

# APTNESS CONSULTANCY

TAX |ACCOUNTING| ADVISORY



# BUDGET & TAX UPDATES 2025/2026



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# 1. Introduction



The government table a proposed budget speech by the ministry of finance before the parliament on 12 June 2025. The budget speech is part of the budget making process whereby the government present their proposed expenditure and it respective financing strategies.

The bill include proposed amendment of various laws which reflect both spending and collection government revenue with effect from the start of government financial year(01.July)

This presentation covers the economic overview, proposed budget and tax changes brought by the finance act for the 2025/2026 year of income



## 2025/2026 BUDGET-Revenue

Revenue stream	2025/2026	2024/25	2023/24
Domestic Revenue	40,466,132,000,000.00	34,610,600,000,000.00	31,381,000,000,000.00
Grants and conessional Loans	7,116,923,000,000.00	5,130,600,000,000.00	5,466,200,000,000.00
Domestic and external non concessional loans	8,907,199,000,000.00	9,604,000,000,000.00	7,540,800,000,000.00
<b>Total Revenue</b>	<b>56,490,254,000,000.00</b>	<b>49,345,200,000,000.00</b>	<b>44,388,000,000,000.00</b>
Exchangerate as June	2,720.00	2,675.00	2,415.00
Revenue in USD	<b>20,768,475,735.29</b>	<b>18,446,803,738.32</b>	<b>18,380,124,223.60</b>



## 2025/2026 BUDGET-Expenditure

	2025/2026	2024/2025
Salaries and wages	13,174,240,000,000.00	11,726,601,000,000.00
Debt servicing	14,208,979,000,000.00	12,750,086,000,000.00
Other spending	11,613,299,000,000.00	10,106,905,000,000.00
Development expenditures	17,493,733,000,000.00	15,626,942,000,000.00
<b>Total</b>	<b>56,490,251,000,000.00</b>	<b>50,210,534,000,000.00</b>

# GAMING ACT-CAP 41



The act is amended in section 34(a) to change winning tax for landbased casino from 12% to 13% on the amount or value of winning. 8% shall be distributed 70% and 30% to Aid trust fund and universal health insurance fund respectively

Sport betting shall be taxed at the rate of 12% for the amount or value of winning. 17% of the collection shall be distributed 70% and 30% to Aid trust fund and universal health insurance fund respectively.



# TAX ADMINISTRATION ACT CAP 438



Section 11 is amended to give power commissioner to recognize the tax residence status of a person by issuing a certificate of residency

Section 42 is amended to introduce electronic tax administration system for filing, furnishing, storing, archiving and accessing electronic documents and carrying out any other administration function. The system will have an interface for taxpayer system of issuance of EFD

Section 62 amended to cover condition under which an objection is deemed to be admitted as follows

i. Where tax is due- the earlier of (i) date of service of objection to commissioner or (ii) date of meeting tax deposit requirement

## TAX ADMINISTRATION ACT.....



- i. Where tax is due- the earlier of (i) date of service of objection to commissioner or (ii) date of meeting tax deposit requirement
- ii. Where there is no tax liability- date of service of objection to commissioner

Section 63 amended to cover deemed determination of objection- If the taxpayer fails to respond to proposal letter from TRA timely.

Section 75 is amended to put time limit for commissioner power to restrain of an asset to a maximum of three months.

Section 90(2) is amended to introduce a penalty of 30% of adjusted loss from transfer pricing adjustment

# INSURANCE ACT-CAP 394



Section 134 A is amended to introduce mandatory inbound travel insurance premium of Tanzanian shillings equivalent to 44USD

Sub sec 4 exclude EAC and SADEC residents.



# INCOME TAX ACT- CAP 332



- Section 12 is amended to define equity by including positive retained earning
- Section 33A is amended whereby commissioner may treat 30% of undistributed profit of an entity as distribution after 12 month from the end of the year of income
- Section 105 is amended to add hired motor vehicle to be subject to 10% withholding tax

## INCOME TAX ACT- CAP 332.....



- Alternative minimum tax increased from 0.5% to 1%
- Section 106A of the principal act is amended to Introduce instalment tax of final tax of 2% on proceed from forest produce. Forest produce means Timber, logs, Mirunda and poles.
- Section 117 is amended to cover preparation and certification of return of income whereby turnover exceeding 500m and 100m for individual and entity respectively, must be prepared by a certified public accountant in public practice.

## **INCOME TAX ACT- CAP 332.....**



- The act is amended to introduce 30% income tax rate on realisation of investment by a non resident. The tax will be collected at the time of realisation
- Introduction of 10% withholding tax on hired motor vehicle
- Withholding tax on insurance premium increased to 10% from 5%

## **INCOME TAX ACT- CAP 332.....**



- Commission for gaming advertisement or promotion now charged withholding tax at 10%
- Service fees for technical or management services paid by a resident person in the extractive sector to a resident person – 10%, up from 5%

# VAT-ADMINISTRATION



**Electronic service definition:** the term intermediation services included under the definition of electronic services now include online market place and payment service platforms.

**Accounting for withheld VAT:** A withholding agent is required to account for and remit the withheld VAT by the due date of the VAT return, which is the 20th day of the subsequent month, or in a manner as may be directed by the CG.

**Meaning of withholding agent;** Ministry responsible for finance, A government entity which retains whole or part of its collected revenue and a registered person as may be appointed by the CG

# VALUE ADDED TAX ACT CAP-148



- The act introduce VAT exemption on reinsurance transaction between re- insurance companies
- Lower VAT rate of 16% for payment made electronically for taxable supplies made within mainland Tanzania with effect from 1<sup>st</sup> September 2025
- The act has introduced withholding agent and the VAT withholding rate to be 6 and 3 for goods and service respectively. Withholding agent means; MoF, government entity which retain whole or parts of its collected revenue and any person appointed by CG

# VAT ACT CAP-148- NEW EXEMPTIONS



## New Exemptions

- A supply of piped natural Gas specifically for being converted to Compressed Natural Gas (CNG) to be used exclusively for fueling motor vehicle from 1 July 2025 to 30 June 2028
- An import of carbonization furnace for exclusive use in manufacturing of briquettes

## Extended Zero rate

- A supply of locally manufactured fertilizer shall continue to be zero-rated up to 30 June 2028
- A supply of locally manufactured garments from locally grown cotton shall continue to be zero-rated up to 30 June 2026

## Abolished exemption

- Locally supplied forks, rakes, axes, dam liner
- Locally supplied new pneumatic tyres used in agricultural and forest vehicles
- Bitumen
- Liquified natural gas
- Compressed petroleum gas
- Compressed or liquified gas cylinders for natural gas for cooking

# EXCISE DUTY- NEW RATES



- Imported margarine – TZS 50 per kg
- Potatoes – TZS 50 per kg for locally produced and TZS 100 per kg for imported
- Ice cream, whether or not containing cocoa – 5% for locally produced and 10% for imported, per kg
- Beer made from malt – TZS 630 per litre / TZS 928 per litre/ TZS 937.90 per litre
- Wine with domestic grapes content exceeding 75% - TZS 215 per litre
  - Cider – TZS 2,974.74 per litre
  - Opaque beer – TZS 555 per litre / TZS 978 per litre

# EXCISE DUTY-NEW RATES



- Vodka, whiskies, and rum – TZS 4,003 per litre/ TZS 4,411.06 per litre/ TZS 4,411.06 per litre
- Fireworks – 25%
- Soap – 10%
- Cufflinks and studs – 10%
- Imported seats – 25%

# OTHER LAWS



## **City service Levy act**

- Rate has been reduced from 0.3% to 0.25%

## **Airport service Charge**

- Domestic flight to TZS11,000 from TZS 10,000
- International flights USD40.4 from USD 40

## **Export levy**

- veneered sheets incurs an export levy of 30% of the free-on-board (FOB) value or TZS 150 per kilograms, whichever amount is greater.

## **Railways development act**

- TZS 500 on every train ticket for HIV fund

## **Mining act**

- 0.15 Levy of the gross value of minerals for HIV fund. The amount will be collected by The mining commission together with Royalty

# OTHER LAWS



- **Road and Fuel Tolls Act**
- Fuel levy increase from 513 to 523 for litre of diesel and petroleum
- TZS 10 shilling per litre of kerosine



# Economic overview



## GDP

Country GDP recorded at 5.5% compared to 5.1% 2024/25. Contribution by sectors shows agriculture contribute about 26.3%, followed by Construction 12.8%. And Mining 10.1%

Sectoral growth shows that Arts and entertainment grew by 17.1% followed by Electricity supply 14.4% information and communication 14.3 and financial service 13.8%

## Money Supply

Credit to private sector was increased from 33.7Trillion shillings 38.76 to 5 trillion-shilling equivalent of 14.9%.

Personal loan accounted for 38% of the total loan followed agriculture 12.4%. Trade and Manufacturing had only 10.2%

## Inflation

The country's inflation is still in the range of between 3 to 5%. By April 2025 the inflation rate was at 3.2 %compared to

# Economic overview



## Export

Exports of goods and services increased by 16.8% to USD 16,843 million compared to the year ending April 2024. Mainly attributed by exports of gold, and tourism.

Gold exports reached USD 3.9 billion from USD 3.1 billion in the year ending April 2024, with the improvement attributed mostly by price effect.

## Imports

The import of goods and services increased to USD 17.56billion million compared to USD 16.11billion recorded in the year ending April 2024. it is highly contributed by import of industrial transport and equipment supplies

# Economic overview..



Interest  
rate

The average commercial lending rate was recorded at 15.16% in 2025 compared to 15.4% in April 2024

National Debt

National debt was recorded to be TZS 107.7 trillion at the end of April 2025 compared to 91.7 trillion in April 2024.

External debt account for 73.15% of the total debt.

# The End....



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