

Tanzania Budget 2026/27

Key Tax, Regulatory & Administrative Highlights

A comprehensive analysis of the Government Revenue and Expenditure Estimates for 2026/27 presented by Hon. Ambassador Khamis Mussa Omar (MP), Minister for Finance, on 11 June 2026.

"Building a Resilient Economy through Digital Transformation, Strategic Investment, and Sustainable Fiscal Policies for Inclusive Economic Growth"

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Tanzania Budget Highlights 2026/27

This presentation has been prepared by Burhani Associates & Co. to provide our clients with a structured and accessible summary of the key fiscal, tax and policy changes introduced in Tanzania's 2026/27 National Budget.

Total Budget Frame:
TZS 62.33 Trillion

Additional Revenue from New Tax Measures:
TZS 1.72 Trillion

Budget Theme:
"Building a Resilient Economy through Digital Transformation,
Strategic Investment & Sustainable Fiscal Policies"

Economic Overview

Macroeconomic Snapshot | 2025 Performance

GDP

TZS 234.1T
USD 91.8B

Nominal GDP 2025

GDP Growth

5.9%

Real GDP Growth 2025

Inflation

3.4%

Average Headline
(Jul 2025 – Apr 2026)

Credit Growth

20.2%

Private Sector Credit

FX Reserves

USD 5.7B

As of April 2026
4.4 months import cover

Shilling

+2.7%

Appreciation vs USD
(Year ending Apr 2026)

Economic Overview

Budget Implementation | 2025/26 Review

REVENUE PERFORMANCE (Jul 2025 – Apr 2026)

Total Revenue Collected (incl. grants)	TZS 34.75 Trillion	101.8% of target
Tax Revenue	TZS 28.10 Trillion	105.1% of target
Non-Tax Revenue	TZS 5.92 Trillion	89.5% of target
Grants from Dev. Partners	TZS 740.5 Billion	96.1% of target

EXPENDITURE (Jul 2025 – Apr 2026)

Total Expenditure (excl. principal)	TZS 40.92T	98.8% of target
Salaries & Entitlements	TZS 7.02T	
Interest Payments	TZS 5.09T	
Goods & Services	TZS 7.02T	

GOVERNMENT DEBT & MACROECONOMIC TARGETS

- Total Government Debt: TZS 114.34 Trillion (as of March 2026)
- Domestic Debt: TZS 38.45T (33.6%) | External Debt: TZS 75.89T (66.4%)
- Debt-to-GDP: 39.6% (threshold: 55%) — SUSTAINABLE
- External Debt-to-GDP: 24.4% (threshold: 40%)
- External Debt-to-Exports: 123.1% (threshold: 180%)
- Rated creditworthy by Moody's and Fitch (2026)
- Tanzania won Commonwealth Government Debt Management Award

2026/27 MACROECONOMIC TARGETS

- Real GDP Growth: 6.3% | Inflation: 3.0 – 5.0%
- Domestic Revenue: 17.1% of GDP | Tax Revenue: 13.7% of GDP
- Budget Deficit: $\leq 3.0\%$ of GDP | FX Reserves: ≥ 4 months import cover

Budget Frame 2026/27

Total Budget: TZS 62.33 Trillion | 10.3% increase from 2025/26

TOTAL REVENUE

TZS 46.79T

TAX REVENUE

TZS 37.02T

OTHER REVENUE

TZS 9.21T

GRANTS (Dev. Partners)

TZS 563.1B

EXPENDITURE BREAKDOWN (TZS Billions)

Compensation of Employees (incl. pension)	10,127.3
Use of Goods and Services	5,215.4
Interest Payments	6,859.5
Subsidies	2,792.0
Grants & Transfers (incl. LGA)	22,528.2
Social Benefits	1,007.7
Investment (Non-Financial Assets)	2,328.7

DEFICIT FINANCING

Budget Deficit	TZS 7.71 Trillion (2.9% of GDP)
Total Financing	TZS 15.54 Trillion
Domestic Borrowing	TZS 6.56 Trillion
External Concessional Loans	TZS 6.55 Trillion
External Commercial Loans	TZS 2.43 Trillion
Loan Amortization (est.)	TZS 7.84 Trillion
Domestic Revenue Financed	74.2% of total budget

Income Tax | Key Changes 2026/27

Income Tax Act, CAP 332 | Estimated Net Revenue Impact: +TZS 174.48 Billion

12-Month Income Tax Holiday (New Businesses / Presumptive Regime)

New taxpayers under the presumptive regime are exempt from income tax for 12 months from date of TIN issuance. Replaces the previous 6-month provisional assessment rule. Supports startup formalization and reduces early-stage compliance burdens.

Presumptive Tax Threshold Raised: TZS 100M → TZS 200M

Upper threshold for the presumptive tax regime doubled to align with the VAT registration threshold of TZS 200 million. Taxpayers below the threshold may optionally adopt self-assessment with audited accounts.

Presumptive Tax Rate Increased: 3.5% → 4.5%

Applies to taxpayers with annual turnover between TZS 11 million and TZS 200 million. Reflects horizontal and vertical equity principles.

Digital Services Withholding Tax 2% → 3% (Foreign Providers)

The withholding tax on payments to foreign digital service providers is increased from 2% to 3%..

Deemed Retained Earnings Fraction 30% → 15%

Section 33A amendment reduces the portion of taxable profit deemed distributed to shareholders. Excludes small financial institutions, insurance companies, DSE-listed companies, and entities with Framework Agreements.

Forest Produce — Expanded Definition

Natural varnish, latex, resin, sap, and gum now taxable at 2% Single Instalment Tax on gross produce value. Aligns with existing timber/logging frameworks

Sports Institutions Royalty WHT 5% → 10%

Withholding tax on royalties for Sports Institutions / Tanzania Football Federation aligned to the rate for the film industry

Expanded Withholding on Government Purchases

All Ministries, Independent Departments, Agencies, and Local Government Administration must now withhold income tax on purchases of goods — previously only applicable to subvention-financed corporations.

Income Tax | Agricultural & Livestock Provisions

Income Tax Act, CAP 332 | New Withholding Measures to Widen Tax Base

1% WHT on Food Crop Purchases

- ▶ Applies when a corporation purchases food crops at point of sale or transportation.
- ▶ Rate: 1% of prevailing market value in the relevant LGA.
- ▶ Buyer/purchaser is the withholding agent; remits to TRA.
- ▶ An Advance Single Instalment Tax Certificate (ASITC) is issued as proof.
- ▶ Credit against the purchaser's annual income tax return.
- ▶ Revenue impact: +TZS 99.87 Billion.

1% WHT on Livestock & Fisheries Purchases

- ▶ Applies to companies purchasing: live animals, unprocessed milk, unprocessed fish, and fish maws.
- ▶ Purchasing company is the withholding agent; remits to TRA Commissioner General.
- ▶ Designed to widen the tax base and formalize the agricultural informal sector.
- ▶ Aligns with horizontal equity principles.
- ▶ Revenue impact: +TZS 49.49 Billion.

Framework Agreements – Income Tax Recognition

- ▶ Income Tax Act amended to recognize tax exemptions in Framework Agreements between the Government and mining investors approved by Cabinet.
- ▶ Enables execution of joint venture mining projects.
- ▶ Government to issue standard operating procedures for exemption grants.
- ▶ Fulfils state contractual obligations and optimizes project timelines.

Value Added Tax | Key Changes 2026/27

VAT Act, CAP 148 | Net Revenue Impact: –TZS 26.6 Million

New Exemptions

- EV Charging Stations (HS 8504.40.00) — –TZS 5.97B
- Airline Boarding Passes (IATA obligation)
- Turbojets/gas turbines (HS 84.11) & aircraft tyres — –TZS 14.84B
- LPG Smart Meters (HS 9028.10.00) — –TZS 16.8M (LPG distributors only)
- Dairy Packaging Materials (HS 3920.20.90) — –TZS 17.8M
- Locally-produced edible oil (using local seeds) — continued 1 year
- Cotton garments using locally grown cotton — saves TZS 6.3B in refunds
- Polyester fibres (HS 5402.20.00) for fishing nets manufacture

Exemptions Removed / Structural Changes

- Imported fishing nets (HS 5608.11.00) — VAT exemption abolished
- Dog & cat food (HS 23.09) — exemption abolished → +TZS 6.73B revenue
- VAT deferral sunset clause REMOVED — capital goods VAT deferral made permanent
- VAT refund timeline: must be paid within 30 days of application- taxpayers shall be legally entitled to interest if the refund is delayed. This measure aims to incentivize voluntary tax compliance and enhance the accountability of the Tanzania Revenue Authority entitled to interest on delayed refunds
- Mining Framework Agreement exemptions recognized in VAT Act

Excise Duty | Key Changes 2026/27

Excise Duty Act, CAP 147 | Total Revenue Impact: +TZS 355.09 Billion

⚠️ KEY POLICY SHIFT: Excise duty rates will now increase by 8% in 2026/27 (instead of lump-sum every 3 years). Subsequent years: inflation rate + 2%. Petroleum products EXCLUDED due to global price pressures. Revenue impact: +TZS 251.54B.

Gambling & Betting

New: 5% on value of bets — land & online sports betting, casinos, slot machines, virtual games.

10% of collected revenue to Gaming Board of Tanzania.

+TZS 74.5B

Used Vehicle Imports

Up to 8 years: 15% → 20% | 8–10 years: same tier
Over 10 to 20 years: 30% → 40% | Over 20 years: 50%

+TZS 106.7B

Motorcycles (petrol)

New: 5% excise duty on motorcycles (excl. gas/electric bikes and ambulance motorcycles).

+TZS 30.4B

Imported Plastic Clogs

New: 10% on plastic/rubber clogs (HS 6402.99.00) — protects local footwear manufacturers.

+TZS 10.58B

Small Engine Vehicles

New: 5% on vehicles (HS 8703.21.90) with engine capacity 1,000cc. And below

+TZS 5.71B

Beauty Products

HS 33.03; 33.04; 33.05; 33.07: Rate increased from 10% → 15%.

+TZS 1.91B

Artificial Flowers/Foliage

New: 20% on imported artificial flowers, foliage, fruits (HS 67.02).

+TZS 852.8M

Online Excisable Services (Non-Resident B2C)

Excise duty extended to non-resident digital service providers supplying B2C without physical presence.

+TZS 1.63B

-ultraviolet/light-emitting diodes - UV/LED Nail Curing Machines

New: 10% on UV/LED gel nail curing machines (HS 8516.79.00) — health & tax base reasons.

+TZS 566.5M

Industrial Development Levy | Key Changes 2026/27

Imports Control Act, CAP 276 | Estimated Revenue: +TZS 37.04 Billion

NEW IDL IMPOSITIONS

Exercise Books & Notebooks

5%

+TZS 978.5M

HS 4820.10.00; 4820.20.00

Imported Trailers

5%

+TZS 16.66B

HS 8716.31.90; 8716.39.90; 8716.40.90

Imported Fishing Nets

10%

—

HS 5608.11.00

Doors, Windows & Frames (Aluminium)

5%

+TZS 280.3M & +TZS 1.14B

HS 7610.10.00

Steel Structure Products

10%

+TZS 16.86B

HS 7308.90.99

EAC Exemption: Products manufactured within EAC Partner States are exempt from IDL, provided Rules of Origin requirements are satisfied. Reciprocal tariff provisions apply if any EAC member state imposes discriminatory trade barriers on Tanzanian goods.

EXPORT TAX | CAP 196 | +TZS 24.44 Billion

Waste Paper

HS: HS 4707.00.00 | Rate: 30% of FOB value or TZS 200/kg, whichever higher

Encourages paper box manufacturing domestically

+TZS 415M

Quartz Minerals & Feldspar

HS: HS 25.06; 2529.10.00 | Rate: 10% or TZS 200/kg, whichever higher

Ensures supply for marble and glass manufacturers

+TZS 6.08B

Animal Feed Ingredients (wheat/cotton/rice/maize/sunflower bran)

HS: HS 2302 & 2306 series | Rate: TZS 50/kg flat rate

Ensures local supply of animal feed raw materials

+TZS 17.95B

Other Indirect Taxes & Legislative Changes

Stamp Duty | Tax Administration | Customs Processing Fee | UHC Measures

STAMP DUTY ACT, CAP 189 | +TZS 11.08 Billion

- Cheque stamp duty: TZS 100 → TZS 500
- Bills of Sale (collateral): TZS 1,000 → TZS 10,000 (max cap TZS 100,000)
- Partnership deeds: TZS 5,000 (≤TZS 1M capital) / TZS 10,000 (>TZS 1M)
- Surrender of Lease Documents: TZS 1,000 → TZS 2,000
- Bills of exchange of property: TZS 5,000 stamp duty imposed
- Agricultural land transfers: 0.5% ad valorem (previously flat TZS 500)
- Lease definition expanded to cover exchange of moveable property documents

OTHER KEY LEGISLATIVE CHANGES

TRA Act (CAP 399) – Customs Processing Fee

Increased from 0.6% to 1.0%. Revenue to modernize electronic collection systems. Revenue impact: +TZS 203.23 Billion.

Tax Administration Act (CAP 438)

Commissioner General authorized to sell perishable distrained/seized goods by auction or private treaty — protects Government revenue and also preventing the loss of amount for such goods

Tax Revenue Appeals Act (CAP 408)

Out-of-court amicable settlement timeline extended from 60 days to 90 days from TRAB/TRAT order for alternative dispute resolution.

UHC Revenue: Cigarette Excise & Sugar Levy

Cigarettes: +TZS 20 per mil. Sugar: +TZS 10/kg on imported and locally produced sugar. Revenue to Universal Health Fund. +TZS 7.5B.

Bank of Tanzania Act (CAP 197)

Government overdraft limit reduced from 18% to 14% of prior-year actual revenue — strengthens fiscal discipline.

Investment & SEZ Act 2025

Road tractors for semi-trailers (HS 8701.21.90–8701.24.90) added to negative list (not eligible for tax exemption). +TZS 57.16B.

Proposed Amendment of the Companies- Fees Payable to BRELA | Key Changes 2026/27

Proposed fees payables

Services	Old rates TZS	Proposed rates- TZS
1. More than 50M but not more than 100M	440,000.00	4,000,000.00
2. More than 100M but not more than 500M	440,000.00	450,000.00
3. More than 500M but not more than 1B	440,000.00	500,000.00
4. More than 1B but not more than 10B	440,000.00	600,000.00
5. More than 10B	440,000.00	1,000,000.00
6. For the registration of companies not having share capital	300,000.00	500,000.00
7. For obtaining a copy of Certificate of Incorporation or Certificate of Compliance	4,000.00	10,000.00
8. Search/perusal of company file	3,000.00	5,000.00
9. Search report/customized company search report	22,000.00	30,000.00
10. Copy of Certificate of Incorporation	4,000.00	10,000.00

EAC Common External Tariff | 2026/27 Changes

EAC Customs Management Act, 2004 | All measures effective 1 July 2026 | +TZS 408.97 Billion

PRODUCT / CATEGORY	CET RATE	NEW RATE	OBJECTIVE
Monumental / Building Stone (HS 68.02)	25%	35% or US\$2/SQM	Promote use of local stones
Aluminium Bars, Rods, Profiles (HS 76.04)	25%	25% or US\$550/MT	Protect local industry; address under-invoicing
Washing Powder (HS 3402.49/50/90)	25%	35% or US\$350/MT	Protect local industry; attract investment
Welding Electrodes (HS 8311.10.00)	25%	35% or US\$250/MT	Protect domestic industry
Crude Palm Oil – CPO (HS 1511.10.00)	0%	10%	Promote local vegetable oil processing; address misdeclaration
Calcium Carbonate (HS 2836.50.00)	0%	10%	Protect local industry; attract investment
Cotton Grey Fabric (HS 5208–5212 series)	25%	35% or US\$0.30/m	Protect local textile industry
Plastic Doors, Windows & Frames (HS 3925.20.00)	25%	35%	Protect local industry; attract investment
Electric Motor Vehicles (HS 8702/8703/8704)	25%	10%	Promote use of electric energy in transport
Ceramic Tiles (HS 6907 series)	35%	35% or US\$3/SQM	Protect regional industry; address undervaluation
Lubricants (HS 2710.19.51)	25%	25% or US\$0.46/litre	From Nov 2025; effective 1 July 2026
Yeast (HS 2102.10.00)	25%	25% or US\$660/MT	From Nov 2025; effective 1 July 2026
Photocopying Paper (HS 4802.56.00)	25%	25% or US\$200/MT	Address underdeclaration

Regulatory Reforms

Business Environment Blueprint | Fee Reductions | Structural Improvements

Blueprint for Regulatory Reforms (1st Blueprint – Completed)

The Government reviewed 55 laws resulting in the reduction or abolition of 374 fees and levies. Foreign Direct Investment increased from USD 14.1B (2018) to USD 21.7B (2024). The 2nd Blueprint is currently in finalization stage.

Online Content Service Fees Reduced

- Application fee: TZS 50,000 → TZS 10,000 (licence); TZS 100,000 → TZS 20,000 (aggregator)
- Annual/renewal fee: TZS 500,000 → TZS 50,000 (licence); TZS 1,000,000 → TZS 100,000 (aggregator)

Private Museum Registration Fees (New Framework)

New fee structure introduced by Ministry of Natural Resources & Tourism:

- Tanzanian citizens: TZS 50,000 registration, TZS 20,000/year
- Tanzanian institutions: TZS 100,000 registration, TZS 100,000/year
- Foreign citizens: TZS 500,000 registration, TZS 300,000/year (institutions)

Single Window Payment System (In Development)

Government developing unified system for collection of fees, charges & penalties from all regulatory institutions. Also establishing coordinated inspection protocols to reduce business inconvenience without compromising regulatory mandates.

Land Act (CAP 113) – Land Rent Revenue Distribution

20% of land rent revenue will be distributed:

- 10% to Ministry responsible for Land Affairs
- 10% to Local Government Authorities

Objective: Strengthen cooperation and efficiency in land surveying and rent collection.

Roads, Rural Energy, Water & Railway Fund Revenue Distribution

Amended: 70% to respective fund accounts, 25% to Consolidated Fund, 5% to special account for EPZ/SEZ infrastructure development and compensation. Strengthens fund liquidity and Government debt repayment capacity.

Digital Economy & Cashless Economy Reforms

From 1 July 2026 | TIPS System Upgraded | 2025: 651M transactions / TZS 54.95T value

MANDATORY DIGITAL PAYMENTS (from 1 July 2026)

- Transport: BRT, ferries, bridges, long-distance buses, online taxis, parking, air & rail
- Retail: Shopping malls, gyms, cinemas, fuel stations, vehicle sales, conference venues
- Education: All fees from pre-primary through university level
- Hospitality: Hotels, restaurants, cafes, and all tourism-related services
- Real Estate: All property transactions
- Agriculture: Cooperative unions, AMCOS for cotton, cashew, coffee, tea, sisal, tobacco

KEY DIGITAL ECONOMY MEASURES

Mandatory Digital Payment for Asset Transfers

From 1 July 2026, proof of digital payment required for approvals of land, building and vehicle transfers. Applies to MoL, TRA, BRELA and all relevant authorities.

Phasing Out Scratch Airtime Vouchers

TCRA to phase out mobile recharge scratch vouchers in urban areas. Pilot lessons will guide national roll-out.

Business Licence Digital Requirements

Lipa Namba and TANQR digital payment devices are now criteria for issuance and renewal of business licences.

Bank Account Mandatory for Commercial Licences

Operators in mining, livestock, agriculture, timber, and fisheries sectors must have and use a bank account for all business transactions.

Jamii Namba (Social Security Number)

NIDA to implement Jamii Namba as per Tanzania Digital Economy Strategic Framework 2024–2034 to enhance transparency and transaction records.

EFDMS Patriotism Award – Tuzo ya Uzalendo

Launching July 2026: Lottery-based prizes awarded for issuing and requesting EFD receipts to boost voluntary compliance.

Administrative Reforms | 2026/27

Revenue Strategies | Financial Inclusion | Public Expenditure Management

Revenue Mobilisation Strategies

- ▶ MTRS 2025/26–2027/28: Attract investment, widen tax base, increase employment
- ▶ EFD Management: Strengthen education and use of Electronic Fiscal Devices
- ▶ ICT & AI: Develop AI and Big Data systems for domestic revenue collection
- ▶ SOE Management: Ensure timely remittance of dividends to Consolidated Fund
- ▶ Barcode Registration: All domestic & imported goods to be registered with barcodes
- ▶ 284 Presidential Commission recommendations — implementation commenced

Financial Inclusion

- ▶ Non-Interest Banking (Shari'ah): Regulations issued for Islamic banking products
- ▶ Consumer Protection: Dormant account threshold extended to 12 months
- ▶ Dormant accounts: Monthly maintenance fees prohibited
- ▶ Interest rate increases prohibited without prior customer consent
- ▶ Credit Guarantee Corporation: New independent entity to support export-oriented entrepreneurs
- ▶ DIFC: Dar es Salaam International Financial Centre to attract foreign capital flows

Public Expenditure Management

- ▶ CAG Unqualified Opinions: 98.8% of Central Gov institutions; 99.1% of LGAs
- ▶ Treasury Circular No. 1: Strict implementation of Government budget guidelines
- ▶ Green Fleet Policy: Govt agencies to include electric/gas vehicles in budgets
- ▶ National Planning Commission Act: Major projects must pass technical, financial, environmental & climate criteria before budget inclusion
- ▶ Mineral Research Fund: 10% of gross mineral revenue retained for sector R&D
- ▶ Road Traffic Act: Zanzibar-registered vehicles permitted on Mainland (taxes paid)

Presidential Commission on Tax Reforms

Administrative Recommendations | Part 1 | 284 Recommendations Total

1 ICT, AI & Blockchain in Tax Administration

TRA to strengthen use of ICT systems, Artificial Intelligence, Big Data and blockchain to:

- Reduce administrative costs and increase efficiency
- Ensure data security and transparency
- Improve taxpayer services through modern technologies
- Reduce need for face-to-face interactions with TRA staff

3 LGA Levy Guidelines & Rate Caps

PMO-RALG to issue guidelines on charging of Local Government Authority levies:

- Guidelines to be used by respective Authorities for by-law preparation
- Essential conditions including maximum cap on levy rates to be established
- Reduces arbitrary levy impositions; standardizes LGA revenue charges

5 TAUSI Building Registration & Tax Module

PMO-RALG and TRA to develop specific TAUSI module for building-based tax/levy collection:

- Capture plot registration, building details, owner data (NIDA, TIN, phone, email)
- Interface with IDRAS and Ministry of Lands systems
- Review land ownership formalization procedures, rates, and fees

2 Joint Regulatory Inspections Mechanism

President's Office (Planning & Investment) in collaboration with Ministry of Industry & Trade to:

- Establish mechanism for regulatory institutions to conduct joint inspections
- Cover investment, business areas, and all regulated activities
- Minimize inconvenience to traders and investors
- Without prejudicing core mandates of respective institutions

4 TAUSI-IDRAS Integration & Tax Clearance

PMO-RALG in collaboration with TRA to complete integration of TAUSI and IDRAS systems:

- Enable direct data exchange — business licences & Tax Clearance Certificates
- Tax Clearance Certificates automatically retrieved from TRA system
- Requirement for traders to manually upload certificates removed

6 Expanded TRA Service Network

Increase number of TRA district offices and Tax Service Centres:

- Mobile tax centres in high-economic-activity areas
- Objective: Bring tax services closer to taxpayers and improve compliance

Presidential Commission on Tax Reforms

Administrative Recommendations | Part 2

7 Street/Village Traders Registration Module

PMO-RALG to add special module to TAUSI for street and village executives to:

- Register all traders within their areas — including those without business licences
- Enables comprehensive mapping of informal economic activity
- Feeds data into formal tax system for gradual integration

9 NIDA Fee for Database Queries

Amendment to Registration and Identification of Persons Regulations, 2014:

- Fee of TZS 500 for citizens requesting information from NIDA database
- Fee of TZS 1,000 for printed extract (print-out)
- Revenue: +TZS 734.4 Million. Finances service sustainability.

11 Tax Appeals — Dispute Resolution

Tax Revenue Appeals Act (CAP 408) amended:

- Out-of-court settlement window: 60 days → 90 days from TRAB/TRAT order
- Ensures adequate time for amicable resolution between TRA & taxpayers
- Reduces litigation costs and backlog in tax courts

8 Free Mobile Receipt App for Traders

TRA to develop mobile/tablet/computer application — available free of charge — to:

- Allow traders to issue receipts identical to EFD machine receipts
- Reduces barriers for small traders to comply with EFD requirements
- Supports formalisation of street vendors and micro-enterprises

10 Motorcycle Registration Fee

Road Traffic Regulations, 2024 amended to increase registration fee:

- Two-wheeled motorcycles: TZS 95,000 → TZS 150,000
- Bodaboda operators remain outside presumptive tax system
- Revenue impact: +TZS 17.75 Billion

12 Petroleum Verification Fee

Weights & Measures Agency Regulations amended:

- Petroleum verification fee: TZS 0.15/litre → TZS 1.00/litre
- Revenue to finance procurement of modern regulatory equipment
- Expenditure subject to Paymaster General approval
- Revenue: +TZS 21.96 Billion

Formalisation of the Informal Sector

Tax Incentives | LGA Loans | Youth & Women Support | Single Identification

Income Tax Holiday (New Businesses)

12-month income tax exemption for new businesses under the presumptive tax regime from date of TIN issuance. Replaces provisional assessment requirement. Reduces early-stage compliance burden, mitigates operational disruption, and aligns future assessments with verified turnover.

LGA Revenue Allocation 10% → 15% for Loans

Local Government Finance Act (CAP 290) amended to increase LGA revenue allocation from 10% to 15%:

- 10% (preserved): Loans for women, youth & persons with disabilities
 - 5% (new): Construction & improvement of markets and business clusters
- Encourages employment for youth, women and special groups.

Business Clusters & Infrastructure for SMEs

LGAs to continue allocating and developing business clusters/centres for small and medium entrepreneurs. Must be connected to essential infrastructure: ICT, water, electricity, and roads.

Credit, Training & Legal Services for SMEs

Government to provide credit, vocational training, and legal services to small and medium entrepreneurs as incentives for formalization of economic activities.

TRA Business Facilitation Desks

TRA's Business Facilitation Desks to continue providing tax and business management education to assist small traders in understanding and complying with tax obligations.

Machinga Single ID Card

Government to continue registering and issuing a single identification card to small-scale traders (Machinga) integrated with NIDA system — reduces multiple identity cards and facilitates formal economic tracking.

Sector-Specific Changes | Edible Oil & Cotton/Textiles

Developing Manufacturing Sectors in the Edible Oil and Cotton, Textiles & Apparel Value Chains

EDIBLE OIL SECTOR

Uniform Import Duty on All Crude Oils

10% on ALL types of crude edible oils including crude palm oil (CPO) and semi-refined palm oil. Previous: CPO at 0%, semi-refined at 10%. Change addresses misdeclaration/misclassification. Aligns with Kenya and Uganda EAC policy stance.

Continued: VAT Exemption on Local Edible Oil

VAT exemption maintained on edible oil produced using locally grown seeds (1-year extension).

Continued: 35% Duty on Refined Edible Oil

Rate of 35% or USD 300/MT whichever higher maintained. Government to issue special import permits through Ministry of Agriculture after verifying investments in sunflower, cotton & palm seeds.

5-Year Subsidy for Seeds

Government to provide subsidies for sunflower and cotton seeds + 2 million seedlings annually to boost local oilseed production with aim to eliminate future imports.

COTTON, CLOTHING & FABRIC VALUE CHAIN

Import Duty on Fabric: 25% → 35% (or USD 0.30/m)

Protection of local fabric manufacturers. New rate: 35% or USD 0.30 per metre on fabric, whichever higher. (Previously 25% or USD 0.25/m.)

VAT Exemption on Cotton Garments

Garments and clothing produced using locally grown cotton receive VAT exemption (changed from zero-rate VAT to VAT exemption). Encourages use of domestically produced cotton.

Continued: VAT Exemption on Textile Machinery

VAT exemption maintained on imported machines used in garment manufacturing industries.

EAC: Cotton Grey Fabric Rate

Stay application: 35% or US\$0.30/metre on cotton grey fabric — protects local manufacturers, addresses under-invoicing, encourages local production.

Value Chain Background

Textile & apparel sector spans: ginning → spinning → weaving/knitting → dyeing/printing → garment manufacturing. Government has multiple active incentives across the chain.

Sector-Specific Changes | Clean Energy, Mining & Aviation

Electric Vehicles | CNG | Mining Framework Agreements | Aviation Incentives

Clean Energy & Electric Vehicles

- ▶ New: VAT exemption on EV charging station equipment (HS 8504.40.00) — -TZS 5.97B
- ▶ New: VAT exemption on LPG smart meters (HS 9028.10.00) for LPG distributors
- ▶ New: EAC reduced rate (10%) on electric motor vehicles (HS 8702/8703/8704 series)
- ▶ Continued: Excise duty exemption based on engine capacity for EV/gas vehicles
- ▶ Continued: VAT exemption on CNG throughout production chain + distribution equipment
- ▶ Continued: VAT exemption on vehicle fuel conversion equipment (petrol/diesel to gas/electric)
- ▶ Continued: Import duty relief on lithium-ion batteries for vehicle assembly
- ▶ Excise duty: Motorcycles exempted if electric, gas-powered, or ambulance type

Mining Sector

- ▶ Framework Agreement Exemptions: VAT, Income Tax, Excise Duty & Roads Fuels Tolls Act all amended to recognize exemptions in Cabinet-approved Framework Agreements with mining investors
- ▶ Mineral Research Fund: 10% of gross mineral revenue collections retained by Ministry of Minerals — deposited at BoT, expenditure subject to Paymaster General approval
- ▶ Joint Venture Mining Projects: Standard operating procedures to guide exemption grants to accelerate project execution
- ▶ EAC Manufacturing Regulations 2025: Defer to 1 July 2027 — gives domestic industries time to commence local production

Aviation & Other Sectors

- ▶ New: VAT exemption on turbojets, turbo-propellers, gas turbines (HS 84.11) — -TZS 14.84B
- ▶ New: VAT exemption on aircraft tyres (HS 4011.30.00) — reduces operating costs
- ▶ Airline boarding passes: VAT exemption (IATA obligation under bilateral air services agreements)
- ▶ Boarding pass paper: EAC exemption on paper for printing passenger boarding passes
- ▶ Dairy packaging: VAT exemption on HS 3920.20.90 — helps local dairy compete regionally
- ▶ Universal Health Coverage: Excise +TZS 20/mil on cigarettes; sugar levy +TZS 10/kg

Cross-Cutting Issues & Strategic Investments

Geopolitical Context | Infrastructure | Priority Projects

GEOPOLITICAL IMPACT (Iran-US-Israel tensions, 2026)

- Retail petrol prices: +44% between March–May 2026 (Dar es Salaam)
- Retail diesel prices: +49% between March–May 2026
- Imported fertiliser prices: +4% to +46% depending on type
- Tanzania imports >80% of fertiliser; 70% from the Middle East
- Government fuel subsidy: TZS 259/litre (May 2026) and TZS 535/litre (June 2026) on diesel

GOVERNMENT RESPONSES

- Ensured reliable fuel supply through advance import procurement
- Fuel subsidy provision to cushion citizens from price increases
- Strengthening of monetary & fiscal policy to control inflation
- Developing alternative energy (gas/electricity) for transport & households

KEY INFRASTRUCTURE & DEVELOPMENT PROJECTS

Julius Nyerere Hydropower	2,115 MW generated; total national capacity 4,522.54 MW
SGR – Dar to Dodoma	Lot 1 & 2 completed and operational; Dodoma–Mwanza leg ongoing
TAZARA Railway Revitalisation	Regional connectivity; TZS 1.27T railway infrastructure (2025/26)
Rural Electrification (REA)	39,003 hamlets electrified; TZS 521.3B disbursed
Standard Gauge Railway	TZS 1.12T for SGR; continuing to Mwanza and Kigoma
National Water Grid	TZS 870.4B for urban/rural water supply, Kidunda Dam
Roads & Bridges	TZS 2.86T in 2025/26 for roads, bridges, airports
DIFC	Dar es Salaam International Financial Centre — attracting foreign capital
Universal Health Fund	New revenue sources (cigarette + sugar) channelled to UHC

Budget Implementation Risks | 2026/27

Risk Identification & Mitigation Strategies

Interest Rate & Currency

Rising interest rates increase public & private sector borrowing costs.
Currency depreciation increases demand for foreign exchange in import financing.

Geopolitical Tensions

Ongoing Iran-US-Israel tensions and Russia-Ukraine conflict affect commodity prices, supply chains, and investor confidence. Trade tariff disputes (US-China) add uncertainty.

Climate Change & Natural Disasters

Droughts, floods, earthquakes affect food security, infrastructure, and economic productivity.
Climate-related disruptions increase demand on Government expenditure.

Development Partner Policy Changes

Grants from Development Partners expected to decrease 39.1% in 2026/27. Reduced ODA increases reliance on domestic revenue and commercial borrowing.

Contingent Liabilities

Cybersecurity & Operational Risks

MITIGATION MEASURES: Prudent monetary and fiscal policy management | Implementing National Strategy for Improving Availability of Forex | Investing in climate-smart agriculture and the Agriculture Development Fund | Investing in alternative energy (gas and electricity) to reduce oil dependency

Revenue Impact Summary | 2026/27 Measures

Total Additional Revenue from Tax Reforms: TZS 1.72 Trillion

LAW / AREA	IMPACT (TZS)	DIRECTION
Value Added Tax Act, CAP 148	-26.6 Million	↓ Revenue Cost
Income Tax Act, CAP 332	+174.48 Billion	↑ Revenue Gain
Excise Duty Act, CAP 147 (rate calendar)	+251.54 Billion	↑ Revenue Gain
Excise Duty Act, CAP 147 (specific items)	+103.55 Billion	↑ Revenue Gain
TRA Act / Customs Processing Fee	+203.23 Billion	↑ Revenue Gain
Imports Control Act / Indus. Dev. Levy	+37.04 Billion	↑ Revenue Gain
Export Tax Act, CAP 196	+24.44 Billion	↑ Revenue Gain
EAC Customs Management Act	+408.97 Billion	↑ Revenue Gain
Stamp Duty Act, CAP 189	+11.08 Billion	↑ Revenue Gain
Investment & SEZ Act 2025	+57.16 Billion	↑ Revenue Gain
UHC: Cigarette Excise + Sugar Levy	+7.5 Billion	↑ Revenue Gain
Petroleum Verification Fee (WMA)	+21.96 Billion	↑ Revenue Gain
Motorcycle Registration Fee	+17.75 Billion	↑ Revenue Gain
NIDA Query Fee	+734.4 Million	↑ Revenue Gain

TOTALS

Total Budget

TZS 62.33T

Total Revenue

TZS 46.79T

Tax Revenue

TZS 37.02T

Budget Deficit

TZS 7.71T
(2.9% GDP)

New Tax
Measures

+TZS 1.72T

GDP Growth

Target

6.3%

Self-Reliance

74.2%

Advisory Analysis | Key Implications for Businesses

Burhani Associates & Co. Tax & Advisory Commentary

Importers & Traders

Higher import duties across multiple categories (edible oils, fabric, IDL on trailers/steel). Review supply chain cost structures. Consider local sourcing to benefit from available exemptions.

Startups & SMEs

12-month income tax holiday on TIN registration provides a real cash flow advantage. Presumptive tax threshold doubled to TZS 200M. TRA Business Facilitation Desks available for guidance.

Digital & Online Businesses

Withholding tax on foreign digital service providers: 2% → 3%. Excise duty extended to non-resident B2C online service providers. Digital payment infrastructure now regulatory requirement for licensing.

Manufacturers & Producers

Multiple new and extended exemptions available for local manufacturers (edible oil, cotton, dairy, CNG). Duty remissions on packaging materials. Ensure product classifications are correctly documented.

Mining & Extractives

Framework Agreement exemptions now codified in VAT, Income Tax, Excise Duty and Tolls Acts. Mineral Research Fund (10% of gross revenue) established. Verify alignment of existing agreements.

All Taxpayers & Businesses

Mandatory digital payments from July 2026 across transport, education, hospitality, real estate. EFD compliance rigorously enforced. Prepare for expanded withholding on food crops & livestock.

Commencement Dates & Action Items

Implementation Timeline | All measures effective 1 July 2026 unless stated

KEY ACTION: Businesses should review all product classifications, withholding obligations, and digital payment infrastructure before 1 July 2026.

1 July 2026

All proposed tax measures commence unless otherwise specified. EAC CET stay applications and new duty rates take effect. Mandatory digital payment requirements begin. Patriotism Award (Tuzo ya Uzalendo) EFDMS lottery launched. TRA 30th Anniversary — outstanding taxpayer awards by President.

Ongoing

TAUSI-IDRAS integration finalization.
2nd Blueprint for Regulatory Reforms to improve business environment (in finalization stage).
Credit Guarantee Corporation establishment.
DIFC (Dar es Salaam International Financial Centre) development.
Street/village trader registration module rollout.
Scratch voucher phase-out pilot from urban areas.

1 July 2027

EAC Assembling and Manufacturing Products Regulations deferred to this date (extended from 1 July 2026). Domestic industries given more time to commence production.

July 2026 Launch

EFDMS Patriotism Award system launch.
President to award outstanding taxpayers in recognition of compliance.
Bank of Tanzania 60th Anniversary commemorated.

Key Terms & Abbreviations

Quick Reference Glossary

AMCOS	Agricultural Marketing Cooperative Societies
BRELA	Business Registrations and Licensing Agency
CET	Common External Tariff (EAC)
CGS	Credit Guarantee Scheme
DIFC	Dar es Salaam International Financial Centre
DSE	Dar es Salaam Stock Exchange
EAC	East African Community
EFD/EFDMs	Electronic Fiscal Device / Management System
EPZ/SEZ	Export Processing Zone / Special Economic Zone
IDRAS	Integrated Domestic Revenue Administration System
LGA	Local Government Authority
MTRS	Medium-Term Revenue Strategy (2025/26–2027/28)
NIDA	National Identification Authority

ODA	Official Development Assistance
PMO-RALG	Prime Minister's Office – Regional Administration & Local Government
PSSN	Productive Social Safety Net Programme
SGR	Standard Gauge Railway
SOE	State-Owned Enterprise
TAUSI	Local Government Revenue Collection System
TAZARA	Tanzania Zambia Railway Authority
TCRA	Tanzania Communications Regulatory Authority
TIPS	Tanzania Instant Payment System
TIN	Taxpayer Identification Number
TRA	Tanzania Revenue Authority
UHC	Universal Health Coverage
WHT	Withholding Tax

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DISCLAIMER

This presentation has been prepared by Burhani Associates & Co. for informational purposes only. The content is based on the Government Budget Speech 2026/27 presented to the National Assembly of Tanzania on 11 June 2026 by the Minister for Finance, Hon. Ambassador Khamis Mussa Omar (MP).

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