

New Amendments on the Finance Act 2026

A must read.

Effective 1 July 2026 · Gazetted 15 June 2026 · Bill Supplement No. 3, Vol. 107

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1 Overview and Commencement

The Finance Act, 2026 (the “Act”) was gazetted on 15th June 2026 as Bill Supplement No. 3 to the Special Gazette of the United Republic of Tanzania, Vol. 107. It comes into operation on 1st July 2026. The Act amends 27 written laws governing taxation, revenue administration, land, mining, transport, gaming, and financial institutions.

The overarching policy objectives are:

- ◆ Strengthening domestic revenue mobilisation by broadening the tax base and closing leakages.
- ◆ Digitalising the tax and payment system to reduce cash transactions and improve compliance.
- ◆ Providing targeted relief to strategic sectors including mining (through Framework Agreements), aviation, clean energy, agriculture, and textiles.
- ◆ Restoring property rate administration to Local Government Authorities.
- ◆ Aligning Tanzania’s excise structure with East African Community Partner State rates.

2 Banking & Financial Institutions

2.1 Bank of Tanzania — Government Overdraft Limit (Part II, s.4)

The maximum allowable government overdraft from the Bank of Tanzania is reduced from 18% to 14% of the previous fiscal year’s actual revenue. Emergency short-term advances from BoT are now restricted to three defined events: (a) a declared disaster under the Disaster Management Act; (b) an external economic event of exceptional magnitude; and (c) a state of emergency under the Constitution.

IMPLICATION

This signals tighter fiscal discipline from the Central Bank. Financial institutions should anticipate reduced Government-driven liquidity injections and plan accordingly for periods of fiscal tightness.

2.2 Deemed Dividend Distribution — Major Relief (Part IX, s.23)

Section 33A of the Income Tax Act is amended to:

- ◆ Reduce the deemed distribution rate from 30% to 15% of taxable profits not actually distributed.
- ◆ Explicitly exclude financial institutions (as defined under the Banking and Financial Institutions Act, Cap. 342), insurance companies, DSE-listed companies, and holders of mining Framework Agreements from the deemed dividend regime entirely.

KEY BENEFIT

Banks and financial institutions are now fully exempted from the deemed dividend tax. This is a significant capital formation measure — retained earnings in financial institutions will no longer be treated as constructively distributed to shareholders.

2.3 Mandatory Electronic Payments (Part III, s.7)

The Electronic Transactions Act is amended to empower the Minister of Finance to gazette specific payment categories that must be made electronically. Electronic payment proof becomes a mandatory requirement for approvals of asset transfers including land, buildings, and motor vehicles.

IMPLICATION FOR BANKS

Banks and payment processors may see increased volumes from mandated e-payment channels. Banks facilitating property transactions must ensure their electronic receipts meet the prescribed evidentiary standard.

2.4 Stamp Duty on Financial Instruments (Part XX, s.72–74)

Instrument	Change
Bill of Sale by way of security (min)	TZS 1,000 → TZS 10,000 (10× increase)
Bill of Sale by way of security (max)	TZS 10,000 → TZS 100,000 (10× increase)
Instrument of surrender of lease	TZS 1,000 → TZS 2,000
Cheques	TZS 500 → TZS 700 (40% increase)
Agricultural land transfer instrument	NEW: 0.5% of transfer value
Partnership deed (capital ≤ TZS 1M)	NEW: TZS 5,000
Partnership deed (capital > TZS 1M)	NEW: TZS 10,000

Instrument	Change
Bills of exchange relating to property	NEW: TZS 5,000
Movable property exchange instruments	NOW within scope of 'lease' definition

2.5 VAT Withholding — Banks as Withholding Agents (Part XXV, s.93, 97)

The withholding VAT rates are now expressly differentiated: 15% on goods and 12% on services. Where a transaction has both goods and services elements, the taxable value is apportioned at a 3:2 ratio (goods:services). Withholding agents (including banks) must remit withheld VAT and file returns within 10 days of the end of each tax period — a reduction from the previous 15-day window.

2.6 VAT Refund Rights (Part XXV, s.98–99)

VAT refund applications must be decided within 30 days of receipt of a complete application. If not paid within the period specified in the decision notice, the taxpayer is entitled to interest at the statutory rate from the date of the refund decision. However, refunds may be suspended or revoked where fraud, misrepresentation, or a tax audit/investigation notice exists.

2.7 Transfer Pricing Penalties — Recalibrated (Part XXI, s.82)

The penalty for transfer pricing non-compliance is changed from 100% of tax shortfall to 30% of the amount of the transfer pricing adjustment. This is a more proportionate and predictable penalty framework. Banks with cross-border related-party transactions should review their transfer pricing documentation.

2.8 Tax Dispute Resolution — Extended ADR Window (Part XXII, s.87)

The period for alternative dispute resolution at the Tax Revenue Appeals Board or Tribunal is extended from 60 days to 90 days, with a further possible extension of 30 days on application. This provides more time for banks to negotiate settlement of tax disputes without full litigation.

3 Mining Sector

The Finance Act, 2026 introduces a comprehensive Framework Agreement regime that gives mining investors contractual tax certainty. For existing and prospective mining licence holders, the Framework Agreement is now the single most important instrument governing their tax

position.

3.1 The Framework Agreement — Legal Recognition Across All Tax Laws

The Act introduces new provisions across multiple tax statutes to give legal force to tax benefits in Framework Agreements (FAs) entered between the Government and holders of mining licences or special mining licences, for projects in which the Government has an ownership interest:

Tax / Law Amended	Framework Agreement Benefit
Income Tax Act (s.169A)	FA tax benefits prevail over the Act where inconsistent. Applies to FAs executed BEFORE 1 July 2026.
Excise Duty Act (s.146B)	Minister may (with Cabinet approval) gazette remission of excise duty on goods imported/purchased for FA mining activities.
VAT Act (s.6)	Importation and supply of goods/services to FA holders used solely for mining activities — VAT exempt where FA provides for it.
Road & Fuel Tolls Act (s.68)	Minister may (with Cabinet approval) gazette remission of road/fuel tolls on FA mining goods.
Income Tax Act (s.33A)	FA mining companies EXCLUDED from deemed dividend distribution regime.
Income Tax Act (s.10)	Cabinet-approved exemptions in FA mining agreements recognised.
Tax Administration Act (s.8A)	Minister must gazette each FA for purposes of tax law.

LEGAL NOTE

FA tax benefits prevail over inconsistencies in general tax law (s.169A ITA). However, s.169A only covers FAs executed before 1 July 2026. The gazette notification requirement under TAA s.8A is a new procedural step — ensure all FAs are formally gazetted.

3.2 Mineral Survey Fund (Part XIV, s.59)

A new Mineral Survey Fund is established under the Mining Act (new s.149A). It is financed by 10% of revenues collected from mining royalties, fees, and other charges under the Mining Act. Funds are deposited in a special Bank of Tanzania account and disbursed subject to Paymaster General approval.

IMPLICATION

This is effectively a 10% levy on all royalties and fees payable by mining licence holders. Mining companies should factor this into royalty cost modelling, as it directly reduces the funds available for the general consolidated account without reducing the miner’s royalty liability.

3.3 Contractor Disclosure — New Compliance Obligation (Part XXI, s.78)

All entities in the construction and extractive industries must, within 30 days of executing a contract for contracted or sub-contracted services, electronically disclose to the Commissioner General: (a) contractor/sub-contractor identity and TIN; (b) contract value, nature, period and scope; (c) expected withholding tax obligations; and (d) other prescribed particulars.

IMPLICATION

Mining companies using sub-contractors (drilling, earthmoving, logistics, security) must establish internal systems to capture and file this data electronically within 30 days of signing. Failure to disclose is a compliance risk.

3.4 Import Duty — Truck Heads Removed from SEZ Exemption List (Part X, s.33)

Road tractors for semi-trailers (HS Codes 8701.21.90, 8701.22.90, 8701.23.90, 8701.24.90) have been added to the negative list under the Investment and Special Economic Zones Act. These vehicles can no longer benefit from SEZ/EPZ tax exemptions on importation.

IMPLICATION

Mining companies that have been importing truck heads under SEZ/EPZ exemptions must now pay full duties and levies. This increases the capital cost of mine haulage equipment.

3.5 Used Vehicle Excise Duty Increases (Part IV, s.9)

Excise duty on imported used vehicles has increased significantly:

Vehicle Age	Old Rate	New Rate
8–10 years	15%	20%
10–20 years	30%	40%
Over 20 years	N/A	50% (NEW)

IMPLICATION

Mining operations that rely on second-hand heavy equipment (dump trucks, loaders, support vehicles) face materially higher import costs. Equipment procurement strategies should be reviewed.

4 Logistics & Transport

4.1 Road & Fuel Tolls — Distribution Restructured (Part XVIII, s.67)

The distribution of road and fuel tolls on petrol and diesel is restructured as follows:

Amount per Litre	Destination
TZS 100	Tanzania Rural and Urban Roads Agency (TARURA) directly
TZS 263 (of remaining)	70% Road Fund/TARURA; 25% Consolidated Fund; 5% SEZ/EPZ infrastructure account
TZS 50	70% National Water Fund; 25% Consolidated Fund; 5% SEZ/EPZ account
TZS 7	AIDS Trust Fund
TZS 3	Universal Health Insurance Fund
TZS 100	Consolidated Fund — strategic projects

NOTE

The pump price is NOT changed. This is an internal Government allocation restructuring. Logistics operators are not directly impacted on fuel costs, but road maintenance funding is now more distributed.

4.2 Railway Development Levy — New Distribution (Part XVII, s.65)

Revenue from the Railway Development Levy is now allocated: 70% to the Railway Fund; 25% to the Consolidated Fund; 5% to a SEZ/EPZ infrastructure account at BoT. Sheath contraceptives (HS Code 4014.10.00) are now explicitly exempt from the Railway Development Levy.

4.3 Industrial Development Levy — Trailers (Part VIII, s.19–20)

A 5% Industrial Development Levy (IDL) is now imposed on imported trailers (HS Codes 8716.31.90, 8716.39.90, 8716.40.90). However, trailers locally assembled or manufactured under bond are explicitly excluded from the IDL on release for home consumption. This protects domestic trailer assembly operations.

4.4 Truck Heads — SEZ Exemption Removed (Part X, s.33)

Road tractors for semi-trailers (HS Codes 8701.21.90 to 8701.29.90) are added to the negative (exclusion) list for SEZ/EPZ tax exemptions. Logistics companies that previously imported truck heads under investment centre certificates or SEZ frameworks must now pay standard duties.

4.5 Motorcycle Registration Fee Increase (Part XV, s.61)

The motorcycle registration fee increases from TZS 95,000 to TZS 150,000 — a 58% increase. This directly affects boda boda operators and motorcycle freight services. Motorcycle taxi businesses should review their operating cost models.

4.6 Excise Duty on Motorcycles — New (Part IV, s.11)

A 5% excise duty is imposed on imported motorcycles (internal combustion, all cylinder capacities). Exempted from this duty are: (a) motorcycle ambulances; (b) motorcycles using Compressed Natural Gas (CNG) only; and (c) electric motorcycles. This exemption is designed to promote clean energy transition in the boda boda sector.

4.7 Used Vehicle Excise Escalation

As detailed in the Mining section above (3.5), excise on used vehicles rises to 20%, 40%, and 50% depending on age. Transport and logistics companies with aged fleets importing replacement vehicles will face significantly higher acquisition costs.

4.8 Aviation Sector — VAT Exemptions Extended (Part XXV, s.100)

The following items are now VAT-exempt:

- ◆ Turbojets, turbo-propellers and other gas turbines (HS Heading 84.11).
- ◆ New pneumatic aircraft tyres (HS Code 4011.30.00).

- ◆ Boarding pass printing paper.

This reduces operating costs for airline operators and Maintenance, Repair and Overhaul (MRO) service providers. Air cargo operators also benefit from the exemption on aircraft parts.

4.9 Zanzibar-Registered Vehicles — Cross-Border Clarification (Part XIX, s.70)

Motor vehicles or trailers registered under Zanzibar law may now operate on Mainland Tanzania while retaining Zanzibar registration numbers, provided all applicable taxes and differential duties for Mainland Tanzania have been paid. This resolves a long-standing operational challenge for Union businesses.

4.10 Fuel Excise — Residual Fuel Oils Increase (Part IV)

Residual fuel oils (marine furnace and similar, HS Codes 2710.19.41–43) increase from TZS 80 to TZS 86.40 per litre — an 8% increase. This affects marine vessels, power generators, and industrial boiler operations.

5 Hotel, Tourism & Hospitality

5.1 Wildlife Concession Fees — Abolished (Part XXVII, s.104)

The Wildlife Conservation Act is amended to remove the requirement for payment of concession fees in Wildlife Management Areas (WMAs). This is a material cost reduction for safari operators, private game reserves, and lodge operators in or adjacent to WMAs.

5.2 Excise Duty Increases on Beverages (Part IV, s.11)

All specific excise duty rates are increased by 8% effective 1 July 2026. This directly affects F&B cost structures in hotels and restaurants. Key items:

Product	Old Rate	New Rate (8% increase)
Mineral/aerated water (local)	TZS 56.00/litre	TZS 60.48/litre
Carbonated soft drinks (local)	TZS 67.10/litre	TZS 72.47/litre
Beer (100% local barley)	TZS 630/litre	TZS 680.40/litre
Beer (imported barley)	TZS 928/litre	TZS 1,002.24/litre

Product	Old Rate	New Rate (8% increase)
Wine (non-domestic grape)	TZS 5,615/litre	TZS 6,064.20/litre
Spirits (imported)	TZS 4,411.06/litre	TZS 4,763.94/litre
Fruit juices (local/domestic fruit)	TZS 9.90/litre	TZS 10.69/litre
Non-alcoholic beer (local)	TZS 673.20/litre	TZS 727.06/litre

5.3 Excise on Gambling / Gaming — New 5% Levy (Part IV, s.9; Part VII, s.17)

A 5% excise duty on the value of stakes/wagers is now imposed on:

- ◆ Land-based and online/internet sports betting.
- ◆ Land-based and online/internet casino gaming.
- ◆ Slot machines (slot games).
- ◆ Virtual games operations.

Additionally, 10% of all gambling excise duty revenues is allocated to the Gaming Board of Tanzania as a funding source. Hotel casinos and entertainment facilities must now factor in the 5% excise on every bet placed.

PRICING IMPACT

Casino and gaming operators must decide whether to absorb the 5% excise or pass it to customers. Either way, gross gaming revenue projections need revision. Registration and compliance systems for online gaming must now include excise duty reporting.

5.4 Cosmetics / Beauty Products — Excise Rate Increase (Part IV, s.11)

Excise duty on beauty and personal care products (HS Headings 33.03, 33.04, 33.05, 33.07) increases from 10% to 15%. This covers: perfumes, skin care preparations, make-up, shampoos, hair products, shaving products, deodorants, bath preparations, and room deodorizers.

IMPACT ON HOTELS

Hotel toiletry procurement costs will rise. Imported cosmetics for guest rooms and spas are subject to the higher rate.

5.5 Artificial Decorative Items — New 20% Excise (Part IV, s.11)

A new 20% excise duty is imposed on imported artificial flowers, foliage and fruit products (HS Heading 67.02). Hotels and hospitality establishments using artificial flower arrangements for decoration will face significantly higher procurement costs.

5.6 Food & Beverage Cost Implications — Summary

In addition to beverages, the following food-related excise duties increase by 8%:

- ◆ Imported chocolate and cocoa food preparations: TZS 1,000 → TZS 1,080/kg.
- ◆ Imported sweet biscuits: TZS 1,000 → TZS 1,080/kg.
- ◆ Imported chewing gum and sugar confectionery: TZS 1,000 → TZS 1,080/kg.
- ◆ Tomato sauces and condiments: TZS 300 → TZS 324/kg.
- ◆ Imported cigarettes: 8% increase across all categories.

5.7 Cement Price Implications (Construction/Renovation)

Portland cement excise duty increases from TZS 20/kg to TZS 21.60/kg. Hotel construction and renovation projects will see marginally higher material costs.

5.8 EV Charging Infrastructure — VAT Exempt

Electric vehicle charging station equipment (HS Code 8504.40.00) is now VAT-exempt. Hotels investing in EV charging facilities for guests will benefit from a VAT saving on equipment procurement.

6 General Business Tax Changes

6.1 Presumptive Tax Threshold and Rates (Part IX, s.31)

The presumptive tax regime (small business taxpayers) is significantly reformed:

Change	Detail
Threshold raised	From TZS 100M to TZS 200M annual turnover
Alignment	Now aligned with VAT registration threshold

Change	Detail
Rate for TZS 11M–200M	Increased from 3.5% to 4.5% of turnover (where books kept)
Books of account option	Taxpayers under TZS 200M may now opt into self-assessment regime by maintaining books
Non-compliance penalty	TZS 100,000 flat (where books not kept, turnover TZS 4M–7M)

6.2 New Withholding Tax on Crops, Livestock and Fisheries (Part IX, s.25, 28)

Two new withholding tax mechanisms are introduced targeting the agricultural/primary sector:

(a) Section 109A — Withholding tax on agricultural payments:

- ◆ Applies to payments by resident corporations for crops, livestock products (live animals, unprocessed milk), and fishery products (unprocessed fish, fish maws).
- ◆ Rate: 1% of payment.
- ◆ Corporations making such payments must withhold and remit.

(b) Section 116B — Single instalment on food crop sales:

- ◆ 1% of crop value payable by the purchaser of food crops at point of sale/before transport.
- ◆ Minimum threshold: 1 tonne (below this, no tax obligation).
- ◆ Does NOT apply to: sesame, sugarcane, tobacco, tea, cashew nuts, coffee, cotton, pyrethrum, sisal.
- ◆ This instalment does NOT satisfy the full annual income tax liability — it is an advance payment only.

COMPLIANCE NOTE

Agri-businesses, food processors, supermarket chains, and any corporation purchasing crops or livestock products at source must now withhold 1% and remit to TRA. Systems for tracking and remitting this withholding must be operational by 1 July 2026.

6.3 Digital Services — Enhanced Taxation (Parts III, IV, IX, XXV)

A comprehensive package of digital economy tax measures is enacted:

Measure	Detail
Withholding on non-resident digital services	Rate increased from 2% to 3% (s.116 ITA)
Excise duty on non-resident B2C digital services	Non-resident providers supplying direct to Tanzanian consumers (not registered under Excise Act) must now register and pay excise duty
VAT on digital platforms	Online marketplace operators are deemed the supplier for VAT purposes on services supplied through their platform to unregistered persons
Electronic payment mandates	Minister may designate payments that must be made electronically

6.4 Export Taxes — New Restrictions on Raw Material Exports (Part V, s.13)

Product	Export Tax Rate
Waste and scrap paper (HS 47.07)	30% of FOB or TZS 200/kg — whichever is higher
Cotton cake, sunflower cake, wheat bran, rice bran, maize bran	TZS 50 per kilogram
Quartz minerals (HS 25.06) and Feldspar (HS 2529.10.00)	10% of FOB or TZS 200/kg — whichever is higher

These measures restrict raw material exports to promote domestic value addition in paper manufacturing, animal feed production, and glass/marble industries.

6.5 Industrial Development Levy — New Items (Part VIII, s.19–20)

The Industrial Development Levy is extended to the following imported goods:

Item (HS Code)	IDL Rate
Exercise books and notebooks (4820.10.00, 4820.20.00)	5%
Fishing nets (5608.11.00)	10%
Steel structures (7308.90.99)	10%
Aluminium doors, windows and frames (7610.10.00)	5%
Imported trailers (8716.31.90, 8716.39.90, 8716.40.90)	5% (locally assembled exempt)

6.6 Universal Health Insurance Fund — New Levies (Part XXIV, s.91)

Two new levies are introduced to fund the Universal Health Insurance Fund:

- ◆ TZS 20 per 1,000 cigarettes (HS Headings 24.02 and 24.03) — applies to manufacturers and importers.
- ◆ TZS 10 per kilogram of sugar (locally produced or imported) — collected through the Sugar Industry Act levy mechanism.

These levies are in addition to existing excise duties and are remitted directly to the Universal Health Insurance Fund.

6.7 Property Rate — Transferred Back to Local Government Authorities (Parts XII, XIII, XXI)

Collection of property rates is formally transferred from the Tanzania Revenue Authority back to Local Government Authorities (councils). Key features:

- ◆ Each council is the rating authority for its area (new s.16A, Rating Act).
- ◆ Property rate is now payable at the time of paying the electricity bill (new s.26(2), Rating Act).
- ◆ Penalty for non-disclosure of owner's name: TZS 200,000–TZS 1,000,000.
- ◆ Interest on unpaid rates: up to 1% per month.

- ◆ Property tax removed from Tax Administration Act Schedule (no longer a TRA-administered tax).

ADVISORY

Businesses and property owners must engage directly with their Local Government Authority for property rate obligations. The billing mechanism through electricity payments is a significant change in the payment process.

6.8 New Excise — Small Cars and Beauty Products

NEW: 5% excise duty on motor vehicles with cylinder capacity not exceeding 1,000 cc (HS Code 8703.21.90). This applies to the smallest passenger cars imported into Tanzania.

NEW: 10% excise duty on imported rubber/plastic clogs (HS Code 6402.99.00) — aims to protect domestic footwear manufacturers.

7 Value Added Tax — Key Changes Summary

7.1 New VAT Exemptions

Item	Notes
Locally manufactured garments from local cotton	July 2026 – June 2027 only (annual renewal expected)
Edible oils from locally grown seeds	July 2026 – June 2027 only
EV charging station equipment (HS 8504.40.00)	Permanent
LPG smart meters (HS 9028.10.00)	Gas distributors only
Aircraft turbojets, propellers, gas turbines (HS 84.11)	Aviation sector relief
Aircraft tyres (HS 4011.30.00)	Aviation sector relief
Dairy packaging materials (HS 3920.30.90, 3923.30.00, 4819.10.00, 4819.20.10/90)	Dairy sector relief
Boarding pass printing paper	International aviation obligations
Polyester fishing yarn (HS 5402.20.00)	For fishing net manufacture

Item	Notes
Mining FA goods and services	Cabinet-approved FA holders only

7.2 VAT Exemptions Removed

- ◆ Dog and cat food (HS 2309.10.00) — now subject to standard VAT rate.
- ◆ Imported fishing nets (HS 5608.11.00) — exemption removed (local manufacture supported instead).

8 Priority Advisory Areas for Lawyers

The following are critical areas where legal practitioners should proactively advise clients:

8.1 Mining Clients — Framework Agreement Review and Registration

URGENT

All mining clients with existing or planned Framework Agreements must verify: (1) the FA has been or will be gazetted per TAA s.8A; (2) the FA contains express provisions for each tax head relief (income tax, excise, VAT, road tolls); (3) the FA was executed before 1 July 2026 for s.169A ITA benefits to apply.

- ◆ Review all FA provisions for alignment with new statutory framework.
- ◆ Ensure Cabinet approval is obtained and gazetted for each tax remission category.
- ◆ Advise on the 10% Mineral Survey Fund deduction from royalties.
- ◆ Review contractor sub-contracting chains — all must be disclosed electronically within 30 days.
- ◆ Advise on removal of truck head SEZ exemptions — may affect capital investment plans.

8.2 Property Transactions — Electronic Payment Compliance

Electronic Transaction Act amendments make electronic payment proof a mandatory prerequisite for approval of property transfers (land, buildings, motor vehicles). All conveyancing and property transfer work must now be accompanied by evidence of electronic payment. Advise clients accordingly before transaction completion.

- ◆ Review sale agreements to include electronic payment as a condition precedent to transfer.
- ◆ Advise on new 0.5% stamp duty on agricultural land transfers.
- ◆ Property rate billing via electricity — advise landlords and tenants on who bears this obligation in lease agreements.

8.3 Agricultural and Agri-Business Clients

The introduction of withholding taxes on crop and livestock purchases (s.109A ITA, 1%) and single instalment on food crops (s.116B ITA, 1%) creates new obligations:

- ◆ Corporate buyers of crops, livestock, or fish must implement withholding systems immediately.
- ◆ Advise farming cooperatives and smallholders on the single instalment tax and its interaction with annual income tax.
- ◆ Exporters of animal feed by-products (wheat bran, cotton cake, etc.) face new TZS 50/kg export tax — review export contracts.
- ◆ Quartz/feldspar exporters face 10% FOB export tax — advise on value chain and domestic processing options.

8.4 Digital Economy Businesses

Non-resident digital service providers and online marketplace operators face multiple new obligations:

- ◆ Registration for excise duty in Tanzania (non-resident B2C providers).
- ◆ Platform operators deemed to be VAT suppliers for services through their platform — registration and filing obligations.
- ◆ 3% withholding tax (up from 2%) applies to all payments to non-resident digital service providers.
- ◆ Advise Tanzanian businesses using foreign software, streaming, or cloud services — cost of these will increase.

8.5 Banking and Financial Sector Clients

- ◆ Inform banks of full exemption from deemed dividend regime — potential for dividend policy restructuring.
- ◆ Review transfer pricing policies — penalty basis changed (30% of adjustment).
- ◆ Ensure VAT withholding systems updated: 15% goods / 12% services, 10-day remittance window.
- ◆ Advise on VAT refund rights — 30-day decision period with statutory interest if delayed.
- ◆ Stamp duty cost increases on financial instruments — update fee schedules.

8.6 Gaming and Entertainment Clients

5% excise on gambling stakes is a new tax. Casino and sports betting operators must:

- ◆ Register for excise duty on gambling operations.
- ◆ Implement stake-level data capture for excise calculation.
- ◆ Note 10% of excise proceeds go to Gaming Board — assess regulatory implications.
- ◆ Online gaming platforms: both excise duty and VAT obligations now arise.

8.7 Hospitality and Tourism Clients

- ◆ Review WMA concession agreements in light of statutory removal of concession fees.
- ◆ Advise on increased beverage excise costs — F&B pricing strategy review.
- ◆ Artificial flower importers: 20% excise — source locally or find alternatives.
- ◆ Cosmetics importers: excise up to 15%.
- ◆ Casino operations within hotels: new 5% gambling excise applies.

8.8 Tax Administration and Dispute Resolution

- ◆ TIN registration now required within 15 days of commencing employment or business — advise new business clients.
- ◆ ADR window extended to 90 days (+30 days extension) — use this for ongoing tax disputes.

- ◆ Transfer pricing penalty recalibrated to 30% of adjustment — more predictable for related-party businesses.
- ◆ Commissioner General may now sell perishable seized goods by private treaty — clients facing seizure should be aware of this accelerated disposal power.
- ◆ Withheld VAT statement is now formally a ‘tax return’ — late filing penalties apply.

8.9 Government Procurement and Construction Contractors

- ◆ 30-day electronic disclosure for all contractors and sub-contractors in construction/extractive sectors.
- ◆ IDL on steel structures (10%) and aluminium windows/doors (5%) — advise construction companies on procurement costs.
- ◆ Cement excise: TZS 20 → TZS 21.60/kg — factor into BOQ for ongoing projects.

8.10 Local Government and Property Rate

Property rates are now administered exclusively by Local Government Authorities. The electricity bill mechanism is a significant change:

- ◆ Residential and commercial landlords: review lease agreements on who bears property rates.
- ◆ Businesses in multiple LGA jurisdictions: identify the relevant council for each property.
- ◆ Understand new interest regime: up to 1% per month on overdue rates.

9 Consolidated Rate Change Reference Table

Income Tax Act Changes

Provision	Change
Deemed dividends rate	30% → 15% (banks, insurance, DSE companies, FA miners excluded entirely)
Digital services WHT	2% → 3%
New: Crop/livestock/fishery WHT (s.109A)	1% (corporates withholding from suppliers)

Provision	Change
New: Food crop instalment (s.116B)	1% of value (purchaser pays, not final tax)
Forest produce instalment (s.116A)	2% (scope expanded to latex, resin, sap, gums)
Presumptive tax threshold	TZS 100M → TZS 200M
Presumptive tax rate (TZS 11M–200M)	3.5% → 4.5% (with books)
Transfer pricing penalty	100% of tax shortfall → 30% of adjustment amount

Excise Duty Changes Summary

Category	Change
All specific rates (food, beverages, tobacco, etc.)	+8% across the board
Beauty/cosmetics products	10% → 15%
Gambling stakes	NEW: 5%
Motorcycles (non-exempt)	NEW: 5%
Small cars ≤ 1000cc	NEW: 5%
Plastic/rubber clogs (imported)	NEW: 10%
Artificial flowers (imported)	NEW: 20%
UV/LED nail curing machines	NEW: 10%
Used vehicles (8–10 years)	15% → 20%
Used vehicles (10–20 years)	30% → 40%
Used vehicles (over 20 years)	NEW: 50%

VAT Schedule Changes

Item	Change
Dog/cat food	Exemption REMOVED
Imported fishing nets	Exemption REMOVED
EV charging equipment	NEW Exemption
Aircraft engines and tyres	NEW Exemption
Local cotton garments	NEW Exemption (1 year)
Edible oils (local seeds)	NEW Exemption (1 year)
LPG smart meters	NEW Exemption (distributors only)
Dairy packaging materials	NEW Exemption
Boarding pass paper	NEW Exemption
Polyester fishing yarn	NEW Exemption
Mining FA goods/services	NEW Exemption (Cabinet-approved FAs)
WHT on goods / services	15% / 12% (clarified; 3:2 apportionment ratio)

10 Disclaimer

This analysis has been prepared by Lyson Law for informational and advisory purposes only. It summarises key provisions of the Finance Act, 2026 (No. 3 of 2026) of the United Republic of Tanzania. While every effort has been made to ensure accuracy, this document does not constitute legal advice and should not be relied upon as such.

Tax laws are subject to interpretation by the Tanzania Revenue Authority, Local Government Authorities, and the courts. Clients are strongly encouraged to seek specific professional legal and tax advice regarding their particular circumstances before making any business, financial, or legal decisions based on the contents of this document.



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