

LEGAL OUTLOOK REPORT · 2026

# Navigating Tanzania's Evolving Legal & Regulatory Landscape

A comprehensive legal & tax compliance analysis of the United Republic of Tanzania's Government Budget 2026/27 for investors, businesses, and legal practitioners across all industries.

June 2026

## BASIS OF ANALYSIS

Budget Speech delivered by Hon. Ambassador Khamis Mussa Omar, Minister of Finance, 11 June 2026. Total Budget: TZS 62.33 Trillion – a 10.3% increase over 2025/26.

## CLASSIFICATION

Confidential · For General Information  
Prepared 12 June 2026

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SECTION 01

# Executive Summary

26+

Pieces of legislation amended by the Finance Bill 2026

TZS 62.33<sub>T</sub>

Total national budget – a 10.3% increase over 2025/26

1 Jul

Primary compliance deadline for most amendments

284

Presidential Commission tax-reform recommendations in phased rollout

Tanzania’s Government Budget for the financial year 2026/27, totalling TZS 62.33 trillion, marks the first budget under Tanzania Development Vision 2050 (Dira 2050) and the Fourth National Five-Year Development Plan (2026/27–2030/31). Presented to the National Assembly on 11 June 2026, the budget introduces sweeping fiscal and legal reforms through the Finance Bill 2026 and the Appropriation Bill 2026.

For businesses and investors, the budget carries four overarching themes: broadening the domestic revenue base through new and increased tax measures; providing targeted reliefs and incentives to priority sectors; mandating digital payment infrastructure as a condition for business operations; and implementing extensive tariff and non-tariff adjustments to reshape Tanzania’s industrial and trade landscape.



KEY INSIGHT

The 2026/27 budget is less a set of isolated tax changes than a coordinated industrial-policy instrument – pairing reliefs, tariff protection, and digital-payment mandates to steer capital toward domestic manufacturing and the formal economy.

HIGHLIGHTS FOR IMMEDIATE ATTENTION

- Finance Bill 2026 amends at least **26 pieces of legislation**, with most changes effective **1 July 2026**.
- Digital payment compliance becomes mandatory for multiple regulated industries; failure to install a Lipa Namba / TANQR device can block business licence renewal.
- New **12-month presumptive tax holiday** for first-time registered businesses; threshold raised from TZS 100M to TZS 200M at a higher 4.5% rate.
- VAT refunds now attract **interest** if not paid within 30 days – a major relief for exporters and capital-intensive businesses.
- Digital services tax rises from **2% to 3%**; a new excise on online B2C services will affect technology platforms.
- Customs Processing Fee **doubles from 0.6% to 1.0%**, directly raising the landed cost of all imports.
- Extensive EAC Common External Tariff changes: reductions on industrial inputs and agricultural machinery; increases on finished goods to protect local industry.
- New export taxes on waste paper, quartz/feldspar minerals, and certain agricultural by-products.
- New VAT exemptions for locally-produced edible oil, EV charging infrastructure, LPG meters, aviation turbines/tyres, and dairy packaging.
- LGA allocation for SME youth/women/disability loans raised from **10% to 15%** of own-source revenues.

Section 02

# 02

## Legal & Fiscal Framework

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The legislative instruments, governing strategies, and effective dates that define how the 2026/27 reforms take legal force.

SECTION 02 · FRAMEWORK

# Governing Legislation & Effective Dates

## 2.1 Governing Legislation

The budget introduces changes through two primary instruments. The **Finance Bill 2026** amends tax laws, revenue-collection statutes, investment laws, financial-sector laws, and sector-specific regulations. The **Appropriation Bill 2026** authorises government expenditure for the 2026/27 financial year.

These amendments operate within a broader strategic framework:

- Tanzania Development Vision 2050 (Dira 2050)
- Fourth National Five-Year Development Plan (2026/27–2030/31)
- Medium Term Revenue Strategy (MTRS) 2025/26–2027/28 – targeting TZS 38 trillion in domestic revenue
- Presidential Commission on Tax Reforms – 284 recommendations implemented in phases
- First and Second Blueprint for Regulatory Reforms to Improve the Business Environment
- EAC Common External Tariff (CET) and EAC Customs Management Act 2004

## 2.2 Effective Dates

Unless otherwise stated in a specific provision, all amendments under the Finance Bill 2026 take effect on **1 July 2026**, the commencement of the 2026/27 financial year. A small number of provisions specify alternative commencement dates or are contingent on Ministerial Orders.

● **PRACTICAL GUIDANCE**

Investors and businesses should treat **1 July 2026** as the primary compliance deadline and build their tax, payroll, withholding, and import-cost systems around that date.

**2**

Primary Bills  
(Finance & Appropriation)

**TZS 38T**

MTRS domestic  
revenue target

Section 03

# 03

## Tax Law Amendments

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Value Added Tax, Income Tax, Excise Duty, Stamp Duty, and tax-administration reforms reshaping the cost and compliance base for every sector.

SECTION 03 · TAX LAW AMENDMENTS

## 3.1 Value Added Tax Act (CAP 148)

### 3.1.1 VAT Refund with Interest

The most significant VAT reform is the introduction of interest on delayed refunds. The Commissioner General must now pay outstanding VAT refunds within **30 days**; failure attracts interest running from the 31st day until actual payment. This directly benefits exporters claiming input VAT on zero-rated supplies, capital-intensive businesses with large VAT credits, and companies with VAT balances tied to delayed government contracts.

### 3.1.2 VAT Deferment Made Permanent

The previous VAT-deferment arrangement for capital goods imported by manufacturers had a sunset clause. The budget removes that clause, making deferment **permanent** – eliminating the cash-flow burden of paying VAT upfront on large plant and machinery acquisitions.

### 3.1.3 NEW VAT EXEMPTIONS – OPPORTUNITIES BY SECTOR

ITEM / ACTIVITY	PREVIOUS TREATMENT	NEW TREATMENT
EV charging stations	Standard-rated (18%)	<b>VAT-exempt</b> – benefits EV infrastructure developers and charging-network operators
LPG meters	Standard-rated	<b>VAT-exempt</b> – benefits gas distributors and consumers
Aviation turbines & tyres	Standard-rated	<b>VAT-exempt</b> – benefits airlines and MRO operators
Dairy packaging materials	Standard-rated	<b>VAT-exempt</b> – benefits dairy processors and packagers
Edible oil from local seeds	Standard-rated	<b>VAT-exempt</b> – significant incentive for the local edible-oil processing industry
Cotton garments (local)	Standard-rated	<b>VAT-exempt</b> – benefits textile manufacturers using local cotton

### 3.1.4 ABOLITION OF EXEMPTIONS – INCREASED VAT LIABILITIES

#### Pet Food (imported)

VAT exemption removed. Importers and retailers will face 18% VAT on pet food, increasing cost of goods.

#### Imported Fishing Nets

VAT exemption removed; foreign-supplied nets now attract 18% VAT. Fisheries businesses should plan for higher procurement costs – or source locally.

#### ● ACTION REQUIRED

Establish internal procedures to track VAT refund application dates and assert interest entitlement in writing where TRA delays beyond 30 days.

SECTION 03 · TAX LAW AMENDMENTS

## 3.2 Income Tax Act (CAP 332)

### PRESUMPTIVE TAX – THRESHOLD & RATE ADJUSTMENT

#### 01 THE CHANGE

The presumptive-tax turnover threshold doubles from **TZS 100M to TZS 200M**, while the applicable rate rises from **3.5% to 4.5%** of turnover. A new **12-month tax holiday** applies to first-time registered businesses.

#### 02 OUR ANALYSIS

Businesses between TZS 100M–200M now fall within the presumptive regime rather than standard corporate income tax, simplifying compliance for mid-range SMEs – but all presumptive taxpayers pay the higher 4.5% rate, which may or may not be favourable depending on actual profitability.

#### 03 PRACTICAL IMPACT

Businesses with turnover of TZS 100M–200M should model both regimes to determine which produces lower tax, and assess whether a voluntary opt-out from the presumptive regime is advantageous.

### 3.2.3 Digital Services Tax: 2% → 3%

DST on non-resident companies providing digital services to Tanzanian customers rises from 2% to 3% of gross Tanzania-derived revenue. Affected providers include streaming and content platforms, SaaS providers, online marketplaces and app stores, digital advertising platforms, and cloud-computing services. Non-resident providers must update withholding or direct-payment calculations effective 1 July 2026.

### 3.2.4 Deemed Retained Earnings: 30% → 15%

The deemed retained-earnings rate for resident entities is halved from 30% to 15%, lowering the imputed income attributable to corporations that retain rather than distribute profits. This primarily benefits holding companies and subsidiaries reinvesting profits, and capital-intensive businesses with high retained-earnings balances.

### 3.2.5–6 Withholding on Agricultural Produce

A new **1% withholding tax** applies to payments for food crops, and separately to live animals, fish, and raw milk. Buyers – aggregators, processors, traders, abattoirs, dairies, fish processors – must register as withholding agents, deduct at source, issue certificates, and remit monthly to TRA.

#### ● ACTION REQUIRED

Update procurement systems and supplier contracts to account for the withholding obligation. Farmers may have a refund entitlement depending on total income.

### 3.2.7 Forest Produce – Expanded Definition

The definition of ‘forest produce’ is broadened to capture more timber and forestry products, potentially extending existing forest-related withholding and documentation requirements. Timber traders, sawmills, and forestry companies should seek legal advice on scope.

SECTION 03 · TAX LAW AMENDMENTS

## 3.3–3.5 Excise, Stamp Duty & Administration

### 3.3 Excise Duty Act (CAP 147)

An **automatic annual 8% escalation** of specific excise-duty rates commences with the 2026/27 year, applying to alcoholic beverages, tobacco products, and other excisable goods. Manufacturers, importers, and distributors must factor this escalator into pricing and multi-year contracts.

PRODUCT / ACTIVITY	NEW RATE	IMPACT
Motorcycles (new)	5%	Higher cost for importers and dealers; affects boda-boda trade finance
Small vehicles (new)	5%	Increased purchase cost; may affect vehicle loan portfolios
Gambling activities	5%	Raises operating costs for casinos, sports betting, and lottery operators
Used / second-hand vehicles	Increased	Higher landed cost for used-vehicle importers and dealers
Beauty & cosmetic products	10% → 15%	Increased cost for beauty-product importers and retailers
Artificial flowers (synthetic)	20%	Affects importers of decorative artificial flowers
Plastic clogs (footwear)	10%	Affects plastic-footwear importers; supports local manufacturers
Online services (B2C digital)	New (TBD)	Applies to e-commerce, streaming, and digital content for Tanzanian customers

### 3.4 Stamp Duty Act (CAP 189)

Multiple stamp-duty rates rise across instruments, increasing transaction costs in real estate (conveyances, mortgages, leases), corporate transactions (mergers, share transfers, restructuring), banking and finance (loan agreements, debentures, security instruments), and insurance.

● **ACTION REQUIRED**

Legal and finance teams must re-model transaction costs for live deals. Obtain the detailed stamp-duty schedule from TRA; specific rates will be gazetted in the Finance Act 2026.

### 3.5 Tax Administration (CAP 438 / 399)

- **Distraigned perishable goods:** the Commissioner General gains express authority to sell seized perishable goods to recover unpaid taxes.
- **Customs Processing Fee:** raised from 0.6% to 1.0% of customs value – a 67% increase on all imports.
- **ADR period extended:** tax-dispute Alternative Dispute Resolution window extended from 60 to 90 days under CAP 408.

SECTION 03 · IN FOCUS

## The Customs Processing Fee Increase

The Customs Processing Fee (CPF), levied on the customs value of all imported goods, rises from **0.6% to 1.0%** of customs value – a **67% increase**. This applies to every importer regardless of sector and carries a broad cost impact across supply chains.

For a shipment with a customs value of USD 500,000, the CPF rises from USD 3,000 to USD 5,000 per consignment. Across a high-volume import programme, the cumulative effect on annual landed cost is material and should be modelled deliberately rather than absorbed.

● **ACTION REQUIRED**

Importers should renegotiate landed-cost calculations in supply agreements and update import-cost models before 1 July 2026.

**0.6%**

Previous Customs Processing Fee on customs value

**1.0%**

New Customs Processing Fee from 1 July 2026

A 67% increase in the Customs Processing Fee touches every importer in the country – its cost is broad, immediate, and easily overlooked in contract pricing.

Section 04

# 04

## Customs, Trade & Import / Export

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EAC Common External Tariff changes, industrial development levies, new export taxes, and revisions to the SEZ negative list.

SECTION 04 · CUSTOMS & TRADE

## 4.1 EAC Common External Tariff Changes

The most extensive tariff changes affect the EAC Common External Tariff. Tanzania has proposed, and the EAC Council has approved, significant changes across dozens of product categories. The general direction pairs **reductions on industrial inputs and capital equipment** with **increases on finished goods** that compete with local production.

### ↓ Tariff Reductions

Lowering input and capital-equipment costs for local producers

- **Agriculture & Food Processing.** Reduced tariffs on agricultural machinery and food-processing equipment.
- **Edible Oil Industry.** Adjustments favour import of crude edible oil for local refining over refined imported oil.
- **Textiles & Apparel.** Reduced tariffs on fabric inputs and yarn for local mills.
- **Energy Sector.** Reduced tariffs on solar equipment, EV charging components, and energy-storage systems.
- **Pharmaceuticals & Medical.** Reductions or zero-rating on raw materials and devices not produced locally.

### ↑ Tariff Increases

Protecting and developing domestic industries

- **Agriculture & Food Processing.** Increased tariffs on certain finished imported food products competing with local producers.
- **Textiles & Apparel.** Increased tariffs on imported ready-made garments to support local textile manufacturers.
- **Construction Materials.** Selective changes on imported materials to encourage local cement and tile production.
- **Plastics & Packaging.** Higher tariffs on imported finished plastic products where local manufacturing is viable.
- **New Duties.** New duties on previously zero-rated or low-tariff items that compete with local production.

#### ● ACTION REQUIRED

Importers and exporters must obtain the updated EAC CET schedule and reclassify goods under the revised tariff headings – misclassification is a common compliance risk. EAC Customs Management Act 2004 amendments also affect post-clearance audit and valuation rules.

SECTION 04 · CUSTOMS & TRADE

## 4.2–4.4 Levies, Export Taxes & the SEZ List

### 4.2 Import Control Act (CAP 276) – Industrial Development Levies

New industrial development levies are imposed on selected categories of imported finished goods. These sit over and above customs duty and VAT, representing an additional landed cost engineered to create a price buffer favouring locally manufactured equivalents. Targeted categories include certain manufactured consumer goods, processed food products competing with local production, and selected building and construction materials.

● **LEGAL ALERT**

Goods originating from EAC partner states (Kenya, Uganda, Rwanda, Burundi, DRC, South Sudan, Somalia) are **exempt** from these levies under the EAC Customs Union Protocol. Importers must obtain correct certificates of origin to claim the exemption.

### 4.3 Export Tax Act (CAP 196) – New Export Taxes

- **Waste paper** – new export tax to discourage raw waste-paper export and support domestic recycling and paper manufacturing.
- **Quartz & feldspar minerals** – new export tax on industrial minerals used in glass, ceramics, and electronics; incentivises local beneficiation over raw export.
- **Animal-feed by-products** – certain agricultural-processing by-products now attract export tax, retaining inputs for domestic animal-feed manufacturing.

Exporters of these commodities must factor export taxes into pricing and contract terms with foreign buyers from 1 July 2026.

### 4.4 Investment & SEZ Act 2025 – Negative List

The negative list under the Investment and Special Economic Zone Act 2025 is amended to add **road tractors**. These can no longer be imported free of duty or under investment-incentive arrangements through SEZ/EPZ frameworks. Logistics, trucking, and road-freight investors who anticipated preferential duty treatment should revisit their business models.

Section 05

# 05

## Digital Payment Compliance Mandates

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From 1 July 2026, government-approved digital payment infrastructure becomes a condition for licence renewal, asset transfers, and continued operation across multiple industries.

SECTION 05 · DIGITAL PAYMENT MANDATES

# Mandatory Digital Payment Infrastructure

The Finance Bill 2026 introduces mandatory digital-payment requirements affecting multiple industries. These are not advisory – compliance is a condition for business-licence renewal and asset transfers. Mandated infrastructure includes the Tanzania Instant Payment System (TIPS), LIPA NAMBA, and TANQR digital-payment standards.

## 5.1 Sectors Required to Accept Digital Payments

- Public and private transport operators (bus, taxi, related)
- Shopping malls and large retail establishments
- Fuel / filling stations
- Educational institutions (schools, colleges, universities) for fees
- Hospitality (hotels, restaurants, lodges)
- Real estate developers and agencies (rental & sale)
- Agricultural cooperatives (member payments & produce procurement)

## 5.4 Bank Account as Licence Prerequisite

A verified bank account is now mandatory to obtain or renew licences in mining and quarrying, livestock farming and ranching, commercial agriculture, timber and sawmilling, and fisheries and aquaculture.

## 5.5 COMPLIANCE ACTION PLAN FOR BUSINESSES

● LEGAL ALERT · LICENCE RENEWAL

Any business in a designated category must install a **LIPA NAMBA or TANQR device** as a prerequisite for renewing its business licence. Non-compliant businesses face licence non-renewal and may be required to cease operations until compliant.

## 5.3 Digital Payment Proof for Asset Transfers

Transfers of major assets – land, buildings, and motor vehicles – must be accompanied by proof of digital payment. Cash or undocumented transactions will not be registered or processed by government agencies. This affects real-estate conveyancing (lawyers and notaries must include digital-payment proof in transfer files), motor-vehicle transfers at SUMATRA/RITA, and land-title transfers at the Ministry of Lands.

### Assess & Bank

Confirm whether your business falls within a mandated category, and open a business bank account if a sector-specific licence requires one.

### Install & Train

Register and install a LIPA NAMBA or TANQR terminal through your bank or a registered PSP, and train all relevant staff on digital-payment acceptance.

### Update Contracts

Confirm digital-payment arrangements for in-progress transfers, and update tenancy and sale agreements to specify digital payment as the required mode.

Section 06

# 06

## Sector-Specific Legal & Compliance Analysis

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How the 2026/27 reforms reshape risk, cost, and opportunity across eleven industries – from energy and mining to edible oil, textiles, and digital services.

SECTION 06 · SECTOR ANALYSIS

# Energy, Oil & Gas · Mining & Extractives

## 6.1 Energy – Electricity, Oil & Gas, Renewables

- **EV charging infrastructure:** VAT exemption on charging stations creates a favourable cost structure for network developers.
- **LPG distribution:** VAT exemption on LPG meters reduces equipment cost, supporting the clean-cooking transition.
- **Solar & renewables:** reduced CET tariffs on solar equipment and energy storage lower landed costs.
- **Mining energy costs:** higher excise and customs duties on fuel and certain equipment raise operating costs.
- **TANESCO & IPPs:** Rural Energy Act revenue-distribution changes may affect rural electrification funding.

## 6.2 Mining & Extractive Industries

- **Bank account requirement:** licence applicants and renewals must hold a verified bank account.
- **Export tax on quartz & feldspar:** raises the cost of exporting unprocessed mineral output; model impact and consider local processing.
- **Withholding on produce:** 1% withholding applies where mining companies buy agricultural produce (e.g. for community programmes or catering).
- **Customs Processing Fee:** the 0.6%→1.0% rise increases the cost of importing heavy equipment and consumables.
- **EAC CET changes:** selective tariff reductions on mining machinery may partially offset CPF increases.

SECTION 06 · SECTOR ANALYSIS

## Agriculture & Cooperatives · Edible Oil

### 6.3 Agriculture, Agri-business & Cooperatives

- **Withholding on food crops:** all commodity buyers, processors, and aggregators must withhold 1% at source – a significant new obligation.
- **Withholding on animals & milk:** livestock traders, abattoirs, dairies, and fish buyers must withhold 1% from procurement.
- **Agricultural machinery:** reduced CET tariffs lower the cost of mechanisation for commercial farmers and processors.
- **Export taxes on feed by-products:** may make domestic animal-feed markets more attractive.
- **Digital payments & bank accounts:** cooperatives must install LIPA NAMBA/TANQR; commercial farms need a bank account for licence renewal.

### 6.4 Edible Oil Industry – A Priority Package

- **VAT exemption:** edible oil from locally grown seeds (sunflower, groundnut, sesame) is VAT-exempt domestically – a price advantage over imports.
- **CET tariff policy:** reduced tariffs on crude oil for processing combined with higher tariffs on refined imports create a preferential refiner margin.
- **Industrial development levy:** imported refined oil may attract the new levy, further tilting balance toward domestic processors.
- **Capital-goods VAT deferment:** now-permanent deferment benefits processors investing in refinery and processing equipment.

#### ● INVESTMENT OPPORTUNITY

The combined VAT exemption, tariff protection, and processing incentives create an exceptionally favourable environment for investment in edible-oil processing. Investors should conduct feasibility studies and engage the Tanzania Investment Centre (TIC) for investment certificates.

SECTION 06 · SECTOR ANALYSIS

# Textiles & Apparel · Financial Services

## 6.5 Textile, Garment & Apparel

- **VAT exemption on cotton garments:** locally manufactured cotton garments are VAT-exempt, improving competitiveness against imports.
- **CET protection:** higher tariffs on imported ready-made garments protect the domestic market.
- **Input cost relief:** reduced CET tariffs on yarn and fabric inputs lower production costs for local mills.
- **Export tax implications:** general raw-material export-tax reductions do not extend to cotton lint, which remains under existing arrangements.

## 6.6 Financial Services – Banks, Insurance, MFIs, Capital Markets

- **DIFC:** a new Dar es Salaam International Financial Centre with potential regulatory and tax advantages – monitor enabling legislation closely.
- **Credit Guarantee Scheme:** formalisation reduces credit-risk exposure on qualifying SME loans, enabling expansion into underserved segments.
- **Deemed retained earnings:** the 30%→15% reduction benefits banks with large retained earnings – confirm application to specific structures.
- **Digital services tax:** banks and fintechs must update pricing models for the 2%→3% DST on digital-service revenues.
- **Stamp duty & LGA loans:** higher duty on loan and security instruments; the 10%→15% LGA SME-loan allocation expands government-backed lending.

### ● INVESTMENT OPPORTUNITY

The textile and garment sector is a designated priority. Investors establishing local manufacturing can combine duty protection, VAT exemptions, and potential EPZ/SEZ benefits. Macro-stability is reinforced by the Bank of Tanzania overdraft-limit reduction from 18% to 14% of prior-year revenue.

SECTION 06 · SECTOR ANALYSIS

# Hospitality & Real Estate · Transport & Logistics

## 6.7 Hospitality, Tourism & Real Estate

- **Digital payments:** hotels, restaurants, lodges, and agencies must accept digital payments or face licence non-renewal.
- **Stamp duty:** higher duty on conveyances and leases increases real-estate transaction costs for all parties.
- **Digital payment proof:** all land and property sales require digital-payment proof for registration – cash transactions cannot be registered.
- **Aviation VAT exemption:** exemption on turbines and tyres reduces airline maintenance costs, benefiting inbound tourism.
- **NEMC fees:** revised environmental fee schedules affect EIA-dependent hotel and tourism development.

## 6.8 Transport & Logistics

- **Motorcycle excise:** new 5% excise raises purchase prices for boda-boda operators and logistics fleets.
- **Used-vehicle excise:** higher excise on used imported vehicles raises fleet-acquisition costs.
- **Road-tractor negative list:** road tractors are added to the SEZ/EPZ negative list, ending duty-free importation under incentive schemes.
- **Digital payments:** transport operators must install LIPA NAMBA/TANQR for fare collection by 1 July 2026.
- **Roads Act distribution:** a 70/25/5% revenue formula affects allocation of road-user charges and fuel-levy proceeds.

SECTION 06 · SECTOR ANALYSIS

# Technology · Fisheries · Forestry & Timber

## 6.9 Technology & Digital Services

- **Digital services tax (3%):** non-resident tech companies serving Tanzanian consumers face a higher 2%→3% DST.
- **New online B2C excise:** a new excise on online consumer services stacks on top of DST and VAT – analyse product scope.
- **EFD compliance:** the budget reaffirms Electronic Fiscal Device and EFDMS compliance; update systems for new rates.
- **Payment service providers:** Lipa Namba and TANQR providers benefit from the mandatory digital-payment mandate – a significant opportunity.

## 6.10 Fisheries & Aquaculture

- **Imported fishing nets:** VAT exemption removed – higher cost for companies and individual fishermen.
- **Withholding on fish purchases:** 1% withholding creates a new obligation for processors and traders.
- **Bank account requirement:** licence applications and renewals require a bank account.
- **Fisheries fees:** revised fee schedules apply – obtain the updated schedule from the Ministry of Livestock and Fisheries.

## 6.11 Forestry & Timber

- **Expanded forest-produce definition:** may bring more products within existing withholding and levy frameworks – seek legal review.
- **Bank account requirement:** timber businesses need a bank account for licence renewal.
- **Export tax on waste paper:** waste-paper exporters face a new export tax; domestic recyclers are protected.

Section 07

# 07

## Other Key Legislative Amendments

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Reforms to land revenue, monetary discipline, local-government finance, infrastructure funding, and business regulation.

## SECTION 07 · OTHER AMENDMENTS

# Land, Monetary & Local-Government Reforms

## 7.1 Land Act (CAP 113) – Revenue Redistribution

A 20% redistribution of land-rent revenue is introduced: 10% to the Ministry of Lands for land administration and 10% to Local Government Authorities. This improves LGA fiscal capacity in high-value areas. The land-rent rate itself is unchanged, but the reform signals greater LGA engagement in land governance.

## 7.2 Bank of Tanzania Act (CAP 197) – Overdraft Limit

The permissible government overdraft facility at the Bank of Tanzania is reduced from 18% to 14% of the previous year's revenue – a structural reform strengthening fiscal discipline and reducing monetary financing of deficits. For investors, this is a positive macro-stability signal that reduces the risk of debt monetisation and inflationary pressure.

## 7.3 LG Finance Act (CAP 290) – SME Loan Fund

The mandatory allocation from LGA own-source revenues to the Youth, Women's, and Disability Enterprise Development Funds rises from 10% to 15%. SMEs seeking government-backed financing benefit from an expanded pool of concessional credit from 2026/27.

## 7.4 Revenue Distribution Acts

A 70/25/5% revenue-distribution formula is introduced for sector-specific funds under the Roads Act, Railways Act, Rural Energy Act, and Water Act – 70% to primary purpose, 25% to development fund, 5% to other designated purposes. This may affect cash flows for capital projects. Contractors, concessionaires, and infrastructure investors should review how the changes affect expected payment streams.

## 7.5 Business Regulatory Reforms

Under the Second Blueprint for Regulatory Reforms, the budget references ongoing rationalisation of business licences and fees, including revised company-registration fees (local and foreign), updated annual-return fees, and rationalised business-name registration fees.

### ● PRACTICAL GUIDANCE

Companies should obtain the updated COPRA fee schedule from BRELA (Business Registration and Licensing Authority) and update their compliance calendars accordingly.

Section 08

# 08

## Reliefs & New Liabilities Summary

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A consolidated view of the budget's financial reliefs and incentives alongside its new liabilities and increased tax burdens.

SECTION 08 · SUMMARY

## 8. Financial Reliefs & Investment Incentives

The table below consolidates the key reliefs and incentives announced in the budget, enabling businesses to identify opportunities applicable to their sector.

RELIEF / INCENTIVE	BENEFICIARY	LEGAL BASIS
12-month presumptive tax holiday	New SME registrants	Income Tax Act CAP 332 (amended)
Presumptive threshold TZS 100M → 200M	SMEs with turnover TZS 100M-200M	Income Tax Act CAP 332 (amended)
VAT refund within 30 days with interest	VAT-registered exporters & credit holders	VAT Act CAP 148 (amended)
Permanent VAT deferment on capital goods	Manufacturers with capital-import programmes	VAT Act CAP 148 (amended)
VAT exemption – edible oil from local seeds	Domestic edible-oil processors	VAT Act CAP 148 (amended)
VAT exemption – EV charging stations	EV infrastructure developers	VAT Act CAP 148 (amended)
VAT exemption – LPG meters	LPG distributors	VAT Act CAP 148 (amended)
VAT exemption – aviation turbines & tyres	Airlines, MRO operators	VAT Act CAP 148 (amended)
VAT exemption – dairy packaging materials	Dairy processors	VAT Act CAP 148 (amended)

SECTION 08 · SUMMARY · CONTINUED

## Financial Reliefs & Incentives (cont.)

RELIEF / INCENTIVE	BENEFICIARY	LEGAL BASIS
VAT exemption – cotton garments (local)	Local textile / garment manufacturers	VAT Act CAP 148 (amended)
Deemed retained earnings 30% → 15%	Resident corporations	Income Tax Act CAP 332 (amended)
Reduced CET tariffs – agricultural machinery	Commercial farmers, agri-processors	EAC CET (revised)
Reduced CET tariffs – industrial inputs	Manufacturers	EAC CET (revised)
Reduced CET tariffs – solar & renewables	Renewable-energy developers	EAC CET (revised)
LGA SME loan fund 10% → 15%	Youth / women / disability entrepreneurs	LG Finance Act CAP 290 (amended)
ADR window extended 60 → 90 days	Taxpayers in dispute with TRA	Tax Revenue Appeals Act CAP 408
DIFC – new financial centre	Financial-services firms	Enabling legislation forthcoming
Credit Guarantee Scheme formalised	Banks, MFIs, SME borrowers	CGS regulatory framework

● **HOW TO USE THIS SUMMARY**

Cross-reference each relief against your sector analysis in Section 06. Several reliefs – particularly the VAT exemptions and reduced CET tariffs – combine to create compounding advantages for businesses investing in local manufacturing and processing.

SECTION 08 · SUMMARY

## 9. New Liabilities & Increased Tax Burdens

The following table summarises the key new liabilities and cost increases introduced by the Finance Bill 2026.

LIABILITY / COST INCREASE	SECTOR / WHO PAYS	NOTE
Customs Processing Fee: 0.6% → 1.0%	All importers	Immediate 67% increase on all imports; update cost models
Digital services tax: 2% → 3%	Non-resident digital providers	Affects tech platforms, SaaS, streaming, advertising
New 1% withholding – food crops	Buyers / aggregators of food crops	New withholding-agent obligation; system & contract updates
New 1% withholding – animals, fish, milk	Livestock, fish, dairy buyers	New withholding-agent obligation
Presumptive tax rate: 3.5% → 4.5%	Businesses in presumptive regime	Partly offset by holiday for new businesses
Excise on motorcycles (new 5%)	Importers, dealers, users	Higher cost for boda-boda and logistics
Excise on small vehicles (new 5%)	Vehicle importers and buyers	Increased vehicle purchase cost
Excise on gambling (5%)	Casinos, betting, lottery operators	Operating-cost increase for licensed operators
Beauty / cosmetics excise: 10% → 15%	Beauty-product importers & retailers	Increased landed cost
New excise on online B2C services	Digital platforms serving Tanzania	Stacked on existing DST and VAT obligations

SECTION 08 · SUMMARY · CONTINUED

## New Liabilities & Increased Burdens (cont.)

LIABILITY / COST INCREASE	SECTOR / WHO PAYS	NOTE
Increased excise – used imported vehicles	Used-vehicle importers	Higher landed cost; affects commercial fleets
8% annual excise escalation	Alcohol & tobacco makers/importers	Ongoing annual cost escalation for planning
New export tax – waste paper, quartz, feed	Exporters of these commodities	Reduces export revenue; incentivises local processing
Stamp duty rate increases	Real estate, banking, corporate	Higher transaction costs across formal instruments
VAT on imported fishing nets	Fishing companies, fishermen	18% VAT now applies on imported nets
VAT on pet food	Pet-food importers and retailers	18% VAT now applies
Industrial development levies	Importers of certain finished goods	EAC-origin goods exempt; verify origin documentation
Digital payment device (mandatory)	Transport, malls, fuel, education, etc.	Non-compliance blocks licence renewal
Bank account requirement (licences)	Mining, livestock, farming, timber, fisheries	Must be in place before licence renewal
Road tractor on SEZ/EPZ negative list	Logistics & freight using SEZ/EPZ	Incentive benefits no longer available for road tractors

● **NET POSITION**

Most businesses will face a mix of reliefs and new liabilities. The net effect depends on import intensity, sector, and transaction profile – a business-specific impact assessment is the only reliable way to determine the overall position under the Finance Bill 2026.

Section 09

# 09

## Investment Environment Changes

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New financial-centre, credit-guarantee, and special-economic-zone structures – and the continuing work of the Presidential Commission on Tax Reforms.

## SECTION 09 · INVESTMENT ENVIRONMENT

# New Structures for Capital & Credit

## 10.1 Dar es Salaam International Financial Centre

The government has announced the DIFC, modelled on international centres such as Nairobi's IFC or the Dubai International Financial Centre, to attract international financial-services firms with potential regulatory, tax, and operational advantages. Enabling legislation is expected in the coming months. Opportunities span banking and capital-markets licensing within a streamlined environment; fund management, private equity, and asset management; insurance and reinsurance; and fintech and payment-system operators.

## 10.2 Credit Guarantee Scheme Formalisation

Formalisation of the CGS provides a structured government backstop for SME lending — increasing lender confidence, standardising guarantee terms and risk-sharing, and enabling banks to grow SME loan books without commensurate provisioning. Institutions should engage the Ministry of Finance on application processes and eligibility.

## 10.3 EPZ & SEZ Framework

The Investment and SEZ Act 2025 continues to provide EPZ/SEZ incentives, with the notable exception of road tractors (now on the negative list). Businesses considering SEZ/EPZ structures should review the complete updated negative list, confirm activities qualify for incentive categories, and engage EPZA for pre-investment guidance. Note that EAC products exempt from industrial-development levies may affect the relative advantage of EPZ/SEZ for import-substitution businesses.

## 10.4 Presidential Commission on Tax Reforms

With **284 recommendations** issued, the Commission's work will continue to shape tax policy beyond this budget. Further reform rounds are anticipated in 2027/28 and beyond, including corporate income-tax simplification and progressive implementation of recommendations on transfer pricing, digital-economy taxation, and cross-border transactions. Participation in public consultation is important for businesses to influence implementation.

Section 10

# 10

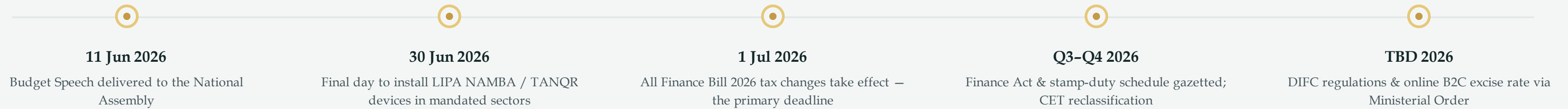
## Compliance Deadlines & Implementation Timeline

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The key dates every affected business must build into its tax, licensing, and procurement systems for 2026/27.

SECTION 10 · COMPLIANCE CALENDAR

# 11. Key Compliance Deadlines



DEADLINE	OBLIGATION	AFFECTED PARTIES
1 Jul 2026	All Finance Bill 2026 tax changes effective	All businesses & investors – update pricing, payroll, withholding
1 Jul 2026	Digital payment device mandatory	Transport, malls, fuel, education, hospitality, real estate, cooperatives
1 Jul 2026	Bank account required for sector licences	Mining, livestock, farming, timber, fisheries businesses
1 Jul 2026	Digital payment proof for asset transfers	All parties to land, building, and vehicle transfers
1 Jul 2026	Customs Processing Fee at 1.0%	All importers – update import-cost models & supply agreements
1 Jul 2026	New withholding on food crops, animals, fish, milk	Agri-commodity buyers – register as withholding agents
1 Jul 2026	Digital services tax at 3%	Non-resident digital service providers
1 Jul 2026	New export taxes effective	Exporters of waste paper, quartz, feldspar, feed by-products
1 Jul 2026	Excise duty changes	Importers/operators – motorcycles, vehicles, gambling, beauty
TBD · Finance Act	Stamp-duty rate schedule (specific rates)	Real estate, banking, corporate – monitor the gazette
TBD · Legislation	DIFC regulations & incentive framework	Financial-services firms – monitor BoT and CMSA
TBD · Min. Order	Online B2C excise duty rate	Digital platforms – monitor TRA and Ministry of Finance

Section 11

# 11

## Recommendations for Business

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Prioritised actions for investors and businesses – immediate steps before 1 July, short-term strategy, and ongoing risk management.

SECTION 11 · RECOMMENDATIONS

# A Prioritised Action Framework

## 12.1 · IMMEDIATE

### Before 1 July 2026

- **Tax-rate audit:** audit all applicable rates (VAT, income, excise, customs) and update accounting software and EFD configurations.
- **Withholding registration:** if buying food crops, animals, fish, or milk, register with TRA as a withholding agent.
- **Digital payment install:** mandated sectors must install LIPA NAMBA/TANQR before 30 June 2026.
- **Bank formalisation:** ensure a verified account for mining, livestock, farming, timber, or fisheries licence renewals.
- **Import cost remodelling:** reflect the CPF rise to 1.0% and renegotiate landed-cost supply terms.
- **VAT refund strategy:** document pending refund dates to assert the new 30-day interest entitlement.

## 12.2 · SHORT-TERM

### Strategic · Q3–Q4 2026

- **EAC CET review:** obtain the updated schedule and reclassify imported goods; identify input-cost and competitiveness effects.
- **Sector incentive assessment:** in edible oil, textiles, energy, and agriculture, model combined incentives for net competitive advantage.
- **Stamp-duty planning:** model new costs for planned real-estate and corporate transactions; consider timing.
- **DST compliance:** update revenue classification to the 3% rate and monitor for the online B2C excise rate.
- **DIFC monitoring:** assign a team member to track DIFC developments and assess competitive advantage.

## 12.3 · RISK MANAGEMENT

### Ongoing Governance

- **Export contract review:** exporters of newly taxed commodities should review and renegotiate escalation clauses.
- **Tax dispute strategy:** use the 90-day ADR window to assess whether ADR beats formal tribunal proceedings.
- **Regulatory monitoring:** assign responsibility for tracking the gazette — Finance Act 2026, DIFC legislation, B2C excise order, and Commission recommendations.
- **Legal counsel engagement:** given the breadth of the amendments, retain qualified tax and commercial lawyers to review specific circumstances.



### STRATEGIC OBSERVATION

The businesses best positioned for 2026/27 will treat compliance not as a cost centre but as a map of incentives — reading the same Finance Bill that raises their import costs for the reliefs, exemptions, and tariff protections that can more than offset them.

Section 12

# 12

## Legislative Reference Index

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A consolidated index of every principal law amended by the Finance Bill 2026, with the nature of each amendment and the key sections affected.

## SECTION 12 · APPENDIX

# Legislative Reference Index

The following principal laws are amended by the Finance Bill 2026.

LAW	PRIMARY AMENDMENT	KEY SECTIONS AFFECTED
VAT Act CAP 148	Refund interest, exemptions added/removed, VAT deferment	First Schedule (Exempt Supplies), refund provisions
Income Tax Act CAP 332	Presumptive tax, DST, deemed retained earnings, agricultural withholding	Parts III, IV, VI, VII
Excise Duty Act CAP 147	New excise on motorcycles, vehicles, gambling, online; rate rises on cosmetics, flowers	Schedules to the Act
Tax Administration Act CAP 438	Sale of distrained perishable goods	Distrain provisions
TRA Act CAP 399	Customs Processing Fee 0.6% → 1.0%	Fee schedule provision
Stamp Duty Act CAP 189	Rate increases on multiple instruments	Schedule of Instruments
Tax Revenue Appeals Act CAP 408	ADR period 60 → 90 days	ADR provisions
Import Control Act CAP 276	New industrial development levies; EAC-goods exemption	Schedule / levy list
Export Tax Act CAP 196	New export taxes: waste paper, quartz, feldspar, feed by-products	Schedule of taxable exports
Land Act CAP 113	20% revenue redistribution (10% Ministry, 10% LGAs)	Land-rent revenue provisions
Bank of Tanzania Act CAP 197	Govt overdraft limit 18% → 14% of prior-year revenue	Monetary-financing provisions
LG Finance Act CAP 290	SME loan-fund allocation 10% → 15%	LGA own-source revenue allocation
Roads / Railways / Rural Energy / Water Acts	Revenue-distribution formula 70/25/5%	Revenue-distribution provisions
Investment & SEZ Act 2025	Road tractors added to negative list	Negative list (Schedule)
EAC Customs Management Act 2004	Extensive tariff changes across product categories (CET)	Tariff Schedules (First Schedule)

ABOUT THE FIRM

# Lyson Law Group

Advocates & Legal Consultants advising investors and businesses across Tanzania’s evolving legal and regulatory landscape.

Lyson Law Group provides strategic legal and tax advisory services to domestic and international clients operating in Tanzania. The firm combines deep technical command of the country’s fiscal and commercial law with a practical, business-oriented approach – helping clients translate complex legislative change into clear, actionable decisions.

Across energy, mining, agriculture, financial services, real estate, technology, and trade, the firm advises on regulatory compliance, transaction structuring, investment incentives, dispute resolution, and cross-border matters within the East African Community framework.

CORE PRACTICE AREAS

- Tax & Fiscal Advisory
- Corporate & Commercial
- Investment & Incentives
- Banking & Finance
- Real Estate & Conveyancing
- Regulatory Compliance
- Dispute Resolution & ADR
- Trade & Customs

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Industry sectors analysed in this report

26+

Statutes tracked under the Finance Bill 2026

## Core Strengths

- Technical depth in tax and fiscal legislation
- Sector-specific commercial insight
- Practical, decision-ready advice for investors
- End-to-end transaction and compliance support

## Important Notice

# Disclaimer & Basis of Preparation

This analysis is prepared for general information purposes only and does not constitute legal advice. Investors and businesses should obtain specific legal and tax advice from qualified professionals before taking any action based on this analysis.

Tanzania's legal and fiscal framework evolves rapidly. All information should be verified against the final Finance Act 2026 and implementing regulations as published in the Government Gazette.