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— ACCOUNTING - AUDIT - ADVISORY - TAXATION —

Tanzania Tax Reforms 2026/27

New Taxes, Sector Impact and Relief Analysis

A Thalia Associates Advisory Brief on the 2026/27 Budget and Finance Bill Proposals

Budget Date: 11 June 2026, Dodoma, Tanzania

Presented by: Hon. Ambassador Khamis Mussa Omar (MP), Minister for Finance

Finance Bill: Finance Bill 2026

Measures effective: 1 July 2026 (unless otherwise stated)

Prepared by: Thalia Associates | Tax & Advisory

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DISCLAIMER: This analysis is based on the 2026/27 Budget Speech delivered on 11 June 2026 and Finance Bill 2026 proposals as stated therein. The measures described are proposals and should not be relied upon as enacted law until the Finance Act 2026 is officially passed and published. Thalia Associates recommends that this brief be reviewed and updated once the Finance Act is enacted or official Tanzania Revenue Authority (TRA) guidance is issued. This document is for informational purposes only and does not constitute legal or tax advice. Specific tax matters should be discussed with a qualified tax adviser.

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SECTION 1 | EXECUTIVE SUMMARY

Budget Overview

The 2026/27 Budget of the United Republic of Tanzania, presented by Hon. Ambassador Khamis Mussa Omar on 11 June 2026, covers a total budget frame of TZS 62.33 trillion — a 10.3% increase from 2025/26. Revenue is projected at TZS 46.79 trillion, of which tax revenue accounts for TZS 36.99 trillion. The budget is primarily **revenue-raising** in orientation while simultaneously including targeted relief measures for productive sectors. The governing theme is: *"Building Economic Resilience through Digital Transformation, Strategic Investment and Fiscal Sustainability for Inclusive Growth."*

Budget Parameter	2025/26	2026/27 (Proposed)
Total Budget	TZS 56.49 trillion	TZS 62.33 trillion (+10.3%)
Tax Revenue	TZS 28.10 trillion (Jul-Apr)	TZS 36.99 trillion
Total Revenue	TZS 41.39 trillion	TZS 46.79 trillion
Additional Revenue (Tax Reforms)	—	~TZS 1.72 trillion
Budget Deficit	—	TZS 7.71 trillion (2.9% of GDP)
Government Debt	TZS 114.34 trillion	Managed (DSA: sustainable)

Key Reform Direction

- **Revenue-raising:** The majority of measures aim to widen the tax base, increase rates on specific items, and close loopholes. Total additional revenue from 2026/27 tax reforms is projected at TZS 1.72 trillion.
- **Investment-supportive:** Targeted exemptions and duty remissions protect and stimulate domestic manufacturing in textiles, edible oil, energy, and strategic industries.
- **Compliance-focused:** Digital payment mandates, extended withholding tax obligations, TRA systems modernisation, and integration of TAUSI-IDRAS systems aim to sharply improve compliance.
- **Formalisation-driven:** One-year income tax holiday for new businesses, expanded presumptive tax threshold, and LGA loan allocations encourage informal sector registration.
- **Environment and health:** Higher excise on used vehicles, motorcycles, gambling, cigarettes, and artificial products address externalities and fund Universal Health Coverage.
- **Clean energy promotion:** Continued and new VAT exemptions on EV charging equipment, LPG meters, CNG infrastructure, and electric vehicles.

KEY ACTION POINTS FOR TAXPAYERS — EFFECTIVE 1 JULY 2026

Businesses under presumptive tax: review turnover threshold changes and new 4.5% rate. | Agricultural commodity buyers (food crops, livestock, milk, fish): implement 1% withholding tax immediately. | All government suppliers: prepare for expanded WHT on goods purchases. | Importers: review new excise duties, IDL levies, and customs processing fee increase (0.6% to 1%). | Gambling operators: prepare for 5% excise duty on all bet values. | Used vehicle importers: prepare for significantly higher excise duties. | Digital service providers (non-resident): note excise duty extension to B2C online services. | VAT-registered businesses: note 30-day refund rule entitlement with interest penalty on TRA.



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Sector Impact at a Glance

Sector	Direction	Key Driver	Risk Level
Agriculture / Food Crops	INCREASED BURDEN	New 1% WHT on crop purchases	● HIGH
Livestock & Fisheries	INCREASED BURDEN	New 1% WHT on animals/fish/milk	● HIGH
Manufacturing - Textiles	MIXED	Higher fabric import duty; VAT relief on local cotton garment	● MEDIUM
Edible Oil Processing	RELIEF	VAT exemption extended; uniform 10% CPO import duty	● LOW
Automotive / Used Vehicles	INCREASED BURDEN	Excise duty increases significantly	● HIGH
Motorcycles (petrol)	INCREASED BURDEN	New 5% excise duty	● HIGH
Clean Energy / EVs / LPG	RELIEF	VAT exemptions on charging equipment, LPG meters	● LOW
Aviation	RELIEF	VAT exemption on turbojets, propellers, aircraft tyres	● LOW
Gambling / Betting	INCREASED BURDEN	New 5% excise duty on bet value	● HIGH
Digital/Online Services (foreign)	INCREASED BURDEN	WHT up 2%→3%; excise extended to B2C	● HIGH
Mining	MIXED/POSITIVE	Framework Agreement exemptions formalised	● MEDIUM
SMEs / Startups	RELIEF	12-month income tax holiday; higher presumptive threshold	● LOW
Importers (general)	INCREASED BURDEN	Customs fee 0.6%→1%; new IDLs and excise duties	● HIGH
Dairy	RELIEF	VAT exemption on packaging materials	● LOW



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SECTION 2 | MASTER TABLE OF TAX REFORMS 2026/27

All measures effective 1 July 2026 unless otherwise stated. All figures in Tanzanian Shillings (TZS).

#	Tax Area	Existing Position	Proposed Reform	Eff. Date	Impact	Action Required
1	VAT	VAT refunds: no statutory deadline	VAT refunds must be paid within 30 days. Taxpayers entitled to interest on late refunds.	1 Jul 2026	RELIEF	Review all pending VAT refund claims immediately.
2	VAT	Boarding passes: VAT applicable	Airline boarding passes exempt from VAT (per IATA obligations).	1 Jul 2026	RELIEF	Aviation operators: update invoicing/VAT codes.
3	VAT	Dairy packaging materials: taxable	Dairy packaging materials (HS 3920.20.90) now VAT exempt (local + imports).	1 Jul 2026	RELIEF	Dairy manufacturers: stop claiming input tax on these materials.
4	VAT	VAT deferment for capital goods: sunset clause (Jul 2026)	Sunset clause removed. VAT deferral for imported capital goods continues indefinitely.	1 Jul 2026	RELIEF	Investors: VAT deferral on capital goods maintained. No change needed.
5	VAT	EV charging stations: VAT applicable	VAT exempt on imported EV charging equipment (HS 8504.40.00). Revenue cost: TZS 5.97B.	1 Jul 2026	RELIEF	EV charging operators: plan imports under new exemption.
6	VAT	Aircraft parts: VAT applicable	VAT exempt on turbojets, turbo-propellers, gas turbines (HS 84.11) and aircraft tyres (HS 4011.30.00). Revenue cost: TZS 14.84B.	1 Jul 2026	RELIEF	Aviation companies: update procurement and import plans.
7	VAT	LPG meters: VAT applicable	VAT exempt on imported LPG smart meters (HS 9028.10.00) for LPG distributors only. Revenue cost: TZS 16.8M.	1 Jul 2026	RELIEF	LPG distributors: ensure purchases qualify (distributor status required).
8	VAT	Edible oil (local seeds): VAT exempt (1-year Finance Act 2025)	1-year VAT exemption on locally produced edible oil (local seeds) renewed for another year.	1 Jul 2026	RELIEF	Edible oil processors: exemption continues — no gap in claims.
9	VAT	Cotton garments: zero-rated (local cotton)	VAT exempt (changed from zero-rated) on clothes/garments from locally grown cotton. Saves TZS 6.3B in VAT refunds.	1 Jul 2026	MIXED	Garment manufacturers: update VAT treatment — no more zero-rate refund claims.
10	VAT	Fishing nets (HS 5608.11.00): VAT exempt (imports)	VAT exemption on imported fishing nets abolished. BUT polyester fibres (HS 5402.20.00) for net production now exempt. Net: TZS 2.55B revenue increase.	1 Jul 2026	INCREASE	Importers of fishing nets: VAT now applies. Domestic producers: use polyester fibre exemption.
11	VAT	Dog/cat food (HS 23.09): VAT exempt	VAT exemption on dog/cat food abolished (local + imports). Revenue gain: TZS 6.73B.	1 Jul 2026	INCREASE	Pet food importers/producers: charge VAT from 1 July 2026.
12	VAT	Mining Framework Agreements: unclear VAT treatment	VAT Act amended to formally recognise exemptions under Cabinet-approved Framework Agreements with mining investors.	1 Jul 2026	RELIEF	Mining companies with Framework Agreements: confirm exemption applies; update SOP with TRA.
13	Income Tax	New businesses: provisional assessment issued on TIN registration	12-month income tax holiday for new businesses under presumptive tax regime. Holiday starts on TIN issuance date.	1 Jul 2026	RELIEF	New business registrants: understand holiday conditions; plan for regular tax post-year 1.
14	Income Tax	Presumptive tax upper threshold: TZS 100M	Upper threshold increased to TZS 200M, aligned with VAT registration threshold. Optional audited accounts allowed.	1 Jul 2026	COMPLIANCE	Businesses with turnover TZS 100M-200M: determine if now under presumptive regime.
15	Income Tax	Presumptive tax rate: 3.5% (turnover TZS 11M-100M)	Presumptive tax rate increased from 3.5% to 4.5% for turnover TZS 11M-200M. Revenue gain: TZS 75.11B.	1 Jul 2026	INCREASE	SME taxpayers: update tax provisioning and cash flow budgets for higher rate.
16	Income Tax	WHT on foreign digital services: 2%	Withholding tax on payments to foreign digital service providers increased from 2% to 3%. Revenue: TZS 1.44B.	1 Jul 2026	INCREASE	Businesses paying foreign digital services: update WHT rate to 3% from 1 July.
17	Income Tax	Deemed retained earnings: 30% of taxable profit	Deemed distributed profit reduced from 30% to 15% of taxable profit. Exclusions: small financials, insurance, DSE companies, Framework Agreement entities. Cost: TZS 23.59B.	1 Jul 2026	RELIEF	Companies subject to this rule: update dividend calculations and tax provisioning.

#	Tax Area	Existing Position	Proposed Reform	Eff. Date	Impact	Action Required
18	Income Tax	Forest produce: timber/logs only	Forest produce definition expanded to include natural varnish, latex, resin, sap, and gum. 2% Single Instalment Tax on gross value. Revenue: TZS 433.2M.	1 Jul 2026	INCREASE	Buyers/transporters of these forest products: register for and remit 2% SIT.
19	Income Tax	Sports royalties WHT: 5%	WHT on royalties for sports institutions / Tanzania Football Federation increased from 5% to 10%.	1 Jul 2026	INCREASE	Sports royalty payers: update WHT deductions to 10%.
20	Income Tax	WHT on goods: applies only to state-subsidised corporations	All MDAs, government institutions, LGAs, regional secretariats now required to withhold income tax on ALL goods purchases.	1 Jul 2026	COMPLIANCE	All government entities: implement WHT on goods procurement immediately. Update procurement/finance systems.
21	Income Tax	WHT on food crops: none	New 1% non-final WHT on payments by corporations for food crop purchases. Purchaser is collection agent. Tax creditable against annual income tax. Revenue: TZS 99.87B.	1 Jul 2026	INCREASE	Grain traders, millers, processors: register as WHT agents; issue Advance SIT Certificates; remit to TRA.
22	Income Tax	WHT on live animals / unprocessed fish / milk: none	New 1% WHT on purchases of live animals, unprocessed milk, unprocessed fish and fish maws by companies or institutions. Revenue: TZS 49.49B.	1 Jul 2026	INCREASE	Meat processors, fish processors, dairy companies: implement WHT systems.
23	Income Tax	Mining Framework Agreements: inconsistent treatment	Income Tax Act amended to formally recognise exemptions in Cabinet-approved Framework Agreements with mining investors.	1 Jul 2026	RELIEF	Mining investors with Framework Agreements: update tax computations; engage TRA for SOP confirmation.
24	Excise Duty	Specific excise rates: three-year calendar (set 2023/24)	Specific excise duty rates increased by 8% in 2026/27 (second phase). Excludes petroleum products. Future increases: inflation + 2% annually. Revenue: TZS 251.54B.	1 Jul 2026	INCREASE	All excisable goods manufacturers and importers: update pricing and cost models with 8% rate increase.
25	Excise Duty	Artificial flowers/foilage (HS 67.02): no excise	New 20% excise duty on imported artificial flowers, foliage, and similar products. Revenue: TZS 852.8M.	1 Jul 2026	INCREASE	Importers of artificial flowers: factor 20% excise into import costs.
26	Excise Duty	Non-resident online services (B2C): no excise	Excise duty extended to non-resident online service providers supplying B2C services without physical presence in Tanzania. Revenue: TZS 1.63B.	1 Jul 2026	INCREASE	Foreign digital B2C providers: register for excise duty compliance in Tanzania.
27	Excise Duty	UV/LED nail curing machines (HS 8516.79.00): no excise	New 10% excise duty on imported UV/LED gel nail curing machines. Revenue: TZS 566.5M.	1 Jul 2026	INCREASE	Beauty equipment importers: factor 10% excise into pricing.
28	Excise Duty	Beauty products (HS 33.03-33.07): 10% excise	Excise on beauty products (perfumes, cosmetics, hair preparations) increased from 10% to 15%. Revenue: TZS 1.91B.	1 Jul 2026	INCREASE	Cosmetics importers/distributors: update price lists from 1 July.
29	Excise Duty	Motorcycles (petrol): no excise on acquisition	New 5% excise duty on petrol motorcycles (excludes ambulance motorcycles, gas, and electric motorcycles). Revenue: ~TZS 30.40B.	1 Jul 2026	INCREASE	Motorcycle importers/assemblers: factor 5% excise into pricing. Bajaji/boda-boda businesses: expect price increases.
30	Excise Duty	Plastic/rubber clogs (HS 6402.99.00): no excise	New 10% excise duty on imported plastic or rubber clogs. Revenue: TZS 10.58B.	1 Jul 2026	INCREASE	Footwear importers: factor excise duty into pricing.
31	Excise Duty	Small engine vehicles (HS 8703.21.90, <=1000cc): no excise	New 5% excise duty on vehicles with engine capacity up to 1000cc. Revenue: ~TZS 5.71B.	1 Jul 2026	INCREASE	Small car importers/dealers: price increases. Review procurement plans.
32	Excise Duty	Gambling: no excise duty	New 5% excise duty on value of bets — land-based and online sports betting, casino, slot machines, virtual games. 10% of revenue collected remitted to Gaming Board of Tanzania. Revenue: TZS 74.5B.	1 Jul 2026	INCREASE	Gambling operators: register for excise; implement bet-value tracking; plan GBT remittance.
33	Excise Duty	Used vehicles: 15% (up to 10 yrs); 30% (10-20 yrs)	Used vehicle excise increased: up to 8-10 yrs: 15%->20%; 10-20 yrs: 30%->40%; over 20 yrs: new 50%. Revenue: TZS 106.70B.	1 Jul 2026	INCREASE	Used vehicle importers: significantly higher costs. Review business viability. Transit imports not affected by Tanzania duties.

#	Tax Area	Existing Position	Proposed Reform	Eff. Date	Impact	Action Required
34	Tax Admin	Distraigned perishables: no fast-sale mechanism	TRA Commissioner General can sell distraigned perishables by public auction or private treaty after notifying taxpayer.	1 Jul 2026	COMPLIANCE	Businesses subject to distraint: note TRA now has mechanism to sell perishables quickly.
35	Customs Fee	Customs Processing Fee: 0.6% of CIF value	Customs Processing Fee increased from 0.6% to 1%. Revenue gain: TZS 203.23B.	1 Jul 2026	INCREASE	All importers: update landed cost calculations. This is a significant cost increase on all imports.
36	IDL	Exercise books/notebooks: no IDL	New 5% Industrial Development Levy on imported exercise books and notebooks (HS 4820.10.00; 4820.20.00). Revenue: TZS 978.5M.	1 Jul 2026	INCREASE	Stationery importers: factor IDL into pricing.
37	IDL	Trailers: no IDL	New 5% IDL on imported trailers (HS 8716.31.90; 8716.39.90; 8716.40.90). Revenue: TZS 16.66B.	1 Jul 2026	INCREASE	Logistics companies: factor IDL into trailer procurement costs.
38	IDL	Fishing nets (HS 5608.11.00): no IDL	New 10% IDL on imported fishing nets. Aligns with abolition of VAT exemption.	1 Jul 2026	INCREASE	Fishing industry: combined VAT + IDL now applies to imported nets. Source locally or from EAC.
39	IDL	Steel structures (HS 7308.90.99): no IDL	New 10% IDL on imported steel structure products. Revenue: TZS 16.86B.	1 Jul 2026	INCREASE	Construction importers of steel structures: factor IDL into project costs.
40	IDL	Aluminium structures / doors & windows (HS 7610.10.00): no IDL	New 5% IDL on imported aluminium structures and imported doors/windows. Revenue: TZS 1.14B + 280.3M.	1 Jul 2026	INCREASE	Construction suppliers: update pricing on imported aluminium structures and door/window frames.
41	Export Tax	Waste paper: no export tax	New export tax on waste paper: 30% of FOB value or TZS 200/kg whichever is higher. Revenue: TZS 415M.	1 Jul 2026	INCREASE	Waste paper exporters: assess viability. Domestic processors of paper/boxes benefit.
42	Export Tax	Quartz / Feldspar: no export tax	New 10% export tax or TZS 200/kg (whichever higher) on exported quartz minerals and feldspar. Revenue: TZS 6.08B.	1 Jul 2026	INCREASE	Mineral exporters: factor export tax into contracts. Domestic glass/marble manufacturers benefit.
43	Export Tax	Bran/cake products: no export tax	New export tax of TZS 50/kg on wheat bran, cotton cake, rice bran, maize bran, sunflower cake. Protects domestic animal feed industry. Revenue: TZS 17.95B.	1 Jul 2026	INCREASE	Agro-processors / exporters of brans: factor export tax into export prices.
44	Stamp Duty	Bills of sale: TZS 1,000 / max TZS 10,000	Bills of sale stamp duty: TZS 1,000->10,000; maximum cap TZS 10,000->100,000.	1 Jul 2026	INCREASE	Finance/legal teams: update stamp duty calculations on security documents.
45	Stamp Duty	Cheques: TZS 100	Stamp duty on cheques increased from TZS 100 to TZS 500.	1 Jul 2026	INCREASE	Accounts payable teams: note increase in cheque stamp duty cost.
46	Stamp Duty	Agricultural land transfer: TZS 500 specific rate	Stamp duty on agricultural land transfer changed to 0.5% advalorem rate (from fixed TZS 500).	1 Jul 2026	INCREASE	Land transactions: new higher cost for agricultural land transfers. Conveyancers: update.
47	Excise / UHC	Cigarettes: existing excise rate	Excise duty on cigarettes increased by TZS 20 per mil. Revenue for Universal Health Fund.	1 Jul 2026	INCREASE	Cigarette importers/manufacturers: update pricing.
48	Sugar Levy	Sugar levy: existing rate	Sugar levy increased by TZS 10/kg on imported and locally produced sugar. Collected by Tanzania Sugar Board; remitted to Universal Health Fund. Revenue: TZS 7.5B (combined with cigarette measure).	1 Jul 2026	INCREASE	Sugar producers and importers: update cost models. FMCG companies using sugar: review product pricing.
49	Regulatory Fee	Petroleum verification fee: TZS 0.15/litre	Petroleum verification fee increased to TZS 1/litre (6.7x increase). Revenue: TZS 21.96B.	1 Jul 2026	INCREASE	Fuel traders and retailers: update operating cost models for significantly higher verification fee.
50	Registration Fee	2-wheel motorcycle registration: TZS 95,000	Motorcycle registration fee increased from TZS 95,000 to TZS 150,000 (+57.9%). Revenue: TZS 17.75B.	1 Jul 2026	INCREASE	Motorcycle owners and fleet managers: budget for higher registration costs.

#	Tax Area	Existing Position	Proposed Reform	Eff. Date	Impact	Action Required
51	Import Duty	Cotton fabric: 25% or USD 0.25/metre	Import duty on cotton grey fabric increased from 25% to 35% or USD 0.30/metre (whichever higher). Protects local manufacturers.	1 Jul 2026	MIXED	Fabric importers: increased costs. Local textile producers: competitive relief.
52	Import Duty	Crude palm oil (CPO): 0%; semi-refined palm olein: 10%	Uniform 10% import duty on ALL crude edible oils including CPO and semi-refined palm oil. Addresses misdeclaration.	1 Jul 2026	INCREASE	Edible oil importers: factor 10% duty on CPO into import costs (was 0%).
53	Income Tax	New businesses: provisional assessment on registration	New businesses operating exclusively under presumptive tax regime: 12-month income tax holiday commencing on TIN date.	1 Jul 2026	RELIEF	New business registrations from 1 Jul 2026: apply tax holiday automatically. Keep records of TIN issuance date.
54	Compliance	Business licences: no digital payment requirement	Digital payment device (Lipa Namba / TANQR) required for business licence issuance and renewal. Bank account mandatory for mineral, livestock, agriculture, timber, fisheries licences.	1 Jul 2026	COMPLIANCE	All licence holders in targeted sectors: open bank accounts and register digital payment devices before renewal.
55	Tax Admin	Out-of-court tax dispute settlement: 60 days	Settlement period for tax disputes (TRAB/TRAT) extended from 60 to 90 days.	1 Jul 2026	RELIEF	Taxpayers with active disputes: extended window for settlement negotiations.
56	SEZ/EPZ	Road tractors for semi-trailers: eligible for SEZ exemption	Road tractors for semi-trailers (HS 8701.21.90-8701.24.90) added to negative list — no longer eligible for SEZ/EPZ tax exemption. Revenue: TZS 57.16B.	1 Jul 2026	INCREASE	SEZ/EPZ operators: road tractors now taxable at standard rates. Review fleet procurement.
57	EAC Customs	Electric motor vehicles: 25% import duty (EAC CET)	Stay of EAC CET applied: electric motor vehicles to attract 10% (reduced from 25%) for one year to promote EV adoption.	1 Jul 2026	RELIEF	Electric vehicle importers: significant duty reduction for 2026/27.
58	EAC Customs	Ceramic tiles: 35% EAC CET	EAC Partner States agreed: ceramic tiles now attract 35% or USD 3/SQM (whichever higher) to protect regional industry.	1 Jul 2026	INCREASE	Construction sector importers of ceramic tiles: higher costs. Domestic tile producers: competitive protection.
59	LGA Finance	LGA revenue allocation for loans: 10%	LGA revenue allocation for women, youth, PWD loans increased from 10% to 15%. Extra 5% for market/entrepreneurship area development.	1 Jul 2026	RELIEF	Women, youth, PWD: expanded access to LGA loan facilities. LGAs: update budget allocations.
60	Mining Fund	Mineral Research Fund: not established	Ministry of Minerals to establish Mineral Research Fund, capitalised by retaining 10% of gross mineral revenue collections.	1 Jul 2026	COMPLIANCE	Mining companies: 10% of gross mineral revenue will go to Research Fund. Factor into financial projections.



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SECTION 3 | NEW TAXES AND NEW REVENUE MEASURES

This section details all measures that create a new tax, new levy, new withholding obligation, or new compliance cost.

1. New 1% Withholding Tax on Food Crop Purchases

What has changed	A 1% non-final withholding tax (WHT) is introduced on payments made by corporations for food crop purchases. The tax is charged on the prevailing market value at the time of purchase, prior to transportation or transfer of ownership.
Who will pay	Corporations and institutions that purchase food crops. The purchaser acts as the collection agent.
Effective date	1 July 2026
Why it matters	To widen the tax base and bring agricultural commodity traders into the formal tax system.
Business impact	Significant compliance burden for grain traders, millers, agricultural processors. An Advance Single Instalment Tax Certificate is issued on payment — required during transportation. Tax is creditable against the purchaser’s annual income tax return.
Action required	Register as a WHT agent with TRA. Implement systems to calculate 1% on prevailing market value. Issue certificates. Retain records for annual income tax credit claims.
Revenue estimate	TZS 99.87 billion

2. New 1% Withholding Tax on Live Animals, Unprocessed Milk, Fish and Fish Maws

What has changed	A new 1% withholding tax applies to payments made by companies or institutions for purchases of live animals, unprocessed milk, unprocessed fish, and fish maws.
Who will pay	Any company or institution purchasing these commodities. The buyer collects the tax and submits to TRA.
Effective date	1 July 2026
Why it matters	To increase the tax base, enforce equity in taxation, and formalise the informal agricultural sector.
Business impact	Livestock buyers, meat processors, dairy processors, and fish processors must implement new WHT systems.
Action required	Register as WHT agents. Update purchasing contracts. Issue certificates to sellers. File monthly WHT returns with TRA.
Revenue estimate	TZS 49.49 billion

3. New 5% Excise Duty on Gambling (Sports Betting, Casino, Virtual Games)

What has changed	A new 5% excise duty on the value of all bets placed across land-based and online sports betting, casino gaming, slot machine games, and virtual game operations. Additionally, 10% of the excise revenue collected is remitted to the Gaming Board of Tanzania (GBT).
Who will pay	All gambling operators (sports betting companies, casinos, slot machine operators, virtual games operators) — both physical and online.
Effective date	1 July 2026
Why it matters	To address gambling-related social harms, reduce youth addiction to betting, and raise revenue.
Business impact	Significant cost increase for gambling operators. If passed to consumers, reduces attractiveness of betting. GBT receives 10% of the collected duty.
Action required	Register for excise duty. Implement bet-value tracking systems. Plan remittance to both TRA and GBT. Review licensing conditions.
Revenue estimate	TZS 74.5 billion

4. Increased Excise Duty on Used/Old Import Vehicles

What has changed	Excise duty on imported used vehicles is significantly increased: Vehicles 8-10 years: 15% to 20%. Vehicles 10-20 years: 30% to 40%. Vehicles over 20 years: new rate of 50%.
Who will pay	All importers of used vehicles and consumers purchasing imported used vehicles.
Effective date	1 July 2026

Why it matters	Anti-dumping measure to reduce environmental pollution from aged vehicles.
Business impact	Substantial price increases for used vehicle importers. Risk of declining import volumes. Domestic dealers and new vehicle importers may benefit from competitive shift.
Action required	Recalculate landed costs. Review vehicle age thresholds in supply chain. Consider shifting to newer vehicles. Review trade-in values.
Revenue estimate	TZS 106.70 billion

5. Customs Processing Fee Increase (0.6% to 1%)

What has changed	Customs Processing Fee (CPF) increased from 0.6% to 1% of CIF value on all imports.
Who will pay	All importers — every import transaction is affected.
Effective date	1 July 2026
Why it matters	To generate revenue for upgrading TRA's electronic revenue collection systems.
Business impact	A 66.7% increase in Customs Processing Fees. This is a broad-based cost increase affecting every importer in Tanzania.
Action required	Immediately update all landed cost calculations. Revise import budgets and pricing models. Notify procurement teams.
Revenue estimate	TZS 203.23 billion

6. New 5% Excise Duty on Petrol Motorcycles

What has changed	A new 5% excise duty on motorcycles using petrol or diesel engines. Excluded: motorcycle ambulances, gas-powered motorcycles, and electric motorcycles.
Who will pay	Motorcycle importers, assemblers, and ultimately consumers.
Effective date	1 July 2026
Why it matters	To promote clean energy transportation and widen the tax base.
Business impact	Higher upfront cost for boda-boda motorcycles. Will increase prices across the sector. Transport cost impact on boda-boda riders.
Action required	Importers: update pricing from 1 July. Fleet operators: evaluate whether electric/gas motorcycles now offer cost advantage. Delivery businesses: review transport cost models.
Revenue estimate	~TZS 30.40 billion

7. Increased Presumptive Tax Rate (3.5% to 4.5%)

What has changed	The presumptive tax rate for businesses with annual turnover between TZS 11 million and TZS 200 million is increased from 3.5% to 4.5%.
Who will pay	Small businesses under the presumptive tax regime with turnover between TZS 11M and TZS 200M.
Effective date	1 July 2026
Why it matters	Ensures fairer distribution of tax burden across business sizes; aligns with expanded threshold.
Business impact	A 28.6% increase in the effective tax rate for affected SMEs. Combined with the expanded threshold (TZS 100M to TZS 200M), more businesses fall under this regime.
Action required	SME owners: recalculate expected tax burden. Review whether self-assessment may be more beneficial. Consider whether turnover management is appropriate.
Revenue estimate	TZS 75.11 billion

8. Export Taxes on Agricultural Residuals and Mineral Raw Materials

What has changed	New export taxes: Wheat bran, cotton cake, rice bran, maize bran, sunflower cake: TZS 50/kg. Quartz minerals and feldspar: 10% or TZS 200/kg (whichever higher). Waste paper: 30% or TZS 200/kg (whichever higher).
Who will pay	Exporters of these commodities.
Effective date	1 July 2026

Why it matters	To ensure adequate domestic supply of raw materials for animal feed, glass, marble, and paper manufacturers.
Business impact	Exporters will face reduced margins. Domestic manufacturers gain cost advantage as these inputs become cheaper locally.
Action required	Commodity exporters: review export contracts. Build export tax into pricing. Assess whether export is still commercially viable.
Revenue estimate	TZS 24.44 billion (combined)

9. Road Tractors for Semi-Trailers Removed from SEZ/EPZ Exemption List

What has changed	Road tractors for semi-trailers (HS 8701.21.90 to 8701.24.90) added to the negative list under the Investment and Special Economic Zones Act 2025 — these vehicles are no longer eligible for tax exemptions granted to SEZ/EPZ investors.
Who will pay	SEZ and EPZ operators who previously imported road tractors tax-free.
Effective date	1 July 2026
Why it matters	To protect domestic industry and government revenue.
Business impact	Significant cost increase for logistics-heavy SEZ/EPZ operators that rely on semi-trailer tractors.
Action required	SEZ/EPZ operators: review existing and planned tractor fleet. Factor standard duties and taxes into capital expenditure budgets.
Revenue estimate	TZS 57.16 billion

10. Excise Duty on Digital/Online Services by Non-Resident B2C Providers

What has changed	Excise duty extended to non-resident suppliers of excisable services supplied through online platforms directly to end-users (Business-to-Consumer / B2C) without physical presence in Tanzania.
Who will pay	Non-resident online service providers supplying excisable services to Tanzanian consumers.
Effective date	1 July 2026
Why it matters	To achieve equity between traditional and online service providers.
Business impact	Internationally-based streaming, digital content, gaming, and similar B2C providers must now comply with Tanzania excise duty. May increase subscription costs for Tanzanian consumers.
Action required	Non-resident B2C digital providers: register with TRA for excise duty compliance. Review whether existing registration covers excise or is limited to income/VAT.
Revenue estimate	TZS 1.63 billion



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SECTION 4 | TAX RELIEFS, EXEMPTIONS AND INCENTIVES

1. 12-Month Income Tax Holiday for New Businesses (Presumptive Tax Regime)

Nature of relief	Full income tax holiday for 12 months commencing on TIN issuance date.
Beneficiary	Newly registered businesses operating exclusively under the presumptive tax regime.
Conditions	Must operate exclusively under the presumptive tax regime. No provisional assessment will be issued on registration. Regular presumptive tax rules apply after 12 months.
Expected benefit	Reduces compliance burden on startups. Eliminates the need to pay provisional tax in the first 6 months of operation.
Risks / limitations	If the business exits the presumptive regime during the holiday period (e.g., by exceeding the turnover threshold), regular rules apply. Businesses must ensure prior registration and tax liabilities are settled.
Documentation	TIN certificate, date of registration records, proof of turnover within presumptive threshold.

2. VAT Refund Within 30 Days — Interest on Late Refunds

Nature of relief	TRA is legally required to pay VAT refunds within 30 days of application. Taxpayers are entitled to interest if TRA delays.
Beneficiary	All VAT-registered businesses with refund entitlements (particularly exporters, zero-rated suppliers).
Conditions	Refund application must be properly submitted with required documentation.
Expected benefit	Significantly improves cash flow for exporters and businesses with input tax exceeding output tax. Legally enforceable right to interest creates accountability.
Risks / limitations	TRA must implement the system. Interest rate not specified in the speech — confirm in Finance Act.
Documentation	VAT refund application, supporting invoices, export documentation (for exporters), input tax schedule.

3. VAT Deferral on Imported Capital Goods (Sunset Clause Removed)

Nature of relief	The scheduled sunset clause (1 July 2026) on VAT deferral for imported capital goods has been removed. VAT deferral continues indefinitely.
Beneficiary	Investors importing capital goods (machinery, equipment) for business purposes.
Conditions	Capital goods must be properly classified and eligible under the existing deferral scheme.
Expected benefit	Maintains lower upfront investment costs. Domestic production capacity cannot yet meet local demand, so restriction would have stifled investment.
Risks / limitations	Eligibility criteria remain the same. TRA may still scrutinise classifications.
Documentation	Import permits, capital goods classification, investment approval documentation.

4. Mining Framework Agreement Exemptions Formally Recognised

Nature of relief	VAT Act, Income Tax Act, Excise Duty Act, and Roads and Fuels Tolls Act amended to formally recognise tax exemptions stipulated in Framework Agreements signed between the Government and mining investors (Cabinet-approved).
Beneficiary	Mining investors with existing and future Cabinet-approved Framework Agreements.
Conditions	Framework Agreement must be approved by the Cabinet. Standard Operating Procedures will be established.
Expected benefit	Reduces uncertainty and accelerates execution of joint venture mining projects. Fulfils government's contractual obligations.
Risks / limitations	SOP has not yet been published. Companies should engage TRA to confirm application and scope.
Documentation	Cabinet-approved Framework Agreement, TRA confirmation letter, application under SOP.

5. Aviation: VAT Exemption on Turbojets, Propellers, and Aircraft Tyres

Nature of relief	Full VAT exemption on imported turbojets, turbo-propellers, other gas turbines (HS Heading 84.11) and aircraft tyres (HS Code 4011.30.00).
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Beneficiary	Airlines, aircraft operators, aviation service companies.
Conditions	Must be for aviation use. Proper HS classification required.
Expected benefit	Reduces operating costs of airlines and stimulates aviation investment. Revenue cost to Government: TZS 14.84 billion.
Risks / limitations	Potential for misclassification of non-aviation products to claim exemption.
Documentation	Import permits, aircraft maintenance records, HS classification documents, aviation licence.

6. EV Charging Stations: VAT Exemption on Equipment

Nature of relief	VAT exemption on imported equipment for electric vehicle charging stations (HS Code 8504.40.00).
Beneficiary	Businesses investing in EV charging infrastructure.
Conditions	Equipment must be classified under HS 8504.40.00 and used specifically for EV charging stations.
Expected benefit	Reduces investment cost in EV infrastructure. Part of Government's clean energy promotion policy. Revenue cost: TZS 5.97 billion.
Risks / limitations	Risk of misclassification to claim exemption. TRA may issue guidelines on eligible equipment.
Documentation	Import documentation, HS classification confirmation, investment registration.

7. Edible Oil (Locally Produced with Local Seeds): VAT Exemption Extended

Nature of relief	One-year VAT exemption on edible oil produced locally using locally grown seeds renewed for another year.
Beneficiary	Local edible oil manufacturers, sunflower and cottonseed oil processors.
Conditions	Oil must be produced locally using locally grown seeds (not CPO or imported seeds). Duration: one year from 1 July 2026.
Expected benefit	Continues price relief for consumers and competitive advantage for local processors.
Risks / limitations	Exemption must be renewed again in Finance Act 2027 if it is to continue. Plan for potential expiry.
Documentation	Proof of local production, seed sourcing records, production records.

8. Cotton Garments and Clothing from Locally Grown Cotton: VAT Exempt

Nature of relief	Garments and clothing produced from locally grown cotton changed to VAT exempt (previously zero-rated). Saves government TZS 6.3 billion in zero-rate VAT refunds.
Beneficiary	Textile and garment manufacturers using locally grown cotton.
Conditions	Clothing must be produced from locally grown Tanzanian cotton.
Expected benefit	Promotes use of local cotton and supports the cotton-to-clothing value chain.
Risks / limitations	Change from zero-rate to exempt means manufacturers can no longer claim input tax refunds on inputs used in production. Net impact may be negative for some manufacturers with significant input costs.
Documentation	Cotton sourcing records, production documentation, input tax schedules.

9. Dairy Packaging Materials: VAT Exempt

Nature of relief	Dairy packaging materials (HS Code 3920.20.90) — both locally produced and imported — included in the VAT exempt list.
Beneficiary	Dairy product manufacturers (milk, yoghurt, cheese producers).
Conditions	Materials must be classified under HS 3920.20.90.
Expected benefit	Reduces production costs for dairy manufacturers. Improves competitiveness in regional and international markets. Revenue cost: TZS 17.8 million.
Risks / limitations	Classification of materials is important. Non-eligible packaging materials will remain taxable.
Documentation	HS classification documents, import/purchase invoices.

10. LPG Smart Meters: VAT Exempt for LPG Distributors

Nature of relief	VAT exemption on imported LPG smart meters (HS Code 9028.10.00). Only available to LPG distributors.
Beneficiary	Licensed LPG distributors.
Conditions	Must be a licensed LPG distributor. Meters must be classified under HS 9028.10.00.
Expected benefit	Promotes LPG adoption and infrastructure expansion. Revenue cost: TZS 16.8 million.
Risks / limitations	Restricted to distributors — retailers and end-users may not benefit.
Documentation	LPG distributor licence, import documentation, HS classification.

11. Duty Remissions on Manufacturing Inputs (EAC Measures)

Nature of relief	Multiple duty remissions on raw materials and inputs for domestic manufacturers, including: Corrugated box manufacturing, packaging materials, aluminium products, soap manufacturers, textile and leather inputs, electrical cables, radiators, optical fiber cables, waterproofing membranes, tea packaging, coffee packaging, yoghurt/milk packaging, agricultural seed packaging, and more.
Beneficiary	Domestic manufacturers in the above industries.
Conditions	Goods must be for use by domestic manufacturers as specified. One-year remissions effective 1 July 2026.
Expected benefit	Significantly reduces cost of production for domestic manufacturers, improving competitiveness against imports.
Risks / limitations	Duration: one year only. Annual renewal process via EAC Pre-Budget Consultations.
Documentation	Manufacturer's certificate, production records, import permits, proof of use in manufacturing.

12. Deemed Retained Earnings Reduction (30% to 15%)

Nature of relief	The fraction of taxable profit deemed to have been distributed to shareholders (and subject to WHT) reduced from 30% to 15% under Section 33A of the Income Tax Act.
Beneficiary	Companies subject to Section 33A (excludes: small financial institutions, insurance companies, DSE-listed companies, Framework Agreement entities).
Conditions	Exclusions apply. Confirm eligibility with tax adviser.
Expected benefit	Reduces withholding tax burden on deemed dividends. Revenue cost to Government: TZS 23.59 billion. Improves after-tax return for investors.
Risks / limitations	Exclusions for financial sector, insurance and DSE-listed companies mean many large companies do not benefit.
Documentation	Annual income tax return, shareholder register, WHT returns.



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SECTION 5 | SECTOR IMPACT ANALYSIS

A. Sectors Facing Higher Tax Burden

Agriculture — Commodity Buyers / Agro-Processors [High Risk]

Specific reform	1% WHT on food crop purchases + 1% WHT on live animals/unprocessed milk/fish. Export taxes on brans and agricultural residuals.
Cost type	New compliance obligations; cash flow impact from withholding at source; export competitiveness reduction.
Impact on pricing/cash flow	Administrative cost of WHT compliance. Commodity prices may adjust downward to absorb the 1% deduction.
Recommended response	Implement WHT systems immediately. Engage TRA to clarify "prevailing market value" determination methodology. Seek technical guidance on certificate issuance. Review export contracts for residuals.

Used Vehicle Importers [High Risk]

Specific reform	Excise duty increases: 15%→20% (8-10 years); 30%→40% (10-20 years); new 50% on 20+ year vehicles.
Cost type	Direct duty increase of 33%-67% on excise portion.
Impact on pricing/cash flow	Significant price increases for used vehicles across all age brackets. Anti-competitive pressure on the second-hand market.
Recommended response	Review import strategy. Consider shifting to newer vehicle imports. Analyse 8-year-old vehicle category for lowest excise bracket. Revise business models for older vehicle dealers.

All Importers (General) [High Risk]

Specific reform	Customs Processing Fee increased from 0.6% to 1%. This applies to ALL imports regardless of sector.
Cost type	Direct cost increase of 66.7% on Customs Processing Fee on every import transaction.
Impact on pricing/cash flow	Every imported product becomes more expensive. Impacts pricing across all sectors that rely on imports.
Recommended response	Update all import cost models immediately. Revise pricing to customers. For long-term supply contracts, check price variation provisions.

Gambling / Betting Industry [High Risk]

Specific reform	New 5% excise duty on bet value for sports betting, casino, slot machines, and virtual games. 10% of collected excise goes to GBT.
Cost type	New operational tax that directly reduces margins or must be passed to bettors.
Impact on pricing/cash flow	If passed to consumers: reduced odds or returns. If absorbed: significant margin compression.
Recommended response	Register for excise duty immediately. Implement real-time bet-value tracking for excise computation. Assess pass-through pricing vs. margin absorption. Engage legal counsel on GBT remittance procedures.

Motorcycle Industry (Petrol) [High Risk]

Specific reform	New 5% excise duty on petrol/diesel motorcycles.
Cost type	New duty increasing landed cost for importers and assemblers.
Impact on pricing/cash flow	Motorcycle prices will increase. Boda-boda operators face higher upfront costs.
Recommended response	Importers: update pricing from 1 July. Explore electric/gas motorcycle alternatives (exempt). Boda-boda operators: assess impact on entry costs and routes.

Digital / Online Service Providers (Non-Resident, B2C) [High Risk]

Specific reform	WHT on foreign digital services increased from 2% to 3%. Excise duty now extended to non-resident B2C online service providers.
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Cost type	Increased WHT rate; new excise duty compliance obligation.
Impact on pricing/cash flow	Potential subscription/service price increases for Tanzanian consumers.
Recommended response	Non-resident providers: register for both VAT/WHT and excise duty compliance in Tanzania. Local businesses paying for foreign digital services: update WHT deduction rates to 3%.

SMEs Under Presumptive Tax (Turnover TZS 11M-200M) [Medium Risk]

Specific reform	Presumptive tax rate increased from 3.5% to 4.5%. Upper threshold expanded to TZS 200M.
Cost type	Higher effective tax rate; new businesses previously under self-assessment now possibly under presumptive regime.
Impact on pricing/cash flow	Reduced post-tax income for SME owners.
Recommended response	Review whether self-assessment is now more beneficial (optional for those under TZS 200M). Obtain audited accounts if considering self-assessment route. Plan for higher quarterly presumptive tax payments.

Construction Sector (Importers) [Medium Risk]

Specific reform	10% IDL on imported steel structures; 5% IDL on aluminium structures and doors/windows; increased ceramic tile import duty; higher import duties on aluminium products.
Cost type	Higher import costs on key construction materials.
Impact on pricing/cash flow	Construction project costs will increase, particularly for projects using imported steel and aluminium.
Recommended response	Revisit construction material sourcing. Consider domestic alternatives. Update project cost estimates and client contracts to include revised material costs.

Beauty / Cosmetics Industry [Medium Risk]

Specific reform	Excise duty on beauty products (HS 33.03, 33.04, 33.05, 33.07) increased from 10% to 15%.
Cost type	Direct excise increase of 50% in excise rate.
Impact on pricing/cash flow	Price increases on perfumes, skincare, cosmetics, and haircare products.
Recommended response	Update pricing from 1 July. Review contract terms with retailers and distributors regarding price changes.

B. Sectors Receiving Relief or Support

Aviation Industry [RELIEF]

Specific relief	VAT exemption on turbojets, turbo-propellers, gas turbines (HS 84.11) and aircraft tyres (HS 4011.30.00). VAT exemption on boarding passes. EAC exemption extended to boarding pass paper.
How sector benefits	Significant reduction in operating costs for airlines and aircraft operators. Revenue cost to Government: TZS 14.84 billion.
Conditions / limitations	Aviation equipment only; proper HS classification required.
Recommended response	Update procurement to use exemptions from 1 July. Work with TRA to confirm HS classifications.

Edible Oil Processing / Sunflower and Cotton Oilseed Industry [RELIEF]

Specific relief	VAT exemption on locally produced edible oil (local seeds) extended for another year. Uniform 10% CPO import duty removes the misdeclaration loophole that disadvantaged honest traders.
How sector benefits	Continued consumer price relief. Level playing field among crude oil importers. Government provides subsidies for sunflower/cotton seeds + 2 million seedlings annually over 5 years.
Conditions / limitations	Oil must use locally grown seeds. Import permits for edible oils will be controlled via Ministry of Agriculture under COPRA Regulations 2026.
Recommended response	Producers: maintain documentation of local seed sourcing. Importers: obtain special permits via Ministry of Agriculture.

Clean Energy / Electric Vehicles / LPG [RELIEF]

Specific relief	VAT exemption on EV charging equipment (HS 8504.40.00). VAT exemption on LPG smart meters for distributors (HS 9028.10.00). Reduced 10% EAC import duty on electric motor vehicles. Multiple existing EV and CNG exemptions continued.
How sector benefits	Encourages investment in EV and LPG infrastructure. Reduces importation costs for clean energy transport.
Conditions / limitations	EV equipment must be for charging station use. LPG meter exemption for licensed distributors only.
Recommended response	Energy companies and transport operators: plan capital investments around tax-advantaged imports.

Textile and Garment Manufacturing (Local Cotton) [RELIEF]

Specific relief	VAT exemption on garments made from locally grown cotton. Import duty remissions on textile inputs and leather. Increased import duty on fabric (35% or USD 0.30/m) and cotton yarn protects domestic producers.
How sector benefits	Reduced cost of locally produced garments. Competitive protection from imports. Lower input costs through duty remissions.
Conditions / limitations	Garments must use locally grown cotton to qualify for exemption.
Recommended response	Update VAT accounting (note: change from zero-rate to exempt removes input tax recovery). Review sourcing to maximise local cotton use.

Dairy Industry [RELIEF]

Specific relief	VAT exemption on dairy packaging materials (HS 3920.20.90). Duty remission on packaging materials for yoghurt, powdered or UHT milk manufacturers.
How sector benefits	Reduced packaging costs. Improved competitiveness in regional markets.
Conditions / limitations	Packaging must be classified under HS 3920.20.90 for VAT exemption.
Recommended response	Dairy processors: update VAT input tax claims. Ensure correct HS classification of packaging.

Mining Sector [RELIEF]

Specific relief	Framework Agreement exemptions formally recognised across VAT, Income Tax, Excise Duty, and Road/Fuel Tolls Acts. Mining Mineral Research Fund established from 10% of gross mineral revenue.
How sector benefits	Legal certainty for existing and future mining investors with Framework Agreements. Accelerated execution of joint venture projects.
Conditions / limitations	Framework Agreement must be Cabinet-approved. Standard Operating Procedures to be published.
Recommended response	Engage TRA for SOP confirmation. Review Framework Agreement terms against new formal recognition.

SMEs and New Businesses (Formalisation) [RELIEF]

Specific relief	12-month income tax holiday for new businesses. Presumptive tax threshold raised from TZS 100M to TZS 200M. LGA revenue allocation for youth/women/PWD loans increased to 15%. Reduced online content service licence fees.
How sector benefits	Lower barriers for business formalisation. Reduced compliance burden in first year. Expanded access to credit.
Conditions / limitations	Holiday applies to businesses under presumptive tax regime only. Tax holiday commences on TIN date.
Recommended response	New businesses: register formally and capture TIN issuance date. LGA loan programmes: increased funding available from 1 July 2026.

Manufacturing Sector (Broad) [RELIEF]

Specific relief	Extensive duty remissions on manufacturing inputs (corrugated box makers, textile manufacturers, leather processors, electrical cable manufacturers, optical fiber producers, radiator manufacturers, soap producers, detergent makers, and more). Reduced EAC CET on certain raw materials.
How sector benefits	Significantly reduces production input costs for domestic manufacturers across many sub-sectors.
Conditions / limitations	Inputs must be used in manufacturing as specified. One-year remissions.
Recommended response	Manufacturers: verify eligible inputs and apply for remissions through TRA and Ministry of Trade. Maintain production records as evidence of manufacturing use.

C. Sectors Requiring Close Monitoring

The following sectors are affected indirectly or where the final impact depends on regulations, TRA guidance, or Finance Act final wording: **Logistics and Transport:** Higher motorcycle excise, trailer IDL, and used vehicle duties will increase transport operating costs broadly. The 5% IDL on trailers is particularly significant for logistics operators. **Financial Services:** The reduction in deemed retained earnings from 30% to 15% benefits most companies but excludes small financial institutions and insurance companies. Monitor Finance Act for final definitions. **Tourism and Hospitality:** Higher petroleum verification fees and motorcycle excise increase operational costs. EV charging infrastructure incentives may benefit forward-thinking operators. **Sugar-Dependent FMCG:** TZS 10/kg increase in sugar levy flows through to all sugar-using manufacturers (confectionery, beverages, baked goods). **Telecommunications:** Online content license fees are significantly reduced (benefit). Excise duty extended to non-resident B2C digital services may affect OTT revenue models. **Real Estate / Land Transactions:** New 0.5% advalorem stamp duty on agricultural land transfer replaces a negligible TZS 500 flat fee. This is a significant cost increase for large agricultural land transactions. **EPZ/SEZ Investors:** Road tractors for semi-trailers excluded from exemption list. Revenue distribution changes for Roads, Rural Energy, Water, and Railway Funds may affect EPZ/SEZ infrastructure development.



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SECTION 6 | WINNERS AND LOSERS SUMMARY

MORE AFFECTED SECTORS

- Used vehicle importers (excise +33-67%)
- All importers (customs fee +66.7%)
- Gambling/betting operators (new 5% excise)
- Petrol motorcycle importers (new 5% excise)
- Agricultural commodity buyers (new 1% WHT)
- Livestock/fish/milk purchasers (new 1% WHT)
- Cigarette and sugar product businesses (higher levies)
- Petroleum retailers (6.7x verification fee increase)
- Non-resident B2C digital providers (new excise)
- Steel/aluminium structure importers (new IDLs)
- Exporters of brans/minerals/waste paper (new export taxes)
- SEZ operators using road tractors (exemption removed)
- Small businesses (presumptive rate 3.5%→4.5%)
- Agricultural land buyers (stamp duty 500→0.5% advalorem)

SECTORS RECEIVING RELIEF

- Airlines and aircraft operators (VAT exemptions)
- EV and LPG infrastructure investors (new exemptions)
- Local edible oil processors (VAT exemption continues)
- Mining companies with Framework Agreements (certainty)
- New/startup businesses (12-month tax holiday)
- VAT refund claimants (30-day rule + interest)
- Capital goods importers (VAT deferral preserved)
- Dairy manufacturers (packaging VAT exemption)
- Domestic textile manufacturers (higher import duty protection)
- Women/youth/PWD borrowers (expanded LGA loans)
- Domestic manufacturers (broad input duty remissions)
- Electric vehicle importers (10% vs 25% EAC duty)
- Businesses with Framework Agreements (legal clarity)
- Tax dispute parties (extended settlement window)

NEUTRAL / INDIRECT IMPACT SECTORS

- Tourism and Hospitality — indirect effect through transport cost increases
- Financial Services (banks/insurance) — deemed earnings change excludes this sector
- Professional Services — increased compliance obligations but no direct new taxes
- Telecommunications — regulatory fee relief (online content) vs. OTT excise risk
- Public sector suppliers — expanded WHT scope increases compliance requirements



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SECTION 7 | PRACTICAL CLIENT ADVISORY

Stakeholder	What to do immediately
All Taxpayers	Review the complete list of changes against your business activities. Identify all applicable measures and estimate financial impact before 1 July 2026.
CFOs / Finance Directors	Recalculate 2026/27 tax provisions for: (1) Customs Processing Fee at 1% on all imports; (2) New WHT obligations if you buy food crops, livestock, fish or milk; (3) Presumptive tax rate at 4.5%; (4) New excise duties on specific goods. Update P&L; models and cash flow forecasts.
Importers	Immediately update all landed cost calculations for the customs processing fee increase from 0.6% to 1%. Review goods against new IDL, excise duties, and EAC CET changes. Identify whether any new duty remissions are available on your inputs.
Accountants / Tax Managers	Update WHT tax tables and payment systems (3% for foreign digital services; 1% for food crops / livestock / fish / milk). Update excise duty registers for gambling, motorcycles, beauty products. Review all VAT coding for new exemptions and abolitions.
Payroll and HR Teams	No major PAYE or SDL changes announced. Monitor Finance Act for any additional employment-related provisions.
VAT-Registered Businesses	Review all pending VAT refund claims — you are now legally entitled to payment within 30 days and interest on delays. Update VAT coding: boarding passes, dairy packaging, EV equipment, LPG meters, garments (zero-rate → exempt), fishing nets (exemption removed), pet food (exemption removed).
Agricultural Commodity Buyers	Critical: Implement the 1% WHT on food crops and 1% WHT on livestock/fish/milk purchases before 1 July 2026. Register as WHT agents with TRA. Issue Advance SIT Certificates on every purchase.
Gambling Operators	Engage TRA urgently for registration under the new excise regime. Implement bet-value tracking for all channels (online and land-based). Plan the GBT remittance process.
Government Suppliers / Contractors	Expanded WHT scope now covers ALL government entities buying goods. Expect WHT deductions on all goods supplied to any government ministry, department, or institution.
SEZ/EPZ Operators	Road tractors for semi-trailers now on negative list — standard duties apply. Review all eligible vs. ineligible items in your operations.
New Business Registrations	Register as quickly as possible to benefit from the 12-month income tax holiday. Keep clear record of TIN issuance date. Holiday ends precisely 12 months from that date.
Tax Advisers	Advise clients to obtain the Finance Act 2026 when enacted to confirm all measures and conditions. Flag: standard operating procedures for mining Framework Agreement exemptions, interest rate for VAT refund delays, and cashless economy implementation timeline are not yet specified.



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SECTION 8 | COMPLIANCE CHECKLIST

Use this checklist to track implementation of 2026/27 tax reforms. Mark each item as it is completed.

Action Required	Taxpayer Affected	Deadline	Dept	Risk if Ignored	Status
Update customs processing fee from 0.6% to 1% in import cost models	All importers	1 Jul 2026	Finance / Procurement	Underpayment; cost model errors	[]
Register as WHT agent for food crop purchases (1%)	Grain/commodity buyers	1 Jul 2026	Finance / Tax	Non-compliance; TRA penalties	[]
Register as WHT agent for livestock/fish/milk purchases (1%)	Meat/fish/dairy buyers	1 Jul 2026	Finance / Tax	Non-compliance; TRA penalties	[]
Update WHT rate for foreign digital services to 3%	Tech/media companies	1 Jul 2026	Finance / Tax	Underpayment of WHT	[]
Review all pending VAT refund applications (30-day rule)	VAT-registered businesses	Immediate	Tax Manager	Loss of refund interest entitlement	[]
Update VAT codes: boarding passes (EXEMPT)	Airlines, travel agents	1 Jul 2026	Finance	Incorrect VAT treatment	[]
Update VAT codes: dairy packaging (EXEMPT)	Dairy manufacturers	1 Jul 2026	Finance	Incorrect input tax claims	[]
Update VAT codes: EV charging equipment (EXEMPT)	EV infrastructure operators	1 Jul 2026	Finance	Incorrect VAT charging	[]
Update VAT codes: fishing nets (VAT APPLIES)	Fishing net importers	1 Jul 2026	Finance	VAT evasion risk	[]
Update VAT codes: pet food (VAT APPLIES)	Pet food importers/producers	1 Jul 2026	Finance	VAT evasion risk	[]
Update VAT codes: garments from local cotton (EXEMPT, not zero-rated)	Garment manufacturers	1 Jul 2026	Finance	Incorrect zero-rate refund claims	[]
Register for excise duty: gambling operations (5% on bet value)	Gambling operators	1 Jul 2026	Compliance / Tax	Excise duty evasion; licence revocation	[]
Implement bet-value tracking system for excise computation	Gambling operators	1 Jul 2026	IT / Operations	Inability to compute excise correctly	[]
Update pricing for petrol motorcycles (5% new excise)	Motorcycle importers	1 Jul 2026	Sales / Finance	Margin erosion; pricing errors	[]
Update used vehicle import cost model (new excise rates)	Vehicle importers	1 Jul 2026	Finance / Procurement	Financial loss on undercosted inventory	[]
Update import duties on cotton fabric (35% or USD 0.30/m)	Textile fabric importers	1 Jul 2026	Finance / Procurement	Customs duty underpayment	[]
Update import duty on CPO (10%, was 0%)	Edible oil importers	1 Jul 2026	Finance / Procurement	Customs duty underpayment	[]
Update sugar levy in cost models (+TZS 10/kg)	Sugar buyers and users	1 Jul 2026	Finance / Procurement	Cost model errors; pricing risk	[]
Update cigarette excise (+TZS 20/mil)	Cigarette manufacturers/importers	1 Jul 2026	Finance / Tax	Excise duty underpayment	[]
Update petroleum verification fee (TZS 0.15→TZS 1/litre)	Fuel traders and retailers	1 Jul 2026	Finance / Operations	Cost understatement; profit erosion	[]
Update motorcycle registration fee (TZS 95,000→150,000)	Fleet managers / boda-boda	1 Jul 2026	Operations / HR	Non-compliance with registration rules	[]
Open bank account for commercial licence renewal (mineral, livestock, agriculture, timber, fisheries)	Sector operators	1 Jul 2026	Operations	Licence renewal refusal	[]
Register digital payment device (Lipa Namba/TANQR) for licence renewal	Business licence holders	1 Jul 2026	Operations	Licence renewal refusal	[]
Issue proof of digital payment for property/vehicle transfer applications	Property/vehicle buyers	1 Jul 2026	Operations / Legal	Transfer application refusal	[]
Review road tractor import plans for SEZ/EPZ operators	SEZ/EPZ investors	1 Jul 2026	Procurement / Finance	Unexpected duty costs on tractors	[]
Claim 12-month tax holiday for new business registrations	New businesses	1 Jul 2026 onward	Tax Manager	Unnecessary tax payments	[]
Confirm mining Framework Agreement exemptions with TRA (SOP pending)	Mining companies	ASAP after Finance Act	Legal / Tax	Exemption claims rejected without SOP	[]
Expand WHT scope for government goods purchases to all MDAs	Government entities	1 Jul 2026	Finance / Procurement	Non-compliance with new WHT scope	[]
Update excise duty rates for beauty products (10%→15%)	Cosmetics importers/manufacturers	1 Jul 2026	Finance	Excise underpayment	[]

Action Required	Taxpayer Affected	Deadline	Dept	Risk if Ignored	Status
Review 5% IDL applicability: trailers, steel structures, aluminium, doors/windows, exercise books	Importers of these goods	1 Jul 2026	Finance / Procurement	Customs underpayment	[]
Review new export taxes on brans, quartz/feldspar, waste paper	Commodity exporters	1 Jul 2026	Finance / Exports	Export tax underpayment	[]
Update stamp duty for cheques (TZS 100→500) and bills of sale (TZS 1,000→10,000)	Finance / Legal teams	1 Jul 2026	Finance / Legal	Incorrect stamp duty payments	[]
Plan for 8% general excise duty increase on excisable goods	Excisable goods manufacturers/importers	1 Jul 2026	Finance	Pricing errors; duty underpayment	[]



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SECTION 9 | SOCIAL MEDIA DATA CARDS

The following cards are designed for LinkedIn, WhatsApp, Instagram, and Facebook. Each card covers one key reform with a practical action point.

NEW TAX MEASURE

1% Withholding Tax on Food Crop Purchases — Tanzania 2026/27

Reform: Corporations buying food crops must now withhold 1% of the market value at point of purchase and issue an Advance SIT Certificate.

Sector: *Agriculture | Agro-Processing | Commodity Trading*

Implication: Every grain trader, miller, and food processor is now a tax collection agent. Failure to comply exposes you to TRA penalties.

Action: Register as a WHT agent with TRA before 1 July 2026. Implement systems immediately.

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SECTOR ALERT

Used Vehicle Duties Are Going Up — Significantly

Reform: Excise duty increases: 15%→20% (8-10 year vehicles); 30%→40% (10-20 years); 50% for vehicles over 20 years. Effective 1 July 2026.

Sector: *Automotive | Transport | Fleet Operators*

Implication: Used vehicle prices will increase materially. Time-sensitive: orders before 1 July 2026 are at current rates.

Action: Review vehicle procurement timelines. Evaluate newer vehicle alternatives. Recalculate import cost models.

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TAX RELIEF

New 12-Month Tax Holiday for New Businesses

Reform: New businesses registered under the presumptive tax regime receive a 12-month income tax holiday starting from TIN issuance date.

Sector: *SMEs | Startups | Informal Sector Formalisation*

Implication: A powerful incentive to formalise. No provisional assessments in year one. Regular rules resume after 12 months.

Action: Register your business formally before 1 July 2026. Keep your TIN date as the tax holiday start date.

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COMPLIANCE RISK

Customs Processing Fee Increases 66.7% on ALL Imports

Reform: Customs Processing Fee increased from 0.6% to 1% of CIF value on every single import into Tanzania. Revenue target: TZS 203.23 billion.

Sector: *All Importers | FMCG | Manufacturing | Distribution*

Implication: Every import transaction costs more from 1 July. This is a hidden but significant margin hit across every industry.

Action: Update landed cost models NOW. Revise supplier agreements and customer pricing to reflect new fee.

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NEW TAX MEASURE

New 5% Excise Duty on Gambling and Betting

Reform: 5% excise duty on the full value of bets — sports betting, casinos, slot machines, virtual games. Online and land-based. 10% of this excise goes to the Gaming Board.

Sector: *Gambling | Sports Betting | Online Gaming*

Implication: Gambling operators will either absorb a 5% excise on every bet or pass it to consumers through lower odds. A major cost disruption to the sector.

Action: Register for excise duty urgently. Implement bet-value tracking systems. Plan GBT remittance process.

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TAX RELIEF

VAT Refunds Now Legally Due Within 30 Days

Reform: TRA is now legally required to pay VAT refunds within 30 days of application. Taxpayers are entitled to interest on late refunds.

Sector: *All VAT-Registered Businesses | Exporters | Zero-Rated Suppliers*

Implication: A significant cash flow improvement for exporters and zero-rated businesses who have historically waited months for VAT refunds.

Action: Submit all pending VAT refund applications immediately. Track your 30-day clock. Claim interest if TRA is late.

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■ SECTOR ALERT

Petrol Motorcycles Face New 5% Excise Duty

Reform: A new 5% excise duty on petrol and diesel motorcycles. Electric motorcycles, gas motorcycles, and ambulance motorcycles are EXEMPT.

Sector: *Motorcycle Import | Boda-Boda | Delivery Services*

Implication: Motorcycle prices will rise from 1 July 2026. Electric motorcycles become more competitive. Boda-boda riders face higher startup costs.

Action: Importers: update pricing. Consider electric motorcycle alternatives. Boda-boda platforms: assess entry cost impacts.

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■ TAX RELIEF

Aviation Sector Gets Major VAT Relief

Reform: VAT exempt on: turbojets, turbo-propellers, gas turbines (HS 84.11), aircraft tyres, and airline boarding passes. Revenue cost to Government: TZS 14.84 billion.

Sector: *Airlines | Aircraft Operators | Aviation Services*

Implication: Significant reduction in operating costs. Aligned with Tanzania's international aviation agreement obligations.

Action: Airlines and operators: update procurement and import plans. Work with TRA to confirm HS classifications.

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■ COMPLIANCE RISK

Digital Payment Devices Now Required for Business Licences

Reform: Digital payment device (Lipa Namba or TANQR) is a mandatory requirement for issuance and renewal of all business licences. Bank accounts mandatory in mineral, livestock, agriculture, timber, and fisheries sectors.

Sector: *All Businesses | Retail | SMEs | Agricultural Traders*

Implication: Businesses that cannot show digital payment capability may face licence refusal at renewal. This is a formalisation enforcement tool.

Action: Register your Lipa Namba or TANQR now. Open a bank account if you operate in the listed sectors.

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■ SECTOR ALERT

Agriculture: 1% WHT Also Applies to Livestock, Fish, and Milk

Reform: New 1% withholding tax on purchases of live animals, unprocessed milk, unprocessed fish, and fish maws paid by companies or institutions.

Sector: *Livestock | Fisheries | Dairy | Food Processing*

Implication: Meat processors, fish exporters, and dairy companies are now WHT collection agents. Sellers receive 1% less at point of sale.

Action: Register as WHT agent. Update purchasing contracts. File monthly WHT returns. Issue certificates to sellers.

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■ BUDGET IMPACT

Tanzania 2026/27 Budget: TZS 62.33 Trillion — A 10.3% Increase

Reform: Total budget: TZS 62.33 trillion. Tax revenue target: TZS 36.99 trillion. Additional revenue from tax reforms: TZS 1.72 trillion. Budget deficit: TZS 7.71 trillion (2.9% of GDP).

Sector: *All Businesses | Investors | Economy*

Implication: A revenue-raising budget with targeted relief. The government's fiscal position is improving — tax revenues covered 74.2% of the budget.

Action: Businesses: engage a tax adviser to assess net impact of 2026/27 reforms on your specific sector and operations.

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■ WHAT BUSINESSES SHOULD DO NOW

Your 2026/27 Tax Reform Action Plan — Do This Before 1 July

Reform: Key reforms take effect 1 July 2026. Time is short. Multiple new WHT obligations, excise duties, IDLs, and compliance requirements begin simultaneously.

Sector: *All Businesses | CFOs | Tax Managers | Importers*

Implication: Failure to implement by 1 July 2026 creates immediate TRA penalty exposure and compliance risk across multiple tax types.

Action: (1) Update customs fee models; (2) Register WHT agent (food crops/livestock); (3) Update excise duty registers; (4) Review VAT codes; (5) Register digital payment devices; (6) Engage your Thalia Associates tax adviser.

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IMPORTANT NOTICE AND DISCLAIMER

This document — the **Thalia Tax Reform Impact Brief 2026/27** — has been prepared by Thalia Associates based exclusively on the Budget Speech delivered by Hon. Ambassador Khamis Mussa Omar, Minister for Finance, on 11 June 2026, and the Finance Bill 2026 proposals as stated in that speech.

This is a pre-enactment advisory brief. All measures described herein are proposals and should not be treated as enacted law. The Finance Bill 2026 must be passed by the National Assembly and assented to by the President of the United Republic of Tanzania before the measures become law.

Update required: This brief must be reviewed and updated once:

- (a) the Finance Act 2026 is officially enacted and published in the Government Gazette;
- (b) the Tanzania Revenue Authority (TRA) issues official implementation guidance, circulars, or practice notes; and
- (c) relevant regulations are published. **Matters requiring further clarification** from the Finance Act or TRA guidance include:

- The interest rate payable on late VAT refunds;
- Standard Operating Procedures for mining Framework Agreement exemptions;
- The specific list of services and transactions requiring digital payment;
- Timeline and scope of TAUSI-IDRAS system integration;
- Detailed rates and thresholds for the Universal Health Coverage contributions;
- Implementation guidance for the Cashless Economy measures.

This document does not constitute legal advice or tax advice. It is an informational summary prepared to assist clients, business owners, advisers, and investors in understanding the proposed changes. Specific matters should be reviewed with a qualified tax adviser in the context of the taxpayer's individual circumstances and the final enacted legislation.

Prepared by Thalia Associates | Tax & Advisory Services Document date: June 2026



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