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Tanzania Budget Highlights

2024/25

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On 13th June 2024, the Minister of Finance, Hon. Mwigulu Lameck Nchemba presented the Tanzanian Government Budget for the financial Year 2024/25. The Budget for 2024/25 is the fourth in implementation of the Third Five-Year National Development Plan (2021/22 – 2025/26). The priority areas identified in the Five-Year Plan include realizing an inclusive and competitive economy; deepening industrialization and service provision; investment and trade promotion; and human and skills development. The theme for the financial Year 2024/25 Tanzanian Government Budget is “Realising Competitiveness and Industrialization for Human Development”. The EAC Partner States theme for 2024/25 Budget is, “Sustainable Economic Transformation through Fiscal Consolidation and Investment in Climate Change Mitigation and Adaptation for Improved Livelihoods”. The 2024/25 budget aims at and focuses on Macro Economic Targets that include, Acceleration of Gross Domestic Product (GDP) growth to 5.4% in 2024 from 5.1% in 2023, Control inflation rate to an average of 3.0% to 5.0% in the medium term, Increase domestic revenue to 15.8%, Increase tax revenue to 12.9% of GDP in 2024/25, Maintain a budget deficit (including grants) not exceeding 3.0% of GDP and Maintain foreign exchange reserves sufficient to cover the importation of goods and services for a period of not less than four (4) months.

Projected Revenue and Expenditure

The Government expects to mobilize and spend a total of TZS 49.35 trillion, equivalent to an increase of 11.2 % compared to the 2023/24 budget. This increase is mainly driven by: Increase of government debt associated with depreciation of the Tanzania Shilling, Rise of interest rates, and maturity of loans, New employments, Payment Arrears as of 2024, Local Government Elections; preparations for the 2025 General Elections and Preparations for the 2027 African Cup of Nations (AFCON).

Revenues expected include domestic revenue projected to TZS 34.61 trillion equivalent to 70.1% of the total budget and 15.7% of GDP whereby,

- TZS 29.41 trillion to be collected by TRA,
- TZS 3.84 trillion from non-tax revenue to be collected by Ministries, Agencies, and Independent Departments,
- TZS 1.36 trillion from Local Government Authorities,
- TZS 5.13 trillion from Development Partners,
- TZS 6.62 trillion, borrowing from the domestic market.,
- TZS 2.99 trillion borrowing from external commercial sources.

The government plans to spend a total of TZS 49.35 trillion which includes:

- TZS 15.74 trillion for servicing public debt and other consolidated fund expenses,
- TZS 11.77 trillion shillings for salaries, including recruitment and promotion of employees,
- TZS 2.17 trillion for railway, roads, water, and REA funds,
- TZS 1.19 trillion to finance higher learning education and 107 tertiary colleges student loans, and the Fee Free Primary and Secondary Education Program.

The summary of Budgeted Revenue and Expenditure estimates is as shown on the table below:

Revenue Estimates	Amount
Domestic Revenue - Central Government Local Government Grants and Concessional Loans from Development Partners Domestic and External Non Concessioonal Loans	TZS 33.25 Trillion TZS 5.13 Trillion TZS 1.36 Trillion TZS 9.5 Trillion
Total Budgeted Revenue	TZS 49.34 Trillion
Expenditure Estimates	
Recurrent Expenditure Development Expenditure (Local and Foreign)	TZS 34.59 Trillion TZS 14.75 Trillion
Total Budgeted Expenditure	TZS 49.34 Trillion



Proposed Amendments

A: The Value Added Tax Act, CAP 148 VAT Exemptions

- Exemption on supply and importation of motor vehicles, equipment, machinery and other goods for official use of Tanzania People's Defense Force. (Item 18).
- Exemption on supply of aircraft, aircraft engine, aircraft parts and aircraft maintenance to a local air manufacturer, assembling or production. (Item 31)
- Exemption on supply and importation of water treatment chemicals, water meter, sewage upon approval of the Minister responsible for Water.
- Exemption on importation of Video Assistant Referee equipment and accessories. Exemption on single axle tractors (Power Tiller). (HS Code 8701.10.00)
- Exempt on supply of double refined edible oil from locally grown seeds by a local manufacturer for one year.

VAT Refund Time period

- Require Value Added Tax (VAT) refunds to be paid within 30 days from the date of submission of the refund applications.

Zero Rate VAT

- Zero rate on gold supplied to the Central Bank of Tanzania (BOT). Zero rate on gold supplied to domestic mineral refineries.
- Zero rate on fertilizer manufactured locally for the period of one year. Zero rate on textile products (Fabric and Garments) made using locally grown cotton

VAT Exemptions abolished

- No exemption on supply and importation of agricultural implements that include Spades and Shovels, Mattocks and Picks. (HS Code 8201.10.00, HS Code 8201.30.00)
- No exemption on supply of precious metals, gemstones and other precious stones at refineries.

VAT Taxable

- Incorporate online data services in the Value Added Tax base.

B: The Income Tax Act, CAP 332

- Include institutions which deal with advancement of health services and environmental conservation under charitable institutions. (Section 64(8))
- Adding a requirement to use electronic receipts to authenticate purchases made in a particular year of income. (Section 11)

NB: Shall exclude sellers of goods or suppliers of services who are foreign citizens and are outside the Mainland Tanzania or any person who is not required to issue electronic receipts.

- Contributions of 15% which are made by the public institutions to the Consolidated Fund shall be deductible expenditure while determining their taxable income.
- Amending the Income tax on passenger transportation business with gross income not exceeding TZS 100 million for the year of Income and which are not legally bound to prepare accounts.

No.	Class A Passenger Transportation Buses	
	Number of passengers	Amount (TZS)
	Not more than 15	250,000
	Between 16 to 25	650,000
	Between 26 to 45	1,100,000
	Between 46 to 65	1,600,000
	More than 65	2,200,000

- Introducing a requirement to non-residents to collect of 5% withholding taxes on payments made to resident digital content creators.
- Introducing 5% Withholding Tax on income derived from the business of digital content creation which is done by the resident business entities.
- Introducing a 2% Withholding Tax for payments received in purchase of industrial minerals.
- Introducing 3% Withholding Tax on income derived from transfer of digital assets.

NB: Owner of the digital platform, or any person who facilitates digital asset transfers or exchange, will become a withholding agent.

- A foreign citizen who operates a digital platform which facilitates transfers or exchange of digital assets, shall be registered by TRA under the Simplified Tax Regime.
- Introducing 2% Income Tax on payments to be made by resident entities upon purchasing of agricultural produce, fishing, animal and poultry keeping besides forestry produce.
- Exclude applicability of Section 56 (Change in Control/Ownership) on allotment of shares in a resident entity.
- Enhance profit base subject to tax chargeability from the fourth year of the loss-making business entities made in consecutive years from 30% to 40%.
- To prescribe procedures through Regulation for review, recognition and writing of bad debts

Income Tax Exemptions

- Exempt tea processing companies with perpetual unrelieved loss for three consecutive years of income from paying Alternative Minimum Tax. (Section 4(8))
- Exemption of withholding tax on interest when Resident Financial Institutions make payments to foreign Non-residents Financial Institutions, and
- funds which have agreement with the Government of the United Republic of Tanzania must provide those concessionary loans to resident banks and Financial Institutions.

NB: Exemption shall be granted when the signed agreement meets conditions and national legal requirements and has article(s) which specifically stipulates for tax exemption.

C: The Tax Administration Act, CAP 438

- Introducing provision that empowers Tax Ombudsman hearing and addressing complaints originating from tax decision, procedural, service and administrative matters relating to such tax decision or objection.
- Increasing the currency points to TZS 20,000/=
- Setting a maximum fine for the offense of failure to issue fiscal receipt at the amount of 1000 currency points (equivalent to TZS 15,000,000/=). (Section 86(1))

D: The Vocational Education and Training Act, CAP 82

Exemption from Skills Development Levy for casual laborer's employed in the execution of water projects managed by Water Authorities.

E: The Excise (Management and Tariff) Act, CAP 147)

- Reducing rate on locally produced bottled water to TZS 58 per litre from TZS 63.80 per litre. (HS Code 2201.10.00 and 2201.90.00)
- Introducing a rate of 10% of the value of stake on betting, Gaming and national lottery. Introducing 10% rate on the advertisement fee in Television, print media and radio stations for betting, gaming and lotteries advertisement.
- Introducing a rate of TZS 300 per Kg on imported and locally manufactured Tomato Sauce and Tomato Ketchup.
- Introducing provision in the Electronic Tax Stamps Regulations, 2018 that requires manufacturing license to be issued to the persons licensed to manufacture excisable goods (manufacturer) once the manufacturer has installed ETS machines and the factory has begun production.

F: The Local Government Authorities (Rating) Act, CAP 289

- Require 20% of the collected revenue from property tax and land rent to be directly remitted to the Local Government Authorities (Councils) accounts.

G: The Road and Fuels Tolls Act CAP 220

- To charge TZS 382 per kg of Compressed Natural Gas (CNG) used in motor vehicles.

H: The Port Act, 2004

- Reinstate the mandate of collecting wharfage to the Tanzania Ports Authority (TPA).

I: Sugar Industry Act, CAP 251

- Provide power to the National Food Reserve Agency (NFRA) to buy, stock and reserve sugar as a National Food Reserve.
- Include sugar as part of food security.
- Charge TZS 50 per kg of Sugar by products originating from sugar production.

J: Cashewnut Industry Act, No.18

- Granting the Board to collect and utilize revenue from export levy on cashew nut for five years.
- Granting the Tanzania Revenue Authority (TRA) mandate to collect crops export and import levies as well as determining the distribution of revenue.
- NB: 50% remitted to Agricultural Development Fund and 50% remitted to Consolidated Fund.

K: The Mining Act, CAP 123

- Exemption from paying inspection fee of 1% from the gold supplied to Bank of Tanzania (BOT).
- Reduce royalty rate to 2% on the supply of gold to be sold to the Bank of Tanzania (BOT).
- Reduce royalty rate to 2% on the supply of gold to be sold to the domestic mineral refineries.
- Requiring the mineral right holders and the mineral dealers to set aside minerals for processing, smelting, refining and trading within the country.
- Recognizing The Bank of Tanzania (BOT) as the Statutory Gold Dealer.

L: Gaming Act, CAP 41

- Introducing gaming dealer's certificate application fee of TZS 10,000/=.
- Introducing certificate fee of TZS 20,000/=.
- Introducing the lottery centers registration fee of TZS 30,000/=.
- Introducing license application fee of TZS 500,000/= for supply of tokens used in slot machines.
- Introducing annual fee of TZS 1,000,000/= for supply of tokens used in slot machines.

M: The Motor Vehicle (Tax Registration and Transfer) Act, CAP 124

- Include electrical motor vehicle in the scope of vehicle registration that fee shall be paid.

N: The Railway Act, 2017

- Increasing railway development levy to 2% of Cost Insurance and Freight (CIF) value.

O: The Tanzania Meteorological Authority Act, CAP 157

- To introduce specific meteorological service usage fee of TZS 500,000/= on construction project valued at 500 million shillings to 1 billion shillings.
- To introduce usage fee of TZS 1,500,000/= on construction project valued at TZS 1.1 billion to TZS 10 billion.
- Introduce the meteorological service fees for water resource management activities at the rate of TZS 500,000 per month per every Water Basin Board with high financial capacity.
- Introduce TZS 200,000/= each month per every Water Basin Board with low financial capacity.

P: The East African Community Customs Management Act, 2004

- Remission at a rate of 0% for 1 year on unassembled Television (CKD). (HS Codes 8528.72.10; and 8528.73.10)
- Remission at a rate of 0% on various inputs used in the assembling or manufacturing of mobile phones.
- Remission at a duty rate of 10% for one year on other paper, paperboard, cellulose wadding and webs of cellulose fibres used to manufacture labels and thermal paper rolls for cash registers, POS and EFD machines. (HS Code 4811.90.00)
- Grant duty remission at a rate of 0% for 1 year on inputs and S: Law of the Child Act, CAP 13 raw materials used to manufacture optical fiber cables.
- Remission at a duty rate of 10% on inputs under use in the manufacture of foods and beverages. (HS Code 2106.90.20)
- Amend structure of hybrid motor vehicle tariff lines to cater for unassembled vehicles at import duty rate of 0%. (HS Codes 8703.40.00; 8703.50.00; 8703.60.00; and 8703.70.00)

Q: The Import Control Act, CAP 276

Introducing Industrial Development Levy on selected imported goods as follows:

- 10% on wire rods (HS Code 7213.91.90).
- 10% on beer (Heading 22.03).
- 5% on non-alcoholic beer (HS Code 2202.91.00).
- 5% on energy drinks (HS Code 2202.99.00).
- 10 % on organic surface-active agents - detergents (HS Code 3402.50.00).
- 10% on liquid (HS Code 3402.90.00).

NB: The Industrial Development Levy will not apply on goods originating from East African Community Partner States that meet the East African Community Rules of Origin.

R: The Export Levy Act, CAP 196

- Introducing levy at the rate of 10% on Crude Sunflower Oil, Sunflower Cake and Sunflower seeds.



Tanzania Atomic Energy Commission

- Introducing a fee of 0.1% of the FOB value on exportation of animal products and food stuffs to foreign destinations where the destination countries have a requirement of the Radiation Certificate or when the exporter has requested the certificate.
- Reduce the radiation inspection and certification fee from 0.4 % to 0.2% of the FOB value on finished goods which are imported into the country.

Fire and Rescue Force

- Reducing a fee chargeable for training wardens on fire prevention and cautionary measures from TZS 500,000/= to TZS 200,000/=.
- Requirement to conduct training to at least one warden or more in every year.

Tanzania Civil Aviation Authority (TAA)

- Charge a fee for renewing licenses to operate safety planes (Air Operators Certificates - AOC) at the rate of USD 600 per Company per year.

NB: It should be noted that local transactions should be made in the local currency, as addressed by the Minister

Ministry of Natural Resource and Tourism

- Charge Tourist Business License fee in Tanzanian Shillings, instead of using US Dollar.
- Reducing Tanzanian Tourist Business License fee paid by an agent of the mountain climber to TZS 3,000,000 per annum.

Ministry of livestock and Fisheries

A: Livestock Sector

Amend the moving permit on livestock from auctions as follows:

- TZS 31,000/= for every cattle.
- TZS 7,000/= for every goat and sheep.

NB: Shall be remitted to Local Government Authorities.

B: Fisheries Sector

- Reducing the moving permit fee on fish and fish products which are fresh, dried or frozen to TZS 50 per kg from TZS 100 per kg.
- Dried fish and fish products which weigh below 20 kgs and fresh or frozen fish and fish products which are below 30 kgs are exempted from paying moving permit.
- Reducing moving permit on fish maw to TZS 2,000 per kg from TZS 2,500 per kg for fresh fish maw. Reducing moving permit on fish maw to TZS 2800 per kg TZS 3,500 per kg for dried fish maw.
- Increase export royalty for fish maw to USD 3 per kg from USD 2.7 per kg for fresh fish maw. Increase export royalty to USD 3.5 per kg from USD 3.3 per kg for dried fish maw.

Ministry of livestock and Fisheries

- Unless otherwise stated, the new measures shall become effective on 1st July 2024



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