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Summary Indicators

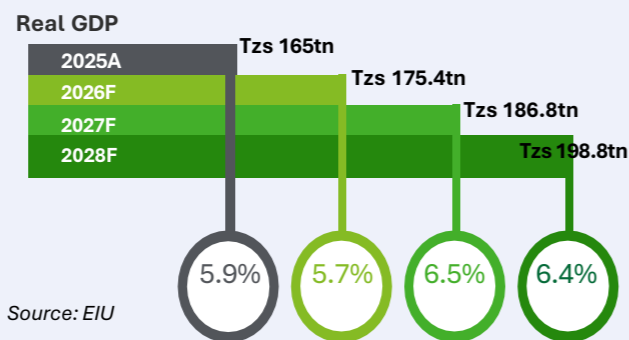
Indicators (Ratio)	2023/24	2024/25	2025/26	2026/27F
GDP Growth	5.1%	5.5%	5.9%	6.3%
Domestic revenue to GDP	14.7%	15.6%	16.5%	17.1%
Tax Revenue to GDP	12.3%	12.9%	13.2%	13.7%

- Tax revenue-to-GDP:** The target rises from 13.2% in 2025/26 to 13.7% in 2026/27, reflecting a stronger domestic revenue mobilisation agenda through tax-base expansion, ICT/AI-enabled compliance, formalisation and reduced leakages.
- Government debt:** Debt is presented as sustainable and cautious, with government debt-to-GDP at 39.6% versus the 55% recommended ceiling.

Source: Budget speech 2026/27, 2025/26, 2024/25, 2023/24
Previous GDP updated for prior years from budget speeches.

Headline Economic Performance

- Tanzania's real GDP grew by 6.0% in 2025 an increase from 5.5% growth reported in 2024. This is primarily driven by key sectors; agricultural sector being significant contributor to GDP at 24.3%, construction at 11.9%, mining at 10.3%. It is projected that in 2026 real GDP growth will increase to 6.3% driven by mining, agriculture, construction and tourism sectors.
- Between 2026 and 2030, GDP growth is forecasted to average of 6.7% in 2027 and average of 6.4% per year through 2030. This will be mainly driven by growth of major infrastructure projects, including the electrified railway and EACOP, this should strengthen connectivity, energy exports and broader economic activities.



Source: EIU

Exchange Rate Movement

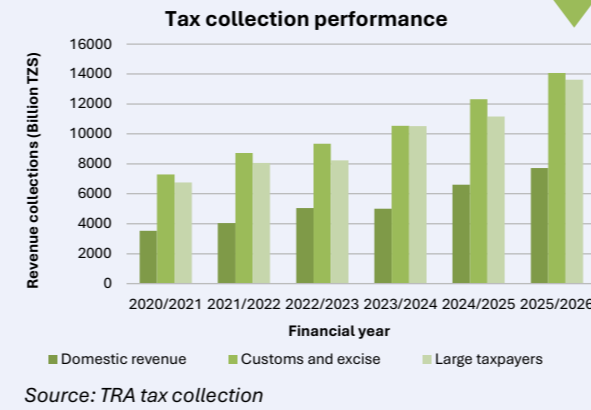
- After stronger 2025 exports and FX inflows, the Tanzanian shilling weakened in early 2026 and is projected to depreciate gradually from TSh2,537/USD in 2025 to TSh2,599 in 2026 and TSh2,762 by 2030.
- The decline reflects current account deficits, external imbalances and import demand, while USD 6.3bn in reserves in 2025, over 4 months of import cover, supports external stability.

Exchange Rate Developments – Year to Date June

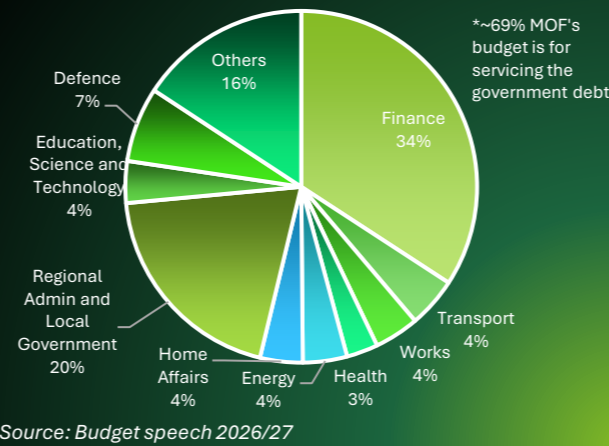
Description	2024	2025A	2026F	2027F
TZS/USD	2,309	2,537	2,599	2,673

Source: EIU

Tax Revenue



Budget Allocation per Ministry



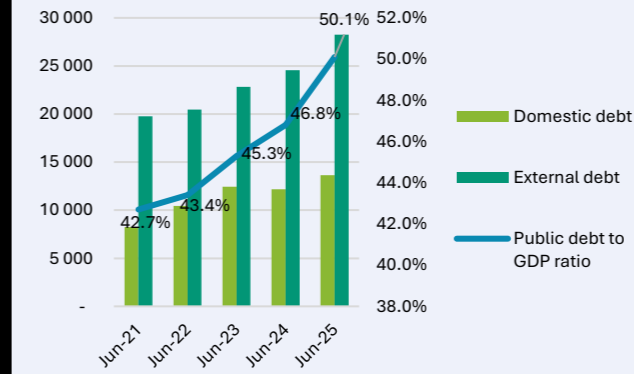
Useful Budget Insights

- In the 2026/2027 financial year, the budget amounts to TZS 62.33tn, a 10.35% increase from TZS 56.49tn in the 2025/26 budget. The increase is driven by higher allocations for strategic development projects including agriculture, infrastructure, energy and other key priority sectors under Tanzania's Vision 2050.
- The budget emphasizes on digital transformation as a key driver for efficiency and revenue mobilization. One among the proposals include setting a requirement to use digital payment platforms as the criteria for renewing business licenses.
- Recurrent expenditure will increase by 6.45% from TZS 38.99tn in FY2025/26 to TZS 41.51tn in FY2026/27. This increase has been provided to meet growing debt servicing obligations, rising salary commitments and expansion of social services.
- Development expenditure will increase by 19.01% from TZS 17.49tn in FY2025/26 to TZS 20.81tn in FY2026/27. The additional resources will be channeled into infrastructure projects, investment in electricity generation & transmission, strengthening education, health and water supply systems and preparations for AFCON 2027.
- To finance the budget, domestic revenues are expected to reach TZS 46.23tn in 2026/2027, a 14.2% increase from the previous year. This reflects expected improvement in tax compliance and administration as well as expected growth in the productive sectors of the economy.
- The fiscal deficit is projected to be around 2.9% for 2026/2027. The government intends to finance the gap through domestic and external borrowings in line with the Medium-Term Debt Management Strategy (2025/26 – 2027/28).

Public Debt

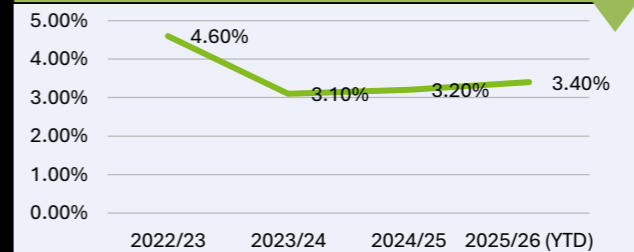
Debt Sustainability and performance

- The budget deficit is projected to be around TZS 7.71tn in FY26/27 in comparison to TZS 7.2tn in FY25/26. This increase is mainly attributed to large-scale infrastructure investments and priority social and economic programmes.



- Overall, while debt stock is increasing, it remains within manageable thresholds, supported by steady economic growth and continued access to concessional and semi-concessional financing.
- Notably, a significant amount of recurrent expenditure is already allocated to funding the debt (23.5% of the total budget and 69% of the Finance Ministry's budget).
- Given the potential headwinds from global economic shocks, prudent borrowing may be wise as the debt to GDP ratio alone does not guarantee debt sustainability.

Inflation



- Despite recent global geopolitical challenges, the inflation rate has continued to be stable and within the country and regional target of 3% - 5%.
- The focus remains to strengthen monetary policy, improve food supply conditions and stabilizing the exchange rate, which will help anchor overall price stability.

Source: Bank of Tanzania Annual Financial Report

Credit Rating

- Moody's and Fitch assessments reaffirm Tanzania's creditworthiness, supported by robust growth, structural reforms, prudent spending, stronger revenue performance and debt-servicing capacity.
- For Tanzania, reaffirmed creditworthiness supports access to both domestic and external financing, and may help lower borrowing costs over time. It also broadens the investor base by giving confidence to commercial lenders, bond investors and development finance institutions.

Agency

Moody's	February 2026	B1
Fitch Ratings	March 2026	B+ (stable)

Key Proposed Tax Changes

Excise Duty

- Following the expiration of the 3-year excise stabilization on 30 June 2026, duty rates for non-petroleum excisable products will increase by 8% in 2026/27 and inflation plus 2% in subsequent years.
- Scope of excise duty extended to cover non-resident suppliers rendering excisable services in Tanzania through online platforms directly to end-users (B2C).
- Increase of excise duty rate on imported used vehicles from 15% to 20% for vehicles aged 8 – 10 years, from 30% to 40% for vehicles 10 -20 years and 50% for vehicles over 20 years old.

Income Tax measures

- Amendment of section 33A of the Income Tax Act ("ITA") to reduce deemed distributed retained earnings from 30% to 15%.
- Financial sector*, Insurance Companies, Companies registered on the Dar es Salaam Stock Market and institutions that have Framework Agreements with the Government are excluded from the ambit of Section 33A.
- Introduction of a 12-month income tax holiday for newly registered taxpayers under presumptive tax regime.
- Increase of Digital Service Tax applicable to foreign digital services providers from 2% to 3%.

Withholding Tax ("WHT")

- Introduction of 1% non-final WHT on payments made in respect of purchase of food crops charged at the time of sale or transportation.
- Introduction of 1% WHT on payments made by companies or institutions to sellers of live animals and unprocessed milk, fish and fish maws.

VAT exemption measures

- To exempt airline boarding passes from VAT.
- To exempt VAT on imported equipment to be used in electric vehicle charging stations.
- To exempt VAT on turbojets, turbo-propellers and other gas turbines.

Other VAT measures

- Reduction of VAT refund payment period to within 30 days from the date of submission of the refund application with taxpayers entitled to interest upon delay of payment.
- Removal of the sunset clause on VAT deferral on imported capital goods that was to take effect on 1 July 2026.

Stamp Duty

- To expand the definition of lease to include documents of exchange of moveable property in the scope of stamp duty.

Other changes

- To amend various tax laws (Income Tax, VAT and Excise Duty Act) to recognize tax exemption provisions stipulated in Framework Agreements signed between the Government and Mining investors.
- To exempt industrial development levy on products manufactured within EAC partner states provided they satisfy Rules of Origin requirements. Reciprocal tariffs and levies will be applied against any EAC member states that impose discriminatory or unfair trade barriers.
- To amend the Tax Revenue Appeals Act to extend the statutory timeline for out-of-court settlements of tax disputes from 60 days to 90 days from the date the respective appellate body issues an order permitting amicable settlement.
- To amend the TRA Act to increase the customs processing fees from 0.6% to 1%.
- Stay of application of the EAC CET rate of 0% and application of a 10% duty on crude palm oil under HS 1511.10.00 for one year to promote local vegetable oil processing using domestically grown seeds.

*The budget speech refers to 'small financial sector' but does not provide clarity on what constitute small financial sector. Given the context, we believe it was intended to cover banks. The Finance Bill will provide further clarity on this.