FINANCE ACT 2025

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KEY HIGHLIGHTS FROM THE **2025 FINANCE ACT**

The 2025 Finance Act introduces a range of significant changes aimed at enhancing tax compliance, broadening the tax base, and streamlining administrative processes. Some of the notable updates include:

INCOME TAX ACT

Introduction of withholding tax (10%) on hired motor vehicles

Alternative Minimum Tax increased from 0.5% to 1%

30% of undistributed profits may be treated as dividends and taxed if not allocated within 12 months after year-end

Equity definition for thin capitalisation includes retained earning

2% final tax introduced on sale of forest products (from Jan 2026

Revision of income tax rate to 30% on realisation of investment by nonresident tax to be collected at the time of realisation

Abolition 10-year of income tax exemption for special economic (SEZ/EPZ) investors to the extent oflocal sales zone

Taxable income for certain business with Unrelieved losses has been increased to 40% from 30%

VALUE ADDED TAX

Introduction of withholding VAT at 3% for goods and 6% for services- Supplied to the whitholding agent.

Introduction of 16% VAT for online purchase of B2C transactions

Requirement to attach VAT withholding certificate, certificate of advance VAT paid and electronic payment documents when filing returns

Expansion of electronic services definition

The duration for zero rating locally produced fertilzers has been changed to 30th June 2028

License for locally produced and printed newspapers by a licensed person has been exempt for tax purposes from VAT

Abolition of exemption on Bitumen, Purchase and importation of gaming supplies and Non-CNG equipments

Removal of the exception allowing VAT returns to be filed on the next working day when the 20th falls on a weekend or public holiday-

EXCISE DUTY

Extension of the dutiable value definition to include use of a cable

The expiry of excise duty licence has been amended from the end of calendar year to twelve months from the date of issuance of the licence.

Deadline for deferring payment changed from last day to the 25th day

Increase in excise duty rate on pay per view services from 5% to 7%

Locally produced ethyl alcohol rate decreased from 5,000 TZS to 4,000 TZS per litre.

Imported furniture duty raised from 20% to 25%

25% duty on the Imported and local manufactured Fireworks

Imported undenatured ethyl alcohol rate reduced from 7,000 TZS to 5,000 TZS per litre.

New exemption on pesticides, Insurance and reinsurance services, cooking gas tank etc.

OTHER REFORMS

City Service Levy has been reduced to 0.25% effective from 1st July 2025

More imported goods now taxed under IDL, with rates ranging from 5% to 15% on items like pasta, starch, furniture, and optical fibre papers

Hotel Levy has been reduced to 2% from 10%

The travel insurance fee is set at $44 for entering foreigners

related to Including Local Government fees for loading and offloading transportation of goods as part of the charges and levies

Introduction of 0.1% levy on gross market value of minerals

Extension of the requirement to set aside 20% gold produce for local beneficiation to all mineral right holders and dealers

Prohibition of certain businessess for non-citizen-

TAX ADMINISTRATION

TRA to launch a digital tax platform, with taxpayers required to link their e-receipt systems compliance and streamlined reporting

Limitation of the period of the restrain of an asset by the Commissioner maximum of 3 months

Penalty for transfer pricing adjustment application even if the company incur tax loss making entities.

Recognition and registration of small-scale traders prescribed criteria

AMMENDEMENT TO VALUE ADDED TAX CAP 148

VAT ACT HAD THE FOLLOWING AMENDMENTS:

DEFINATION

The **resident** has been defined to also include “an entity incorporated or registered in Mainland Tanzania.”

The **withholding agent** has been defined to mean the following.

Whithholding agent

- The Ministry responsible for finance
- A registered person as may be appointed by the Commissioner General by notice
- A Government entity which retains whole or part of its collected revenue

WITHHOLDING TAX ON VAT

When goods or services are sold in Mainland Tanzania to a withholding agent, the normal tax rate is 18%. A designated withholding agent (e.g., a government entity, large institution, or public corporation) receives a taxable supply (goods or services), Instead of paying the full invoice value (including VAT) to the supplier, the agent withholds a portion of the VAT (e.g., 3% or 6%) and remits it to TRA. A supplier cannot claim this withheld VAT as part of their output tax remitted to TRA in advance unless they possess a valid certificate,

PAYMENT OF GOODS AND SERVICES THROUGH BANK OR DIGITALLY

If someone in Mainland Tanzania who is not registered for VAT pays for goods or services using an approved bank or digital method, a reduced tax rate of 16%applies. The Commissioner General will announce who qualifies and how it works. This shall come to effect on 1st September 2025. The proof transaction electronically should be submitted.

NOTIFICATION BY INTENDING TRADERS

VAT-registered traders who fail to commence taxable supplies by the date indicated in their VAT registration application must notify the Commissioner General (CG) within 90 days after that date, providing valid reasons for the delay. If notification is not provided, the CG may choose whether to grant an extension for the commencement of taxable supplies. If the extension is denied, the trader will be deemed to have been deregistered for VAT purposes, the applicant will be considered deregistered from Value Added Tax.

AMENDMENT ON THE ITEMS TO BE ZERO RATED:

NO	ITEM	ENDS ON
01	Textile products from locally grown cotton	30-Jun-26
02	Locally produced fertilizers	30-Jun-28

LIST OF EXEMPT SUPPLIES

NO	ITEM	HS CODE
1	Pesticides	3808.61.00, 3808.62.00, 3808.69.00
2	Locally published newspapers	N/A
3	Insurance and reinsurance services	N/A
4	Natural Gas sold to CNG stations for motor vehicles only	N/A
5	Cooking gas tanks	7311.00.10
6	Carbonization furnace used in the production of briquettes	8417.80.00
7	Locally produced edible oil using local seeds (limited to 30 June 2026)	N/A
8	VAT Exemptions that require approval from the minister of Agriculture.	Tractor tyres: 4011.70.00 Dam liners: 39.20 Forks – 8201.90.00 Rakes – 8201.30.00 Axes – 8201.40.00
9	CNG Compressor and CNG metering equipment	

THE EXEMPTION ON THESE ITEMS HAVE BEEN REMOVED

NO	ITEM	HS CODE
1	Purchase and importation of gaming supplies	N/A
2	Bitumen	2713.20.00 & 2715.00.00
3	Non-CNG equipment such as natural gas pipes, transportation and distribution pipes, natural gas metering equipment, gas receiving units, flare gas system, condensate tanks and leading facility, system piping and pipe rack and condensate stabilizer	N/A

MODIFICATION OF THE ALREADY EXISTING EXEMPTIONS

- Exemptions provided to "Liquified petroleum and Natural gases" to be reword-ed to "Liquified Petroleum Gas"
- Exemptions provided to "Compressed and Natural gases" to be reworded to "Compressed Natural Gas for Motor vehicles"
- Online market places platforms and network marketing platforms to be treat-ed as online intermediation services

ASSISTED GOVERNMENT ENTITY

A government body for which the Commissioner General has the authority to collect payments related to a taxable supply that are due to that body. This could be seen as another collection agency system designed to enhance the timely and efficient collection of VAT. These entities include: Ministries, Departments, Agencies and Public Institutions i.e Ministry of Lands, Housing & Human Settlements Development, Immigration Department (Ministry of Home Affairs), BRELA – Business Registrations and Licensing Agency, National Identification Authority (NIDA) etc.

MECHANISM FOR VAT ON SUPPLIES BY ASSISTED GOVERNMENT ENTITIES

The Finance Act introduces a new requirement whereby payments inclusive of VAT for supplies made by assisted government entities are to be collected by the Commissioner General.

Under this arrangement, the VAT collected is treated as advance VAT received by the Commissioner General. To determine the final VAT payable for the relevant tax period, a valid certificate must be issued within one day after the close of the tax period and submitted at the time of filing. This compliance measure aims to prevent double accounting of VAT by initially acknowledging advance payments. This is applicable where The Government entity is "not independently VAT registered", or The Government has authorized TRA to collect VAT in advance on supplies made by such entities.

CERTIFICATE OF ADVANCE OUTPUT TAX

The Commissioner General shall, one day after the end of a tax period, issue to an assisted Government entity a certificate of advance value added tax paid which shall

- be issued in the form and manner prescribed by the Minister; and
- include the following information:

Feature	VAT Withholding Certificate	Certificate of Advance VAT
Issued by	Withholding Agent (e.g., Government)	TRA (or system)
Purpose	Proof that part of VAT was withheld and remitted	Proof that VAT was paid in advance for a supply
Applies to	Withholding arrangements under s.5(5)	Advance VAT paid by the Assisted Government entities under s.27A
Needed for	Supporting the amount claimed to be withheld output VAT in supplier's return	Filing VAT return by assisted Government entities
Beneficiary	Taxable supplier	Assisted Government entity (or supplier)
Prevents	Non-remittance or VAT duplication	VAT evasion or delay by non-registered entities

REMOVAL OF THE EXCEPTION ALLOWING VAT RETURNS TO BE FILED ON THE NEXT WORKING DAY WHEN THE 20TH FALLS ON A WEEKEND OR PUBLIC HOLIDAY

VAT returns must now be submitted by the 20th of each month, even if it falls on a weekend or public holiday. The grace period for filing on the next working day has been removed. If a taxpayer files the return on the next working day, believing it is still acceptable (as per prior law), they may now incur a penalty for late filing and interest on delayed payment.

CLAIMS OF INPUT TAX CREDITS - ON IMPORTS

The Finance Act has changed the law by removing the words “or is liable to pay. ” This means that from now on, only those who have actually paid VAT when importing goods can claim an input tax credit.

IMPLICATION OF VAT WITHHOLDING CERTIFICATE

IMPLICATION AREA DESCRIPTION	DESCRIPTION
Supplier VAT Claim Cannot claim withheld	VAT without a valid certificate.
Withholding Agent Obligation	Must issue certificate by VAT due date via approved system.
Documentation	Certificate becomes a key compliance document for TRA and audit.
Fraud Prevention	System-based generation reduces risk of falsification.
Administrative Efficiency	Enhances cross-checking of VAT withheld and reported.

VAT IS NOT CONSIDERED “COLLECTED”, EVEN THOUGH MONIES RELATED TO THE SUPPLY MAY HAVE BEEN PAID TO TRA OR RECEIVED FROM THE ASSISTED GOVERNMENT ENTITY

Even if TRA receives money, VAT is only treated as collected when:

- It is explicitly identified as VAT,
- Matched to a specific taxable transaction,
- Accounted for as VAT revenue, and
- Supported by a proper return or certificate.

AGRICULTURAL PRODUCTS

The first schedule of the VAT Act has been deleted and replaced by the following table.

NO	IMPLEMENTS	HS CODE
1	Tractors for agricultural use	8701.10.00, 8701.30.00, 8701.91.00, 8701.92.00, 8701.93.00, 8701.94.00, 8701.95.00
	Agricultural, horticultural or forestry machinery for soil preparation or cultivation except lawn mower or sports ground rollers and parts	84.32
3	Harvesting or threshing machinery except machines under HS Code 8433.11.00, 8433.19.00, 8433.90.00	84.33
	Liquid sprayers for agriculture	8424.41.00, 8424.49.00
5	Powder sprayers for agriculture	8424.41.00, 8424.49.00
6	Hoes	8201.30.00
7	Tractor trailers	8716.20.90
8	Rotavator	8432.29.00
9	Poultry incubator	8436.21.00
10	Irrigation equipment	8424.82.00
11	Irrigation parts (sprinkler system, chemical injection system, water disinfection system, rain guns, high pressure fogging equipment, Irrigation computer, filter for irrigation system)	8424.90.00
12	Green house system	9406.10.10, 9406.20.10, 9406.90.10
13	Semen for bovine animal	0511.10.00
14	Semen for non-bovine animal	0511.99.10
15	Ear tag	3926.90.90
16	Ear tag applicators	8456.90.00
17	Automatic turning table	8207.30.00
18	Stunning box	8438.50.00
19	Lessor beam machines	9402.90.90

AMMENDEMENT TO INCOME TAX ACT (CAP 332)

A INCOME TAX FOR SMALL TRANSPORT OPERATORS

CLASS A: PASSENGER SERVICE VEHICLES

	CURRENT PRACTICE		AMENDMENTS	
NO	No. of Passenger	Rates	No. of Passenger	Rates
01	N/A	N/A	Passenger not exceeding 5	120,000
02	Passenger not exceeding 15	250,000	Passenger from 6 to 15	250,000

CLASS C: GOODS CARRYING VEHICLE

NO	CAPACITY	TAX PAYABLE
01	Up to 500 kg	120,000
02	Above 500kg but less than 1 tonne	250,000
03	1 to 5 tonnes	500,000
04	6 to 10 tonnes	750,000
05	11 to 15 tonnes	1,100,000
06	16 to 20 tonnes	1,300,000
07	21 to 25 tonnes	1,650,000
08	26 to 30 tonnes	1,900,000
09	More than 30 tonnes	2,200,000

CLASS D: PRIVATE HIRE SERVICE VEHICLES

NO	CAPACITY	TAX PAYABLE
01	Taxi	180,000
02	Ride Hailing	350,000
03	Ride Sharing	450,000
04	Special Hire	750,000

B UNRELIEVED LOSSES MINING, PETROLEUM, OIL, AND GAS SECTORS

The Act has reduced the allowable deduction for carried forward losses in the mining, petroleum, oil, and gas sectors from 70% down to 60%, when calculating income tax for businesses operating at a loss. Even after deducting past losses from their operations, these companies must still pay tax on at least 40% of their original income.

DETERMINING ASSET COST WHEN RE ALIZED (TRANSFERRED FROM AN ASSOCIATE WITHOUT PAYMENT.

Section 44 of the Income Tax Act, 2004 permits the transfer of assets between associated persons at market value, unless the parties elect to use the net cost instead. The Finance Act clarifies that wh en the recipient of the asset (known as the acquiror) eventually sells or realizes the asset, the net cost used to compute gains or losses includes both the original acquisition cost by the other associated person and any additional cost incurred by the ac quiror after the transfer. For tax purposes, the acquiror and the transferor are treated as the same person, ensuring consistency in valuation and simplifying gain or loss calculation across transfers among associates.

These industries include:

Mining operations under section 71(1) of income tax act of 2023

Lincensee conducting processing, smelting or refining under section 75(4) of Income tax act 2023

Petroleum Operations under section 80(1) of Income tax act 2023

A licensee conducting midstream or downstream under section 84(4) of Income tax act 2023

C WITHHOLDING TAX

THE ACT ADDS THE FOLLOWING AMENDMENTS ON THE WITHHOLDING TAX

New Rule on Dividend Non Distribution

The Finance Act 2025 introduces a new rule (section 33A) that allows the Commissioner General to treat 30% of a company's profit as if it were paid out as dividends if no distribution is made within 12 months after the financial year ends. This rule does n ot apply to a Controlled Foreign Trust or Corporation (on the basis of section 96(6) of the ITA 2004).

Raw salts

Introduction of a 2% withholding tax on payments arising from the purchase of raw salt from holders of a Primary Mining License (PML) or Artis anal Miners.

Sport betting advertisement

Final 10% withholding tax on commission payments derived from sport bet t ing advertisements. This tax will be a final tax.

Insurance and re-insurance

Increasing the withholding tax rate on insurance and re-insurance premium payments made to non resident companies from 5% to 10%.

Professional and management services

Increasing the withholding tax rate on payments for professional and management services provided in the extractive sector from 5% to 10%.

Hired motor vehicle

if you pay rent to a resident for a hired motor vehicle , with holding tax of 10% must apply, just like it does for aircraft, land, or buildings.

OTHER PROPOSED CHANGES TO THE INCOME TAX ACT

Definition of equity

The amendment to section 12 of the income tax act The rules on interest restrictions (thin capitalization) have changed. Now, "retained earnings" are included in the definition of "equity." This is good news for businesses with positive retained earning s , but for those with negative retained earnings, it might lead to limits on how much interest they can deduct.

- Abolished a 10 year Income Tax exemption for the special Economic Zone (EPZ) Investors

- The Alternative Minimum Tax (AMT) rate has increased to 1% from 0.5%

Certified Corporate Tax on Income Tax

The Finance Act 2025 introduces a threshold for when a corporate income tax return must be prepared or certified by a CPA. Now, only individuals with annual turnover above TZS 500 million and corporations with annual gross income above TZS 100 million are required to meet this requirement. This change aims to ease the compliance burden for small and medium businesses, which were previously all subject to the rule regardless of size.

- The Finance Act 2025 has amended section 115(1)(d) of the Income Tax Act by increasing the tax rate for non resident persons from 20% to 30% on gains derived from investments involving land, petroleum or mineral rights, buildings, or shares in resident entities. Non resident taxpayers must now pay a 30% single instalment tax on such gains. This shall come into effect on 1st January 2026

- The Finance Act 2025 updates the law to clearly state that newly listed companies on the Dar es Salaam Stock Exchange with at least 30% public ownership are taxed at a reduced rate of 25% from 30%

AMMENDEMENT TO TAX ADMINISTRATION ACT (CAP 438)

IMPLEMENTATION OF A DIGITAL TAX SYSTEM AND INTEGRATION WITH TAXPAYER PLATFORMS FOR ISSUING FISCAL RECEIPTS.

- The Finance Act 2025 replaces section 34 of the Tax Administration Act with a more detailed provision confirming the setup of an electronic tax system for filing, storing, and accessing tax documents. Once registered, taxpayers will submit and receive offi cial documents electronically, with a registration number serving as proof of filing or service. Electronic documents created in the system will be treated as valid under the Electronic Transactions Act. Taxpayers must also link their fiscal receipt system s to this platform when notified. Non compliance or misuse can result in fines up to TZS 20 million or imprisonment for individuals, and fines up to TZS 60 million for entities.

PENALTY ON TP ADJUSTMENTS FOR ENTITIES WITH TAX LOSSES

- The Finance Act 2025 adds a penalty for companies that make related party transactions without using fair market prices, even if they report a tax loss. These companies may be fined 30% of the adjusted loss, to ensure proper pricing and prevent tax avoidance even when no tax is immediately due.

AMENDMENT OF THE DEFINITION OF THE TERM 'RESIDENT'

- The definition is extended to include entities incorporated or registered in Mainland Tanzania.

DEEMED DETERMINATION OF OBJECTION ADDITIONAL SCENARIOS

- The Finance Act 2025 expan ds the rules in Section 52 of the Tax Administration Act on when an objection is automatically treated as resolved. If the Commissioner does not issue a decision within 6 months but sends a proposal letter during that period, the proposed position becomes the final decision instead of the original TRA assessment. Additionally, if a taxpayer fails to respond to the proposal letter within the required timeframe, that letter will also be treated as the final decision on the objection.

LIMITATION OF THE PERIOD OF RESTRAIN OF AN ASSET BY THE COMMISSIONER

- The Finance Act 2025 introduces a clear limit of three months for the Commissioner to hold assets seized under Section 64 of the Tax Administration Act due to unpaid taxes. Previously, there was no defined time frame for holding such assets.

AMMENDEMENT TO EXCISE DUTY CAP 147

THE ACT HAS MADE THE FOLLOWING AMMENDMENT ON EXCISE DUTY

NO	ITEM WHERE THE CHARGES DECREASED	Current Rates	Proposed Rate	Scheme
01	Licensing fees to manufacturers and importers of excisable goods	TShs. 300,000	NIL	Decrease
02	HS Code 2207.10.00 -Imported undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	TShs. 7,000	TShs. 5,000	Decrease
03	2207.10.00 Locally Produced ethyl alcohol	TShs. 5,000	TShs. 4,000	Decrease

	ITEM NEW CHARGES PROPOSED	Current Rates	Proposed Rate	Scheme
	Imported crisps under HS Codes 1905.90.90; 2005.20.00 and 2008.99.00	N/A	TShs. 100/Kg	New
	"Locally manufactured crisps under HS Codes 1905.90.90"	N/A	TShs. 50/kg	New
	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 20.06. 2005.20.00	N/A	"local- 50/kg Imported- 100/Kg"	New
	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included. Hscode 2008.99.00	N/A	"local- 50/kg Imported- 100/Kg"	New
	Imported ice cream and other edible ice, whether or not containing cocoa	N/A	10%	New
	Locally manufactured ice cream classified under HS Code 2105.00.00	N/A	5%	New
	Imported sausages and similar products classified under HS Code 1601.00.00	N/A	10%	New
	Locally manufactured sausages and similar products classified under HS Code 1601.00.00	N/A	5%	New
	Imported soap classified under HS Codes 3401.11.00; 3401.19.00; 3402.50.00 and 3402.90.00	N/A	10%	New
	Imported matches under heading 36.05	N/A	TShs. 400/Kg	New
	Imported and local supply of imitation jewellery and of base metal with heading 71.17.	N/A	10%	New
	Imported margarine with heading 15.17	N/A	TShs. 500/Kg	
	Imported used tableware, kitchenware and other related products, of plastic, Wood, iron and aluminium under HS Codes 3924.10.00; 3924.90.00; 7323.91.00; 7323.92.00; 7323.93.00; 7323.94.00; 7323.99.00; 7418.10.00; 7615.10.10; 7615.10.90; heading 44.19; and 82.15.	N/A	20%	New
	Imported and locally manufactured fireworks with HS Code 3604.10.00	N/A	25%	New
	Imported and locally manufactured parts of electronic cigarettes with HS Code 8543.90.00 and electronic cigarettes consumable liquids with HS Code 2404.12.00.	N/A	30%	New
	Carbon-based excise of carbon produced from coal and natural gas.	N/A	TShs. 22,000 (Approx. $8)/ Metric Ton	New
	Other service providers of money transfer and payment system who employs independent systems other than financial or telecommunication systems.	N/A	10%	New

	ITEM NEW CHARGES PROPOSED	Current Rates	Proposed Rate	Scheme
1	Pay per view	5%	7%	Increase
2	Imported furnitures under heading 94.03 & 94.01 Imported seats (other than those of heading 94.02) whether or not convertible into beds, and parts thereof	20%	25%	Increase
3	HS Code 2711.11.00- Natural gas	TShs. 0.45/ Cubic Feet	TShs. 0.55/ Cubic Feet	Increase
4	HS Code 2204.10.00 Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09 With the domestic grapes content exceeding 75%	"Tshs. 200.00 per litre"	"Tshs. 215.00 per litre"	Increase by Tsh. 15
5	HS Code 2204.10.00 Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09 - Other	Tshs. 5,600 per litre	Tshs. 5,615 per litre	Increase by Tsh. 15
6	2204.21.00 -Other wine; grapes must with fermentation prevented or arrested by the addition of alcohol: In containers holding 2 litres or less With the domestic grapes content exceeding 75%	"Tshs. 200.00 per litre"	"Tshs. 215.00 per litre"	Increase by Tsh. 15
7	2204.21.00 -Other wine; grapes must with fermentation prevented or arrested by the addition of alcohol: In containers holding 2 litres or less with other contents	Tshs. 5,600 per litre	Tshs. 5,615 per litre	Increase by Tsh. 15

8	"2204.22.00 & 2204.29.00-- In containers holding more than 2 litres but not more than 10 litres With the domestic grapes content exceeding 75%"	"Tshs. 200.00 per litre"	"Tshs. 215.00 per litre"	Increase by Tsh. 15
9	2204.22.00 & 2204.29.00 & 2204.30.0 0 Other	Tshs. 5,600 per litre	Tshs. 5,615 per litre	Increase by Tsh. 15
10	"2205.10.00.-Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances With the domestic grapes content exceeding 75%"	"Tshs. 200.00 per litre"	"Tshs. 215.00 per litre"	Increase by Tsh. 15
11	"2205.10.00.-Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances - Other "	Tshs. 5,600 per litre	Tshs. 5,615 per litre	Increase by Tsh. 15
12	2206.00.10 -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.	Tshs.2,959.74 per litre	"Tshs. 2,974.74 per litre"	Increase by Tsh. 15
13	2206.00.20 Opaque beer (for example Kibuku)-Beer made from 100% local unmalted cereals	"Tshs. 540.00 per litre"	"Tshs. 555.00 per litre"	Increase by Tsh. 15
14	2206.00.20- Imported	"Tshs. 963.90 per litre"	"Tshs. 978.90 per litre"	Increase by Tsh. 15
15	2206.00.90- Other beverages produced from locally grown fruits such as banana, tomato, rosella, etc other than grapes with domestic content exceeding 75%	"Tshs 73.20 per litre"	"Tshs 88.20 per litre"	Increase by Tsh. 15
16	Spirits, liquors and other spirituous beverages under heading 22.08	TShs 3,315, TShs 450,	TShs 3,365, TShs 500,	Increase by Tsh. 15
17	2208.20.00- Locally produced spirits obtained by distilling grape wine or grape marc from local produced grapes.	"Tshs. 540.00 per litre"	"Tshs. 565.00 per litre"	Increase by Tsh. 15
18	2208.60.00 Vodka Locally manufactured ready to drink of not more than 7% Alcohol By Volume (ABV)	"Tshs. 2,466.45 Per litre"	"Tshs. 2,491.45 Per litre"	Increase by Tsh. 25
19	"Imported products under this heading 2208.20.00 2208.30.00, 2208.40.00,2208.50.00,2208.60.00,2208.70.00, 2208.80.00, Spirits obtained by distilling grape wine or grape marc,Whiskies,Rum and other spirits obtained by distilling fermented sugar - cane products,Gin and Geneva,Vodka,Liqueurs and cordials,Distilled Spirits (e.g. Konyagi, Uganda Waragi),"	"Tshs. 4,386.06 per litre"	"Tshs. 4,411.06 per litre"	Increase by Tsh. 25
20	Locally produced containing not more than 300 parts per million of Caffeine HS Code 2202.99.00	"N/A"	TShs. 134.2	Increase by Tsh. 10
21	"Locally produced Beer made from malt Stout and porter - Made from 100 % Locally Grown Barley HS code: 2203.00.10 and 2203.00.90"	Tsh.620/litre	Tsh.630/litre	Increase by Tsh. 10
22	Locally produced Beer made from malt Stout and porter - Made from wholly or partially Imported Barley HS code: 2203.00.10 and 2203.00.90	Tsh.918/litre	Tsh.928/litre	Increase by Tsh. 10
23	Imported malt Stout and porter - Made from wholly or partially Imported Barley HS code: 2203.00.10 and 2203.00.90	Tsh.963/litre	Tsh.673/litre	Increase by Tsh. 10

OTHER AMMENDEMENTS

INSURANCE ACT

Insurance Act - Mandatory Travel insurance for foreigners

A travel insurance fee of $44 is proposed as a mandatory requirement for all foreign nationals entering Mainland Tanzania. Valid for a duration of 92 days, the insurance will provide comprehensive coverage, including health emergencies, medical repatriation, baggage related issues, and accidents during the visitor's stay. Citizens of East African Community (EAC) and Southern African Development Community (SADC) member states are exempt from this requirement,

City service levy

Reduction of City Service Levy (CSL) from 0.3% to 0.25%.

Hotel Levy

Reducing the Hotel levy from 10% to 2% per night, which is payable by a guest.

Loading and offloading fees charged by LGA

Including Local Government fees for loading and offloading related to transportation of goods as part of the charges and levies.

Prohibition of business activities undertaken by non-citizens

A new Section 14 A has been added to the Business Licensing framework, restricting the issuance of licences to non-citizens unless the business activity is explicitly permitted. Licensing authorities may only issue or renew licences for non-citizens if the activity is allowed under the law, as detailed in the Business Licensing (Prohibition of Business Activities for Non-Citizens) Order, 2025, which came into effect through Government Notice No. 487A

Mining sector

- Introduction of 0.1% levy on gross market value of minerals
- Extension of the requirement to set aside 20% gold produce for local beneficiation to all mineral right holders and dealers

Gaming Act

Increase of winning tax rates for sports betting and land based casino games to 12% and 13% respectively Tax withheld from gaming winnings must be reported and paid to the Commissioner electronically by the 7th day of the month following the payment month.

Industrial Development Levy Extended

More imported goods now taxed under IDL, with rates ranging from 5% to 15% on items like pasta, starch, furniture, and optical fibre papers

	DESCRIPTIONS	IDL RATES
1	Starch, 11.08	5%
2	Liquid glucose, 17.02	5%
3	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared such as spaghetti, 3 macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni, couscous, whether or not prepared, 19.02	15%
4	Imported laundry or bar soap-3401.11.99& 3401.19.00	15%
5	Unbleached paper- 4804.11.00, 4804.21.00, 4804.31.00, 4804.41.00, 4804.51.00	10%
6	Wire rod, 7213.91.10, 7213.91.90	10%
7	Beer-2203.00.10, 2203.00.90	5%
8	Wine-under HS Code 2204.10.00, 2204.21.00, 2204.22.00, 2204.29.00, 2204.30.00, 2205.10.00, 2205.90.00	10%
9	Energy drink-2202.99.00	5%
10	Non-alcoholic beer-2202.91.00	5%
11	Other organic surface-active agents, whether or not put up for retail sale-3402.50.00 & 3402.90.00	10%
12	Portland Cement-2523.29.00	10%
13	Nails, tacks, drawing pins, corrugated nails, staples 7371.00.00	5%
14	Road tractor for semi-trailers, 8701.21.90, 8701.22.90, 8701.23.90, 8701.24.90, 8701.29.90	10%
15	Furniture 9401.10.00 and 9401.20.00	10%
16	Ceramic tiles- 69.07	5%

17	Bars and rods-7213.10.00, 7213.99.00, 72.14	10%
18	Flat rolled products, 72.09, 7210.30.00, 7210.41.00,7210.70.00, 7210.49.00, 7210.61.00, 7210.69.00, 7210.90.00, 7211.23.00, 7211.90.00, 7212.20.00, 7212.30.00, 7212.40.00, 7212.50.00, 7212.60.00, 7225.50.00, 7225.91.00, 7225.92.00, 7225.99.00, 7226.92.00,7226.99.00	5%
19	Prefabricated building- 9406.10.90, 9406.90.90	10%
20	Kitchenware and tableware, other household articles, of plastics HS code-39.24	10%
21	Cast glass and rolled glass in sheets or profile-70.03	5%
22	Drawn glass and blown glass in sheets or profile, 70.04	5%
23	Float plans- 70.05	5%
24	Glass of Heading 70.03, 70.04 and 70.05 bent, edge worked, engraved or otherwise worked-70.06	5%

TRADE AND SERVICE MARKS LAW

The Government is to assign the Fair Competition Commission (FCC) to undertake the role of recordation of trademarks. To support this role in combating counterfeit products that are produced and imported into the country, the Merchandise Marks (Recordation) Regulations, 2025, will be implemented.

The forestry sectors

The Act has introduced a single instalment income tax of 2% on sale of forest products

A resident individual, called an instalment payer, is required to pay tax on forest produce before it is transported. This applies to individuals, not corporations, who collect forest resources for sale. The tax is based on the gross payment received from the sale.

Gross payment refers to the highest of three values:

- The farm gate price (the price at the point of origin),
- The purchase price agreed between buyer and seller, or
- The value determined by the Tanzania Forest Service Agency. The highest of these three figures is used to calculate the tax payable, ensuring transparency and fair valuation before produce is moved or sold

The forest produce “forest produce” means timber, logs, miranda and poles;

Removal of input tax credit resulting from unpaid VAT on imports into Mainland Tanzania

The Bill has proposed to remove the provisions that allow a person to claim input VAT that has not been paid on the importation of goods into Mainland Tanzania.

ADDDITONAL AMENDEMENT TO THE TAX ADMINISTRATION

Recognition of tax residency status of a person

The Finance Act has empowered the Commissioner General to recognize the tax residency status of a person and issue a certificate of residency.

Limitation of the period of restrain of an asset by the Commissioner

The 2025 Finance Act has introduced a limitation of three months (currently no specific timeline) for the Commissioner to keep an asset that was restrained due to failure to pay taxes as provided under section 64 of the Tax Administration Act.

Recognition and registration of small-scale traders, prescribed criteria

The Finance Act updates the approach to registering small vendors and service providers by introducing formal criteria for recognizing small-scale traders operating in the informal sector. To be recognized, a trader must be registered with the relevant authority and meet two conditions: an annual turnover below the minimum taxable income (currently TZS 3,240,000), and possession of a Tax Identification Number (TIN).

The Commissioner General is responsible for recognizing such traders. However, the Commissioner still has the power to assess and charge tax if there is reasonable belief that the trader’s actual turnover exceeds the minimum taxable income. This strikes a balance between encouraging formal registration and ensuring tax compliance within the informal economy

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