

"Navigating Tanzania's Economic Future: A Commentary on the 2025/26 Budget Speech by Hon. Mwigulu Lameck Nchemba"

OVERVIEW

The 2025 budget speech delivered by Hon. Mwigulu Lameck Nchemba, Minister of Finance and Planning, outlines a comprehensive fiscal agenda aimed at addressing key economic challenges while fostering sustainable growth and development. This commentary provides a detailed analysis of the proposed measures, focusing on their potential impact on various sectors, including taxation, industrial growth, public finance, and environmental sustainability.

By introducing targeted reforms and strategic amendments across legislative frameworks such as the VAT Act, Income Tax Act, and Excise Duty regulations, the budget seeks to create a balance between enhancing revenue collection and incentivizing local production. Furthermore, the emphasis on regulatory modernization and compliance improvement underscores the government's commitment to fostering transparency, accountability, and efficient resource allocation.

This analysis delves into the implications of these proposals, examining how they align with the broader objectives of economic resilience, social equity, and competitiveness in the global market by assessing fiscal and non-fiscal aspects. As Tanzania navigates the complexities of a dynamic economic landscape, this budget sets the tone for ambitious yet pragmatic fiscal governance.

FISCAL MEASURES

VALUE ADDED TAX

The proposed changes to the Value Added Tax (VAT) Act aim to modernize and streamline the tax system to better support economic growth and development. These amendments focus on providing targeted tax relief to key sectors such as agriculture, manufacturing, and clean energy, while also enhancing revenue collection through the removal of ineffective exemptions and expansion of the tax base. By aligning VAT policies with current economic priorities and technological advancements, the reforms seek to promote fairness, increase competitiveness, and improve overall tax compliance in the country. The following are the proposed changes;

- Exempting Value Added Tax (VAT) on pesticides classified under HS Codes 3808.61.00, 3808.62.00, and 3808.69.00, aimed at providing relief to farmers and boosting crop production, while aligning with the tax equity principle since other pesticide types are already exempt.
- Exempting VAT on re-insurance transactions between insurance and re-insurance companies, with the goal of enhancing the competitiveness of local insurers, fostering sector growth, and encouraging insurance use to mitigate unforeseen disaster impacts.

- Zero-rating VAT on textiles (fabric and garments) made from locally grown cotton for one year to support farmers and textile manufacturers amid international trade challenges, particularly due to policy changes in the United States.
- Zero-rating VAT on domestically produced fertilizers for three years to ease the cost burden on farmers and consumers during the ongoing global economic recovery.
- Extension of the VAT exemption on edible oil produced locally from indigenous seeds for one year, continuing efforts to reduce edible oil prices following the expiration of the previous exemption on June 30, 2025.
- Repealing VAT exemption on gaming supplies, ensuring tax equity as other sports such as football remain taxable, with an expected revenue increase of TZS 322,022.5 million.
- Imposition of a requirement that VAT exemption on agricultural inputs such as tractor tires (HS Code 4011.70.00), dam liners (HS Heading 39.20), forks (HS Code 8201.90.00), rakes (HS Code 8201.30.00), and axes (HS Code 8201.40.00) be granted only upon approval by the Agriculture Minister, to guarantee correct usage of the exemption.
- Revocation of VAT exemption on bitumen products under HS Codes 2713.20.00 and 2715.00.00, aligning with government efforts to curb ineffective exemptions and increase revenue by TZS 85,606.2 million.
- Exempt VAT on locally published newspapers to reduce production costs and enhance accessibility, expected to increase revenue by TZS 1,274.4 million.
- Exemption of VAT on natural gas supplied to Compressed Natural Gas (CNG) stations for vehicle fuel, aimed at supporting investors, attracting investment in CNG infrastructure, lowering carbon emissions, and reducing reliance on oil.
- Exemption on VAT on cooking gas tanks, cylinders (HS Code 7311.00.10), and carbonization furnaces (HS Code 8417.80.00) used in briquette production, to encourage adoption of clean cooking energy, although this will reduce revenue by TZS 1,917.8 million.
- Amendment of VAT exemption wording by replacing “Liquified Petroleum and Natural Gases” with “Liquified Petroleum Gas” for greater clarity and to reflect technological updates in the energy sector.
- Updation of VAT exemption language by substituting “Compressed Petroleum and Natural gases” with “Compressed Natural Gas for Motor vehicles,” aiming for clarity and expected to boost revenue by TZS 132,436.3 million.
- Revision of the VAT exemptions by removing non-CNG equipment (such as natural gas pipes, metering devices, flare gas systems, and related infrastructure) and including only CNG compressors and metering equipment, thereby supporting CNG station investors and the clean energy agenda.
- Clarifying the VAT exemption by deleting “Compressed or Liquified gas cylinders for petroleum and natural gases” and inserting “Liquified Petroleum Gas cylinders for cooking,” aligning with technological progress which shows no compressed natural gas cylinders used for cooking.
- To broaden the VAT base by including online marketplace platforms and network marketing platforms within the definition of online intermediation services, addressing tax collection challenges and expected to increase revenue by TZS 116,073.4 million.

- Incorporation of non-resident online payment service platforms that utilize infrastructure of other providers into the scope of taxable financial intermediaries, expanding the tax base.
- Reduction of VAT from 18% to 16% on goods purchased online (B2C) where the consumer confirms the invoice amount is accurate, encouraging online payments, reducing cash usage, and simplifying tax administration; this is projected to reduce government revenue by TZS 32,312.57 million.
- Implementation of a VAT collection agency system requiring specified government bodies and VAT-registered taxpayers to withhold and remit 3% VAT on payments made to registered sellers, enhancing revenue collection efficiency and expected to increase revenue by TZS 210,646.7 million.

The proposed VAT amendments aim to balance tax relief with revenue generation to stimulate key economic sectors. Exemptions and zero-rating on agricultural inputs, fertilizers, textiles, and clean energy products are designed to support farmers, local industries, and promote environmental sustainability. Meanwhile, the repeal of certain exemptions—like on gaming supplies and bitumen—seeks to enhance government revenue and ensure tax fairness. Introducing stricter conditions on exemptions and expanding the tax base to include online platforms reflects efforts to improve tax compliance and broaden revenue sources. Overall, these measures align with economic growth objectives, promote equity in taxation, and address modern market realities while safeguarding government income.

INCOME TAX ACT

The proposed amendments to the Income Tax Act are designed to enhance tax equity, broaden the tax base, and improve revenue collection. These changes introduce targeted tax reliefs for small-scale transport operators, adjust withholding tax rates on various sectors, and tighten regulations to curb tax avoidance. Additionally, the amendments seek to formalize certain economic activities and phase out specific tax exemptions, aligning the tax system with current economic realities and government revenue goals.

- To introduce income tax relief for categories including two-wheeled motorcycles, three-wheeled motorcycles (Bajajis), and goods-carrying vehicles with a load capacity not exceeding 500 kilograms, including “Guta,” by establishing a new procedure for estimating income tax as shown in Table No. 2. This measure sets indicative tax rates designed to provide relief to these groups and facilitate the law’s implementation.

Table No. 1. Proposed Income Tax Estimates for Passenger and Goods Transporters Using Indicative Tax Rates per Vehicle:

a) Class A: Passenger Service Vehicles

Current Practice	Proposed Amendments
N/A	N/A
Passenger not exceeding 15	250,000

b) Class C: Goods Carrying Vehicles

Current Practice	Proposed Amendments
No. of Passengers	Rates
N/A	N/A
Weight not more than 1 Tonne	250,000

c) Class D: Private Hire Service Vehicles

Current Practice	Proposed Amendments
No. of Passengers	Rates
Motor Cycle	65,000
Tricycle	120,000

- Amendment of Section 12 of the Income Tax Act, CAP 332, by including retained earnings within the definition of “equity.” This aims to encourage the flow of capital into economic activities.
- Introduction of a 10% withholding tax on retained earnings held beyond six months, aimed at broadening the tax base and increasing Government revenue
- Imposition of a 3.5% income tax on income derived from the sale of forest products, payable per consignment, with the objective of formalizing the forestry sector, promoting sustainable harvesting, and expanding the tax base.
- Imposition of a 2% withholding tax on payments for raw salt purchased from Primary Mining License holders or Artisanal Miners, addressing tax collection challenges in this sector.
- Introduction of a 10% final withholding tax on commission payments from sports betting advertisements, promoting tax equity and broadening the tax base.
- Increment on withholding tax on insurance and re-insurance premiums paid to non-resident companies from 5% to 10%, reflecting economic changes over 13 years.
- Increment on withholding tax on payments for professional and management services in the extractive sector from 5% to 10%, broadening the tax base and aligning with global standards.

- Increment on the Alternative Minimum Tax (AMT) rate on companies incurring losses for three consecutive years from 0.5% to 1%, aimed at increasing revenue and curbing tax avoidance.
- Reduction of the allowable ratio of carrying forward losses for mining, petroleum, oil, and gas businesses operating at a loss from 70% to 60%, enabling earlier revenue collection.
- Abolish the 10-year income tax exemption for investors in Special Economic Zones (EPZ and SEZ) on goods and services sold locally, aligning with legal amendments and reducing tax exemptions to protect government revenue.

The proposed income tax amendments aim to support small-scale transport businesses through tax relief while broadening the tax base by taxing retained earnings, forest products, salt, and sports betting commissions. They also increase withholding tax rates in insurance and extractive sectors, tighten rules to reduce tax avoidance, and remove tax exemptions for Special Economic Zones on local sales. Overall, the changes seek to enhance fairness, improve compliance, and increase government revenue.

EXCISE DUTY

The proposed changes to the Excise Duty Act are part of the Government's broader fiscal strategy to enhance domestic revenue mobilization, promote industrial growth, and protect public health and the environment. These amendments aim to revise existing duty rates, remove certain fees, and introduce new excise duties on selected products and services. The reforms target both imported and locally produced goods, with a focus on encouraging local manufacturing, discouraging consumption of harmful goods, and expanding the tax base to include emerging sectors such as digital services and carbon-intensive industries.

- Elimination of licensing fees of 300,000 shillings for manufacturers and importers of excisable goods. This measure aims to reduce production and importation costs, supporting the Government's goal to lower the cost of doing business.
- Reduction of excise duty rate on imported undenatured ethyl alcohol (80% vol or higher) from 7,000 to 5,000 shillings per litre, and on locally produced ethyl alcohol from 5,000 to 4,000 shillings per litre (HS Code 2207.10.00). The objective is to ease duty burdens while protecting local producers. iii. To reduce excise duty on locally manufactured energy drinks (HS Code 2202.99.00) from 561 to 134.2 shillings per litre. The measure seeks to support local manufacturers, improve competitiveness, and attract investment, with an expected revenue loss of 170.2 million shillings;
- Imposing excise duty of 100 shillings per kilogram on imported crisps and 50 shillings per kilogram on locally made crisps (HS Codes 1905.90.90; 2005.20.00; 2008.99.00). This aims to discourage excessive consumption of unhealthy foods and broaden the tax base.
- Introduction of excise duty of 10% on imported ice cream and edible ice, and 5% on locally produced ice cream (HS Code 2105.00.00). The measure intends to reduce health risks, protect local industries, and boost revenue.

- Introduction of excise duty of 10% on imported sausages and 5% on locally produced ones (HS Code 1601.00.00), aiming to minimize health risks, encourage local investment.
- Levy excise duty of 10% on imported soap (HS Codes 3401.11.00; 3401.19.00; 3402.50.00; 3402.90.00) to protect local manufacturers and promote job creation.
- Impose excise duty of 400 shillings per kilogram on imported matches (Heading 36.05), intended to support local producers and attract investment.
- Apply excise duty of 10% on imported and locally supplied imitation jewellery (Heading 71.17), aiming to broaden the tax base.
- per kilogram on imported margarine (Heading 15.17), supporting local peanut butter manufacturers as substitutes.
- Impose excise duty of 20% on imported used tableware, kitchenware, and related products made of plastic, wood, iron, and aluminum (HS Codes: 3924.10.00; 3924.90.00; 7323.91.00–7323.99.00; 7418.10.00; 7615.10.10; 7615.10.90; 44.19; 82.15). The aim is to reduce environmental and health risks and raise revenue.
- Introduction of excise duty of 25% on imported and locally made fireworks (HS Code 3604.10.00) to discourage consumption due to environmental concerns.
- Impose excise duty of 30% on imported and locally produced electronic cigarette parts (HS Code 8543.90.00) and consumable liquids (HS Code 2404.12.00), broadening the tax base and discouraging harmful consumption.
- Introduce a carbon-based excise duty of 22,000 shillings (approx. \$8) per metric ton of carbon from coal and natural gas. The measure aims to broaden the tax base and address environmental impacts.
- Increase excise duty on pay-per-view services from 5% to 10% to broaden the tax base
- Increment on excise duty on imported furniture (Heading 94.03) from 20% to 25% to protect and promote local investment, expected to increase revenue
- Increment of excise duty on natural gas from 0.45 to 0.55 shillings per cubic foot, aiming at fiscal sustainability and adjusting for inflation, xviii. To impose a 10% excise duty on other money transfer and payment service providers using independent systems, broadening the tax base and promoting tax fairnessxix. To include manufacturers of wine using ethanol (Heading 22.05) in the excise duty offsetting mechanism to enhance tax equity;
- Exempt excise duty on undenatured ethyl alcohol (HS Code 2207.10.00) used in manufacturing non-alcoholic goods, such as food flavoring, subject to ministerial approval. This is intended to reduce production costs, boost competitiveness, and increase exports.

The proposed amendments to the excise duty regime aim to stimulate local production, protect domestic industries, broaden the tax base, and promote public health and environmental sustainability. Key measures include the removal or reduction of certain excise duties to lower production costs and encourage investment, particularly in local manufacturing. At the same time, new and increased excise duties are introduced on various imported and unhealthy products—such as crisps, ice cream, electronic cigarettes, fireworks, and plastic items—to discourage harmful consumption and support local industries. The

reforms also expand taxation to emerging sectors like digital payment systems and carbon-emitting products, aligning with principles of equity and modern tax administration while significantly boosting government revenue.

THE TAX ADMINISTRATION ACT

The proposed amendments to the Tax Administration Act, Cap 438 are designed to improve tax collection and compliance by updating enforcement powers, streamlining dispute resolution, and enhancing taxpayer services. These changes aim to make the tax system more efficient and transparent while ensuring fairness and protecting government revenue.

- Introduce a requirement for taxpayers to integrate their electronic receipt issuance systems with the Tanzania Revenue Authority's system, with the objective of improving voluntary tax compliance and strengthening tax administration; and
- Remove the obligation to pay the undisputed tax amount or one-third of the assessed tax—whichever is greater—within fifteen days of receiving a tax decision. This change is intended to allow taxpayers adequate time to apply for a waiver.

The proposed amendments to the Tax Administration Act aim to enhance tax compliance and fairness by requiring businesses to integrate their electronic receipt systems with the Tanzania Revenue Authority, improving monitoring and data accuracy. Additionally, the removal of the requirement to pay disputed taxes within 15 days offers taxpayers more time to apply for a waiver, easing financial pressure and supporting a more equitable tax dispute process.

NON-FISCAL MEASURES

The Local Government Finance Act Cap 290

The proposed amendments aim to improve financial management, increase transparency, and enhance revenue collection in local governments. These changes will strengthen accountability and support more effective use of local resources for community development.

- Reducing the service levy to a fixed rate of 0.25% lowers the tax burden on businesses, potentially encouraging increased compliance and stimulating economic activity. A fixed, slightly lower rate simplifies the calculation and administration of the levy, providing clarity and predictability for taxpayers. However, the reduction may result in decreased revenue for local governments, which could impact funding for public services unless offset by broader economic growth or improved collection efficiency.

- The hotel levy rate is proposed to be reduced from 10% to 2% to lower business costs and boost investment in the country.
- Eliminating loading and offloading fees which reduce operational costs for businesses involved in the transportation of goods, potentially lowering overall logistics expenses. This measure may encourage smoother and more efficient movement of goods, enhancing trade and commerce.

The proposed changes aim to reduce business costs and encourage investment by lowering the service levy to 0.25%, reducing the hotel levy from 10% to 2%, and eliminating loading and offloading fees. These measures are intended to enhance compliance, boost economic activity, and improve trade efficiency, though they may reduce local government revenue unless offset by broader economic growth.

The Insurance Act, Cap 394

The proposed amendments to The Insurance Act, Cap 394 aim to modernize the regulatory framework governing the insurance sector. These changes seek to enhance consumer protection, improve industry stability, and align the Act with international best practices. The following is the proposed amendment,

- Introducing a mandatory travel insurance fee of US\$44 for foreign visitors helps safeguard both tourists and the country by providing coverage for medical emergencies, repatriation, and travel-related risks. Limiting coverage to 92 days and excluding EAC and SADC citizens to respect regional agreements and focus resources on other international travellers. The public-private partnership model promotes efficient management and revenue sharing, potentially enhancing service delivery while generating funds for the government. However, careful implementation is needed to ensure the fee does not discourage tourism and that the insurance offers value to travellers.

The Import Control Act, Cap 276

The proposed amendments to the Import Control Act aim to update and strengthen the regulatory framework governing the importation of goods. These changes seek to enhance border security, streamline import procedures, and promote compliance with national standards. By revising existing provisions, the amendments intend to facilitate trade while protecting the local economy from harmful or substandard imports, thereby supporting sustainable economic growth with the following proposals;

- The proposed 10% industrial development levy on imported plastic household items aims to protect and promote local manufacturing by making imported goods relatively more expensive. This levy can encourage consumers to buy domestically produced products, supporting industrial growth and job creation.

Additionally, the revenue generated can be used to fund industrial development initiatives. However, the higher costs on imports may lead to increased prices for consumers and potential supply chain adjustments. Careful monitoring will be necessary to balance industrial protection with consumer affordability.

- The introduction of a 10% industrial development levy on imported road tractors under the specified HS codes 8701.21.90; 8701.22.90; 8701.23.90; 8701.24.90; and 8701.29.90 with the aims to promote local manufacturing and assembly by making imports more expensive. This levy encourages investment in domestic industries, potentially creating jobs and boosting the local economy.
- Introduction of an industrial development levy (IDL) at 10% on imported prefabricated buildings under HS Codes 9406.10.90; 9406.20.90 and 9406.90.90.
- 10% IDL on imported bars and rods under HS Codes 7214.10.00; 7214.20.00; 7214.30.00; 7214.91.00; 7214.99.00; 7213.10.00; 7213.20.00; and 7213.99.00.
- 5% IDL on imported nails, tacks, drawing pins, staples and similar articles, of iron or steel under HS Code 7317.00.00.
- 10% IDL on imported furnitures under heading 94.03.
- 15% IDL on imported flat rolled products under HS Codes 7209.16.00; 7209.17.00; 7209.18.00; 7209.25.00; 7209.26.00.
- 10% IDL on imported glasses under HS Codes 7003.12.00; 7003.19.00; 7003.20.00; 7003.30.00; 7004.20.00; 7004.90.00; 7005.10.00; 7005.21.00; 7005.29.00; 7005.30.00; 7006.00.00; 7007.11.00; 7007.19.00; 7007.21.00; 7007.29.00; 7008.00.00; 7009.91.00; and 7009.92.00.
- 10% IDL or 4,000 shillings whichever is higher on imported ceramic tiles under HS Codes 6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00.
- Inclusion of goods originating from East African Community (EAC) Partner States that meet the EAC Rules of Origin under the industrial development levy marks a shift from traditional regional trade preferences. This measure aims to protect local manufacturers from competition by regional producers, encourage fairer competition, and boost government revenue. However, it may strain regional trade relations and undermine EAC integration efforts by potentially violating the spirit of the Customs Union. Careful consideration will be needed to balance domestic industrial policy goals with regional trade commitments and long-term economic cooperation.
- Exempting cement clinker (HS Code 2523.10.00) from the 10% industrial development levy is intended to provide cost relief to non-integrated cement manufacturers—those who rely on imported clinker rather than producing it themselves. This exemption helps lower production costs, enhances competitiveness, and supports price stability in the domestic cement market. It also promotes continued operation and investment in smaller or newer players in the industry. However, the policy must be carefully managed to ensure it does not discourage long-term investment in local clinker production, which is key to developing a fully integrated and self-sufficient cement sector.

The Budget Act, Cap 439 and The Public Finance Act, Cap 348

The proposed amendments to the Budget Act and the Public Finance Act are intended to reinforce fiscal discipline, accountability, and transparency in the management of public resources. By updating these laws, the government seeks to improve the budgeting process, enhance oversight by Parliament, and ensure more effective planning and execution of public expenditures. The proposed amendment includes;

- Requisites imposed on Ministries, Government Institutions, Agencies, and Local Government Authorities to consult the Minister responsible for finance before introducing or revising levies and fees aims to enhance fiscal coordination and policy consistency. This measure helps prevent fragmented or overlapping charges, ensures alignment with national fiscal policies, and protects citizens and businesses from arbitrary or excessive fees. It also strengthens centralized oversight, promoting more efficient revenue management and reducing the risk of undermining broader economic goals.
- The proposed amendment to Section 12(3) of the Public Finance act to introduce varying contribution rates—from 15% to 60% of gross revenue—for Government Agencies, Parastatals, and Institutions, and to require monthly remittance to the Consolidated Fund, is aimed at enhancing government revenue mobilization and improving cash flow management. By replacing the fixed quarterly rate of 15% with flexible, performance-based rates, the government can better align contributions with the financial capacity and profitability of each entity. Monthly remittances also support more consistent and predictable funding for public expenditures. However, this may place pressure on less profitable institutions, requiring careful rate determination to avoid undermining their operations.
- To amend section 30 of the Public Finance Act, CAP 348, as follows:
 - Requiring the preparation of consolidated financial statements based on audited financial statements from public institutions with aims to improve the accuracy, reliability, and credibility of government financial data. This measure enhances transparency and supports informed decision-making by providing a comprehensive view of the government's financial position. It also aligns with international public sector accounting standards and strengthens public financial accountability. However, effective implementation will depend on timely audits and compliance across all institutions.
 - Reducing the timeframe for accounting officers to prepare financial statements from three months to two months after the end of the financial year aims to accelerate financial reporting and improve fiscal discipline. This change enhances the timeliness of financial information, enabling quicker audits and more responsive government decision-making. However, it may place additional pressure on accounting staff and require strengthened internal systems and capacity to ensure accuracy within the shorter period.
 - Mandating the use of International Public Sector Accounting Standards (IPSAS) for financial statement preparation by Accounting Officers aims to standardize public sector reporting, enhance transparency, and

improve comparability across government entities. Requiring approval from the Accountant General to use International Financial Reporting Standards (IFRS) ensures consistency while allowing flexibility for entities with specific needs. This approach strengthens public financial management and aligns with global best practices, though successful implementation will depend on training, system upgrades, and institutional capacity.

The Export Tax Act, Cap 196

The proposed amendments to the Export Tax Act, Cap 196 aim to enhance revenue generation, promote value addition to exports, and support the growth of local industries. By updating the legal framework governing export taxation, the amendments seek to align with current economic priorities, encourage industrial development, and ensure more effective regulation of export activities. The proposed amendment includes;

- The introduction of a 30% or 150 shillings per kilogram export levy on veneer (HS Code 44.08) aims to encourage local value addition by making raw veneer exports more costly. This measure can promote the development of downstream industries such as furniture and wood products, fostering job creation and industrial growth. Additionally, the levy could increase government revenue. However, it may reduce competitiveness of veneer exporters and risk encouraging smuggling or illegal exports if not properly enforced.

The Registration and Identification of Persons Act, Cap 36

The proposed amendments concerning exemptions under the Registration and Identification of Persons Act aim to clarify and expand the categories of entities exempted from charges emanating from this Act. These changes seek to ease the financial burden on specific groups, promote inclusivity, and ensure equitable access to registration and identification services. By refining exemption provisions, the amendments intend to support social welfare objectives, public expenditure and enhance the effectiveness of the national identification system. Although much anticipation from the private sector was a reduction or waiver of these fees to streamline their operational expenditure. The proposed amendment includes;

- Exempting Local Government Authorities, Ministries, Government Departments, and Agencies that remit all collected revenue to the Consolidated Fund from paying fees for using information held by the National Identification Authority (NIDA) aims to reduce operational costs for these public entities. This measure encourages efficient use of identification data for public service delivery without additional financial burdens. It promotes inter-agency collaboration and supports streamlined government functions. However, it may reduce revenue that NIDA could use for system maintenance and upgrades, necessitating alternative funding mechanisms.

The Planning Commission Act, Cap 127

The proposed amendments to the Planning Commission Act aim to strengthen the oversight and management of public investment projects. These changes seek to improve project evaluation, monitoring, and coordination to ensure efficient allocation of resources and maximize developmental impact. By enhancing the legal framework, the amendments intend to promote transparency, accountability, and timely execution of public investments, supporting sustainable economic growth. The proposed amendment includes;

- Amending the Planning Commission Act, Cap. 127 to mandate appraisal of public investment projects before approval aims to improve the quality and viability of government-funded projects. This requirement ensures that projects undergo thorough evaluation regarding feasibility, costs, benefits, and risks, promoting efficient use of public resources. It enhances transparency and accountability in project selection, reducing the likelihood of project failures or misallocation of funds. However, the process may extend project timelines and require additional capacity building for effective implementation.

The Wildlife Management Act, Cap 283

The proposed amendments to the Wildlife Management Act focus on revising the distribution mechanisms of fees and charges collected from wildlife-related activities. These changes aim to ensure fair and transparent allocation of revenues among stakeholders, including local communities, conservation authorities, and government bodies. By improving the distribution framework, the amendments seek to promote sustainable wildlife management and enhance community benefits from conservation efforts.

1. Game Reserves

- Game Fees (Tourist Hunting for Key Species):
 - 93.75% to the Consolidated Fund
 - 6.25% to District Councils
 - 0% to WMAs and Village Councils
- Donations (Tourist Hunting Companies for Social Projects):
 - 100% to Village Councils
 - 0% to WMAs, District Councils, and the Consolidated Fund

2. Game Controlled Areas

- Photographic Tourism Revenue:
 - 70% to Consolidated Fund
 - 15% to District Councils
 - 15% to Village Councils
 - 0% to WMAs
- Game Fees (Tourist Hunting for Key Species):
 - 81.25% to Consolidated Fund

- 18.75% to District Councils
 - 0% to WMAs and Village Councils
- Donations (Tourist Hunting Companies):
 - 100% to Village Councils
 - 0% to WMAs, District Councils, and Consolidated Fund

3. Open Areas

- Photographic Tourism Revenue:
 - 60% to Village Councils
 - 25% to Consolidated Fund
 - 15% to District Councils
 - 0% to WMAs
- Game Fees (Tourist Hunting for Key Species):
 - 81.25% to Consolidated Fund
 - 18.75% to District Councils
 - 0% to WMAs and Village Councils
- Donations (Tourist Hunting Companies):
 - 100% to Village Councils
 - 0% to WMAs, District Councils, and Consolidated Fund

4. Wildlife Management Areas (WMAs)

- Photographic Tourism Revenue:
 - 65% to WMAs
 - 25% to Consolidated Fund
 - 10% to District Councils
 - 0% to Village Councils
- Photographic Tourism Concession Fees:
 - 85% to WMAs
 - 10% to Consolidated Fund
 - 5% to District Councils
 - 0% to Village Councils
- Resident Hunting (Game Fees):
 - 50% to WMAs
 - 35% to District Councils
 - 15% to Consolidated Fund
 - 0% to Village Councils

The proposed revenue distributions across various wildlife-related activities (tourist hunting, photographic tourism, and social development donations) reveal a strong emphasis on central government funding through the Consolidated Fund, particularly in Game Reserves, Game Controlled Areas, and Open Areas. For example, up to 93.75% of game fees from key species in Game Reserves are allocated to the Consolidated Fund, with 0% to local communities and WMAs. This may ensure national revenue priorities are met but risks undermining local incentives for wildlife conservation.

Conversely, 100% of social development donations from hunting companies in both Game Reserves and Open Areas are allocated to village councils, supporting direct community benefit and engagement. However, the exclusion of WMAs and district councils may reduce coordination and oversight of these projects.

In photographic tourism, revenue distribution is more balanced in Open Areas (with 60% going to village councils), while WMAs receive up to 85% of concession fees and 65% of photographic tourism revenue within their areas—strengthening community-led conservation efforts in these zones. Yet, in most other areas, village councils and WMAs are consistently excluded, which could weaken grassroots ownership and sustainability of conservation programs.

The National Parks Act, Cap 283

The proposed amendment to Section 9 of the National Parks Act, Cap. 282, seeks to revise the revenue distribution model by reducing the portion allocated to the Consolidated Fund from 91% to 40%, and instead directing 51% to a special account at the Bank of Tanzania, with expenditures subject to Paymaster General approval. This shift enhances financial autonomy for the Board of Trustees, potentially improving the timeliness and flexibility in funding park operations and conservation activities. However, it also reduces central government revenue, and proper oversight mechanisms will be essential to ensure accountability and effective use of the retained funds.

The treasury Registrar (Powers and Functions) Act, Cap 370

The amendment to Section 8(1)(f) of the Treasury Registrar (Powers and Functions) Act, CAP 370 introduces flexible contribution rates ranging from 15% to 60% of gross revenue for Government Agencies, Parastatals, and Institutions, replacing the current fixed 15% quarterly remittance. This change allows for differentiated financial obligations based on each institution's capacity or performance, potentially increasing government revenue. The shift to monthly remittances enhances cash flow and fiscal management. However, the effectiveness of this approach depends on a thorough review and clear guidelines from the Treasury Registrar and Ministry of Finance to ensure fairness and compliance.

The Ngorongoro Conservation Area Act, Cap. 284

The amendment to Section 12 of the National Parks Act, CAP 284, revises the revenue allocation by reducing the share deposited into the Consolidated Fund from 91% to 40%. Meanwhile, 51% of fees and related revenues will be directed to a special account at the Bank of Tanzania, with expenditures subject to approval by the Paymaster General. This adjustment aims to increase financial autonomy and flexibility for the Authority, enabling more direct control over funds for park management and conservation activities. However, it also reduces the government's immediate revenue intake, necessitating strong oversight to ensure accountability and effective use of the funds held in the special account.

The Mining Act, Cap 123

The amendment to Section 59 of the Mining Act, CAP 123, mandates companies holding contracts with the Government to allocate at least 20% of their gold production for local smelting, refining, and trading—aligning their obligations with companies without such contracts. This move aims to boost domestic value addition, enhance the local mining industry's development, and increase government oversight and revenue from the gold sector. Successful implementation depends on timely completion of negotiations and contract amendments within 30 days post-enactment, which will be critical to avoid disruptions and ensure compliance.

The Trade and Service Marks Act, Cap 85

The amendment to The Trade and Service Marks Act, CAP 85, assigns the Fair Competition Commission (FCC) the responsibility of implementing the recordation role to protect against counterfeit products, both locally produced and imported. This empowers the FCC to better regulate and monitor trademark use, enhancing intellectual property protection and reducing counterfeit-related trade losses. The upcoming Merchandise Marks (Recordation) Regulations, 2025, will detail the implementation framework and fee structure, providing clarity and enforcement mechanisms. This amendment is expected to strengthen market integrity and consumer confidence. The following table captures the tentative fees on recordation;

No.	Recordation related fees	Amount (TZS)
1	Application to record Trademarks	200,000
2	Change of ownership	150,000
3	Change of Name	100,000
4	Renewal of Recordation	50,000
5	Application for search	3,000
6	Application for copies	3,000

The Fair Competition Act, Cap 285

Amendments to The Fair Competition Act, CAP 285, include:

- Revising section 78(1)(a) to clarify that the Fair Competition Commission's revenue will consist of 2.5 percent of fees collected from business licenses, replacing the previous wording which capped the revenue at a maximum of 2.5 percent; and
- Introducing a new provision requiring that 1 percent of the gross revenue from Regulatory Authorities listed under Section 78(1)(c), such as EWURA, LATRA, TCRA, and TCAA, be remitted to the Fair Competition Commission.

This amendment aims to resolve ambiguities in the current law by clearly defining the exact percentage to be remitted, thereby improving revenue predictability and funding for the Commission.

The National Environmental Management Council Act

The Hon. Minister proposes to revoke the Environmental Management Fees and Charges Amendment Regulations, 2024 (GN. No. 588 of 2024) and reinstate the Environmental Management Fees and Charges Amendment Regulations, 2021 (GN. No. 387 of 2021). This step aims to facilitate the drafting of new regulations that will involve comprehensive participation from all key stakeholders in both the government and private sectors, while taking into account the Blueprint for Regulatory Reforms to Improve the Business Environment.

The Investment and Special Economic Zones Act, 2025

The Minister proposes the following amendments to the Investment and Special Economic Zones Act, 2025:

- To introduce a provision granting a 75% exemption on import duty for deemed capital goods imported by investors registered under the Act. This measure aims to continue supporting investors by ensuring access to deemed capital goods at affordable prices;
- To include a provision establishing a negative list of products that do not qualify for exemptions, as outlined in the repealed Act. The list will cover items such as sugar, beverages, roofing sheets, air conditioners, cement, PVC, HDPE pipes, and cutlery. This aims to safeguard local industries, protect employment, and preserve government revenue;
- To confer strategic investment status on mining projects with framework agreements signed between the Government and investors in the mining sector. This measure seeks to attract investments in mining and boost the sector's contribution to economic growth.

This proposed amendment aims to strengthen investment incentives while balancing protection for local industries and government revenue. Granting a 75% import duty exemption on deemed capital goods encourages investors by lowering their upfront costs, potentially boosting capital inflows and economic growth. However, introducing a negative list excludes certain products to protect domestic manufacturers from unfair competition and preserve jobs. Additionally, granting strategic investment status to mining projects signals a focused effort to attract and expand investment in a key sector, which could enhance sectoral contribution to the national economy. Overall, the amendments seek to promote investment while safeguarding local interests and revenue streams.

The Road Traffic (Motor Vehicles Registration) Regulations 2024

- Amend the Road Traffic (Motor Vehicles Registration) Regulations 2024 as follows:
Reduce the registration fee for commercial motorcycles from 340,000 shillings to 170,000 shillings, covering a three-year period, payable only at the time of registration;
- Repeal the annual presumptive tax and replace it with a one-time fee and presumptive tax payment of 120,000 shillings instead of 290,000 shillings, payable at registration;
Lower the licence fee for motorcycles and tricycles from 70,000 shillings to 30,000 shillings.

This amendment aims to reduce the financial burden on commercial motorcycle owners by significantly lowering registration and licensing fees and replacing the annual presumptive tax with a one-time, lower payment. This could encourage formal registration, improve compliance, and potentially increase government revenue through higher registration rates, while easing costs for operators.

The East African Community Customs Management Act, 2004

The East African Community Pre-Budget Consultative Meeting of Finance Ministers, held on May 20, 2025, in Arusha, proposed several policy measures, including adjustments to the East African Community Common External Tariff (EAC CET) rates. These measures are recommended for implementation by Partner States in the 2025/26 financial year.

The proposed changes aim to protect local industries, attract investment, lower production costs to boost competitiveness, safeguard consumer welfare, create jobs, stimulate growth across economic sectors, and increase Government revenue. The proposed measure include new and ongoing measure. The new measures in the common tariff include;

- **Flat-rolled iron/non-alloy steel (HS 7210 series):**

Suspend the current EAC CET duty of 25% or USD 200/MT (whichever is higher) and apply a higher duty of 25% or USD 350/MT for one year to protect local manufacturers, boost employment, and increase government revenue.

- **Flat-rolled iron/non-alloy steel (HS 7212.40 and 7212.50):**

Suspend the 35% EAC CET rate and impose 25% or USD 350/MT for one year to protect for the same protection and economic goals.

- **Unbleached kraft paper (HS 4804.51):**

Suspend the 10% EAC CET and apply a 25% duty for one year to support the domestic paper industry.

- **Refined vegetable oils (various HS codes):**

Suspend the 35% EAC CET and impose 35% or USD 300/MT for one year to encourage local processing of oils, create jobs, and increase government revenue.

- **Buses with capacity over 25 passengers (HS 8702 series):**

Suspend the 25% EAC CET and apply a 0% duty for one year on imports for a rapid transport project to improve urban congestion and transport.

- **Wood fiberboard (HS 4411):**

Suspend the 25% EAC CET and apply a 35% duty for one year to protect local manufacturers.

- **Plywood and laminated wood (HS 4412):**

Suspend the 25% EAC CET and apply a 35% duty for one year to safeguard local industry.

- **Worked monumental/building stone (HS 6802):**

Suspend the 25% EAC CET and impose a 35% duty for one year to promote local stone use.

- **Ceramic tiles (HS 6907 series):**

Suspend the 35% EAC CET and apply 35% or USD 3/m² for one year to protect local tile producers from cheap imports.

- **Bars and rods of iron/non-alloy steel (HS 7214):**

Suspend the 35% EAC CET and apply 35% or USD 250/MT for one year to protect manufacturers, attract investment, and increase revenue.

- **Toys (HS 9503):**

Increase import duty from 25% to 35% across East African Community states for revenue generation.

- **Duty remission on inputs (HS 4811.90) for label and plywood manufacturing:**

Reduce duty from 25% to 10% for one year to lower production costs for local manufacturers.

- **Duty remission on inputs (HS 2713.20, 5603.14, 2710.19.59, 3920.10.10, 6802.99) for waterproofing membrane manufacturing:**

Reduce duty from 10% to 0% and from 35% to 10% for one year to cut costs for local producers.

The following summary outlines the measures which took effect from the previous FY and continue to be in operation;

- **Cash Registers & Electronic Fiscal Devices (EFDs)**
 - Suspend 10% duty, apply 0% for one year to promote affordable use in government revenue accounting.
- **Cocoa Powder (No Added Sugar)**
 - Suspend 0% duty, apply 10% to encourage domestic cocoa processing and boost government revenue.
- **Packaging Materials for Coffee & Agricultural Seeds**
 - Reduce duties from 25% to 0% to lower costs for local coffee processors and seed producers.
- **Iron & Steel Products**
 - Apply adjusted duties (generally between 10%-25% or specific USD rates) to protect local manufacturers, encourage investment, employment, and raise government revenue.
- **Plastics, Wheat Grain, and Soap Ingredients**
 - Varying duty adjustments (0% to 10%) to reduce costs for local manufacturers and protect industries.
- **Safety Matches, Mineral/Aerated Waters, Gypsum Powder**
 - Increase or adjust duties to protect domestic producers where local capacity exists.
- **Used Clothing & Footwear**
 - Maintain or adjust duties to protect consumer welfare.
- **Textiles, Leather, Tyres, Dairy Sector Inputs**
 - Duty remission or stays (0%-25%) to support local manufacturing and reduce production costs.
- **Glass Reinforced Plastic Pipes, Flat-Rolled Iron/Steel Products, Baby Diapers, Cotton Yarn**
 - Adjust duties to promote local industry competitiveness, employment, and government revenue.
- **Horticultural Products & Corrugated Boxes**
 - Lower duties to encourage local production and reduce packaging costs.
- **Vehicle Components, Electrical Cables, Lithium-Ion Batteries**
 - Duty remission to promote local assembly and manufacturing, reduce costs, and increase affordability.
- **Yoghurt & Milk Powder, Optical Fiber Cables, Insulating Glass Units**
 - Adjust duties to support domestic production and competitiveness.
- **Sugar, Capital Goods, Radiators, Wiring Harnesses**
 - Duty remission or adjusted rates aimed at supporting local industry and covering production gaps.
- **Flat-Rolled Steel Products, Corrugated Iron Sheets, Table Salt, Vegetable Oils**
 - Duty stays and adjusted rates to protect local manufacturers, encourage investment, and stabilize markets.

These measures temporarily modify duty rates—either by granting stays on existing East African Community Common External Tariff (EAC CET) rates or by adjusting duties to protect local industries, promote domestic value addition, reduce production costs, encourage investment and employment, and increase government revenue across a range of products including electronics, agricultural inputs, metals, packaging, textiles, food processing, and manufacturing inputs.

Furthermore, The East African Community (EAC) Partner States have agreed to establish the EAC Assembling and Manufacturing of Goods Regulations, which are scheduled to come into effect on 1st July 2026.

It is proposed to retain an import duty of 25%, instead of the current 0%, on consumption sugar (HS Code 1701.14.90) and industrial-use sugar (HS Code 1701.99.10) imported from SADC countries under permits issued by the Tanzania Sugar Board. The goal of this measure is to safeguard domestic sugar producers.

The Business Licensing Act, Cap 101

To strengthen the country's trade policy framework and promote a more business-friendly environment for both citizens and non-citizens, it is proposed to amend the Business Licensing Act, CAP. 101, as follows:

- Repeal Section 3(4) of the Act, which currently requires licensing authorities to shut down a business when the owner violates the provisions of the Act. This amendment seeks to ease the challenges faced by business owners and implement the Government's directive to minimize business closures.
- Introduce a new Section 8(7), granting the Minister responsible for Trade the authority to issue orders designating certain business activities as restricted for non-citizens. The Minister's order will specify the types of businesses that non-citizens are prohibited from operating.

The proposed amendments to the Business Licensing Act, CAP. 101 aim to enhance Tanzania's trade policy framework and foster a more enabling business environment. Repealing Section 3(4) removes the rigid requirement for automatic business closures due to legal breaches, offering greater regulatory flexibility and supporting business continuity. Simultaneously, the introduction of Section 8(7) empowers the Trade Minister to restrict certain business activities to citizens only, thereby protecting local enterprises from foreign competition in specific sectors. Together, these changes balance the goals of economic openness with the protection of domestic interests.

Revenue sources for HIV/AIDS control and Financing of Universal Health Coverage

The government intends to amend several laws to create a new domestic revenue stream to support HIV prevention initiatives and contribute to the National Universal Health Fund (UHF). Under this plan, 70% of the additional revenue will be allocated to the AIDS Trust Fund and 30% to the UHF. The proposed changes include:

- **Excise Duty Increases** under the Excise (Management and Tariff) Act, CAP. 147:
 - Beer: +20 TZS/litre (heading 22.03)
 - Wine and other fermented drinks: +30 TZS/litre (headings 22.04–22.06)
 - Spirits and liquors: +50 TZS/litre (heading 22.08)
- **Electronic Communication Services:**
 - Excise duty to rise from 17% to 17.5%.
- **Fuel Levy** under the Roads and Fuels Toll Act, CAP. 220:
 - A new levy of 10 TZS per litre on petrol, diesel, and kerosene.
- **Mining Levy** under the Mining Act, CAP. 123:
 - Introduction of a 0.1% levy on the gross market value of minerals.
- **Gaming Tax Increase** under the Gaming Act, CAP. 41:
 - Sports betting winnings: tax increased from 10% to 15%.
 - Land-based casinos: winnings tax increased from 12% to 15%.
- **Imported Vehicle and Machinery Levy:**
 - 0–1000cc: 50,000 TZS
 - 1001–1500cc: 100,000 TZS
 - 1501–2500cc: 150,000 TZS
 - 2501cc and above: 200,000 TZS
 - Heavy machinery (e.g., excavators, forklifts): 250,000 TZS
- **Transportation Ticket Levies:**
 - Train tickets: 500 TZS
 - Air tickets: 1,000 TZS

These reforms aim to diversify revenue sources and strengthen health financing mechanisms.

Amendment of Various Government Fess and Levies of the Government Agency and the Implementation of the Blueprint Improvement Plan.

Propose to implement amendments by introducing, eliminating, or reducing various fees and levies imposed by Ministries, Departments, and Agencies to foster strong growth across multiple sectors and enhance the country's business environment. These initiatives are part of the ongoing execution of the Blueprint for Regulatory Reforms aimed at improving the Business Environment. Specific amendments include:

- **Ministry of Livestock and Fisheries**

- Livestock Sector

To adjust the export fees for livestock, including market and export fees at border livestock markets, by lowering the charges from TZS 31,000 to TZS 30,000 for cattle and large animals, and from TZS 7,000 to TZS 6,500 for sheep and goats. This is intended to provide financial relief to livestock traders in Tanzania.

- **Fisheries Sector**

To revise various levies in the Fisheries Sector as detailed in Annexure No. 1. Additionally, propose to reduce the import fee for fin fish from US\$2.5 to 1,300 shillings per kilogram, excluding Tilapia. This aims to encourage fish imports for consumption and boost raw material supply for fish processing industries domestically.

- **Ministry of Natural Resources and Tourism**

To merge the approved accommodation facilities under Group A (Approved A) and Group B (Approved B) into a single category known as Approved Accommodation Facilities. Concurrently, reduce the license fee for this category from US\$800 to 766,500 shillings. This aims to establish equitable license fees, as current fees are comparatively high versus other service groups.

- **BASATA**

To revise fees and levies imposed by BASATA as outlined in Annexure No. 2.

- **Tanzania Bureau of Standards (TBS)**

To amend fees and levies imposed by TBS as shown in Annexure No. 3.

- **Weight and Measure Agency (WMA)**

To update fees and levies imposed by WMA as detailed in Annexure No. 3.

- **Occupational Safety and Health Agency (OSHA)**

To set a cap on interest charged on fines, limiting it to no more than 100 percent of the original fine, replacing the current practice of applying 5 percent daily interest on the fine amount.

In conclusion, the proposed budgetary measures for 2025, as articulated by Hon. Mwigulu Lameck Nchemba, reflect a concerted effort to balance economic stimulation, revenue mobilization, and social equity. By introducing targeted tax reliefs and exemptions, the government aims to foster industrial growth, support local manufacturing, and alleviate burdens on critical sectors such as agriculture and small businesses. Simultaneously, the proposed adjustments to taxation frameworks, including income tax, VAT, and excise duties, demonstrate a pragmatic approach to expanding the tax base and addressing compliance gaps.

The strategic amendments to regulatory acts, such as the Tax Administration Act and Public Finance Act, underscore the government's commitment to enhancing fiscal transparency, accountability, and efficiency. While these changes present opportunities for bolstered economic performance and inclusive growth, their successful implementation will hinge on robust stakeholder engagement, capacity building, and alignment with broader development goals.

This budget signifies a pivotal step in Tanzania's economic trajectory, aiming to harmonize fiscal discipline with inclusive development. It sets the stage for sustainable growth while addressing pressing social and economic priorities, ensuring that progress resonates across all facets of society.