Despite the COVID-19 outbreak which affected the economies of many countries, Tanzania had a positive economic growth rate of 4.8% in 2020 compared to 7.0% growth rate of 2019.

The 2020 GDP growth of 4.8% was attributed by the Government’s decision to allow economic activities to continue while people adhere to the health guidelines and precautions. However, the slowdown in economic growth was due to the impact of COVID-19 on Tanzania’s trading partners, as well as floods which damaged transport infrastructure and delayed implementation of some development projects.

The impact of Covid-19 pandemic resulted into a negative growth particularly in the economic activities such as accommodation, food services, arts and entertainment. However, there are some sectors which had high growth rates including; construction (9.1%), information and communication (8.4%), transport and storage (8.4%), administrative and support services (7.8%), professional, scientific and technical activities (7.3%), mining and quarrying (6.7%) and human health and social work activities (6.5%).

Inflation has remained relatively stable by maintaining a single digit range of 3.3% in 2020 compared to 3.4% in 2019. The stability is attributed by steady supply of food, falling oil prices in the international world market, stability of the Tanzanian shilling against the US dollar and other major convertible currencies as well as effective implementation of monetary and fiscal policies.
In keeping with the regional ideals, the theme for the 2021/22 budget was “Realising Competitiveness and Industrialisation for Human Development.”

This theme speaks to the government’s focus on expansion of people’s capabilities for living decent lives and enhancing their opportunities for economic, social and political empowerment.

With a budget allocation of TZS 36.33 trillion for recurrent and development expenditure, the budget prioritized the following strategic areas:

1. **Promoting a competitive and inclusive economy**
   The priority will be given to the development of infrastructure and accelerating implementation of Blueprint’s Action Plan to improve business and investment environment. The emphasis will be put on the construction and rehabilitation of various infrastructure including central railway line, implementation of projects of roads and bridges, improvement of marine transport, improvement of airports and implementation of power generation projects.

2. **Industrial production and service delivery capacity**
   Projects to be implemented will focus on increasing crops productivity through the increased use of technology that are resilient to climate change, training farmers, construction and rehabilitation of irrigation infrastructure, strengthening layer testing and soil quality services and farming techniques; improvement technology in livestock keeping and fisheries. On service delivery capacity emphasis will be on Natural Resource and Tourism through various prioritize projects such as Tanzania Anti-Poaching and illegal Wildlife Trade, in developing business services. In developing business service, the focus will be on developing a business center and trade supply chain of Kurasini. In strengthening financial services, the Government will continue with the implementation of the Financial Sector Development Master Plan 2020/21 – 2029/30.

3. **Enabling Environment for Doing Business and Investment**
   In promoting investment and trade, the Government will implement various programs and projects that will strengthen local markets and access to regional and international markets. In addition, the Government will continue with the implementation of Blueprint for Regulatory Reforms to improve business environment to attract private sector investment. Specific projects to be implemented include: Tax Modernization; Development of Commodity Markets; Quality and Standards Control; and strengthening Tanzania Mercantile Exchange (TMX) by enlisting tea, sisal, cocoa, coffee, rice, maize, wood, cotton, livestock and tomatoes.

4. **Human development**
   In developing human capital, the Government will ensure inclusive economic growth. In addition, the Government will continue to improve welfare by enhancing access to social services including education and trainings, health and social welfare, social protection, water and sanitation services. Projects to be implemented include construction and rehabilitation of health centers, provision of free basic education and loans to higher education students, improving water and sanitation services in urban and rural areas and ensuring social protection.

5. **Developing skills and knowledge**
   Through enhancing workforce skills and access to labor market information; promoting innovation and facilitating technology transfer to the youth and people with disabilities; and youth economic empowerment by extending access to soft loans.
The theme of the Financial Year 2020/21 budget is “Realising Competitiveness and Industrialisation for Human Development”.

The tax amendments among other things, are intended to promote economic recovery to the normal growth path after the impacts of COVID-19, meanwhile maintaining stability in the tax system which is predicted to be conducive investment climate suitable for foreign direct investment as well as local.

The tax reforms are expected to:

i) To promote economic growth particularly in agriculture, industrial production, increase individual purchasing power and therefore, increase Government revenue; and

ii) In addition, the Government is implementing the BLUEPRINT for Regulatory Reforms to improve Business Environment by streamlining Government fees and levies with a view to abolish nuisance ones, reduce rates or integrated payments which are charged by more than one organization.

A) Income Tax Act

Government Bonds become cheaper!

The Minister has proposed to exempt income tax on interest income derived from Government Bonds.

In the past, the Government exempted Income Tax on interest derived by a person from Treasury bonds of not less than three years’ maturity for the fiscal year 2002/03 only. Currently, exemption only applies to holders of bonds listed in the Dar Es Salaam Stock Exchange (DSE) issued by East Africa Development Bank, hence the extension of the exemption will be good news for holders of Treasury bonds.

The aim of this change is to extend the exemption in order to promote investment in treasury bonds and same time financing government projects

Fast tracking the implementation of strategic projects

The Minister has proposed to reinstate powers of the Minister to grant Income tax exemptions to development projects funded by Government on specific projects, grants and concessional loans, without the requirement for approval of the exemption by the Cabinet on implementation of such projects provided that, there should be an agreement between the donor or lender with the Government of the United Republic of Tanzania which provides for income tax exemption.

In the previous budget of FY 2020/2021, the power to grant exemptions required the Minister to consult with the tax revenue authority prior to granting the exemption. This proposed change will speed up implementation of government projects which generally affect the public.

Introduction of non-final withholding tax of 2% on payments

The 2021/2022 budget is proposing to introduce a non-final withholding tax of 2 percent on payments which are made to suppliers of agro-products, livestock and fisheries when supplied to processing industries, millers and other Government Agencies.

Currently, only Government Institutions such as NFRA, withhold 2 percent on payments as a non-final withholding tax to withholdees. However, this measure will not apply to small farmers and sales to Agricultural Marketing Cooperatives Societies.
Introduction of a 5% rate on depreciation of the cost of assets under East African Crude Oil Pipeline (EACOP).

The budget 2021/2022 is proposing to amend the Income Tax Act, in order to enable depreciation costs calculation at a rate of 5% on the cost of assets under the East African Crude Oil Pipeline (EACOP). This measure is intended to harmonize the depreciation cost with the lifetime of the respective crude oil pipeline in accordance with the agreement signed between the Governments of Uganda and Tanzania.

This would mean for all assets that would have been classified in other classes as per the Third Schedule of the Income Tax Act, 2004, would now be classified under this special class claiming tax allowable depreciation at 5% every year. For assets that would have been classified in classes other than class 6, the move would result into miniature depreciation allowance yearly.

Special income tax regime for small scale miners with turnover of less than TZS 100 million

The Minister has proposed to charge a special income tax at a rate of 3% of the sale value of the minerals and propose the change of time of the payment of the tax to be when selling the minerals. This move is aimed to assist with payment of tax by the small-scale miners as payment would only be at the time of sale of the minerals, unlike the prior instalment system.

The Minister further proposed to establish obligation for individual employers engaged in small scale mining operations to pay withholding tax at a rate of 0.6 percent in relation to employment income of an employee to that individual.

The amendments further propose timing of the withholding tax on the employment income to be the time of selling minerals and payment of royalty as established by the Mining Commission at the time of selling minerals and payment of royalty at the mining area, mineral buying stations or at mineral and gem Houses designated by the Mining Commission under the Mining Act. The payment shall be deemed as PAYE from employment income of an employee to an individual engaged in small scale mining operations.

All changes for individuals engaged in small scale mining operation with turnover of less than 100 million is aiming to ensure that tax is paid at the time of receipt of payment by the individuals.

The changes however, have not clearly exempted an individual in small scale mining operation with turnover of less than 100 million not to file and pay installment tax and final tax as per the presumptive tax schedule in paragraph 2 of the First schedule of Income Tax Act, 2004. It is our expectation that the finance bill will provide further clarity on the issue.

Continuous move by the Government to improve welfare of the employees

In line with the President of the United Republic of Tanzania, Hon. Samia Suluhu Hassan’s speech during the Labour Day festivities on 1 May 2021, the Minister has proposed to decrease the minimum Pay as You Earn (PAYE) rate from 9% to 8% to improve workers disposable income.

The Minister has proposed changes to other employment income brackets for the year of income as per the table below:

<table>
<thead>
<tr>
<th>Total income</th>
<th>Existing rate payable</th>
<th>Proposed Rate payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>TZS 0 to TZS 2,040,000</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>TZS 2,040,001 to TZS 4,320,000</td>
<td>9% of the amount in excess of TZS 3,240,000</td>
<td>8% of the amount in excess of TZS 3,240,000</td>
</tr>
<tr>
<td>TZS 4,320,001 to TZS 6,480,000</td>
<td>TZS 270,000 plus 20% of the amount in excess of TZS 6,240,000</td>
<td>TZS 240,000 plus 20% of the amount in excess of TZS 6,240,000</td>
</tr>
<tr>
<td>TZS 6,480,001 to TZS 8,640,000</td>
<td>TZS 846,000 plus 25% of the amount in excess of TZS 9,120,000</td>
<td>TZS 816,000 plus 25% of the amount in excess of TZS 9,120,000</td>
</tr>
<tr>
<td>Above TZS 8,640,001</td>
<td>TZS 1,566,000 plus 30% of the amount in excess of TZS 12,000,000</td>
<td>TZS 1,536,000 plus 30% of the amount in excess of TZS 12,000,000</td>
</tr>
</tbody>
</table>

The changes which are aimed to ease the tax burden to employees in the tune of TZS 2,500. The change might be trivial in comparison to prior years; however, it complements the government’s move over the years of reducing the tax burden from the employees.
B) Value-Added Tax (VAT)

1. VAT Exemption

   We can’t keep calm. More football seasons coming up

   Exemption of artificial grass with HS Code 5703.30.00 and
   5703.20.00 for football pitches in City Councils - subject to
   approval by Tanzania Football Federation.

   This measure is intended to promote sports in the country.

   Digital transformation to serve in financial inclusion

   Exemption of VAT on smart phones, tablets and modems
   with HS Code 8517.12.00, HS Code 8471.30.00 or HS Code
   8517.12.00 and HS Code 8517.62.00 or HS Code 8517.69.00
   respectively.

   The purpose is to promote usage of data services in the
   country in order to attain the target of 80% of users of
   internet services by 2025 as opposed to the current 46% of
   users.

   Lower cost for East African Crude Oil Pipeline (EACOP)
   project

   i) Exemption for imported and local purchases of goods and
      services for East African Crude Oil Pipeline (EACOP) and
      Crude oil under HS Code 2709.00.00.

      This measure is intended to reduce operational cost of
      the pipeline project from Uganda through Tanzania to the
      port with the intention to reduce operational cost and
      providing relief to the final consumer.

   ii) The Minister has also proposed zero rate VAT on
      transportation services of Crude oil and all other
      related services attached in transportation of crude oil
      through the pipeline which will be constructed under an
      intergovernmental agreement.

   iii) Contact-less Smart Cards (HS Code 3921.11.90) and
       Card Consumables (HS Code 3921.11.90) for National
       Identification Authority.

       The measure is intended to reduce cost of producing
       National Identification cards;

   iv) Imported or Local Purchases of Goods and Services
       by Non-Governmental Organisations (NGO’s) solely for
       implementation of projects through an agreement with
       the Government of the United Republic that provides
       VAT exemption on the projects;

   v) Aluminium and Stainless-steel Milk cans with HS Code
      7310.29.90, 7310.10.00 and 7612.90.90

      The purpose is to reduce production costs and promote
      modern dairy milk industry in the country

Removing bureaucracy on VAT exemption on
Government and donor projects

The Minister has proposed to change the way VAT
exemptions on Government and donor was granted. Now,
the beneficiaries shall submit requests for exemption
directly to the Commissioner General of the TRA instead of
the current requirement of granting exemption through a
Government Notice by the Minister.

This proposal intends to simplify and enhance efficiency in
the VAT exemption process.

More VAT - Exemption!

The Minister of Finance has proposed more VAT
exemption on the following items:

   i) Cold rooms (HS Code 9406.10.10 and 9406.90.10).

      The measure is intended to reduce production costs and
      promote modern horticultural farming in the country;

   ii) Insurance of livestock farming.

      This measure is intended to promote livestock farming in
      addition to the crop insurance that was granted last year.

   iii) Contact-less Smart Cards (HS Code 3921.11.90) and Card
       Consumables (HS Code 3921.11.90) for National
       Identification Authority.

       The measure is intended to reduce cost of producing
       National Identification cards;

   iv) Imported or Local Purchases of Goods and Services
       by Non-Governmental Organisations (NGO’s) solely for
       implementation of projects through an agreement with
       the Government of the United Republic that provides
       VAT exemption on the projects;

   v) Aluminium and Stainless-steel Milk cans with HS Code
      7310.29.90, 7310.10.00 and 7612.90.90

      The purpose is to reduce production costs and promote
      modern dairy milk industry in the country
2. **Abolishment of VAT**

The Minister has proposed to abolish VAT on the following:

i) Cans intended for preserving milk with HS Code 7310.29.20.

ii) Solar Lights with HS Code 85.13 and 94.05.
- The purpose is to align the treatment with the EAC - CMA exemption which aimed to exempt equipment for generation of solar energy and not the distribution and transmission to the appliances; and bring equality for users of all kinds of energy.

iii) Imported precious metals and raw minerals.
- The measure is intended to allow more importation of precious metals and raw minerals for refining and smelting by Local industries to increase employment and Government revenue.

3. **Limitation on VAT deferment on Capital Goods as specified under chapters 84, 85 and 90 of the EAC CET**

This measure is intended to address abuse of incentives granted incentives due to lack of clarity.

4. **Introduction of VAT refund for traders between Zanzibar and Mainland Tanzania**

The Minister has proposed reciprocal treatment for goods from Zanzibar for consumption in Tanzania Mainland.

In line with this proposal, amendments to the relevant provisions of the VAT Acts for both parties to the union will be made accordingly. Also, the VAT records systems will be interfaced in order to make the refund mechanism effective.

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**C) The Tax Administration Act**

Collection of fines and penalties to be done by the court

The Minister has proposed to repeal section 92A of the Act for the purposes of enabling the courts to collect revenue arising from fines and penalties as a result of a tax offence to be payable to the Court instead of the TRA as is the case with other fines and penalties for other offences that the court decides.

Previously, the penalties or fines imposed against a person for a tax offence were collected and deposited to the Commissioner General as a tax revenue.

The object of this measure is to facilitate collection and accounting of such revenues similar to other offences’ ruling done by the court.

**Power to the Commissioner General to remit interests and penalties**

The Minister has proposed to delete Section 70 (2) to give the Commissioner General of the Revenue Authority powers to grant remission of interests and penalties.

Prior to the proposed change, remissions were only granted when the Minister makes regulations or an order which had to be published in the Gazette Notice to determine the eligibility, duration and procedure of accessing the remission.

The aim is to enhance efficiency and effectiveness in the remission of interests and penalties.

**Removal of 100% Penalty in relation to Transfer Pricing adjustments**

The Minister has proposed to amend Government Notice No.15 (Transfer Pricing Regulation) by repealing a provision that imposes a 100% penalty for failure by a person to comply to the Transfer Pricing Regulations.

The aim of this measure is to relieve taxpayers on this penalty in order to improve the business environment and attract investment in the country.
D) The Gaming Act, CAP 41
More Gaming Activities and Sports Betting?
The Minister has proposed to amend the Gaming Act by a reduction of Gaming tax on winnings from 20% to 15% on sports betting.
The Minister has also proposed an increase in gaming tax rate on the Gross Gaming Revenue from 25% to 30%. The proposed additional 5 percent will be earmarked to sports development fund in the country.
Further, the Minister has also proposed to introduce Gaming tax on Gross Gaming Revenue on Virtual Games at the rate of 10% and Gaming products licensed under pilot study at the rate of 10%.
The aim is to increase Government revenue and promote fairness within the gaming industry.

E) Public Audit Act, 148
More control to Controller and Auditor General (CAG) for Parastatals
The Minister has proposed to give the CAG legal powers to audit all Parastatals that are established under the Companies Act where the Government is a shareholder.
The aim of the proposed change is to enhance give more power to the CAG to audit other Parastatals that the Government is the shareholder.
Enough time for the Minister responsible for Finance to respond on CAG reports
The Minister has proposed that enough time to be granted to the Minister responsible for Finance to respond to CAG report in the next Parliamentary Session after the CAG has submitted the report instead of the current practice where all reports are tabled on the same Parliamentary Session.
This measure is aimed at enabling the Minister responsible to provide response and clarifications on the report after a thorough study of the same.

F) Government Loans Grants and Guarantees Act, CAP 134
Access to loan and grants for public companies and institution to fund Projects
The Minister has proposed to allow the Government to guarantee any public company or institution up to an amount not exceeding the value of Government Shares to the respective company upon Cabinet approval.

G) The Motor Vehicle (Tax Registration and Transfer) Act, CAP 124
Reduction of fees on Customized Motor Vehicle Number Plates
The Minister has proposed to reduce the fee for registration of personalized vehicle plate number from TZS 10,000,000 to TZS 5,000,000 for every three years.
This measure aims at enabling individuals to opt their preferred personalized registration as the current rate received a very low response.
H) The Road Traffic Act, CAP 168

**Boda-boda and Bajaji all the way**

The Minister has proposed to reduce the road fines for motorcycles and three-wheelers motorcycles from TZS 30,000 to TZS 10,000 for each offence committed.

The aim of this amendment is to match the fines with the ability to pay.

I) The Non-Citizens (Employment Regulation) ACT, NO.1 OF 2015

The Minister has proposed to make amendments of the Non-Citizen (Employment Regulation Act) No. 1 of 2015 as follows:

i) Introducing a penalty of TZS 500,000 per month for every employer with non–citizen employees who fails to submit monthly returns (including employees’ salary details) to the Labour Commissioner; and

ii) Sanction of 12 months imprisonment or a fine of TZS 10,000,000 or both for employers who fails to submit monthly return to the Labour Commissioner information of his/her employees including details of their salaries.

The objective of this measure is to enhance voluntary compliance to the employer.

J) The Land Rent Act, CAP 113

**Land Ownership Made cheaper?**

The Minister has proposed to reduce premium under the Land Rent Act and its respective regulation.

<table>
<thead>
<tr>
<th>Type of premium</th>
<th>Current rate</th>
<th>Proposed rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium rate for new land occupancy</td>
<td>2.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Premium rate on regularizing land</td>
<td>1%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

The objective of these measures is to encourage land occupancy to individuals and entities by having hold of the Certificate of Occupancy. This measure will also boost Government revenue.

K) The Stamp Duty Act, CAP 189

The Minister has proposed to amend the Stamp Duty Act on various rates.

<table>
<thead>
<tr>
<th>Type</th>
<th>Current rate/TZS</th>
<th>Proposed rate/TZS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stamp duty</td>
<td>500</td>
<td>2,000</td>
</tr>
<tr>
<td>Stamp duty rate on Memorandum and Articles of Association</td>
<td>5,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Stamp duty rate on Partnership instruments with capital exceed TZS 100,000 but does not exceeding TZS 1,000,000</td>
<td>2,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Stamp duty rate on Partnerships whose capital exceeds TZS 1,000,000</td>
<td>50,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Stamp duty rate on Instruments of dissolution of Partnerships</td>
<td>1,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

The objective of these changes is to update the current stamp duty rates to reflect the current economy.

L) The Vocational, Educational and Training Act, CAP 82

**Relief to employers on Skills and Development levy (SDL)**

The minister has proposed to make the following changes:

i) Increase of threshold for employers with number of employees from 4 to 10 to pay SDL;

ii) SDL exemption to the religious health institutions from SDL; and

iii) Introduce a specific requirement to small-scale mining operation to pay SDL at a rate of 0.4%, to be paid at the time of selling mineral and payment of royalty at buying station or at mineral and Gem house designated by Commissioner of Mining.

The proposed changes aim at creating a friendly business investment environment in the country, reduce operation cost to employers and create convenience to small scale miners to make payment of levy.
M) Amendments of Various Fees and Levies imposed by Ministries, Agencies, Regulatory Authorities, Regions and Independent Departments

The Minister has proposed to amend the various rates of fees and levies charged by Ministries, Agencies, Regulatory Authorities, Regions and Independent Departments as follows:

Ministry of Agriculture

i) To introduce registration fee TZS 60,000 for irrigation communities.

ii) To introduce irrigation service fee of 5% for seasonal harvest to irrigation communities.

Ministry of Home Affairs

The Minister has proposed to amend the Society Act, CAP 337 by introducing and revising rates as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Current rate/ fee</th>
<th>Proposed rate/fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application fee for new certificate of registration replacing a damaged certificate</td>
<td>N/A</td>
<td>100,000</td>
</tr>
<tr>
<td>Application fee for correction of misrepresentation caused by applicant of a society</td>
<td>N/A</td>
<td>50,000</td>
</tr>
<tr>
<td>Application fee for change of physical address of postal address of a society</td>
<td>N/A</td>
<td>50,000</td>
</tr>
<tr>
<td>Application fee for registration of a society</td>
<td>TZS 10,000</td>
<td>TZS 50,000</td>
</tr>
<tr>
<td>Increase the annual fee for religious society</td>
<td>TZS 20,000</td>
<td>TZS 100,000</td>
</tr>
<tr>
<td>Annual fee for Non-religious society</td>
<td>TZS 40,000</td>
<td>TZS 50,000</td>
</tr>
<tr>
<td>Annual fee for foreign religious society</td>
<td>USD 30</td>
<td>USD 60</td>
</tr>
<tr>
<td>Annual fee for foreign non-religious society</td>
<td>USD 30</td>
<td>USD 60</td>
</tr>
<tr>
<td>Application fee for change of name of a society</td>
<td>TZS 50,000</td>
<td>TZS 100,000</td>
</tr>
<tr>
<td>Application fee for change of constitution of a society</td>
<td>TZS 50,000</td>
<td>TZS 100,000</td>
</tr>
<tr>
<td>Application fee for certified true copy of the original from the records by society</td>
<td>TZS 20,000</td>
<td>TZS 50,000</td>
</tr>
<tr>
<td>Application fee for new certificate of a society - Loss</td>
<td>TZS 50,000</td>
<td>TZS 100,000</td>
</tr>
<tr>
<td>Application fee for new certificate - loss for the second time</td>
<td>TZS 50,000</td>
<td>TZS 200,000</td>
</tr>
<tr>
<td>Search fee by society</td>
<td>TZS 50,000</td>
<td>TZS 100,000</td>
</tr>
<tr>
<td>Search fee by member of public</td>
<td>TZS 50,000</td>
<td>TZS 200,000</td>
</tr>
</tbody>
</table>

The objective of these changes is to consider inflation and value for money.
N) Other Taxes

Various Tax Laws and other Laws have also been amended to ensure their smooth and effective implementation.

Implementation of the BLUEPRINT

The Government continues to implement BLUEPRINT for Regulatory Reforms to improve the Business Environment including the following:

Ministry of Natural Resources and Tourism

The Minister proposes to reduce TALA License (Tanzania Tourism Business License) for travel agents from USD 2,000 to USD 500 to promote the tourism industry.

Ministry of Livestock and Fisheries

The Minister has proposed to introduce Inspection fee at the rate of TZS 40,000 per certificate regardless of nature of the meat instead of the existing rate of TZS 100 per kilogram of beef and TZS 50 per kilogram of mutton or chevon.

Worker’s Compensation Fund

The Minister has proposed to make amendments of the Workers Compensation Fund Act, Cap 263 by reducing the rate of contribution to the Fund applicable to the Private Sector Institutions from 1% to 0.6% of the total gross monthly salary of employees. The objective being to provide relief to the Private Sector Employers by reducing the burden of their contributions to the Fund and improve the business environment in the country for existing and upcoming investors.

Tanzania Atomic Energy Commission

The Minister has proposed to amend Atomic Energy (Fees and Charges) Regulation in order to abolish Radioactivity Analysis fee which is charged at 0.2% of FoB for food crops exported to countries with no requirement for Radioactivity Analysis Certificate.

Immigration Department

The Minister proposes the following:

i) Abolish Student VISA/PASS FEE for higher learning institution students in Tanzania – Mozambique students exchange programme (TAMOSE). The objective is to promote and facilitate exchange programs; and

ii) Proposal on VISA fees paid and collected in Tanzania Zanzibar to be retained and used in the part where it where it was collected. The objective is to accord the derivation principle and reduce the list of “Union challenges”.

Fire and Rescue Force

The Minister has proposed to amend the Fire and Rescue Act, CAP 427 as follows:

i) Abolish Fire Compliance Certificate fee for Urban and Rural Petrol Stations and their Certificates will be issued freely after inspection;

ii) Abolish Horticultural farms from paying fire levy;

iii) Abolish Fire Inspection fee on farms/plantations including farmhouse(s) which were paying between TZS 100,000 to TZS 1,000,000;

iv) Increase the area used for Trade Fair Events not subject to Fire and Rescue levy from less than or equal to 2000m as per previous regulations to less than or equal to 10,000m; and

v) Increase the number of boarders in Educational Boarding Schools from less than or equal to 100 boarders to less than or equal to 200 boarders.

National Environmental Management Council (NEMC)

The Minister proposes to amend the Environmental Management (Fees and Charges) Regulation, 2019 by reducing the following fees:

i) Fee for destroying expired medicines from TZS 1,000,000 to TZS 100,000;

ii) Annual environmental Fee from TZS 200,000 to TZS 100,000.

Meat Board of Tanzania

The Minister proposes to change Clearance Fee at the rate of TZS 70,000 per Consignment instead of 1% of FOB.

OSHA

The Minister proposes to reduce electrical inspection and electrical insulation test and general inspection fee from TZS 590,000 to TZS 150,000 which was charged before and after commencement of business. This is to promote business environment in the country.
Licenses for Insurance Companies

The Minister proposes to alter the current arrangement of applying for annual licenses to be granted permanent licenses for companies with good records of conduct and three years’ license for companies which have repeating irregularities while being monitored by the Regulators. The aim is to remove bureaucracy in licensing procedures and improve the business environment.

Conducive Environment for doing Business

The Minister has proposed to the Government to introduce one electronic single window which will provide access to investors to process all the permits and licenses for the businesses electronically. This will relieve Investors from lengthy licensing procedures, cost of doing business and improve the business environment.

O) The Local Government Finance Act

A clear interpretation

The minister has proposed to provide clarity on the circumstances in which a corporate entity liable for paying service levy may not be liable to pay production levy on the value chain of the product.

The amendment aims to resolve the ambiguity in interpreting the relevant article.

Reduction of Outdoor Advertising fee.

The following amendments have been proposed by the Minister with respect to outdoor advertising fees (All these fees are charged per Square Foot).

<table>
<thead>
<tr>
<th>Advertisement Type</th>
<th>Current fee (TZS)</th>
<th>Proposed fee (TZS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illuminated advertisement</td>
<td>18,000</td>
<td>13,000</td>
</tr>
<tr>
<td>Non-Illuminated advertisement</td>
<td>15,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Wall Sign advertisement</td>
<td>15,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Electronic Sign advertisement</td>
<td>20,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Vehicular advertisement</td>
<td>15,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Short term advertisement/promotion per day</td>
<td>55,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Each 100 first promotion posters or part of the first 100 posters section.</td>
<td>100,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

The measure is to promote competitiveness in various businesses.

P) The Property Tax Act

LUKU machines as a mean for collecting property tax

The minister has proposed to amend the Property Tax Act so that property tax collection can be done using the system of purchasing and using electricity through LUKU machines. The Minister proposes a rate of TZS 1,000 per month on ordinary buildings with one meter and TZS 5,000 per month for every storey building or apartment with one meter.

However, the Government will make Regulations to clarify on properties with a shared meter or single properties with more than one meter.

This measure will facilitate the collection of property taxes and enable the achievement of collection objectives.

Q) The Roads and Fuel Tolls Act, CAP 220

The Minister has proposed to make the following changes:

i) Increase Road and Fuel Tolls by TZS 100 per each litre of petrol and diesel;

ii) Amend of section 4 A (a) of the Act in order to provide for the amount of TZS 100 collected from both diesel and petrol to be used for road maintenance in rural areas through TARURA.

The objective is to generate revenue to the Government.

R) Petroleum Act, CAP 392

The Minister has proposed to amend the fuel levy from TZS 150 to TZS 250.

The objective to this measure is to reduce adulterations of fuels due to the increase of Road and Fuel tolls on Petrol and Diesel.

S) The Electronic and Postal Communication Act, CAP 309

The Minister has proposed to make the following changes:

i) To impose a levy of from TZS10 to TZS10,000 in withdrawing and sending of mobile money transaction; and

ii) To impose a levy of from TZS 10 to TZS 200 per day per SIM card on recharge balance.

The objective is to increase government revenue.
The Minister has proposed to effect new changes in the Common External Tariff (CET) for year 2021/2022 and agreed to continue with implementation of some measures that were effected during the financial year 2020/21.

The proposed changes include:

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Item</th>
<th>Current Rate</th>
<th>Proposed Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>8702.10.99;</td>
<td>Stay of application of the EAC CET rate and apply a duty, for buses for transportation</td>
<td>25%</td>
<td>10% (for one year)</td>
</tr>
<tr>
<td>8702.20.99</td>
<td>of more than 25 persons imported for rapid transport project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>52.05; 52.06;</td>
<td>Stay of application of the EAC CET rate and apply a duty for cotton yarns</td>
<td>10%</td>
<td>25% (for one year)</td>
</tr>
<tr>
<td>52.07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4011.40.00</td>
<td>Stay of application of the EAC CET rate and apply a duty for new pneumatic tyres of</td>
<td>10%</td>
<td>25% (for one year)</td>
</tr>
<tr>
<td></td>
<td>rubber, of a kind used on motorcycles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008.11.00</td>
<td>Stay of application of the EAC CET rate and apply a duty for peanut butter</td>
<td>25%</td>
<td>35% (for one year)</td>
</tr>
<tr>
<td>7229.20.00;</td>
<td>Stay of application of the EAC CET rate and apply a duty for new pneumatic tyres of</td>
<td>10%</td>
<td>0% (for one year)</td>
</tr>
<tr>
<td>7229.90.00</td>
<td>rubber, of a kind used on motorcycles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7310.10.00;</td>
<td>Stay of application of the EAC CET rate and apply a duty for mild cans</td>
<td>25%</td>
<td>0% (for one year)</td>
</tr>
<tr>
<td>7310.29.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3402.11.00</td>
<td>Organic surface-active agents (Anionic) used by manufacturers of detergents and liquid</td>
<td>10%</td>
<td>0% (for one year)</td>
</tr>
<tr>
<td></td>
<td>soaps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3208.20.00;</td>
<td>raw material used in leather processing</td>
<td>25%</td>
<td>10% (for one year)</td>
</tr>
<tr>
<td>3210.00.10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2710.99.00;</td>
<td>raw materials used to manufacture different types of fertilizers for fertilizer</td>
<td>25% or 10%</td>
<td>0% (for one year)</td>
</tr>
<tr>
<td>2528.00.00;</td>
<td>manufacturers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3505.20.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5310.10.00</td>
<td>packaging materials for processed tobacco</td>
<td>25%</td>
<td>0% (for one year)</td>
</tr>
<tr>
<td>4819.20.90;</td>
<td>packaging materials for processed tea</td>
<td>25%</td>
<td>0% (for one year)</td>
</tr>
<tr>
<td>5407.44.00;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3923.29.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7606.92.00</td>
<td>aluminium alloy circles</td>
<td>25%</td>
<td>10% (for one year)</td>
</tr>
<tr>
<td>8704.21.90</td>
<td>CKD for Three-Wheel Motorcycle excluding Chassis and its components</td>
<td>25%</td>
<td>10% (for one year)</td>
</tr>
</tbody>
</table>
3920.61.10; 7019.39.00; 7019.31.00; 6006.90.00; 6006.90.00; 7019.12.00; 7019.12.00; 3920.10.10; 4016.93.00; 4016.93.00; 3907.91.00

<table>
<thead>
<tr>
<th>Flat-rolled products of other alloy steel, of a width of 600 mm</th>
</tr>
</thead>
<tbody>
<tr>
<td>7225.30.00</td>
</tr>
</tbody>
</table>

The Minister has proposed the following measures that were effected during 2020/21 which continue to be implemented in 2021/22:

- Stay of application of the EAC CET rate of 25% and apply a duty rate of 10% for buses for transportation of more than 25 persons HS Code 8702.10.99 and 8702.20.99 imported for rapid transport project for one year;

- Continue to grant duty remission at a duty rate of 0% instead of 25% or 10% on inputs for the manufacture of essential medical products and supplies for fighting COVID-19 including masks, sanitizers, coveralls, face shields and ventilators for one year;

- Continue to grant stay of application of EAC CET rates of 10% and apply duty rate of 0% for one year on Cash registers and Other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS) of HS Codes 8470.50.00 and 8470.90.00;

- Continue to grant duty remission at a duty rate of 0% instead of 25% for one year on Corks and stoppers HS Code 4503.10.00;

- Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Ceramic tiles HS Code 6907.21.00, 6907.22.00 and 6907.23.00;

- Continue to grant stay application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Tea, whether or not flavored Heading 09.02;

- Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on HS Code 6305.10.00 (Sacks and bags, of Jute or other textile bast fibres of heading 53.03);

- Continue to grant stay application of EAC CET rate of 0% and apply a duty rate of 10% for one year on Cocoa powder, not containing added sugar or other sweetening matter Hs code 1805.00.00;

- Continue to grant duty remission at a duty rate of 0% instead of 25% for one year on packaging materials for processed coffee HS Codes 7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90 and 3920.30.90;

- Continue to grant duty remission at a duty rate of 0% instead of 25% for one year on Sacks and bags of polymers of ethylene as inputs used by domestic processors of cashew nuts HS Code 3923.21.00;

- Continue to grant duty remission at a duty rate of 0% instead of 25% for one year on inputs used by domestic processors of cotton lint HS Code 3920.30.90; 6305.39.00; 7217.90.00;

- Continue grant duty remission at 0% instead of 25% on raw materials used to manufacture baby diaper:
- Super Absorbent Polymer/Powder Hs Code: 3906.90.00
- Polyethylene Laminated Nonwovens Hs Code: 5903.90.00
- Spandex Hs Code: 5402.44.00
- PE Film/Packing Film Hs Code: 3920.10.90
- PE Film/Packing Film Hs Code: 3920.10.10
- Non-Woven Hs Code: 5603.11.00
- Hot Melt Adhesive Hs Code: 3506.91.00
- Molded Hook Hs Code: 5806.10.00
- Wet Strength Hs Code: 4803.00.00

- Continue to grant duty remission at a duty rate of 0% instead of 25% or 10% for one year on inputs used by domestic minerals processors (HS Codes 3606.90.00; 6804.10.00; 6813.20.00; 7018.90.00; 7020.00.99; 8202.20.00; 8202.99.00; 8203.20.00; 8205.10.00; 8423.89.90; 8513.10.90; 9002.19.00);

- Grant duty remission at 10% instead of 25% on paper products HS Code 4805.24.00 and HS Code 4805.25.00 as raw materials used for manufacturing of packaging materials (corrugated boxes);

- Continue to grant duty remission at 0% instead of 25% on 25% or 10% for one year on coffee whether or roasted or decaffeinated, coffee husks and skins coffee substitutes containing coffee in any proportion with Heading 09.01;

- Continue to grant duty remission at a duty rate of 0% instead of 10% on monofilament of which any cross sectional dimension exceeds 1mm, rods, sticks and profile shapes whether or not surface worked but not otherwise worked of plastics HS Code 3916.10.00, 3916.20.00, 3916.90.00;

- Continue to grant stay application of EAC CET rate of 25% and apply a duty rate of 10% instead of 25% or USD 250/MT whichever is higher for one year on Flat-rolled products of iron or non-alloy steel, of a width of less than 600mm, clad, plated or coated HS Code 7212.30.00; 7212.40.00; and 7212.50.00;

- Continue to grant stay application of EAC CET rate of 25% or USD 200/MT whichever is higher and apply a duty rate of 25% or USD 250/MT whichever is higher for one year on Horticultural products HS Codes 0603.11.00; 0603.12.00; 0603.13.00; 0603.14.00; 0603.15.00; 0603.19.00; 0604.20.00; 0604.90.00; 0701.90.00; 0702.00.00; 0703.10.00; 0703.20.00; 0703.90.00; 0804.30.00; 0804.40.00; 0805.40.00; 0808.10.00; 0808.30.00; 0910.11.00; 0910.12.00;

- Continue to grant duty remission at 10% instead of 35% on imported wheat grain HS Code 1001.99.10 and HS Code 1001.99.90;

- Continue to grant duty remission at 0% instead of 25% on Printed Aluminum Barrier Laminates (ABL) HS Code 3920.10.90;

- Continue to grant duty Remission at 0% instead of 10% on Refined Bleached Deodorized (RBD) Palm Stearin HS Code 1511.90.40;
• Continue to grant stay application of the EAC CET rate of 25% and apply a duty rate of 25% or USD 1.35/kg whichever is higher for one year on safety matches HS Code 3605.00.00;

• Continue to grant stay application of EAC CET rate of 25% and instead apply rate of 25% or USD 350 per metric ton whichever is higher on nails, tacks, drawing pins, corrugated nails staples HS Code 7317.00.00, other than those of heading 83.05 and similar articles of iron or steel, whether or not with heads of other materials;

• Continue to grant stay application of EAC CET rate of 25% and apply a duty rate of 35% for one year on Sausages and similar products HS Code 1601.00.00;

• Continue to grant stay application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Chewing gum HS Code 1704.10.00; Biscuits Heading 19.05; and Other sugar confectionery (sweets) HS Code 1704.90.00;

• Continue to grant stay application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Meat and edible meat offal under Chapter 2;

• Continue to grant stay of application of the EAC CET rate of 0% and apply 10% for one year on Crude vegetable oils of HS Codes 1507.10.00, 1580.10.00, 1511.10.00, 1512.11.00, 1513.11.00, 1514.11.00, 1514.91.00, 1515.11.00, 1515.21.00 and 1515.30.00;

• Continue to grant stay of application of EAC CET on Cane Sugar (Gap Sugar) HS Code 1701.14.90 imported under a permit issued by the Tanzania Sugar Board and apply import duty rate of 35% instead of 100% or 460 USD/MT whichever is higher for one year;

• Continue to grant stay of application of CET rate of 35% or USD 0.40/Kg whichever is higher and apply a duty rate of 35% on Worn items of clothing, footwear and articles HS Code 6309.00.10; 6309.00.20 and 6309.00.90 for one year;

• Tanzania together with other EAC partner States to continue grant duty remission on raw materials and industrial inputs used to manufacture textiles and footwear; and

• Continue to grant duty remission at 0% on inputs used to manufacture leaf springs HS Code 7228.20.00 for one year.

— During the East African Community Pre-budget consultative meeting, the Ministers for Finance agreed to amend the East African Community Customs Management Act, 2004 by adopting USD 50 as de minimis value where customs duties shall not be collected.

— Valuation of imported printed fabrics (Vitenge) to be re-vested in the Commissioner General so that the Valuation Principles stipulated in the East African Community Customs Management Act, 2004 are adhered to. Along with this measure, I propose the valuation for those who cannot justify their declared values to range between USD 0.55 to 1 for a meter of Polyester Kitenge and USD 0.60 to 1 for a meter of Cotton Kitenge in line with the Valuation Principles.

Remove the requirement of 15% refundable additional import duty deposit on sugar for industrial use. This measure is intended to promote competitiveness and increase liquidity of domestic industries. In addition, the introduction of ETS will be used as a mechanism to track company’s production and verify the use of industrial sugar. However, non-compliant traders will be subjected to the previous measure on top of other existing legal measures.
Due to the impact of COVID-19 pandemic which affected production of some excisable industrial goods, The Finance Minister proposed not to amend the specific excise duty rates for all non-petroleum products except for spirits and local beer that will be manufactured using locally grown malt barley.

Considering the above, The Minister proposed to make the following amendments Excise Tax (Management and Tariff) Act:

i) Reduce excise duty rate for beer made from locally grown and malted barley from TZS 765 per litre to TZS 620 per litre;

ii) Introduce excise duty of 10 percent on imported and locally produced synthetic (plastic) fibres (Heading 55.11 and 56.07) except fishing twine (HS Code 5607.50.00); and

iii) Introduce an excise duty rate of 10 percent on imported used Motorcycles aged more than 3 years (HS Code 8711).
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