With both spark-ignition internal combustion piston engine and electric motor as motors for propulsion			
		Four-wheel drive vehicles for the transport of ten persons:			
	8702.30.11	Unassembled			
	8702.30.19	Other	u	N/A	10%
		Other:			
		Four-wheel drive vehicles for the transport of ten persons:			
	8702.90.11	Unassembled			
	8702.90.19	Other	u		10%

The Act amended the above-mentioned Act by adding immediately after H.S Code 8703.33.90 the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
87.03	8703.40.00	Other vehicles, with both spark-ignition internal combustion piston engine and electric motor as motors for propulsion, other than those capable of being charged by plugging to external source of electric power (except HS Code 8703.80.10 and 8703.80.90 and vehicles that use Compressed Natural Gas (CNG) only)			
		Of a cylinder capacity exceeding 1000cc but not exceeding 2000cc:	u	N/A	5%

		Of a cylinder capacity exceeding 2000cc	u	N/A	10%
8703.50.00		Other vehicles, with both compression-ignition internal combustion piston engine (diesel or semi- diesel) and electric motor as motors for propulsion, other than those capable of being charged by plugging to external source of electric power			
		of a cylinder capacity exceeding 1000cc but not exceeding 2000cc:	u	N/A	5%
		of a cylinder capacity exceeding 2000cc	u	N/A	10%
8703.60.00		Other vehicles, with both spark-ignition internal combustion piston engine and electric motor as motors for propulsion, capable of being charged by plugging to external source of electric power			
		of a cylinder capacity exceeding 1000cc but not exceeding 2000cc:	u	N/A	5%
		of a cylinder capacity exceeding 2000cc	u	N/A	10%
8703.70.00		Other vehicles, with both compression-ignition internal combustion piston engine (diesel or semi- diesel) and electric motors for propulsion, capable of being charged by plugging to external source of electric power			
		of a cylinder capacity exceeding 1000cc but not exceeding 2000cc:	u	N/A	5%
		of a cylinder capacity exceeding 2000cc	u	N/A	10%
		Other			
8703.90.90		Other	u	N/A	10%

The Act amended the above-mentioned Act by deleting the whole of Heading 89.03 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
89.03		Yachts and other vessels for pleasure or sports; rowing boats and canoes.			
		Inflatable (including rigid hull inflatable) boats:			
8903.11.00		Fitted or designed to be fitted with a motor, unladen (net) weight (excluding the motor) not exceeding 100 kg	u	20%	20%
8903.12.00		Not designed for use with a motor and unladen (net) weight not exceeding 100 kg	u	20%	20%
8903.19.00		Other	u	20%	20%
		Sailboats, other than inflatable, with or without auxiliary motor:			
8903.21.00		Of a length not exceeding 7.5 m	u	20%	20%
8903.22.00		Of a length exceeding 7.5 m but not exceeding 24m	u	20%	20%
8903.23.00		Of a length exceeding 24m	u	20%	20%
		Motorboats, other than inflatable, not including outboard motorboats:			
8903.31.00		Of a length not exceeding 7.5 m	u	20%	20%
8903.32.00		Of a length exceeding 7.5 m but not exceeding 24m	u	20%	20%
8903.33.00		Of a length exceeding 24 m	u	20%	20%
		Other:			
8903.93.00		Of a length not exceeding 7.5 m	u	20%	20%
8903.99.90		Other	u	20%	20%

The Act amended the above-mentioned Act by deleting the whole of Heading 93.02 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
93.02		Revolvers and pistols, other than those of heading 93.03 or 93.04 of East African Community Common External Tariff, 2022.			
	9302.00.10	Revolvers	u	25%	25%
		Pistols, single barrel:			
	9302.00.21	Semi-automatic	u	25%	25%
	9302.00.29	Other	u	25%	25%
	9302.00.30	Pistols, multiple barrel	u	25%	25%

The Act amended the above-mentioned Act by deleting the whole of Heading 93.03 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
93.03		Other firearms and similar devices which operate by the firing of an explosive charge (for example, sporting shotguns and rifles, muzzle-loading firearms, very pistols and other devices designed to project only signal flares, pistols and revolvers for firing blank ammunition, captive-bolt humane killers, line throwing guns)			
	9303.10.00	Muzzle-loading firearms shotguns, including combination shotgun – rifles:	u	25%	25%
		Other sporting, hunting or target-shooting			
		Shotguns, single barrel:			
	9303.20.21	Pump-action	u	25%	25%
	9303.20.22	Semi-automatic	u	25%	25%
	9303.20.29	Other	u	25%	25%

	9303.20.30	Shotguns, multiple barrels, including combination guns	u	25%	25%
		Other sporting, hunting or target-shooting rifles:			
	9303.30.10	Single-shot	u	25%	25%
	9303.30.20	Semi-automatic	u	25%	25%
	9303.90.00	Other	u	25%	25%

The Act amended the above-mentioned Act by deleting the whole of Heading 94.01 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
94.01		Seats (other than those of heading 94.02), whether or not convertible into beds, and parts thereof.			
		Swivel seats with variable height adjustment:			
	9401.31.00	Of wood	u	20%	20%
	9401.39.00	Other	u	20%	20%
		Seats other than garden seats or camping equipment, convertible into beds:			
	9401.41.00	Of wood	u	20%	20%
	9401.49.00	Other	u	20%	20%
		Seats of cane, osier, bamboo or similar materials:	u		
	9401.52.00	Of bamboo	u	20%	20%
	9401.53.00	Of rattan	u	20%	20%
	9401.59.00	Other	u	20%	20%
		Other seats, with wooden frames:			
	9401.61.00	Upholstered	u	20%	20%
	9401.69.00	Other	u	20%	20%

		Other seats, with metal frames:			
	9401.71.00	Upholstered	<i>u</i>	20%	20%
	9401.79.00	Other	<i>u</i>	20%	20%
	9401.80.00	Other seats	<i>u</i>	20%	20%
		Parts:			
	9401.91.00	Of wood	<i>u</i>	20%	20%
	9401.99.00	Other	<i>u</i>	20%	20%

The Act amended the above-mentioned Act by deleting the whole of Heading 94.03 and substituting for it the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
94.03		Other furniture and parts thereof.			
	9403.10.00	Metal furniture of a kind used in offices	<i>u</i>	20%	20%
	9403.20.00	Other metal furniture	<i>u</i>	20%	20%
	9403.30.00	Wooden furniture of a kind used in offices	<i>u</i>	20%	20%
	9403.40.00	Wooden furniture of a kind used in the kitchen	<i>u</i>	20%	20%
	9403.50.00	Wooden furniture of a kind used in the bedroom	<i>u</i>	20%	20%
	9403.60.00	Other wooden furniture	<i>u</i>	20%	20%
	9403.70.00	Furniture of plastics	<i>u</i>	20%	20%
		Furniture of other materials, including cane, osier, bamboo or similar materials:			
	9403.82.00	Of bamboo	<i>u</i>	20%	20%
	9403.83.00	Of rattan	<i>u</i>	20%	20%
	9403.89.00	Other	<i>u</i>	20%	20%
		Parts:			
	9403.91.00	Of wood	<i>u</i>	20%	20%
	9403.99.00	Other	<i>u</i>	20%	20%

The Act amended the above-mentioned Act by adding immediately after Heading 94.03 the following:

Heading	H.S Code No.	Description	Unit	Old Excise rate	New Excise rate
95.04		Video game consoles and machines, table or parlour games, including printables, billiards, special tables for casino games and automatic bowling equipment, usement machines erated by coins, knots, bank cards, kens or by any other ans of payment			
	9504.30.00	Other games,operated by coins, banknotes, bank cards,tokens or by any othermeans of payment, other than automatic bowling alley equipment.	<i>u</i>	N/A	30%
96.14	9614.00.00	Smoking pipes (including pipe bowls) and cigar or cigarette holders, and parts thereof.	<i>u</i>	N/A	30%

AMENDMENT OF THE GAMING ACT, (CAP. 41)

The Act has amended section 13 of the Gaming Act and currently with effect from 01st July 2023, by introducing a new local content requirement for all gaming license applicants, the Board (“Gaming Board”) shall now have the mandate to grant a gaming licence for operations of commercial gaming undertakings to the applicant upon satisfaction that not less than five percent of the applicant’s paid up share capital are owned by Tanzanian citizens.

AMENDMENT OF THE INCOME TAX ACT, (CAP. 332)

The Act amended Section 56 of the Income Tax Act by stating that preceding provisions of section 56 shall not apply where change of underlying ownership referred to under the Act it: -

- a. is a result of allotment of new membership interest of the entity; or
- b. is a sole result of transfer of membership interest of a resident entity to another resident person

Withholding tax from service fees and contract payment

Under section 83 of the Income Act now a resident person who is a buyer of precious metals, gemstones and other precious stones supplied by the holder of a primary mining licence or artisanal miner; or makes payment to a resident person in respect of verified carbon emission reduction shall withhold income tax from the payment at the rate provided for in paragraph 4(c) of the First Schedule of the Income Tax Act.

Capital gains tax - property sellers’ taxation basis on sale value rather than profit

The Act amended section 90(1) by adding another section that intends to change the modality of charging capital gain tax for property sellers who do not keep records of expenses (and capital development) from 10% of profit to 3% of the incomings or approved value of the asset, whichever is greater.

The aim of the change is to simplify tax compliance and ultimately facilitate the transfer of ownership. If the 3% is used, there is no deduction for the capital cost.

The Act amended the rates of income tax for a resident individual engaged in transportation of passengers or goods which the same shall be as follows:

Finance Act 2023 introduced various stipulated rates applicable to any resident person engaged in transportation of passengers or goods, as follows: -

Tax rates for transporters of passengers and cargo

Class A: Passenger Services Vehicles			
Previous Rates		New Rates	
No. of Passengers	Rates (Tshs)	No. of Passengers	Rates (Tshs)
Less than 10	180,00	Less than 15	250,00
11 – 15	450,00	16 - 25	550,00
16 – 30	720,00	26 - 45	1,100,00
Up to 32	1,710,00	46 - 45	1,600,00
Normal Buses	2,430,00	Above 65	2,200,00
Semi-Luxury	2,610,00		
Luxury	2,790,00		

Class B: Tour Service Vehicles			
Previous Rates		New Rates	
No. of Passengers	Rates (Tshs)	No. of Passengers	Rates (Tshs)
NIL	NIL	Up to 15	650,00
		16 - 25	900,00
		26 - 45	1,300,00
		46 - 45	1,800,00
		Above 65	2,400,00

Class C: Goods Carrying Vehicles			
Previous Rates		New Rates	
Capacity (Tons)	Rates (Tshs)	Capacity (Tons)	Rates (Tshs)
Less than 1	180,00	Less than 1	250,00
1 – 5	450,00	1 - 5	500,00
6 - 10	720,00	6 - 10	750,00
11 - 15	1,710,00	11 - 15	1,100,00
16 - 20	2,430,00	16 - 20	1,300,00
21 - 25	2,610,00	21 - 25	1,650,00
26 - 30	2,790,00	26 - 30	1,900,00
31 tons and above	2,790,00	31 tons and above	2,200,00

Class D: Private Hire Service Vehicles			
Previous Rates		New Rates	
Item	Rates (Tshs)	Item	Rates (Tshs)
Motorcycles	NIL	Motorcycles	65,00
Tricycles		Tricycles	120,00
Taxi Cab		Taxi Cab	180,00
Ride Hailing		Ride Hailing	350,00
Ride Sharing		Ride Sharing	450,00
Special Hire		Special Hire	750,00

Investment returns generated by NHIF & Internal Restructuring of Mining Companies - Income Tax Exemption

The Finance Act, 2023 granted income tax exemption on amount derived from gain on the internal restructuring of mining companies pursuant to the requirement of a Framework Agreement entered between the Government and investor to form partnership entity

The Finance Act granted income tax exemption on income derived by the National Health Insurance Fund (NHIF) from investment returns (such as dividend from shares, treasury bonds and bills). The effect of this is that no withholding tax should be deducted on investment returns (i.e., interest and dividends) paid to NHIF.

Exemption of gains derived from the internal restructuring of mining companies from income tax

The Finance Act has exempted from income tax, the gains derived from the internal restructuring of mining companies in line with the various agreements in place with the Government in forming partnership entities. Previously, any gain from such realization of shares or interest in land or mineral rights would suffer income tax.

Reinstatement of the exemption for individual tenants (not doing business) to withhold tax on rental income

The Finance Act has once again removed the obligation for individual tenants who are not conducting business to withhold tax on rental income.

Introduction of obligation to withhold tax at the rate of 2% of precious metals and gemstones by small-scale miners

The Finance Act has introduced an obligation for a resident person to withhold tax at a rate of 2% for payment made to a holder of a primary mining license or artisanal miner for buying precious metals, gemstones and other precious stones.

This withholding tax has been categorized as final hence the income earned by the said small-scale miner will not suffer any additional income tax.

Change of due date for Non-resident electronic services providers to file their income tax monthly returns

The Finance Act has changed the due date for Non-resident electronic services providers to file their income tax monthly returns from the 7th day to the 20th day of the month following the month to which the payment relates.

Introduction of obligation to withhold tax at the rate of 10% on payment in respect of Verified Carbon Emission Reduction

The Finance Act has introduced an obligation for a resident person to withhold tax at the rate of 10% on payments made to a resident person in respect to Verified Carbon Emission Reduction.

This withholding tax has been categorized as final hence the income earned will not suffer any additional income tax.

AMENDMENT OF THE LOCAL GOVERNMENT FINANCE ACT, (CAP. 290).

Collection of property rate and advertisement fees

The Act amended section 31A of the above-mentioned Act and as of 01st July 2023, the Tanzania Revenue Authority shall have the obligation to evaluate, assess, collect and account for property rates up to the 31st December 2023 thereafter the obligations shall vest in the local government authorities; and

The local government authorities shall have the obligation to collect and account for advertisement fees for billboards, posters and hoarding, and not TRA as it used to be.

AMENDMENT OF THE MINING ACT, (CAP. 123)

The Act amended and with effect from the day when the Act came into force, to exempt 1% inspection fee for refinery centers, and such exemption shall include payment of the clearance (or inspection) fee of 1%, aiming to promote small-scale refining of minerals in Tanzania.

AMENDMENT OF THE VOCATIONAL EDUCATION AND TRAINING ACT,

SDL rate - reduction to 3.5%

The Finance Act has made changes to the above Act by introducing the reduction of the SDL rate to 3.5% (from 4%). Reductions over the years have been from 6% (original) to 5% (July 2013) to 4.5% (July 2016) to 4% (July 2020).

The aim of the change is “to reduce the operational cost to employers and achieve the Government’s commitment of reducing the rate gradually”. This reduction is certainly welcome and it is assumed from the wording of the speech that the intention is for further reductions in future years.

SDL filing - exemptions for Employers not required to pay Levy

Further the Finance Act 2023 also amended the above-mentioned Act, that every employer shall on or before the seventh day of every month, “save for an employer who is not required to pay levy,” pay to the Commissioner the levy due from such employer

in respect of the preceding month – this basically means that all employers who are not required to pay SDL levy are currently expressly exempted from filing SDL returns.

This change would assist employers as there was little purpose and significant administrative inconvenience to requiring the filing of NIL returns by employers with no SDL obligation (for example, employers with employee numbers below the threshold required to account for SDL).

Implementation of this change will require the facility to disable the current automatic assumption on the “taxpayer portal” of the need to file the SDL return.

Exemption from levy.

The Finance Act, 2023 has amended section 19 of the above-mentioned Act, by adding immediately after subsection (2) another subsection (3) that, provides room for the Minister responsible for finance that, in consultation with the Minister and by order published in the Gazette, may now exempt any person from paying skills and development levy, provided that, such exemption is for public interest”

AMENDMENT OF THE VALUE ADDED TAX ACT, (CAP. 148)

Exemptions and rates to be specified by law

The Finance Act, 2023 amended section 6(8) of the Value-Added Act, 2019 by adding other set of exempted nature of business which are termed as “projects funded by Government” means a project financed by the Government in respect of: -

- a. a local manufacturer of packaging materials of pharmaceutical products having a performance agreement with the Government of the United Republic;
- b. a person engaged in poultry farming in Mainland Tanzania having a performance agreement with the Government of the United Republic;”

Zero rating of local supplies - new introduction and extension

Zero rating to apply to: -

- Textile products manufactured using domestically produced cotton for a period of one year.

The Finance Act amended the VAT Act by providing that all supplies of locally manufactured garments made from locally grown cotton shall be zero rated from 1st July 2023 up to 30th June, 2024. This is introduced to ensure the main intention is to provide relief during this period of global economic challenges.

VAT deferment to now be applicable on domestically manufactured capital goods

The Finance Act has included domestically manufactured capital goods in the list of items qualifying for VAT deferment. There is also a change for the VAT deferment on importation to cease to have effect after 3 years (i.e., 30th June 2026), that is, VAT deferment will only be applicable for locally sourced capital goods after the time expiry.

Introduction of VAT exemption on the supply of aircraft, aircraft engine or parts and aircraft maintenance to a local operator of air transportation

The Finance Act has exempted VAT on the supply of aircraft, aircraft engine or parts and aircraft maintenance to local air transport operators.

Widening the scope for VAT exemption on the sale of minerals and gemstones

The Finance Act has widened the scope for VAT exemption on the sale of precious metals, gemstones and other precious stones at buying centers, mineral markets and Gem houses designated by the Mining Commission under the Mining Act or refinery situated in Mainland Tanzania.

Other supplies that have been exempted from VAT

The Finance Act has also exempted from VAT the following supplies:

- Sale of a house of a value not exceeding TZS 50 million by a real estate developer.
- Extension of another year on the supply of double refined edible oil from locally grown seeds by a local manufacturer
- Supply of automobile accessories used in the conversion of motor vehicle fuel system to natural gas or electricity system to persons engaged in the conversion of such motor vehicles.

AMENDMENT OF THE TAX ADMINISTRATION TAX ACT, (CAP. 438)

Definition of Primary Data Server is clarified to include “virtual or other servers which store data”

The Finance Act has amended the definition of the Primary Data Server to include a 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 and change the effective date to start complying with the requirement to 1st January 2024. Previously, the definition of the Primary Data Server is “*a server which stores data that is created or collected by a taxable or liable person in the ordinary course of business*”.

Introduced time limit for the construction and extractive entities to disclose on their contract

The Finance Act has introduced a time limit of 30 days from the date of executing a contract, for entities in the construction and extractive industry to disclose the information pertaining to the contracted or sub-contracted project. It should be noted that this disclosure provision had been present in the Act, but no timelines had been placed on it. As such, the required information to be disclosed include names of the persons, the nature of the sub-contracted works together with the duration of carrying out the works.

Furthermore, a person who contravenes this requirement is liable for a fine not exceeding 25% of the quantum payable under the project or TZS 60 million, whichever is greater.

Definitions of “storage facility” and “owner” are now provided

The Finance Act has defined two terminologies for the provision introduced in the previous year on registration and monitoring of storage facility for purposes of clarifying the scope and applicability of the provision.

As such, a storage facility is defined to mean “*warehouse, godown or any other storage facility, which is used to keep own or other persons’ goods for business purposes, provided that such warehouse, godown or other facility is not part of a shop, factory, industry or farm*”.

Furthermore, an owner is defined to mean “*a person who establishes or operates and is in control of the facility and possession of the storage facility or a person to whom the storage facility has been leased or sub-let to*”.

The 3 years’ time limit for requesting tax refunds to now refer to the date of issuance of tax decision as well

The Finance Act has amended the 3 years’ time limit for requesting tax refund to also include the period from the date of issuance of a tax decision or other decision that has led to a tax overpayment. As previously worded, the law counted the time limit from when the taxpayer has made the tax overpayment which results from his/her self-assessment. This left out the scenario where a higher assessed tax has subsequently been lowered or vacated following the Commissioner General’s decision.

Issuance of Fiscal Receipt

The Finance Act, 2023 amended the above act by giving the Commissioner General powers to publish in the newspaper with wide circulation or any other public media issue a list of persons or class of persons who are excluded from the requirement of the use of fiscal device or issuance of fiscal receipt. Also such persons who are excluded from issuing fiscal receipt shall issue manual receipt.

EFD non-compliance offences reduced

The Finance Act has reduced the range of penalties that are charged for non-compliance with the EFD machines as follows:

- For failure to use EFD or issue a fiscal receipt – From TZS 3 million – TZS 4.5 million or imprisonment for a term not exceeding 3 years or both to the higher of TZS 3 million or 20% of the value of tax evaded.
- For failure to demand a receipt or report a denial of issuance of receipt – From TZS 30,000 – TZS 1.5 million to the higher of TZS 30,000 or 20% of the value of tax evaded.

Supplies and Imports Exempt from Value Added Tax

The Finance Act, 2023, also amended Part I of the Schedule made under Section 6(1) by deleting item 3 and substituting for it the following: -

No.	Food item	HSC
1.	Live cattle	0102.21.00, 0102.29.00
2.	Live swine	0103.10.00, 0103.91.00, 0103.92.00
3.	Live sheep	0104.10.10, 0104.10.90
4.	Live goats	0104.20.10, 0104.20.90
5.	Live poultry	01.05
6.	Unprocessed edible animal products	Chapter 2
7.	Unprocessed edible eggs	0407.21.00, 0407.29.00
8.	Unpasteurised or pasteurised cow milk	04.01
9.	Unpasteurised or pasteurised goat milk	04.01
10.	Unprocessed fish	03.02, 03.03, 03.05, 03.06, 03.07, 03.08
11.	Unprocessed edible vegetables	Chapter 7

12.	Unprocessed fruits	08.03 to 08.13
13.	Unprocessed nuts	08.01, 08.02
14.	Unprocessed bulbs	0601.10.00
15.	Unprocessed tubers	0601.20.00
16.	Unprocessed cereals	Chapter 10
17.	Wheat or meslin flour	11.01
18.	Maize flour	11.02
19.	Tobacco, not stemmed or stripped	2401.10.00
20.	Unprocessed cashew nuts	0801.31.00
21.	Unprocessed coffee	0901.11.00, 0901.12.00
22.	Unprocessed tea	0902.10.10, 0902.10.90, 0902.20.10, 0902.20.90
23.	Soya beans	12.01
24.	Ground nuts	12.02
25.	Sunflower seeds	12.06
No.	Food item	HSC
26.	Oil seeds	12.07
27.	Unprocessed pyrethrum	1211.90.20
28.	Unprocessed cotton	52.01
29.	Unprocessed sisal	5303.10.00
30.	Unprocessed sugar cane	1212.93.00
31.	Seeds and plants thereof (seeds, fruits, spores, seedlings and plants for sowing or planting)	Any description
32.	Preparations of a kind used in animal feeding	23.09
33.	Fertilized eggs for incubation	0407.11.00 0407.19.00
34.	Oil-cake of soya beans	2304.00.00
35.	Oil-cake and other solid residues of cotton seeds	2306.10.00
36.	Oil-cake and other solid residues of sunflower seeds	2306.30.00
37.	Maize Bran	2302.10.00
38.	Wheat Bran	2302.30.00
39.	Lysine	2922.41.00
40.	Methionine	2930.40.00
41.	Mycotoxin binders	2309.90.10
42.	Pollard	2309.90.90
43.	Standing tree	06.02
44.	Rice Bran	2302.40.00

No.	Food item	HSC
45.	Cotton cake	2306.10.00

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