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Tanzania Government Budget Highlights Year 2025/2026



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Tanzania's Fiscal Blueprint for Sustainable Growth

On 12th June 2025, the Government of the United Republic of Tanzania, through the Minister of Finance and Planning, **Hon. Mwigulu Lameck Nchemba**, unveiled the 2025/2026 estimates of government revenue and expenditure. This budget, among other things, proposed tremendous changes to various laws by addressing key economic challenges while fostering sustainable growth and development.

By introducing targeted reforms and strategic amendments across legislative frameworks such as the VAT Act, Income Tax Act, and Excise Duty Regulation, the budget seeks to create a balance between enhancing revenue collection and motivating local production. The proposed changes include the following:



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- Value Added Tax, CAP 148
- Income Tax Act, CAP 332
- Tax Administration Act, CAP 438
- Local Government Finance Act, CAP 290
- Gaming Act, Cap 41
- The Mining Act, Cap 123
- Excise Duty
- The Trade and Service Marks Act, Cap 85
- The Road Traffic (Motor Vehicles Registration) Regulations 2024
- The Business Licensing Act, CAP 101





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Value Added Tax, CAP 148

- Exemption of VAT on re-insurance transactions between insurance companies and re-insurance companies to increase the competitiveness of local companies
- The reduction of VAT rate for online Business-to-Consumer (B2C) services from 18% to 16%. This reduction occurs where the transaction is digitally verified through an electronic receipt. This supports digitization and voluntary compliance while protecting tax collections
- Establishment of VAT collection agency system on payments made to a registered seller through approved government institutions, the aim is to increase efficiency in the collection of revenue arising from VAT
- Exemption of Value Added Tax on natural gas sold to Compressed Natural Gas stations for motor vehicle use only. This exemption is intended to provide relief to investors, attract investment in Compressed Natural Gas stations for vehicles, reduce carbon emissions, and reduce dependence on oil
- Exemption of Value Added Tax on newspapers published locally. This exemption aims to make the news more accessible



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Income Tax Act, CAP 332



- The amendment of Section 12 of the Income Tax Act to include retained earnings in the definition of the term "equity". This amendment intends to stimulate the flow of capital into economic activities and preference for equity over loan investments
- The introduction of withholding tax at a rate of 10% on retained earnings after six months. The aim of this change is to broaden the tax base and increase government revenue
- The increase of the withholding tax rate on insurance and re-insurance premium payments made to non-resident companies from 5% to 10%. This change aims to broaden the tax base and increase government revenue
- The increase of the withholding tax rate on payments for professional and management services provided to the extractive sector from 5% to 10%. This change aims to broaden the tax base and align with global economic changes



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- The increase of the Alternative Minimum Tax (AMT) rate paid by companies incurring losses for three consecutive years from 0.5% to 1%. This change is intended to enhance government revenue and curb tax avoidance
- To reduce the limit ratio of the carrying forward losses from the previous years that can be deducted during the income tax calculation for businesses in mining, petroleum, oil, and gas activities operating at a loss from 70% to 60%, the aim is to enable the government to collect revenue earlier from the relevant sectors



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Tax Administration Act, CAP 438

- The requirement of a person to interface with the system used for the issuance of electronic receipts with the system operated by the TRA. This change intends to enhance voluntary tax compliance and facilitate tax administration
- Waiver of the requirement to pay the amount of tax which is not in dispute or one-third of the assessed tax decision, whichever is greater, within fifteen days from the date of receipt of the tax decision. This change intends to provide the taxpayer with sufficient time to apply for a waiver



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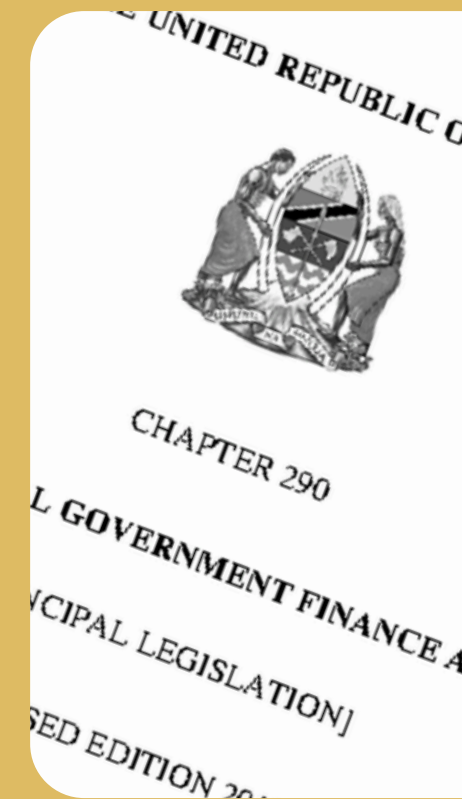
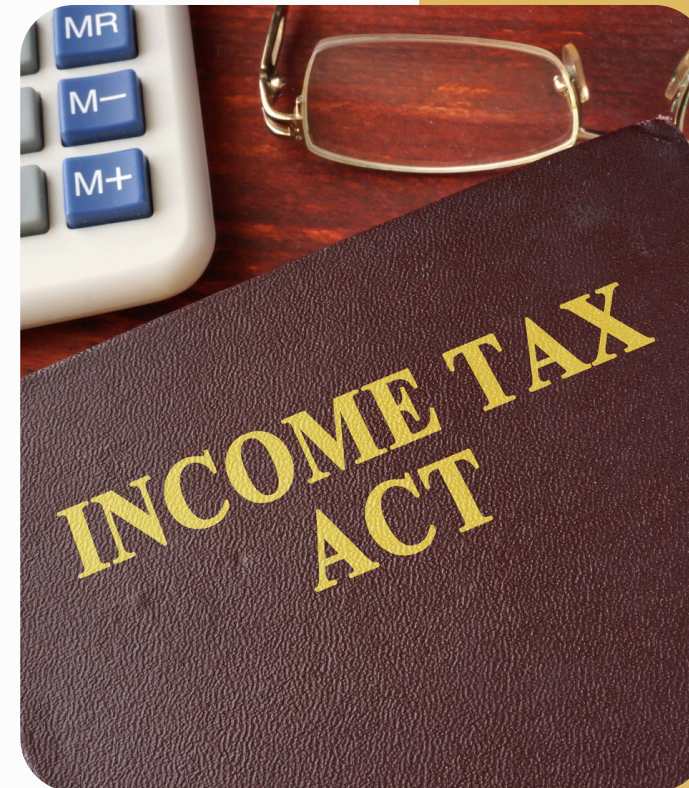
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Local Government Finance Act, CAP 290

- The reduction of the City Service Levy rate from 0.3% of gross revenue to a fixed rate of 0.25% of gross revenue. This change is intended to reduce the business and investment costs within the country
- The reduction of the hotel levy from 10% to 2% This change intends to reduce the cost of doing business and investment in the country
- The removal of loading and offloading fees related to the transportation of goods



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Gaming Act, Cap 41

- The increase in the **winning tax** from 10% to 15% on sports betting games and from 12% to 15% on land-based casino games



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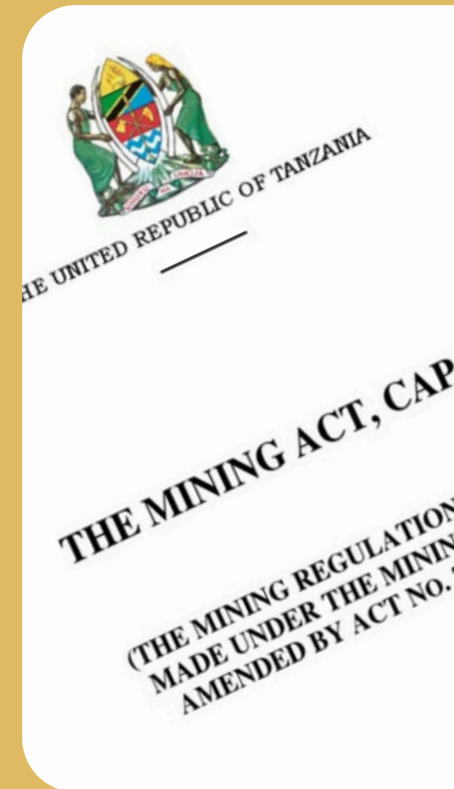
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The Mining Act, Cap 123

- The requirement for the companies holding contracts with the Government to allocate at least **20%** of their gold production for domestic smelting, refining, and trading within the country.
- The introduction of a levy of **0.1%** on the gross market value of the minerals as a source of funding towards **HIV/AIDS** Control and financing of universal health coverage.



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Excise Duty

- A license for the manufacture of excisable goods will expire in **12** months from the date of issue. Previously, the license expired on December 31 each year, regardless of the date it was issued
- The law has extended the deadline for making payments of excise duty and submitting excise duty to the **25th** day of the month subsequent to the month in which the duty or return is due; initially, the deadline was the last day of the subsequent month.



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The Trade and Service Marks Act, Cap 85

- The Fair Competition Commission (FCC) is to be mandated to implement the role of recordation. With this change, the Merchandise Marks (Recordation) Regulations 2025 will be developed and include the rates as indicated below:
 - a. Application to record trademarks TZS 200,000
 - b. Change of ownership TZS 150,000
 - c. Change of name TZS 100,000
 - d. Renewal of recordation TZS 5,000
 - e. Application for search TZS 3,000
 - f. Application for copies TZS 3,000



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The Road Traffic (Motor Vehicles Registration) Regulations 2024

- Reduction of commercial motorcycles from 340,000 shillings to 170,000 shillings paid for three years, paid at the time of registration only
- Repeal the presumptive tax payable annually and introduce a time payment of fee and presumptive tax at a rate of TZS 120,000 instead of TZS 290,000.
- The reduction of the motorcycle and tricycle fee from TZS 70,000 to TZS 30,000

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The Business Licensing Act, CAP 101

- The repeal of section 3(4) of the Act, which obliges business licensing authorities to order the closure of a business upon a breach of the Act by the business owner
- The insertion of section 8(7) into the Act that empowers the Minister responsible for Trade to designate, by order, specific business activities that shall be prohibited for conduct by non-citizens. The order issued under this provision shall set out the list of business activities that non-citizens are not permitted to undertake



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NOUVEAU
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4th Floor, Treasury Registrar Tower, Morocco Square
P.O BOX 5788 Dar es Salaam



+255 746 111 155



info@nouveauconsultants.co.tz



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