Momentum unleashed: Driving reform for growth

National Budget Bulletin

June 2026
PwC

Budget at a glance

Economic outlook

Real GDP growth improved to 5.9% in 2025, slightly below the 6% target but higher than 5.6% in 2024

The growth was mainly driven by agriculture, construction activities, financial and insurance and mining.

Leading sectors in terms of contribution to GDP were agriculture (24.3%), construction (11.9%), and mining and quarrying (10.3%).

Inflation rate increased from 3.1% in December 2024 to 3.6% in December 2025

The increase was driven by higher food prices during the festive period.

As of April 2026, the headline annual inflation rate had further increased to 4%.

23.5% annual credit growth to private sector as of December 2025

Private sector credit expanded significantly to TZS 44.6 trillion in December 2025.

This upward trend continued into 2026, with credit rising to TZS 47.2 trillion by March 2026, reflecting sustained business confidence supported by increased bank lending and accommodative monetary policy.

1.3% exchange rate depreciation

From TZS 2,452.76 per US dollar in December 2025 compared to TZS 2,444.81 per dollar in preceding year.

However, in early 2026, the currency appreciated by 2.5% year-on-year in March.

15.3% decrease in current account deficit

From USD 2,380 million as of December 2024 to USD 2,016 million as of December 2025.

Budget at a glance

Tax and other legislative changes

Income Taxes

- Reduction of profit deemed to be distributed to 15% (from 30%)
- 12-month holiday for newly registered taxpayers under the presumptive regime
- Increase of digital service tax to 3% (from 2%)
- 1% withholding tax on payments for food crops, live animals, unprocessed milk and fish, and fish maws

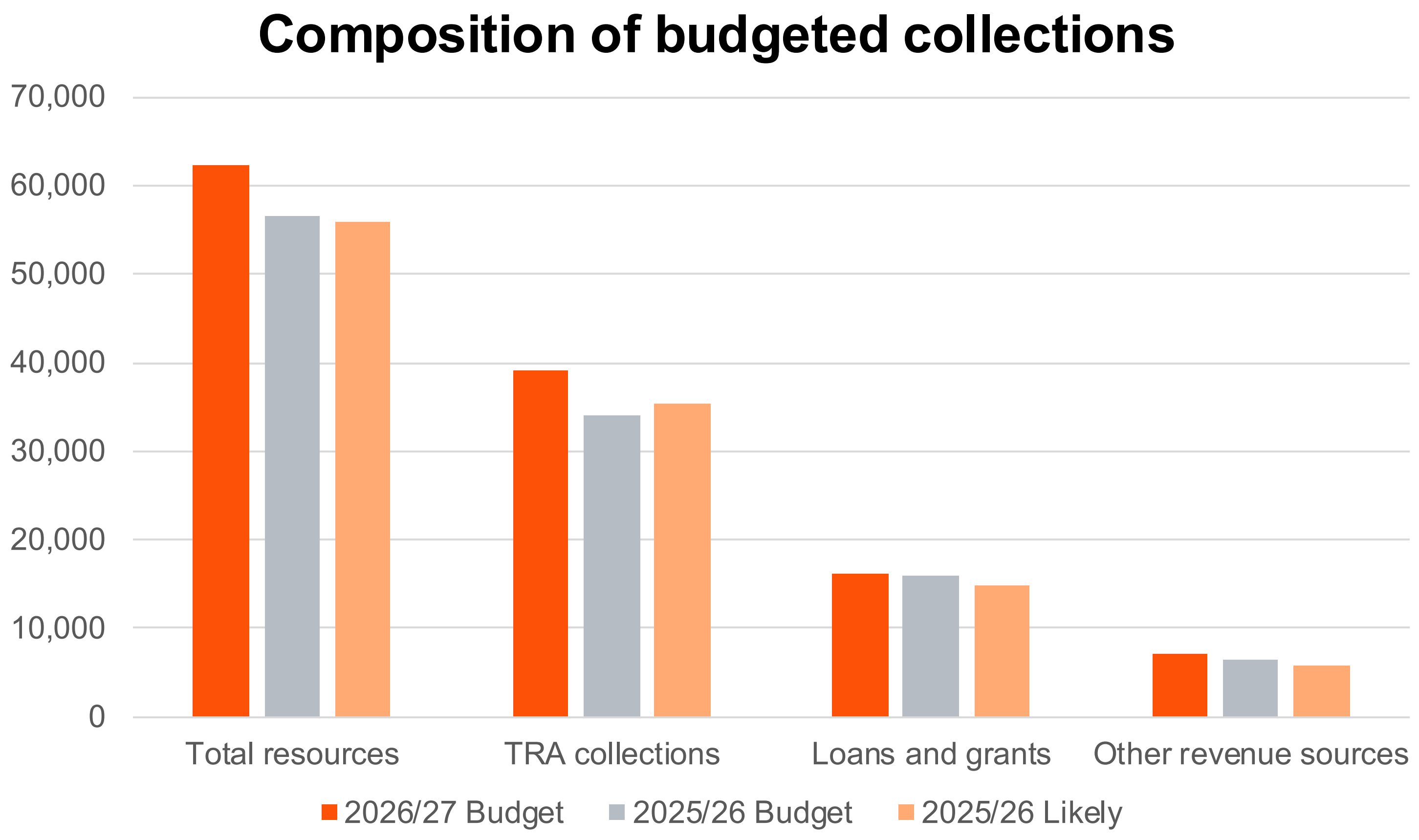
Indirect Taxes

- Introduction of a mandatory 30-day VAT refund timeline with interest on delay
- Removal of the expiry limit on VAT deferment for imported capital goods
- Shift from a one-time three-year to an annual excise duty adjustment – with an 8% increase in FY 2026/27

Other changes

- Recognition of tax exemptions in the Framework Agreement for mining investors
- Extension of the statutory period for out-of-court amicable settlement of tax disputes to 90 days (from 60 days)
- Proposal to implement various measures to promote cashless economy

Budget at a glance



Industry speaks - Catapulting Tanzania's next growth leap

Mining and OMC

Benedict Busunzu

Chief Executive Officer

Tembo Nickel Corporation Limited

The 2026/27 National Budget demonstrates the Government's continued commitment towards industrialization, strategic investment, and infrastructure development, all of which are critical to supporting growth in the mining sector. As Tanzania positions itself within the global critical minerals value chain, further targeted measures to improve investment certainty, ease capital flows, and support project bankability will remain important given the continued volatility in critical minerals markets.

It is encouraging to see continued reforms aimed at giving special focus to strategic investments large-scale development projects. The proposed measures if passed, will provide positive momentum towards operationalizing Framework Agreements (FWAs) between the Government & mining investors, which are critical in providing long-term stability and unlocking financing for major mining and beneficiation projects.

Fatma Abdallah

Managing Director

Puma Energy Tanzania Limited

The FY2026/27 Budget addresses two key issues currently shaping the oil marketing sector: volatility in global fuel prices and the transition to cleaner energy. The Government's diesel subsidies for May and June 2026 have helped cushion consumers and sustain market stability amid geopolitical tensions affecting global oil markets. Equally significant is the comprehensive package of VAT and excise duty exemptions across the CNG value chain, from gas supply and infrastructure to vehicle conversions and cylinder manufacturing.

These measures provide a strong incentive for investment in clean energy while making affordable alternatives more accessible to Tanzanians. However, there remains an opportunity to further strengthen the sector by rationalising multiple taxes and levies applicable to the petroleum sector.

Financial Services and Economy

Manzi Rwegasira

Chief Executive Officer

Stanbic Bank Tanzania Limited

The 2026/27 Budget signals fiscal self-reliance which is prudent. While broadening the tax base remains a major challenge, the budget takes positive steps toward this by promoting digital payments, which create a traceable audit trail and make cash activity visible.

The budget's direct implications for the banking sector are modest but overall positive for customers and the sector. Specifically, it encourages more digital payments and the regulation of fees on accounts. However, there remains potential for more specific reforms within the sector. Of particular focus are "thin capitalisation" and "taxes on retained earnings". Given the inherent leverage in financial institutions' business models, thin capitalisation should not apply. Similarly, retained earnings are not usually taxed again since taxes have already been paid on those earnings. Taxing them could distort reinvestment plans and dividend policies.

Dr. Jamal Msami

Director of Strategic Research

REPOA

Targeted fiscal measures in the 2026/27 budget that catalyse and protect domestic production are a long-awaited relief for domestic manufacturers. Exempting VAT on locally produced edible oils lowers costs, stimulates demand, and rewards our farmers. Meanwhile, duties of 10% on crude imports and 35% on refined oils encourage value addition at home.

Extending tariff protection up to 25% across other sectors further supports industries, jobs, and investment. Yet, I remain concerned that limited fiscal relief for workers, alongside higher import duties on baby diapers, could intensify household cost-of-living pressures. It remains to be seen how the budget will balance ambitions for growth with stronger social protection.

Industry speaks - Catapulting Tanzania's next growth leap

Consumer Markets

Robert Koech

Finance Director

SeedCo Tanzania Limited

The 2026/27 Budget reinforces agriculture as a key pillar for economic growth, but the sector continues to face rising cost pressures. Increases in fuel prices (44-49%) and fertiliser costs (4-46%), alongside the removal of subsidies for commercial growers, have raised production costs, contributed to inflation, and reduced farmers' purchasing power, while delays in subsidy reimbursements strain liquidity for input suppliers.

Policy measures such as the increase in the customs processing fee from 0.6% to 1.0% is likely to increase input costs and affect competitiveness. While there is scope for stronger support through timely subsidies and targeted smallholder interventions, further incentives are needed to drive investment in seed production, research, irrigation, and mechanisation. Positively, the extension of zero-rated remission on packaging materials and the reduction in deemed retained earnings tax are expected to support affordability and encourage reinvestment in the sector.

Martha Baare

Managing Director

Grumeti Reserves Limited

The tourism sector is increasingly shaped by rising competition, cost pressures, and evolving traveller preferences. While Tanzania remains strong in natural attractions, competitiveness now depends more on affordability, connectivity, service quality, and overall visitor experience. Key challenges include high travel and operational costs, limited infrastructure in emerging destinations, and fragmented taxes and fees that raise the cost of doing business. At the same time, opportunities are growing in tourism diversification, sustainability, and digital transformation.

Although the 2026/27 Budget supports the sector through infrastructure spending and macroeconomic stability, there remains scope for more targeted reforms and incentives needed to enhance long-term growth and competitiveness - particularly in streamlining taxes and levies, improving VAT treatment, and introducing stronger investment incentives needed to enhance long-term growth and competitiveness.

Rahim Dossa

Vice Chairman

Tanzania Truck Owners Association

The 2026/27 Budget contains several positive measures for the transport and logistics sector, particularly the retention of VAT deferment on imported capital goods and the introduction of a statutory 30-day VAT refund period. These measures will improve cash flow, reduce investment costs and support fleet expansion.

However, challenges remain, as VAT deferment continues to favour locally assembled trucks despite limited domestic capacity, restricting access for operators reliant on imports. Transporters also face challenges in recovering input VAT on subcontracted services, causing disputes and delays.

The proposed 5 percent Industrial Development Levy on imported trailers will increase capital costs for transporters and may ultimately raise logistics costs across the economy.

Overall, the Budget is supportive of investment and growth, but further policy refinements are needed to ensure fair access to incentives, efficient VAT administration and a competitive transport sector.

What's inside

At PwC, our reputation is defined by **building trust and achieving quality and sustainable value**.

Please note that the Budget measures may be subject to amendments during debates in Parliament. We therefore recommend that you seek professional advice before taking decisions based on these measures.

1

Commentary

Commentary

Budget theme

The 2026/27 budget is the inaugural budget under the Tanzania Development Vision 2050 (Dira 2050) and the Fourth National Five-Year Development Plan (FYDP IV, 2026/27–2030/31), placing it at a pivotal juncture in the country's long-term development trajectory. The theme for the 2026/27 budget is **“Building a resilient economy through digital transformation, strategic investment, and sustainable fiscal policies for inclusive economic growth.”**

Digital Transformation – From supporting role to centre stage

Very early in the policy direction, it is clear that digital transformation is not just a theme: it is the mechanism through which many of the Government’s fiscal ambitions will be delivered.

From mandatory digital payments across key sectors to expanded use of EFDs, Jamii Namba rollout and ICT-enabled tax systems (including AI and big data), the Government is building a fully digitised revenue and compliance ecosystem.

This represents one of the most important structural shifts in Tanzania’s fiscal framework in recent years. If implemented effectively, these measures could: significantly widen the tax base; bring large parts of the informal sector into the formal economy through traceable transactions; reduce revenue leakages and improve compliance; enhance data visibility for tax administration.

In particular, the move toward mandatory digital payments and building a culture where EFD receipts becomes a habit creates a natural pathway for gradually formalising businesses that have historically operated outside the tax net.

This is a very positive direction of travel, and the real opportunity lies not in enforcement alone, but in the progressive integration of informal economic activity into the formal system, which over time strengthens both revenue mobilisation and financial inclusion.

As always, the key determinant will be execution, especially infrastructure readiness, cost of adoption and practical enforcement which should be “light weight” at inception.

Commentary

Fiscal Sovereignty and Revenue Strategy

The Government continues to emphasise self-reliance, with 74.2% of the TZS 62.33 trillion budget financed through domestic revenue as grants continue to decline. This is supported by the Medium-Term Revenue Strategy, which targets an increase in the domestic revenue-to-GDP ratio from 16.5% to 17.1% and in tax revenue-to-GDP ratio from 13.2% to 13.7% which is still low compared to global benchmarks but shows a clear intention to expand the tax base rather than rely solely on rate increases - again linking back to the digital agenda.

A Holistic Approach to Development

The Government's agenda is centred on several interconnected strategic priorities. The Second Blueprint for Regulatory Reforms is being finalised and is expected to further harmonise levies and fees charged by Government institutions.

The formalisation of the informal sector features prominently, through a combination of tax incentives (the 12-month income tax holiday for newly registered businesses under presumptive tax regime), digital payment mandates, registration requirements and the Machinga Empowerment Fund (receiving an additional TZS 10.5 billion in 2026/27).

On the industrial front, the Government will expedite strategic investments in industries reliant on minerals and energy, particularly rare earth minerals, natural gas, iron ore, and coal signalling a pivot towards large-scale resource-based industrialisation.

The TAZARA Railway Revitalisation Project and the extension of the SGR from Dodoma to Mwanza and Isaka to Kigoma will further leverage Tanzania's strategic geographical position as a regional logistics hub, with the railway networks spanning five and eight regions respectively.

Meanwhile, Tanzania's co-hosting of the AFCON 2027 tournament presents substantial near-term opportunities across hospitality, tourism, transport, and services, with TZS 302 billion already allocated for stadium infrastructure and tournament participation.

Commentary

6.3%

Target real GDP growth

Solid Ground, Bold Goals: Tanzania's Fiscal and Economic Trajectory

Tanzania's macroeconomic environment remains broadly stable, with real GDP growth of 5.9% in 2025 and a target of 6.3% for 2026, reflecting continued economic momentum.

Growth remains well diversified, underpinned by key sectors such as agriculture, construction, mining, trade, and transport. At the same time, higher growth segments - including finance, energy, and ICT - point to a gradual shift toward a more modern and services-driven economy.

Inflation has remained well contained at around 3-4%, comfortably within the Bank of Tanzania's target range, demonstrating effective monetary management despite external pressures.

On the external front, the position improved through 2025, with the current account deficit narrowing, supported by export growth, although some pressure has re-emerged in early 2026 due to increased imports tied to investment activity. Foreign exchange reserves remain adequate at over four months of import cover, while the shilling has shown relative stability with a modest appreciation over the past year.

Public finances also remain on a stable footing. Government debt stands at approximately TZS 114 trillion, with sustainability indicators comfortably within established thresholds. This, alongside positive assessments from international rating agencies, reinforces confidence in Tanzania's fiscal position.

Private sector confidence remains evident, with credit to the private sector reaching TZS 47 trillion, supported by accommodative financial conditions and continued lending growth. Looking ahead, the Government aims to maintain strong growth, stable inflation, and improved domestic revenue mobilisation, while keeping the fiscal deficit contained at around 3% of GDP.

That said, risks remain. Global geopolitical developments, particularly recent tensions impacting fuel prices, alongside exposure to climate shocks and declining external financing, continue to present challenges.

Commentary

Where the money will come from

To deliver on these ambitions, the Government has adopted a combination of policy, administrative, and technological measures aimed primarily at broadening the tax base rather than solely increasing tax rates. Key revenue drivers include:

- Widening of the tax base, particularly through digital transformation initiatives such as mandatory digital payments and enhanced use of EFD systems.
- Formalization of the informal sector, supported by targeted incentives including the 12-month income tax exemption for newly registered businesses under presumptive tax regime.
- Strengthening ICT-driven tax administration, leveraging tools such as AI, bigdata, and system integration to improve compliance and reduce leakages.
- Introduction of targeted tax measures, alongside calibrated adjustments to existing regimes.
- Gradual and predictable excise duty adjustments, aimed at balancing revenue mobilization with business sustainability.
- Administrative reforms, including greater coordination across Government systems and simplification of compliance processes.

Commentary

On the tax front some of the key proposed changes are:

- A 5% excise duty on the value of bets has been introduced across all gambling platforms. This is a relatively aggressive approach compared to many jurisdictions that tax gross gaming revenue, and it is expected to increase the effective burden on operators. On a lighter note, with the timing coinciding with FIFA World Cup 2026, punters might want to place their bets before 1 July 2026 - after that, the odds may remain unchanged but the taxman will certainly have a share.
- In an interesting behavioural nudge, the Government is also launching the EFD lottery (Tuzo ya Uzalendo) - a prize-based system to encourage people to demand receipts. It introduces a touch of “betting spirit” into compliance: this time however, the safest gamble may simply be asking for your EFD receipt which could unexpectedly pay off. This is also a way of formalising the informal sector as more people will now be asking for EFD receipt bearing in mind that the threshold for EFD registration is TZS 11 million in turnover in a year.
- On the formalisation front, newly registered businesses under the presumptive tax regime will benefit from a one-year income tax holiday. This is a practical and well-targeted incentive aimed at easing early-stage pressures and encouraging small and informal businesses to transition into the formal economy - particularly when combined with the broader digital compliance framework.
- Finally, the treatment of Framework Agreements has been streamlined, with tax exemptions now recognised based on Cabinet approval, removing the need for Government Notices. While this simplifies the process, it raises some practical considerations - particularly whether the change will apply retrospectively and what form of formal documentation or evidence will be provided to taxpayers to confirm Cabinet approval.

More details on proposed tax changes are provided in the next sections

2

Tax and Other Legislative Changes

Income Tax

30% → 15%

Reduction in deemed distribution of profit

The budget speech proposes reductions of the percentage of profit that is deemed to have been distributed to shareholders from 30% to 15%. The budget speech also proposes to exclude small financial sector, insurance, companies registered on the Dar es Salaam Stock Market as well as institutions that have Framework Agreements with Government from the application of the deemed distribution provision.

Comment: This proposed amendment appears to be a partial relief measure following the introduction, in the prior year, of an anti-avoidance provision allowing the Commissioner General to deem distribution of at least 30% of profits after 12 months from year-end, as provided under section 33A of the Income Tax Act.

The application of this section still has a number of challenges, including:

- It is unclear what constitutes small financial sector which are now proposed to be exempted.
- Cash flow constraints, although expected to be partially alleviated by this proposal, will likely persist, as the tax remains payable even in instances where retained earnings are not actually distributed.
- This is an anti-avoidance provision; however, the Act does not provide guidance on what reasons for retaining profits would be considered acceptable such as reinvestment in business.
- The term "profit" in the provision has not been defined in the Act and this may create potential contentious issues such as deemed distribution for entities with accumulated losses that have only recently begun generating current-year profits.
- The Tanzania Revenue Authority has, in practice, been observed to invoke section 96(6) of the Income Tax Act (Controlled Foreign Corporation rules) to deem dividends on undistributed retained earnings of resident companies with non-resident shareholders, effectively applying withholding tax on the full amount of undistributed retained earnings attributable to non-resident shareholders. This approach can result in a significantly heavier tax burden than the deemed distribution under section 33A itself. Therefore, although the reduction of the deemed distribution proportion from 30% to 15% under section 33A is commendable, taxpayers should remain vigilant, as the broader exposure under section 96(6) may continue to pose challenges for resident entities with non-resident shareholding structures, potentially undermining the relief that the proposed amendment to section 33A is intended to deliver. There are currently a couple of cases at various levels of the appellate bodies including the Court of Appeal on the application of section 96(6) to resident entities for which decisions are still awaited.

Income Tax

Presumptive income tax regime - various changes

The budget speech proposes four changes to the presumptive income tax regime: (i) a 12 month income tax holiday for newly registered taxpayers operating exclusively under the presumptive income tax regime, commencing from the date of TIN registration; (ii) an increase in the presumptive income tax upper threshold from TZS 100m to TZS 200m; (iii) an option for taxpayers with annual turnover below TZS 200m to prepare audited financial statements for the purpose of adopting the self-assessment framework; and (iv) an increase in the presumptive income tax rate from 3.5% to 4.5% for taxpayers with turnover between TZS 11m and TZS 200m.

Comment: The proposed amendment significantly reshapes the presumptive income tax regime. The 12-month tax holiday encourages formalization by removing immediate tax exposure on registration. However, the increase in the rate to 4.5% may partly negate this impact. While the option to use audited accounts may benefit low margin businesses, audit costs may outweigh the advantage. Taxpayers within this range should evaluate the cost-benefit of this option.

Income Tax

Digital service tax - increase of income tax rate from 2% to 3%

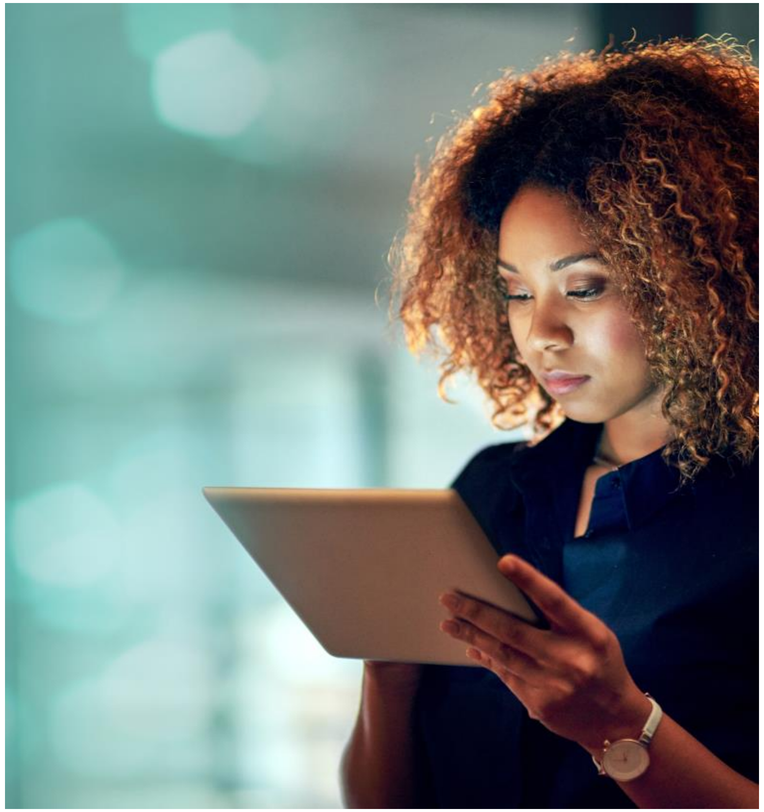
The budget speech proposes to increase the income tax rate for foreign digital service providers from 2% to 3%.

Comment: While the primary objective of this measure is to enhance government revenue, the increase is likely to affect major international digital platforms providing services to Tanzanian consumers. There is a possibility that the additional tax cost will be passed on to the end users, thereby increasing the cost of digital services and placing a greater financial burden on consumers.

Extension of the definition of forest produce

The budget speech proposes an extension to the definition of the term "forest produce" to include natural varnish, latex, resin, sap and gum, with income from sale of these commodities attracting a 2% single instalment tax on gross produce value.

Comment: The aim of the change is to widen the tax base by bringing more natural products that were previously untaxed into the tax system and to ensure similar products are taxed in a consistent way.



Income Tax

Increase of withholding tax on royalties for sports institutions and Tanzania Football Federation

The budget speech proposes to increase the rate of withholding tax on royalty payments made to resident sports institutions or the Tanzania Football Federation from 5% to 10%.

Comment: The proposed measure seeks to align the taxation of sports related royalties with that of other sectors, such as the film industry, thereby promoting equity in the tax system.

Government procurement of goods - expansion of entities required to withhold taxes

The budget speech proposes to introduce a requirement for Ministries, Independent Departments, Institutions, Government Agencies, Regional Secretariats and Local Government Authorities to withhold income tax on payments made for the purchase of goods within the country, thereby expanding the current scope which applies only to resident corporations wholly or substantially financed by Government budget subventions.

Comment: The proposed measure aims to enhance compliance by extending withholding obligations across more Government entities, thereby improving revenue collection efficiency through taxation at source. However, it may increase administrative burdens for public institutions.

Income Tax

Introduction of a 1% single instalment tax on purchases of food crops

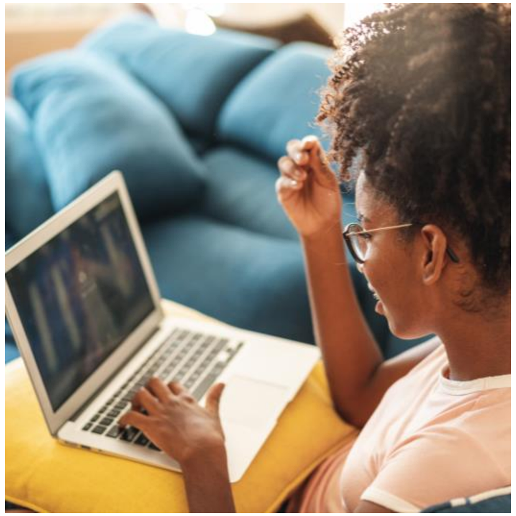
The budget speech proposes to introduce a 1% single instalment tax on payments made by a purchaser in respect of purchase of food crops at the time of sale or transportation of food crops (tax is due prior to transportation or transfer of ownership of the produce to another person). The rate of 1% will apply to prevailing market value of the produce in the respective local government authority. This tax shall be credited against the purchaser's final income tax liability.

Comment: The change aims to increase the tax base and formalise the informal sector.

Introduction of a 1% withholding tax on sale of live animals, unprocessed milk and fish, and fish maws

The budget speech proposes to introduce a 1% withholding tax on payments made by companies to sellers of live animals, unprocessed milk and fish, and fish maws.

Comment: The change aims to increase the tax base and formalise the informal sector.



Recognition of tax exemptions in the Framework Agreement for mining investors

The budget speech proposes to recognize the tax exemption provisions stipulated in the Framework Agreements signed between the Government and mining investors in relation to income tax, VAT, excise duty and taxes levied under the Roads and Fuels Tolls Act once approved by the Cabinet.

Comment: The amendment seeks to recognize tax exemptions in Framework Agreements within the respective Acts, addressing a long-standing gap where such exemptions, although contractually agreed, if not expressly supported by the tax laws, were not honored by the TRA. This created uncertainty and required additional administrative steps, such as the issuance of a Government Notice (which is normally time consuming), for them to be applied. The change is expected to expedite the implementation of mining projects as it improves the predictability of tax treatment.

Investors should still review the scope of their agreements and consider whether any procedural steps may be required to support the practical application of these exemptions.

Tax Administration Act

Power to the Commissioner General to sell seized perishable goods

The budget speech proposes to allow the Commissioner General to dispose of perishable goods seized for various reasons (including outstanding tax dues) by public auction or private treaty upon giving notice to the taxpayer.

Comment: The aim is to avoid loss of value for such goods resulting from lack of adequate storage facilities. Whilst the intention of the proposal is justified, these powers appear to be broad and might have to cater for situations where the underlying matter leading to seizure is under dispute.

Tax Revenue Appeals Act

Extension of statutory period for Out of Court Settlement from 60 to 90 days

The budget speech proposes to extend the statutory period for out-of-court amicable settlement of tax disputes from 60 days to 90 days, effective from the date the Tax Revenue Appeals Board or Tax Revenue Appeals Tribunal issues an order permitting alternative dispute resolution (ADR).

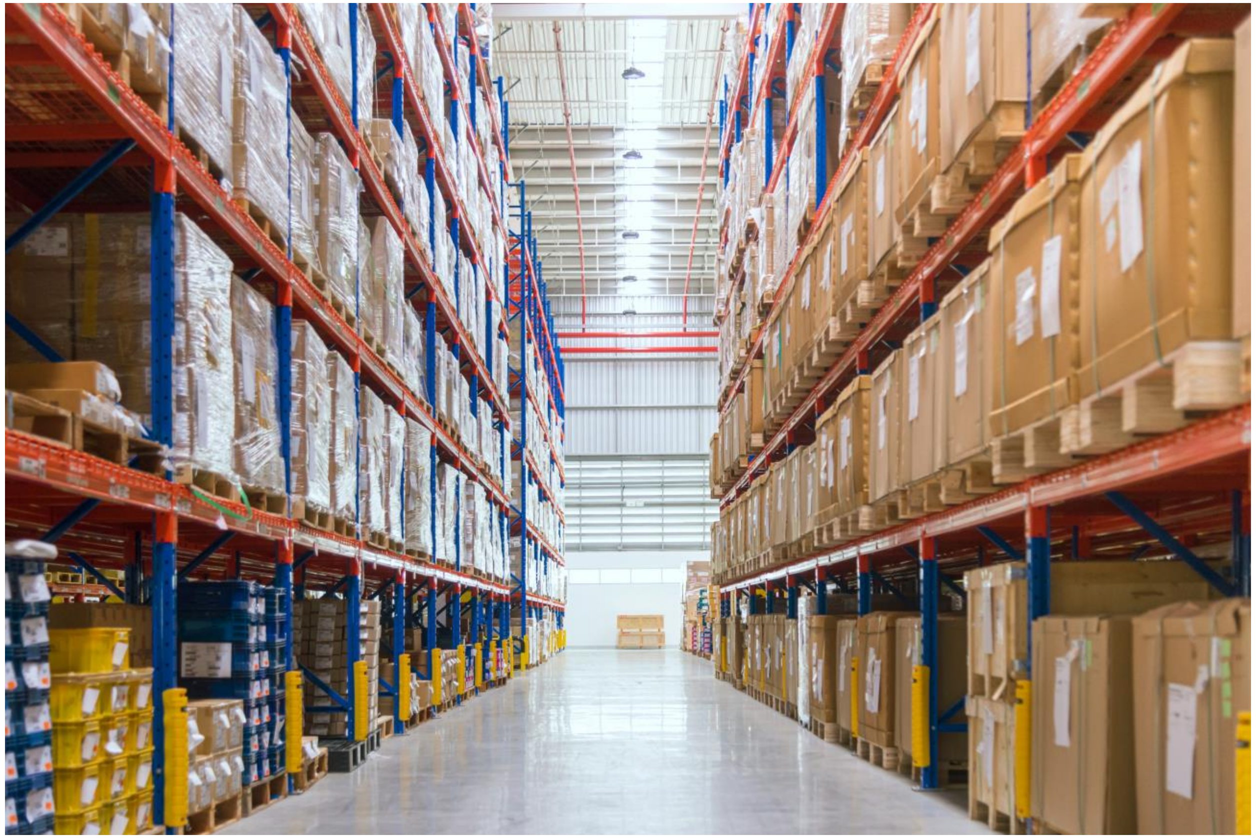
Comment: This amendment is a positive development aimed at enhancing the effectiveness of dispute resolution mechanisms. However, in practice, even the proposed 90-day period may still be insufficient to conclude out-of-court settlements, depending on the complexity of tax disputes, extensive documentation reviews and multiple internal approval processes required on both sides.

Tanzania Revenue Authority Act

Increase of customs processing fee

The budget speech proposes to increase the customs processing fees from 0.6% to 1%.

Comment: The change aims to increase government revenue to support improvements in electronic revenue collection systems. On the other hand, the increase in processing fees may raise the cost of imports, potentially leading to higher prices for imported goods.



Value Added Tax

The budget speech proposes that VAT refunds must be paid within 30 days of application with taxpayers legally entitled to interest on delayed payments.

Comment: Delayed VAT refunds have been a cash flow challenge for exporters and capital-intensive businesses amongst others for years. This is a game changer which elevates refund processing from an administrative practice, where the law previously allowed up to 90 days merely to issue a refund decision, into a binding legal obligation for timely payment within a defined period. It represents a significant enhancement that is expected to strengthen accountability within TRA, accelerate refund disbursements and improve cash flow certainty for taxpayers.

However, key details remain unclear pending the Finance Bill/ Act, including conditions to be met by the taxpayers (if any), the interest rate to be used if there is a delay, claiming mechanism and enforcement procedures. Businesses that expect significant VAT refunds should carefully keep records of when they submit their claims starting from 1 July 2026.

30 days

Mandatory VAT refund timeline with interest for any delays

Value Added Tax

Removal of the expiry limit on VAT deferment for imported capital goods

The budget speech proposes removing the expiry date on VAT deferment for imported capital goods. The restriction was due to take effect on 1 July 2026 as the intention was to protect local manufacturing. However, the Government acknowledges that domestic production cannot yet meet local demand.

Comment: This is a practical and positive decision. Removing the expiry date means businesses can continue to defer paying VAT on imported capital goods, reducing upfront cost of investment. The measure reflects the Government's recognition that premature protection, in the absence of adequate domestic supply capacity, would discourage investment rather than support growth.

Value Added Tax

Item	Purpose/Comment/Condition
New VAT Exemptions	
Equipment for electric vehicle charging stations (HS 8504.40.00)	Promotes clean energy in the transportation sector. The Finance Act 2025 introduced VAT exemptions on CNG-related equipment and this year's extension to EV charging infrastructure indicates a progression towards a transition from petrol and diesel.
LPG smart meters (HS 9028.10.00)	The exemption is to be granted only to LPG distributors.
Turbojets, turbo-propellers, other gas turbines (HS Heading 84.11) and aircraft tyres (HS 4011.30.00)	The aviation sector has received progressive VAT relief in recent years, reflecting the Government's recognition of its importance for sectors like tourism.
Airline boarding passes	Implements Tanzania’s obligations under its Air Transport Agreements by exempting certain aviation documents from local taxes in line with international aviation guidelines.
Dairy packaging materials (HS 3920.20.90) - locally produced and imported	Provides relief for the dairy sector for regional/international competitiveness.
Polyester fibres for fishing net production (HS 5402.20.00)	Reduces production costs and attracts investment in local fishing net manufacturing.
Clothes and garments produced from locally grown cotton	Exemption introduced (previously zero-rated). The aim is to encourage the use of locally produced cotton. However, exempting rather than zero rating means manufacturers will not be able to claim input VAT or receive refunds on taxable inputs which will increase production costs and affect overall pricing hence being counterproductive.

Value Added Tax

Item	Purpose/Comment/Condition
Extended Exemption	
Edible oil produced from locally grown seeds	Exemption which was due to expire on 30 June 2026 extended for one year. The measure aims to help keep edible oil prices affordable.
Removal of Exemptions	
Imported fishing nets (HS 5608.11.00)	The exemption is removed and replaced with an exemption on raw materials used to manufacture fishing nets locally, such as polyester fibres. The aim is to lower production costs and promote local manufacturing.
Dog and cat food (HS Heading 23.09) - local and imported	This aligns with the Government’s efforts to reduce inefficient tax exemptions.

Excise Duty

8%

Excise duty increase in FY2026/27

Shift from a one-time three-year to a gradual annual excise duty adjustment – with an 8% increase in FY 2026/27

The three-year one-time adjustment cycle introduced in the Finance Act, 2023 is proposed to be replaced by an annual graduated increase starting with 8% increase in 2026/27. In the years to follow, the adjustment basis will be adjusting the values by inflation plus 2%. These adjustments exclude petroleum products.

Comment: This is a significant structural change to excise duty policy. The Government took cognisance that a significant one-time increase in excise duty can negatively affect business growth and reduces predictability. Therefore, the shift from a one-time three-year adjustment to annual increases based on defined parameters aims at providing greater stability and predictability for businesses. Affected businesses like beer, cigarettes etc. should immediately model the 8% increase across their product lines and decide on their pricing policy accordingly for 1 July 2026. This is likely to increase prices if this increase is passed over to the customers.

Excise Duty

New introductions

Item	Proposed rate	Purpose/Commentary
Artificial flowers, foliage, fruits and similar imported products classified (HS Heading 67.02)	20%	Aims at reducing environmental harm from these products and to widen the tax base.
Excisable services provided by non-resident suppliers through online platforms (B2C) without physical presence in Tanzania	Applicable rate (7%, 10% or 17%)	The impact is that foreign digital/online service providers would face Tanzanian excise duty obligations. The aim is to equalise the tax treatment of offshore online providers and domestic service providers, support fair competition and broaden the tax base.
Imported ultraviolet/light-emitting diodes (UV/LED) gel nail curing machines used for manicure or pedicure (HS Code 8516.79.00).	10%	The measure aims to widen the tax base and address potential health risks linked to these machines. It is likely to increase costs for importers and users, which may be passed on to consumers through higher service prices.
Motorcycles excluding ambulances, gas and electric motorcycles	5%	This aims at aligning with the Government's objectives to promote the use of clean energy on vehicle transportation in the country.
Imported plastic or rubber clogs (HS Code 6402.99.00)	10%	The aim of this measure is to protect local industries producing plastic shoes and to encourage local manufactures.
Vehicles ≤1,000cc (HS Code 8703.21.90)	5%	This addresses negative externalities.
Gambling activities, including land-based or online/internet sports betting and casino gaming, forty-machine slot games, and virtual games operations.	5% of bet value	10% of the revenue collected will be remitted to the Gaming Board of Tanzania (GBT) to improve efficiency and regulation of gambling activities. The introduction of the duty will increase the cost of gambling which aims at discouraging excessive participation and help address social issues (i.e. addiction and a decline in the country's workforce).

Excise Duty

Increased Tariffs

Item	Purpose/Commentary
Increase of excise duty from 10% to 15% on beauty products (HS Headings 33.03; 33.04; 33.05; and 33.07)	The measure is expected to create consistency with excise rates in other East African Community countries, supporting regional alignment in taxation.
Increase excise duty rate by TZS 20 per-mil on cigarette (HS Heading 24.02 and 24.03)	This is one of the introduced additional source of revenues to finance Universal Health Coverage.
Increase excise duty rate from 15% to 20% on used vehicles (up to 8 but ≤10 years)	This is an anti-dumping measure aiming at making older vehicles more expensive to import with the aim of reducing demand for them. This could encourage consumers to choose newer, more environmentally friendly vehicles and help reduce pollution. However, it may also make vehicles less affordable for some buyers and affect businesses that rely on importing used cars.
Increase excise duty rate from 30% to 40% on used vehicles (>10 but ≤20 years)	
Increase excise duty rate from 30% to 50% on used vehicles (>20 years)	

Other Indirect Taxes

Stamp Duty Act - Introductions

Item	Proposed rate
Expansion of definition of “lease” to include documents of exchange of moveable property (scope expansion)	(scope expansion)
Introduction of stamp duty on bills of exchange of property	TZS 5,000

Comment: The Stamp Duty Act has remained unchanged for a considerable period and the proposed amendments are intended to align the applicable rates with current economic conditions and improve compliance. In particular, an increase in cheque stamp duty is expected to encourage the use of digital payment methods in line with the Government’s cashless economy agenda.

Revised stamp duty rates

Item	Current rate	Proposed rate
Stamp duty on Bills of Sale (by way of collateral security)	TZS 1,000	TZS 10,000
Partnership deeds – capital value ≤ TZS 1,000,000		TZS 5,000
Partnership deeds – capital value > TZS 1,000,000		TZS 10,000
Maximum cap on Bills of Sale (security)	TZS 10,000	TZS 100,000
Stamp duty on cheques	TZS 100	TZS 500
Surrender of Lease Documents	TZS 1,000	TZS 2,000
Transfer of agricultural land	TZS 500 (specific)	0.5% ad valorem

Other Indirect Taxes

The Imports Control Act

The budget speech has extended the scope of the Industrial Development Levy (IDL) under the Imports Control Act by proposing imposition on new products that are readily available within the EAC Partner States as listed below:

Item	HS Code	Rate
Exercise books and notebooks	4820.10.00; and 4820.20.00	5%
Trailers	8716.31.90; 8716.39.90; and 8716.40.90	5%
Fishing nets	5608.11.00	10%
Doors, windows and their frames	7610.10.00	5%
Steel structure products	7308.90.99	10%
Aluminium structures	7610.10.00	5%

Other Indirect Taxes

The Imports Control Act (continued)

It further proposes the reinstatement of the IDL exemption for products manufactured within the EAC Partner States, provided they satisfy the Rules of Origin (ROO) requirements. The budget speech also emphasizes that the Government will apply tariff and levy provisions against any EAC member state that imposes discriminatory barriers on Tanzanian goods (subject to ROO compliance) as a reciprocal measure.

Comment: The exemption of intra EAC products from IDL is a significant policy shift that aligns Tanzania with the EAC Customs Union Protocol. The reciprocity clause provides a safeguard against discriminatory barriers from partner states. Importers should carefully evaluate sourcing strategies, as products imported from outside the EAC may attract IDL while sourcing within the EAC (subject to ROO compliance) could yield savings.

Export Tax Act

A proposed amendment to the Export Tax Act seeks to introduce export taxes on various specified products, including wastepaper, quartz minerals, feldspar, wheat bran, cotton cake, rice bran, maize bran and sunflower cake.

Comment: The proposed export taxes reflect a value addition and domestic availability strategy. These commodities serve as raw materials that could be further processed locally hence, the initiative is to ensure domestic supply of such inputs. Exporters may face significant cost implications and should assess whether domestic sales or further processing is more economically viable than export.

Other Indirect Taxes

Local Government Finance Act

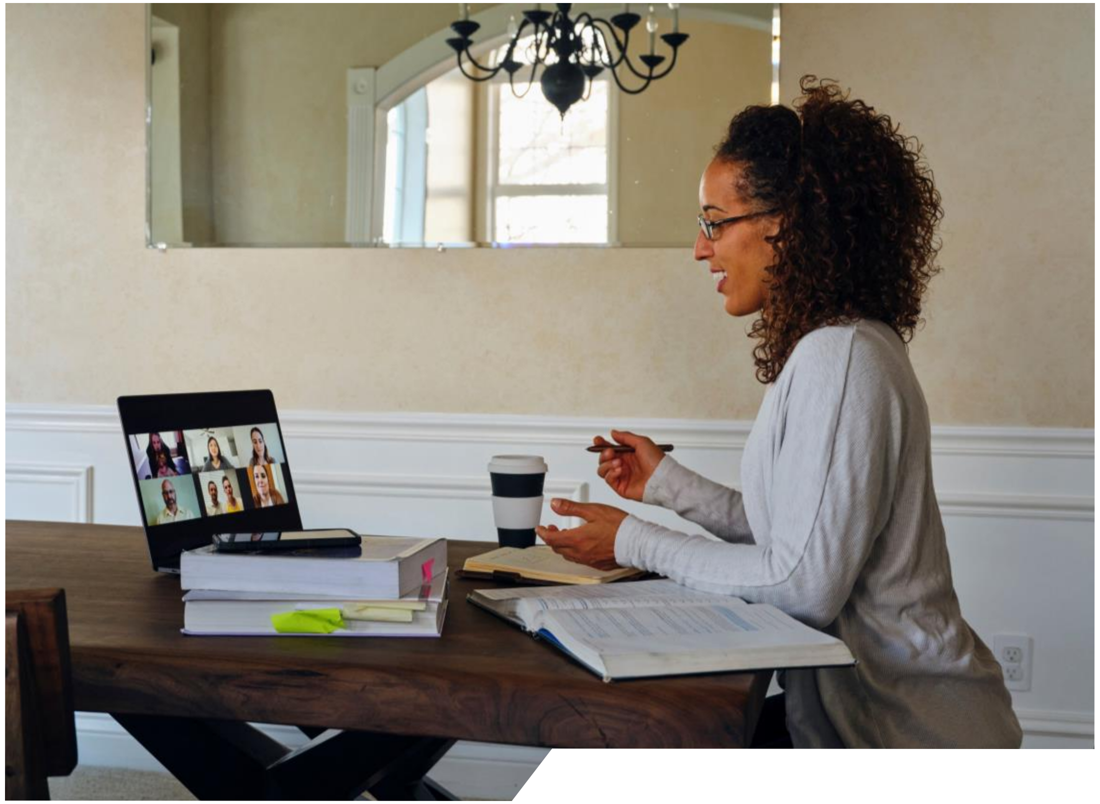
A proposed amendment to the Local Government Finance Act to increase the allocation of local government revenues from 10% to 15%, with 10% continuing to fund loans to women, youth and persons with disabilities. The additional 5% earmarked for investment in market infrastructure and economic development initiatives to enhance employment opportunities.

Comment: This is a commendable social investment measure that increases resources available for economic empowerment of vulnerable groups.

Investment and Special Economic Zones Act

A proposal to include road tractors for semi-trailers (HS Codes 8701.21.90, 8701.22.90, 8701.23.90, 8701.24.90) in the negative list of goods ineligible for tax exemptions under the Investment and Special Economic Zones (SEZ) Act.

The proposed change is intended to protect local industries and enhance employment although it may increase acquisition costs for businesses in special economic zones that depend on imported road tractors.



Other Changes

The Road Traffic Act

Permission for a vehicle registered in Tanzania Zanzibar to operate in Mainland Tanzania

The budget speech proposes to extend the existing procedure applicable to vehicles registered in Mainland Tanzania and operating in Zanzibar, by allowing vehicles registered in Tanzania Zanzibar to operate in Mainland Tanzania using their Zanzibar registration numbers, provided that all applicable Mainland taxes have been duly paid.

Comment: The aim is to ease the use of vehicles across both sides of the Union.

The Road Traffic Regulations

Increase of registration fee for two wheeled motorcycles

The budget speech proposes an increase of the registration fee for two wheeled motorcycles from TZS 95,000 to TZS 150,000.

Comment: The proposal aims at increasing the government revenue as it has practically been difficult for the Government to implement the presumptive tax system to these traders due to their informal nature.

Administrative Recommendations of the Presidential Commission on Tax Reforms

Implementation of the administrative commendations submitted by the Presidential Commission

From the reading of the budget speech, the government has committed to implementing the recommendation submitted by the Presidential Commission on tax reforms. The following are some of the reforms to be implemented in the 2026/27 fiscal year:

a) Strengthening the use of ICT systems, Artificial Intelligence (AI), big data, and blockchain to improve efficiency, transparency, data security and reduce physical interactions with TRA;

b) Introduction of a coordinated mechanism for joint inspections by regulatory institutions to reduce duplication and inconvenience to businesses and investors;

c) Issuance of guidelines by Prime Minister's Office - Regional Administration and local Government (PMO -RALG) to standardise local government levies, including the introduction of caps on levy rates;

d) Integration of TAUSI and IDRAS systems to allow automatic exchange of taxpayer information and eliminate the need for manual submission of Tax Clearance Certificates;

e) Development of a TAUSI module for property registration, identification and tax payment, integrated with TRA and Ministry of Lands systems to improve revenue collection and land formalisation;

f) Expansion of TRA service points, including additional offices and mobile tax centres, to improve taxpayer access to services;

g) Introduction of a TAUSI module to enable registration of all traders, including those without business licenses, by local government officials; and

h) Development and provision of a free digital application for traders to issue receipts equivalent to enhance compliance.

The Formalisation of Informal Sector

The budget speech proposes to implement the below measures to promote the formalization of the informal sector that employs youth and women:

I. Introduction of a one-year income tax exemption for new businesses from the date of obtaining a TIN; and

II. Increase in the allocation of local government revenues from 10% to15%, with 10% continuing to fund loans for women, youth, and persons with disabilities and the additional 5% allocated to developing markets and business infrastructure to support employment and economic activity.

Research and Investment in the Mining Sector

The budget speech proposes the establishment of a Mineral Research Fund by the Ministry of Minerals, financed by allocating 10% of gross mineral revenue collections. The fund will be held in a dedicated account at the Bank of Tanzania, with expenditures subject to approval by the Paymaster General.

Promoting cashless economy

The budget speech proposes implementing the below measures to promote a cashless economy in the 2026/27 fiscal year:

a) Introduction of a requirement for certain payments for services and businesses to be made through digital channels, as may be prescribed;

b) Phasing out the distribution and use of scratch airtime vouchers in urban areas with adequate digital payment infrastructure;

c) Introduction of a requirement for the use of digital payment platforms (e.g. Lipa Namba and TANQR) as a condition for the issuance and renewal of business licenses;

d) Introduction of a mandatory requirement to open and maintain a bank account as a prerequisite for the issuance and renewal of commercial licenses in sectors such as minerals, livestock, agriculture, timber and fisheries, with all business transactions conducted through such accounts; and

e) Introduction of a mandatory requirement to provide proof of digital payment when applying for the transfer of assets such as land, buildings, and motor vehicles.

Other sector specific changes

Edible oil industry

An amendment is proposed whereby all types of crude edible oils will now be subject to a 10% import duty (crude palm oil was previously duty free), alongside the import permit controls coordinated by the Ministry of Agriculture and continued support to farmers through subsidies and seedling programs. This measure aims to curb misdeclaration and misclassification practices by traders exploiting preferential treatment, while promoting local production and strengthening regulatory oversight of imports.

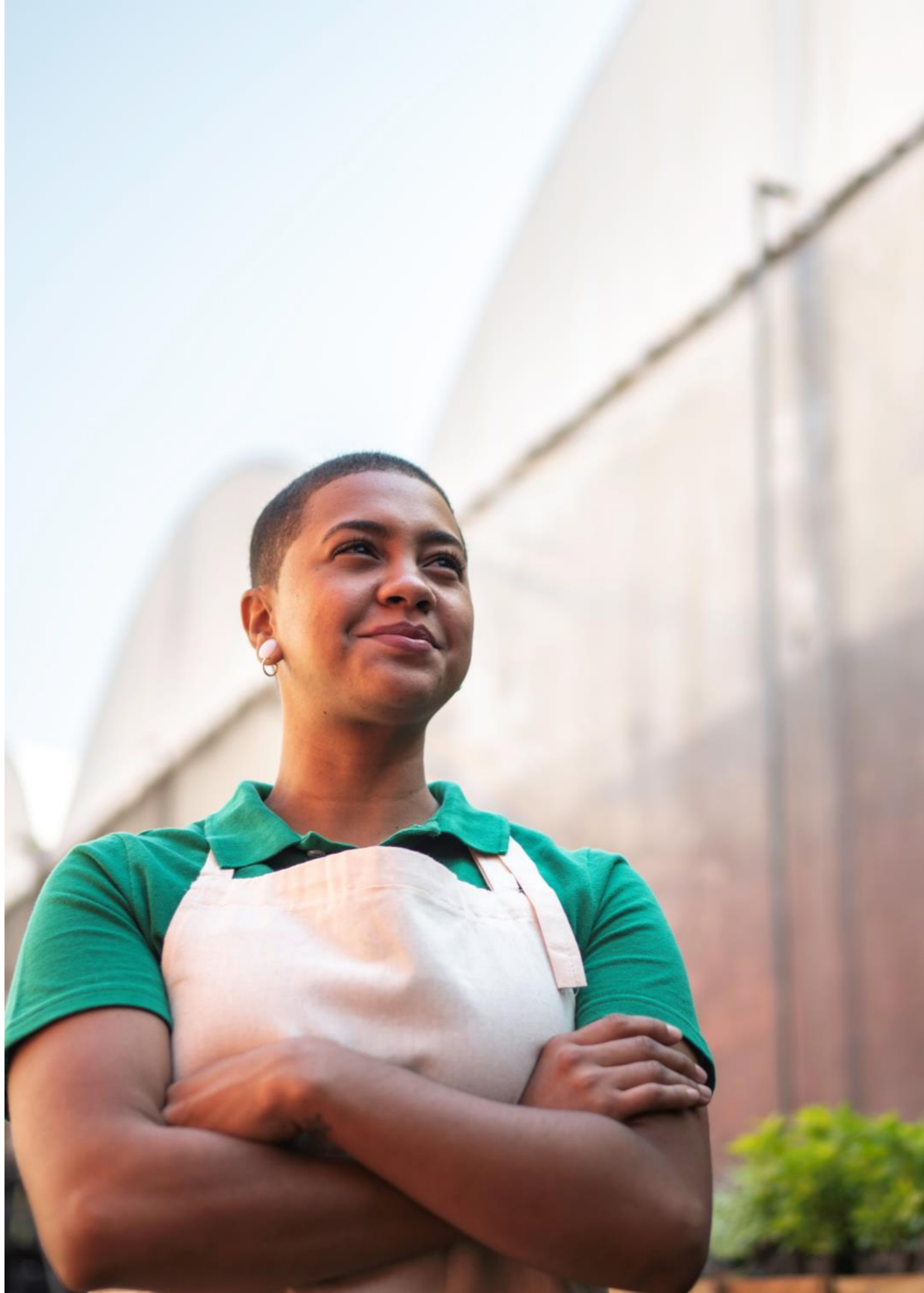
10%

import duty on all
crude edible oils

Cotton, textile and apparel industries

This sector is currently supported through incentives such as VAT exemptions, reduced duties, and protective tariffs. Proposed measures are as noted below.

Item	Current Rate	Proposed Rate	Purpose/Commentary
Import duty on fabric	25%	35% or USD 0.30/metre, whichever higher	Protect local textile industries; promote use of locally grown cotton
Cotton grey fabric (stay of CET)	25% or USD 0.25/m	35% or USD 0.30/m (1 year)	Protect domestic textile manufacturing
Cotton yarn (stay of CET)	10%	25% (1 year)	Protect local cotton yarn producers
Imported vitenge (stay of CET)	50%	35% (1 year)	Improve consumer welfare by lowering vitenge prices
VAT on garments/clothing made from locally grown cotton	Zero-rated	Exempt	Reduce VAT refund obligations. This is counterproductive as explained under the VAT changes above.



Regulatory changes

The Registration and Identification of Persons Act

Introduction of NIDA information access fees:

The budget speech proposes to introduce fees for accessing information from the NIDA database at a set price of TZS 500 for electronic requests and TZS1,000 for printed extracts.

Comment: The introduction of access fees supports cost recovery and sustainability of the national identification system. While modest, it may increase compliance costs for institutions reliant on identity verification, particularly those conducting high-volume check.

The Fair Competition Act

Specification of FCT revenue from regulatory authorities:

The budget speech proposes to amend Section 88 to specify that the Fair Competition Tribunal (FCT) shall receive 0.5% of revenues collected by regulatory authorities listed under the Act.

Comment: This amendment clarifies the FCT funding by setting a percentage of revenues from specified regulators (e.g., EWURA, LATRA, TCRA, TCAA), addressing the previous gap where rates were not defined.

National Planning Commission Act

Mandatory evaluation of national development projects

The budget speech proposes to amend Section 6 of the Planning Commission Act to require all national development projects to undergo evaluation based on technical, financial, economic and environmental (including climate change) criteria prior to their inclusion in the Government Budget.

Comment: This measure strengthens project appraisal processes to improve the quality, sustainability and credibility of public investments, in line with global best practices. However, the more rigorous evaluation requirements may lengthen approval timelines and necessitate more detailed due diligence, particularly for large-scale infrastructure and Public Private Partnership (PPP) projects.

Bank of Tanzania Act

Reduction of Government overdraft limit

18% → 14%

The budget speech proposes to amend the Bank of Tanzania Act to reduce the maximum allowable threshold of short-term Government borrowing from the Central Bank from the current 18% of the previous fiscal year's actual revenue to 14%.

Comment: This is a positive fiscal discipline measure that reduces the Government's recourse to central bank financing which should support monetary stability.

Clarification of conditions for Government borrowing from the Central Bank

The budget speech proposes to amend the Bank of Tanzania Act by deleting and rewriting Section 69 to specify the criteria under which the Bank may extend short-term loans to the Government in cases of unpredictable or unavoidable occurrences, and to define such occurrences.

Comment: This amendment enhances clarity on emergency Government borrowing by defining the conditions and circumstances under which such financing may be permitted. It is expected to improve transparency and strengthen fiscal discipline, although further detail will depend on the final provisions in the Finance Bill/Act.

The Land Act

Reallocation of land rent revenues

The budget speech proposes to amend the Land Act to allocate the 20% share of land rent revenues with 10% to the Ministry responsible for Lands and 10% to Local Government Authorities. The Ministry of Finance will prescribe the procedures for utilisation of these funds.

Comment: This measure aims to improve coordination between central and local authorities and enhance efficiency in land administration and revenue collection. Its effectiveness will depend on the clarity of the utilisation guidelines to be issued.

The Companies Act (Fees Payable to the Registrar) Regulations

Revision of company registration and related fees

The budget speech proposes amendments to the Companies (Fees Payable to the Registrar) Regulations to revise fees for company registration and related services, including updated fee bands based on nominal share capital and revised charges for filings, searches and other services.

Comment: This measure updates the fee structure from the previous framework, where registration fees ranged from TZS 95,000 to TZS 440,000 depending on the share capital and other fixed administrative fees applied. The revised schedule introduces higher thresholds and expanded fee bands which may increase compliance costs. Businesses should review the new fee structure, particularly for incorporation and ongoing filings, to assess cost implications.

Customs

On 15 May 2026, the East African Community Pre-Budget Consultations Meeting of the Ministers/Cabinet Secretary of Finance was held in Arusha. At this meeting, proposed amendments to 'Annex 1 to the protocol on the establishment of the East African Community (EAT) customs union' (i.e. "the Common External Tariff (CET)") for the financial year 2026/27 were considered and adopted. The proposed measures aim to protect domestic industries, attract investment, reduce the cost of production, enhance consumer welfare, create employment, stimulate growth in various economic sectors, address under invoicing and undervaluation of imported products.

Like prior years, the customs measures include a mix of duty remissions, stays of application and import duty rate amendments. Specifically, the 2026/27 measures place increased emphasis on combating under-invoicing and undervaluation's, a recurring theme across many of the new CET changes reflecting a more targeted enforcement posture alongside the traditional objectives of industrial protection and revenue mobilisation.

To achieve the above objectives, the EAC Partner States have, among other things, agreed the following:

- Various changes of import duty rates in the CET for the year 2026/27 comprising both new measures and the continuation of measures introduced in FY 2025/26;
- Amendments to the East African Community Customs Management Act, 2004 ('EACCMA 2004') to include specified paper for printing passenger boarding passes within the scope of import duty exemption for aircraft operations and to broaden the recognition of disaster management authorities across Partner States;
- Deferral of the implementation date of the EAC Assembling and Manufacturing of Products Regulations, 2025 to 1 July 2027. The legislation aims to boost value addition and local content by encouraging the use of EAC made raw materials and goods in assembling and manufacturing. The deferral is aimed to provide adequate time for domestic industries to commence production of goods required to be sourced within the EAC; and
- Implementation of specific import duty rates on lubricants, yeast and photocopying and printing paper, as agreed in November 2025, effective from 1 July 2026.

Customs

In September 2025, the East African Community (EAC), through Gazette Notice No. 27 of 26 September 2025, introduced amendments to the EACCMA 2004. These amendments entail revisions to several existing provisions of the EACCMA 2004, as well as the introduction of new sections aimed at strengthening and modernising the regional customs legal framework. The changes are intended to enhance the efficiency of customs administration, improve compliance mechanism and align the legislation with evolving trade practices and regional economic integration objectives.

The proposed changes reinforce Tanzania's strong commitment to industrialisation, self-reliance and regional economic integration. They also highlight the continued use of customs policy as a strategic instrument to support sustainable fiscal management and long-term national development goals, including that of the Tanzania Development Vision 2050 ("DIRA 2050").

Customs

Common External Tariff Amendments

1. **The proposed changes to the Common External Tariff for the year 2026/2027:**

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (increase) for one year	Worked monumental or building stone	Heading 68.02	25%	35% or USD 2/SQM whichever is higher	To promote the use of local stones
	Aluminum bars, rods, and profiles	Heading 76.04	25%	25% or USD 550/MT whichever is higher	To protect local industry, address under-invoicing and undervaluations, attract investment and employment creation
	Washing powder	3402.49.00; 3402.50.00; and 3402.90.00	25%	35% or USD 350/MT whichever is higher	To protect local industry, address under-invoicing, undervaluation and attract investment
	Welding electrodes	8311.10.00	25%	35% or USD 250/MT whichever is higher	To protect domestic industry, address under-invoicing, undervaluation and attract investment
	Crude palm oil (CPO)	1511.10.00	0%	10%	To promote the processing of vegetable oils using locally grown seeds, attract investment, address misdeclaration and misclassification
	Calcium carbonate	2836.50.00	0%	10%	To protect local industry and attract investments
	Imported cotton grey fabric	5208.11.00; 5208.12.00; 5208.13.00; 5208.19.00; 5209.11.00; 5209.12.00; 5209.19.00; 5210.11.00; 5210.19.00; 5211.11.00; 5211.12.00; 5211.19.00; 5212.11.00; and 5212.21.00	25%	35% or USD 0.30 per meter whichever is higher	To protect local manufacturers, address under-invoicing, undervaluation, encourage production of cotton grey fabric and employment creation
	Doors, windows and their frames, and thresholds for doors, of plastic	3925.20.00	25%	35%	To protect local industry and attract investment

Customs

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty remission for one year	Paper used to manufacture corrugated boxes	4805.24.00; and 4805.25.00	25%	10%	To reduce cost of production and ensure availability of corrugated boxes at affordable costs
	Paper used to manufacture corrugated boxes	4804.19.00; 4804.39.00; and 4804.52.00	10%	0%	To reduce cost of production and ensure availability of corrugated boxes at affordable costs
	Raw materials used to manufacture packaging	3506.91.00; and 3920.10.10	10% or 25%	0%	To reduce cost of production and ensure availability of packaging materials at affordable costs
	Raw materials used by manufacturers of aluminium products	3210.00.99	35%	10%	To reduce production costs of aluminium products and attract investment
	Packaging materials for the manufacture of acaricides	Various	Various	0%	To reduce production cost of acaricides, attract investment and employment creation
Stay of application with no timeframe	Electric motor vehicles	8702.40.19; 8702.40.22; 8702.40.29; 8702.40.99; 8703.80.90; and 8704.60.90	25%	10%	To promote the use of electrical energy in the transport sector and reduce dependence on petrol and diesel
Duty remission with no timeframe	Wire of iron or non-alloy steel used for the manufacture of concrete electric poles (regional duty remission)	7217.10.00; and 7217.90.00	Various	10%	To reduce production cost of these poles and facilitate supply of electricity in the region.
Increase in duty with no timeframe	Ceramic tiles	6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00	35%	35% or USD 3 per square meter whichever is higher	To protect regional industry, address under-invoicing, undervaluation and attract investment
	Nails, tacks, drawing pins, corrugated nails, staples, and similar articles of iron or steel	7317.00.00	35%	35% or USD 350/MT whichever is higher	To protect regional industry, address under-invoicing, undervaluation and attract investment,

Customs

Commentary:

Several of the new CET measures for 2026/27 are particularly noteworthy:

- First, the introduction of compound duty rates (a combination of specific and ad valorem charges) on products such as aluminium bars and rods, washing powder and welding electrodes reflects a targeted effort to address under-invoicing and undervaluation of imports issues that have historically contributed to revenue loss;
- Second, the temporary reduction of import duty on electric vehicles from 25% to 10% highlights a strong policy direction towards promoting clean energy and environmentally friendly transport solutions;
- Third, the shift to permanent CET rate changes on products such as ceramic tiles and nails rather than the short-term “stay of application” approach used in previous years signals a move towards more predictable and long-term regional tariff protection; and
- Finally, the introduction of a 10% duty on crude palm oil, which was previously duty-free, represents a significant policy adjustment. This measure aims to address the misdeclaration of semi-refined palm oil as crude palm oil and brings Tanzania in line with similar measures already adopted by Kenya and Uganda.

Customs

2. The proposed measures that were taken into effect in the financial year 2025/26 which continue to be implemented in 2026/27

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (Decrease) for one year	Cash registers and Electronic Fiscal Device (EFD)/Point of Sale (POS) machines	8470.50.00; and 8470.90.00	10%	0%	To encourage the use of electronic devices for accounting of Government revenues
	Worn items of clothing, footwear and articles	6309.00.10; 6309.00.20; and 6309.00.90	35% or USD 0.40/kg	35%	To promote consumer welfare
	Smart cards (imported by NIDA)	8523.52.00	25%	0%	To facilitate issuance of National Identification cards
	Imported Vitenge	5208.51.10; 5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10; 5212.15.10; 5212.25.10; 5513.41.10; and 5514.41.10	50%	35%	To promote consumer welfare
	Cane sugar (under permit from Tanzania Sugar Board)	1701.14.90	100% or USD 460/MT	35%	To cover the sugar production gap in the country
	Buses for transportation of more than 25 persons	8702.10.99; 8702.20.99; and 8702.90.99	25%	0%	To de-congest the city and ease the transportation system
Stay of application (Increase) for one year	Cocoa powder	1805.00.00	0%	10%	To promote domestic cocoa processing and enhance value addition
	Monofilament of plastics	3916.10.00; 3916.20.00; and 3916.90.00	0%	10%	To curb misdeclaration

Customs

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (Increase) for one year	Safety matches	3605.00.00	25%	Higher of 25% or USD 1.35/kg	To protect domestic manufacturers of safety matches
	Mineral and aerated waters	2201.10.00	35%	60%	To protect domestic producers
	Gypsum powder	2520.20.00	0%	10%	To protect gypsum powder producers
	New pneumatic tyres for motorcycles	4011.40.00	10%	25%	To attract domestic investment in tyre production
	Baby diapers	9619.00.90	25%	35%	To protect local manufacturers and attract investment
	Cotton yarn	Headings 52.05; 52.06; and 52.07 (except 5205.23.00)	10%	25%	To protect and promote cotton yarn production
	Horticultural products	0604.20.00; 0604.90.00; 0808.10.00; and 0808.30.00	25%	35%	To protect local producers
	Polyester/Nylon Twine	5607.50.00	10%	25%	To protect local manufacturers and employment creation
	Other paper, paperboard, cellulose wadding and webs of cellulose fibres	4811.90.00	10%	25%	To protect local manufacturers and attract investment
	Float, toughened and multiple-walled insulating units of glass	7005.10.00; 7005.21.00; 7005.29.00; 7005.30.00; 7007.19.00; 7007.29.00; and 7008.00.00	10%	35%	To protect domestic glass manufacturers
	Table salt	2501.00.90	35%	50%	To protect local manufacturers of salt

Customs

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (Increase) for one year	Crude vegetable oils (soya-beans, groundnuts, coconuts, mustard and linseed)	1507.10.00; 1508.10.00; 1513.11.00; 1513.21.00; 1514.11.00; 1514.91.00; and 1515.11.00	0%	10%	To align with sunflower and cotton crude oils and promote domestic production
	Unbleached kraft paper and paperboard	4804.51.00	10%	25%	To protect domestic industry
	Fibreboard of wood/Medium Density Fibreboard	Heading 44.11	25%	35%	To protect local manufacturers
	Plywood, veneered panels, and similar laminated wood	Heading 44.12	25%	35%	To protect local manufacturers
	Refined vegetable oils	1507.90.00; 1508.90.00; 15.09; 15.10; 1511.90.30; 1511.90.90; 1512.19.00; 1512.29.00; 1513.19.00; 1513.29.00; 1514.19.00; 1514.99.00; 1515.19.00; 1515.29.00; 1515.50.00; 1515.60.00; and 1515.90.00	35%	35% or USD 300/MT whichever is higher	To protect and promote vegetable oil processing using locally grown seeds and employment creation
	Iron and steel products	7209.16.00; 7209.17.00; 7209.18.00; 7209.25.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7226.92.00; and 7225.50.00	10%	Higher of 10% or USD 125/MT	To protect manufacturers, attract investment, address under-invoicing, undervaluation of the imported productsas well as employment creation
	Corrugated iron sheets	7210.30.00; and 7210.41.00	35%	35% or USD 500/MT whichever is higher	To protect manufacturers, address under-invoicing, undervaluation of imported products and employment creation,

Customs

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (Increase) for one year	Flat-rolled products of iron or non-alloy steel	7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; and 7210.90.00	25% or USD 200/MT	35% or USD 350/MT whichever is higher	To protect local manufacturers, address under-invoicing, undervaluation of imported products and employment creation,
	Flat-rolled products	7212.20.00	10%	10% or USD 125/MT whichever is higher	To protect local manufacturers, address under-invoicing, undervaluation of imported products and employment creation,
	Flat-rolled products of iron or non-alloy steel	7212.30.00	25% or USD 200/MT	25% or USD 300/MT whichever is higher	To protect local manufacturers, address under-invoicing, undervaluation of imported products and employment creation,
	Flat-rolled products of iron or non-alloy steel	7212.40.00; and 7212.50.00	35%	35% or USD 350/MT whichever is higher	To protect local manufacturers, address under-invoicing, undervaluation of imported products and employment creation
	Flat-rolled products of iron or non-alloy steel	7212.60.00	10%	10% or USD 300/MT whichever is higher	To protect iron and steel manufacturers, address under-invoicing, undervaluation of imported products and employment creation
	Hot-rolled bars and rods of iron or non-alloy steel	7213.10.00; 7213.20.00; and 7213.99.00	25% or USD 200/MT	25% or USD 250/MT whichever is higher	To protect iron and steel manufacturers, attract investment, address under-invoicing, undervaluation of imported products and employment creation
	Bars and rods of iron or non-alloy steel	Heading 72.14	35%	35% or USD 250/MT whichever is higher	To protect local manufacturers, attract investment, address under-invoicing, undervaluation of imported products and employment creation
	Iron and steel flat rod products	7225.91.00; 7225.92.00; and 7225.99.00	10%	25% or USD 300/MT whichever is higher	To protect manufacturers, attract investment, address under-invoicing, undervaluation of imported products and employment creation

Customs

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Stay of application (Increase) for one year	Semi-finished flat rolled products	7226.99.00	10%	10% or USD 300/MT whichever is higher	To protect local manufacturers, attract investment, address under-invoicing, undervaluation of imported products and employment creation
	Other tubes, pipes and hollow profiles of iron or non-alloy steel	7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00	25%	25% or USD 250/MT whichever is higher	To protect iron and steel manufacturers, attract investment, address under-invoicing, undervaluation of imported products and employment creation
Duty remission for one year	Imported wheat grain	1001.99.10; and 1001.99.90	35%	10%	To reduce cost for wheat flour manufacturers and ensure availability of wheat products at affordable prices
	Refined Bleached Deodorized (RBD) Palm Stearin	1511.90.40	10%	0%	To promote domestic manufacturers of soaps
	Organic surface-active agents including LABSA	3402.31.00; 3402.39.00; and 3402.49.00	10% or 25%	0%	To reduce cost of inputs for detergents and liquid soaps manufacturers
	Raw materials for leather processing	3208.20.10; 3208.20.20; 3208.90.20; and 3210.00.10	35% or 10%	0%	To promote growth of local leather industries
	CKD for three-wheelers (excluding chassis)	8704.21.90	25%	10%	To reduce cost of assembling / manufacturing of three-wheelers and attract investment
	Inputs for soap manufacturing	3401.20.10	35%	10%	To reduce cost and promote growth of local soap manufacturers and employment creation

Customs

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty remission for one year	Inputs for electrical cables	7312.10.00; 7217.20.00; 7408.19.00; 7409.11.00; 7605.21.00; 2710.19.56; 3815.90.00; 5402.19.00; 5903.90.00; 7907.00.00; and 2712.10.00	10% or 25%	0%	To reduce cost and promote import substitution industries of electrical cables and attract investment in the country
	Inputs for radiators	7409.11.00; 7409.19.00; 7410.11.00; 7410.12.00; 7409.21.00; 8001.10.00; and 3810.90.00	10%, 25% or 35%	0%	To reduce cost and attract domestic investment in radiator production
	Lithium-ion electric accumulators for electric vehicles and motorcycles	8507.60.00	25%	0%	To reduce cost of assembling / manufacturing and attract local investment in vehicles and motorcycles manufacturing or assembling, ensuring availability of the final product at an affordable price in the country
	Inputs for optical fibre cables	3215.19.00; 3403.99.00; 3506.91.00; 3818.00.00; 3907.99.00; 3916.90.00; 3917.39.00; 3919.90.90; 3920.69.90; 3920.99.90; 3921.14.90; 3921.90.90; 5402.11.00; 5404.90.00; 7019.90.90; 8536.90.00; and 8544.49.00	Various	0%	To reduce production costs of optical fiber cables, employment creation and promote local investment in communication sector

Customs

Proposed CET changes	Item	HS Code	Old rate	New rate	Intention/Objective
Duty remission for one year	Inputs for labels, thermal paper rolls, POS & EFD machines	4811.90.00	25%	10%	To reduce costs of inputs used by local manufacturers
	Inputs for waterproofing membranes	2713.20.00; 5603.14.00; 2710.19.59; and 3920.10.10	10%	0%	To reduce costs of inputs used by local manufacturers
	Inputs for waterproofing membranes	6802.99.00	35%	10%	To reduce costs of inputs used by local manufacturers
	Packaging materials for tea blenders	4819.20.90; and 5407.44.00	25%	0%	To reduce costs of tea blenders and attract investment
	Packaging materials for packing processed coffee	7310.21.00; and 6305.10.00	25%	0%	To reduce packaging material costs for coffee processors
	Packaging materials for agricultural seeds	6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90; and 7607.19.90	25%	0%	To reduce cost of packaging materials for domestic producers of agricultural seeds and attract local investment
	Inputs for yoghurt, powdered or UHT milk	3923.50.90; 4819.20.90; 4819.30.00; 4819.50.00; 4821.90.00; and 7607.19.90	25% or 35%	0%	To reduce production costs of milk, employment creation and promote local investment in dairy sector
Stay of application and duty remission with no timeframe	Raw materials, accessories and machineries for textiles and leather products	Various	Various	Various	To promote textiles and leather products manufacturers

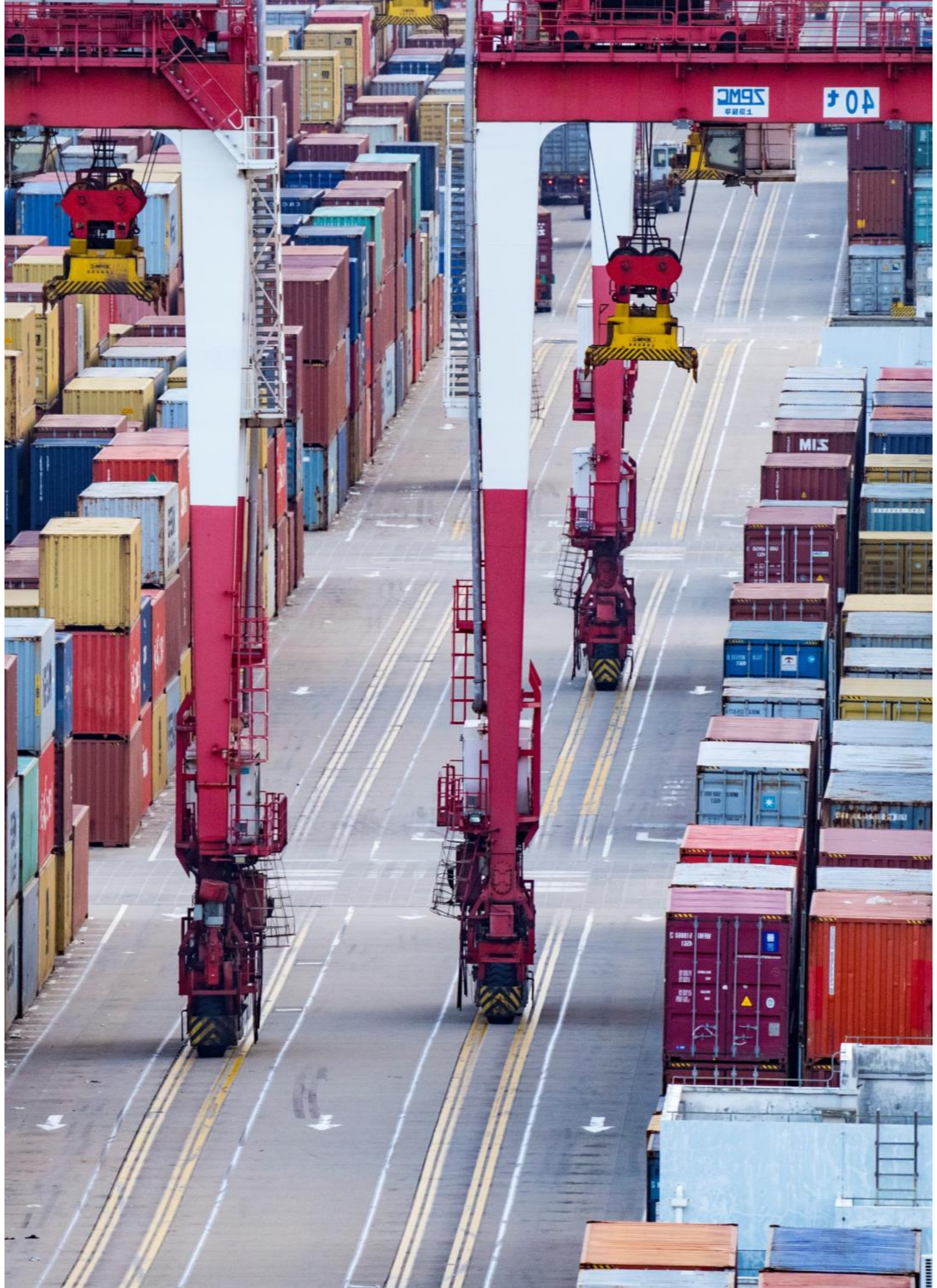
Customs

Commentary:

The 2026/27 continuing measures largely maintain the framework introduced in the 2025/26 fiscal year. A key development is the increased focus on addressing under-invoicing and undervaluation within iron and steel products. Several items in this category now attract combined duty rates, i.e. ad valorem and specific charges, either for the first time or with higher specific duty components.

Additionally, the continued application of a 0% import duty on buses for rapid transport underscores ongoing efforts to support urban mobility and improve public transport with the aim of reducing congestion.

Another notable change is the restructuring of duty remission on waterproofing membrane inputs. Previously covered under a single tariff line, these inputs have now been split into two separate HS code classifications, each with different remission rates of 0% and 10%, respectively.



3

The Economy

The Economy

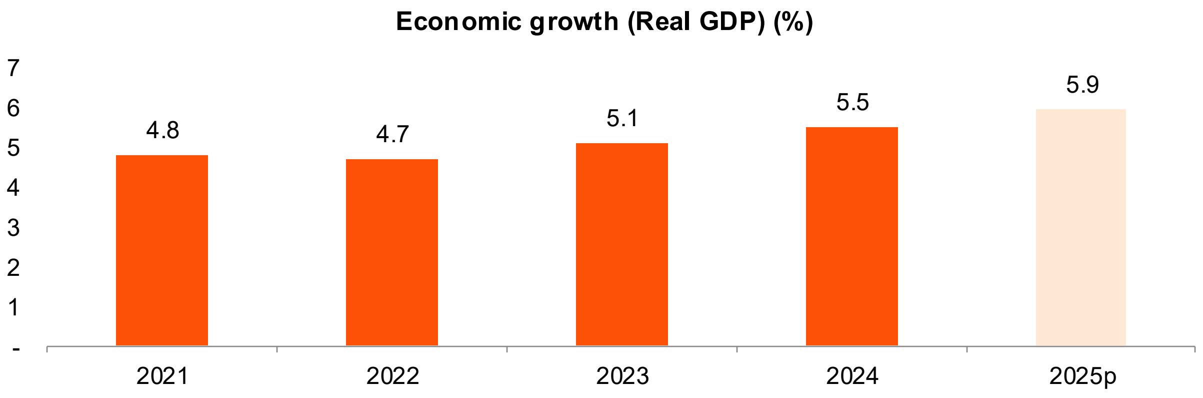
5.9%

The real GDP growth

Growth Performance in 2025

The real GDP growth for the year was 5.9%, against a target of 6%[1] but was higher than the growth of 5.6% achieved in 2024[2]. Just like in 2024, the growth was mainly driven by agriculture, construction activities, financial and insurance, and mining[3].

The leading sectors in terms of contribution to GDP were agriculture (24.3%), construction (11.9%), mining and quarrying (10.3%), trade and repair (8.6%), transport and storage (8.3%) and manufacturing (5.9%)[4].



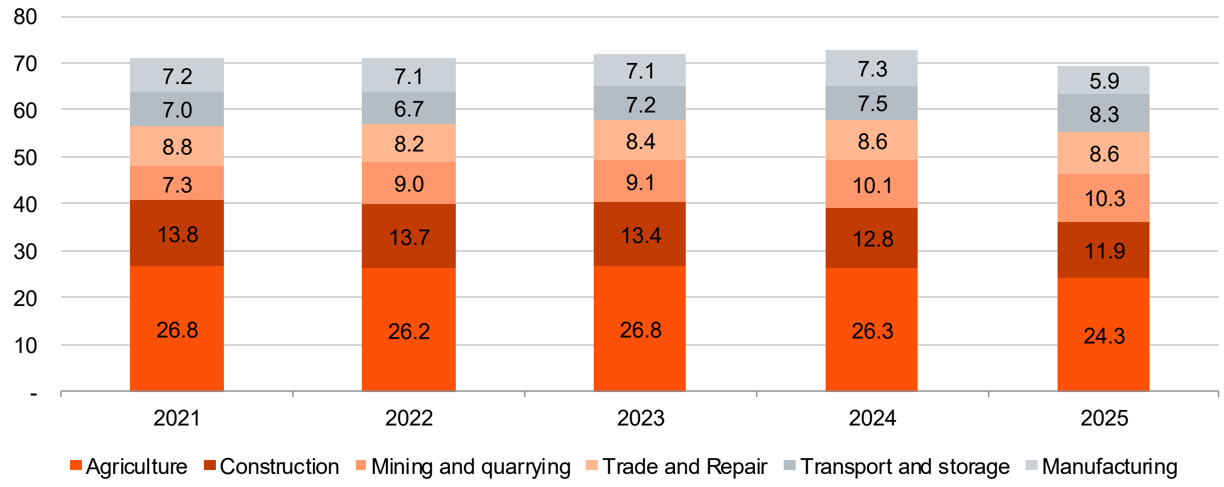
Source: Muhtasari wa Pato la Taifa Robo ya Nne (Oktoba - Desemba) 2025 Bei za Mwaka wa Kizio 2015, Pg 23

1 Bot Monetary Report. Pg iv
2 NBS, Highlights on the Fourth Quarter (October – December) GDP 2024 Base Year 2015, Pg 18
3 Bot Monetary Report. Pg iv
4 NBS. Muhtasari wa Pato la Taifa Robo ya Nne (Oktoba–Desemba) 2025, Kiambatisho Na. 4, p. 30.

GDP Contribution by Sector (%)

The sectors with the highest growth during the year were financial and insurance activities (15.7%), electricity (11.8%), mining and quarrying (9.4%), information and communication (8.8%), arts, entertainment and recreation (8.5%), transport and storage (8%), health (6%), public administration and defence (5.8%), and professional, scientific, and technical act (5.6%). Surprisingly, relatively lower growth rates were recorded in real estate (4.2%), construction (4%), accommodation and restaurant (3.6%) and water(3%)[5].

Contribution of real GDP growth by major economic activities (%)



Source: Hali ya uchumi wa Taifa kwa mwaka 2025, page 3

Real GDP growth by sector (%)

Source: Hali ya uchumi wa Taifa kwa mwaka 2025, page 2

5 NBS. Muhtasari wa Pato la Taifa Robo ya Nne (Oktoba–Desemba) 2025, Kiambatisho Na. 2, p. 22..

Growth Outlook

The most recent growth projections for the real GDP by various international institutions are positive as follows:

Institution	2026	2027
IMF[6]	5.9%	6.1%
World Bank[7]	6.2%	6.5%

6 IMF Real GDP growth Forecast
7 WB Global Economic Forecast - Tanzania

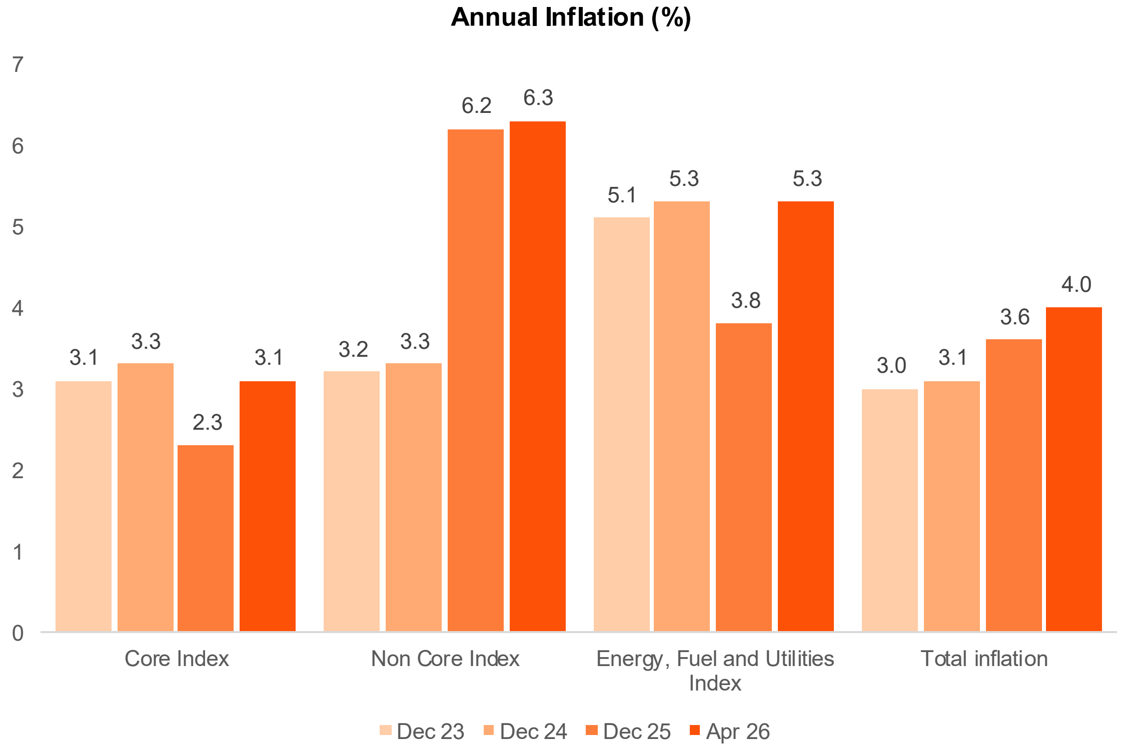
Inflation

Inflationary pressures remained contained within the Bank of Tanzania's target range of 3% to 5% in the medium term throughout the year 2025.

Notwithstanding this, the average annual headline inflation rate recorded an increase from 3.1% in December 2024 to 3.6% in December 2025. This upward movement was primarily attributable to elevated food price inflation driven by heightened consumer expenditure and associated pricing pressures during the festive period[8].

Inflation continued to be steady, remaining well within both the national and regional targets set by the SADC and EAC. As of April 2026, the headline annual inflation rate had increased to 4%[9].

Over the near term, the inflation outlook is expected to be influenced by risks stemming from the ongoing Middle East crisis. Nevertheless, favourable domestic conditions including sufficient food supply, a stable exchange rate and the continued pursuit of prudent monetary policy are expected to partially mitigate the effects of external pressures, particularly elevated oil and fertiliser prices on the overall inflation rate. Taking these factors into account, the Bank of Tanzania projects that inflation will remain within its target range of 3% to 5% for the remainder of 2026[10].



Source: BOT Monthly Economic Reviews January 2026 page 3 and April 2026 page 6, CPI May 2026, PwC Analysis

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9 Bank of Tanzania Monthly Economic Review January 2026 Page 3
10 Bank of Tanzania Monthly Economic Review April 2026 Page 6

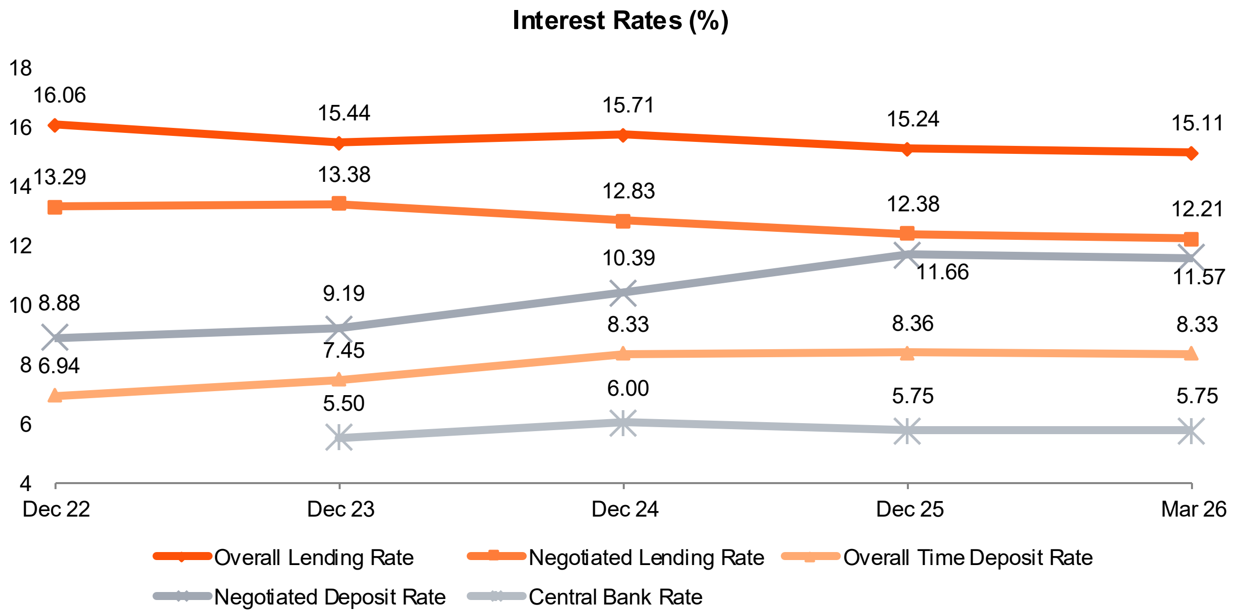
Interest Rates

The average lending rate declined marginally from 15.71% in December 2024 to 15.24% in December 2025 which was also reflected in the negotiated lending rate eased from 12.83% to 12.38% over the same period.

On the deposit side, the overall time deposit rate edged up slightly from 8.33% in December 2024 to 8.36% in December 2025. The negotiated deposit rate saw a higher increase, rising from 10.39% to 11.66% over the same period, reflecting improved returns for depositors[11].

In March 2026, the average lending rates slightly decreased from December 2025 levels to 15.11% whilst negotiated lending rates extended to prime customers held stable at around 12%. On the deposit side, the overall time deposit rate was largely unchanged, though negotiated deposit rates reduced to 11.57%[12].

The steadiness in lending rates suggests limited immediate transmission of monetary policy changes to retail credit conditions.



Source: BOT Monthly Economic Reviews January 2026 page 7 and April 2026 page 10, PwC Analysis

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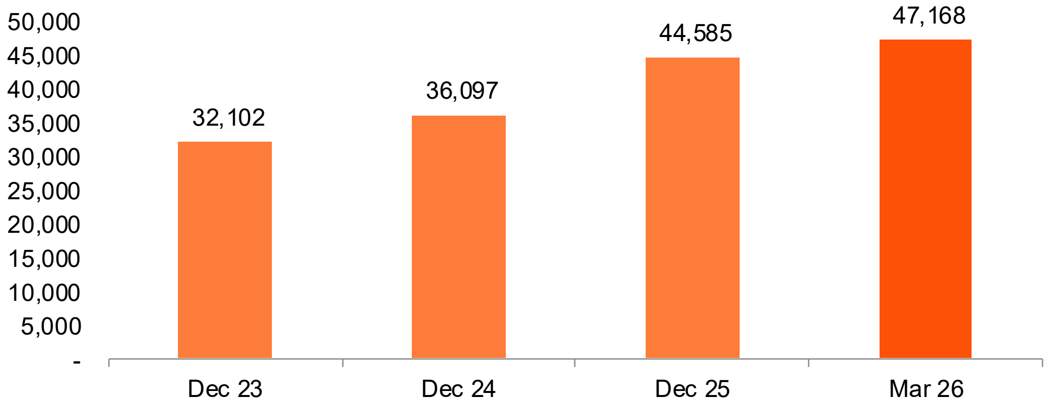
12 Bank of Tanzania Monthly Economic Review April 2026 Page 10

Credit to Private Sector

In December 2025, credit to the private sector reached TZS 44.6 trillion from TZS 36.1 trillion in December 2024 recording a growth of 23.5%. This trend is attributed to an increase in demand for new loans[13].

In 2026, private sector credit growth sustained its upward trend from the beginning of the year, recording a growth of 5.8% in the first quarter up to March 2026 with the credit to the private sector reaching to TZS 47.2 trillion in March 2026. This growth reflects sustained confidence in the economy, supported by banks' increased lending and accommodative monetary policy[14].

Credit to Private Sector (in TZS Billion)



Source: BOT Monthly Economic Reviews January 2026 page 6 and April 2026 page 9. PwC Analysis

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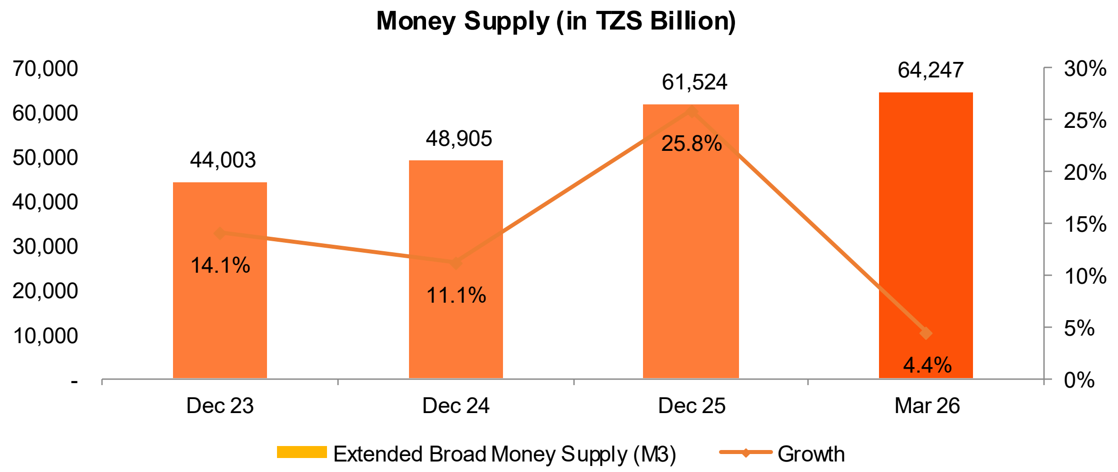
Money Supply

During the period ending in December 2025, the extended broad money supply (M3) witnessed a growth rate of 25.8% to TZS 61.5 trillion from TZS 48.9 trillion recorded in 2024. The growth was mainly driven by continued expansion of credit to the private sector which grew by 23.5%[15].

In the first quarter of 2026 up to March, M3 recorded a growth of 4.4%, rising to TZS 64.2 trillion. Private sector credit continued to be the major driver of M3 dynamics[16].



Source: BOT Monthly Economic Reviews January 2026 page 6 and April 2026 page 9, PwC Analysis

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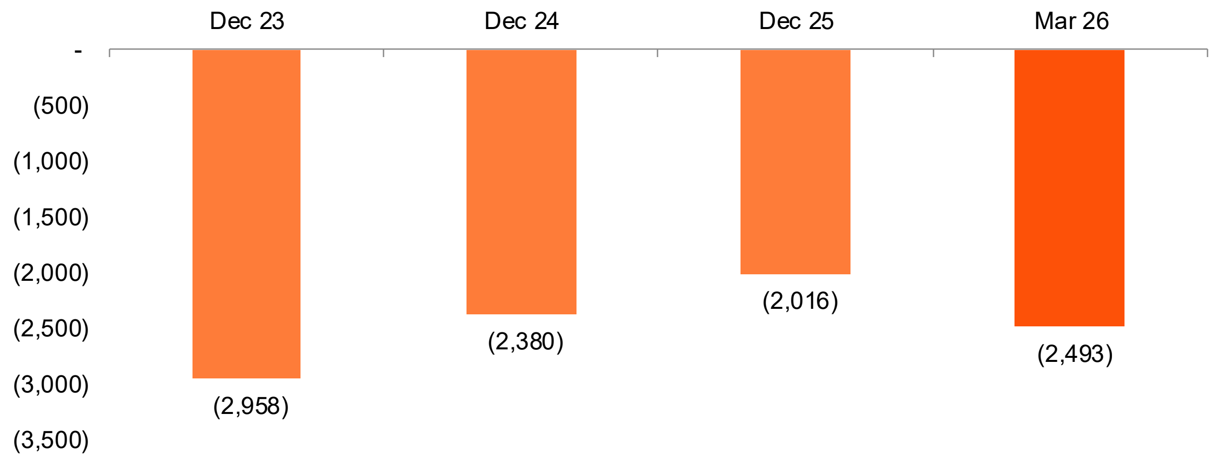
External Trade

The external trade of Tanzania improved in the year ending December 2025, evidenced by the reduction in the current account deficit which decreased by 15.3% from USD 2,380 million as of December 2024 to USD 2,016 million as of December 2025.

The performance was mainly supported by strong growth in the exports of goods and services compared to import bills, which were largely dominated by intermediate and capital goods associated with production and investment activities[17].

In 2026, the external sector exhibited a slowdown after a sustained period of improvement, as reflected by the widening of the current account deficit to USD 2,492.5 million in the year ending March 2026 compared to USD 2,009.9 million recorded in the corresponding period in 2025. This deterioration was largely driven by stronger growth in imports, particularly industrial supplies and capital goods which outpaced export growth[18].

Current Account Deficit (in USD Million)



Source: BOT Monthly Economic Reviews January 2026 page 11 and April 2026 page 15, PwC Analysis

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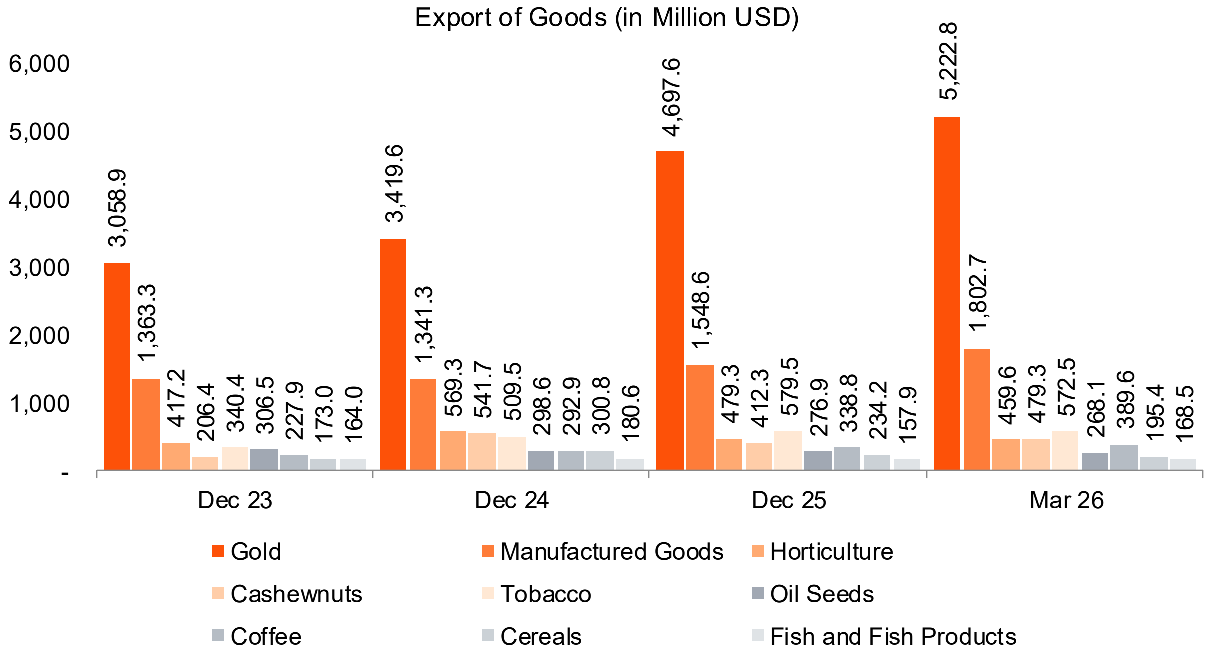
Exports

Exports of goods and services expanded by 10.2% in 2025, reaching USD 17,599.2 million compared with USD 15,968.4 million in 2024. The principal contributors to this trend were gold exports, travel receipts, manufactured goods and traditional exports[19]. In the year ending March 2026, exports of goods and services increased by 12.8% to USD 18,603.5 million from the figure recorded in December 2025. The growth was supported by robust gold exports and travel receipts, which collectively accounted for 51.4% of total exports[20].

Exports of goods increased to USD 10,282.4 million in 2025 compared to USD 9,121.6 million recorded in 2024. This increase was driven mainly by the exports of gold, manufactured goods, tobacco and coffee. Gold exports, which accounted for 45.7% of total goods exports, rose by 37.4% to USD 4,697.6 million, benefiting from favourable global prices. Exports of manufactured goods also strengthened, increasing to USD 1,548.6 million from USD 1,341.3 million in 2024[21].



Source: BOT Monthly Economic Reviews January 2026 page 12 and April 2026 page 15, PwC Analysis

In the year ending March 2026, exports of goods amounted to USD 11,076.9 million, largely supported by exports of gold, manufactured goods, tobacco and coffee. Gold exports increased to USD 5,222.8 million, benefiting from favourable global prices. Similarly, exports of manufactured goods rose to USD 1,802.7 million, supported by strong demand for iron and steel, and glassware from neighbouring countries[22].

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20 Bank of Tanzania Monthly Economic Review April 2026 Page 15
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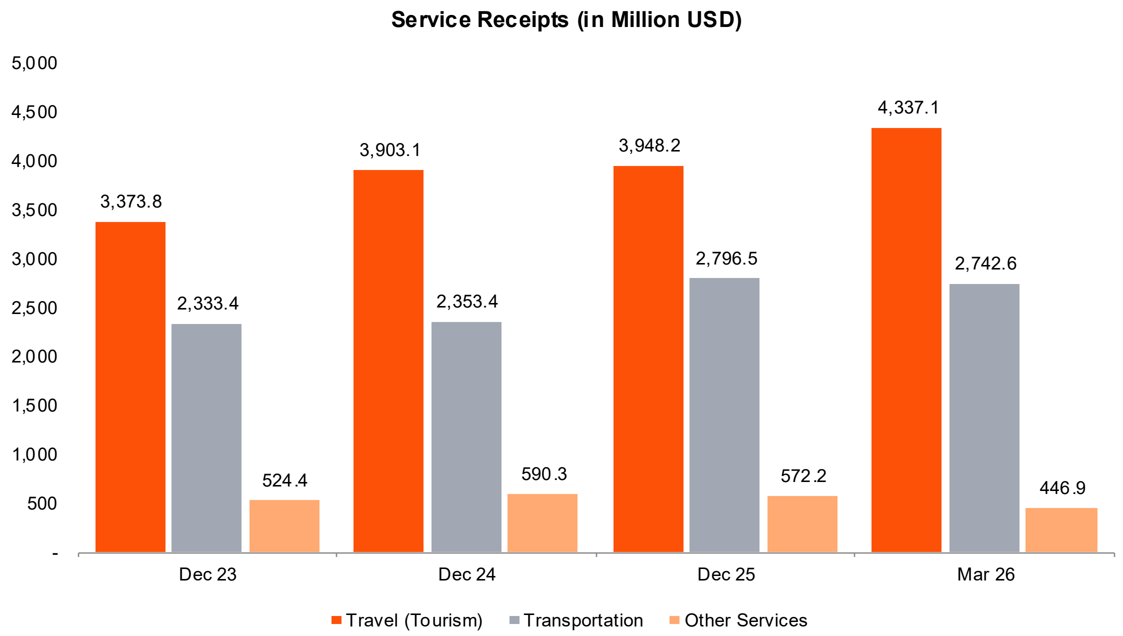
Service Recipients

Services receipts also delivered a strong performance in the year ending December 2025, rising to USD 7,316.8 million from USD 6,846.8 million in 2024. This improvement was driven largely by higher earnings from travel and transport services. Travel receipts rose to USD 3,948.2 million from USD 3,903.1 million in 2024, consistent with a 7.1% increase in international tourist arrivals. Transport service receipts grew to USD 2,796.5 million from USD 2,353.4 million in 2024, reflecting elevated freight earnings from transit goods which expanded by 34%[23].

In the year ending March 2026, service receipts rose by 2.9% to USD 7,526.5 million from USD 7,316.8 million in the year end December 2025. This expansion was driven principally by stronger travel and transport earnings. Travel receipts increased by 9.9% to USD 4,337.1 million from 3,948.2 million in the year end December 2025, reflecting an improved tourism performance in line with rising international tourist arrivals. In contrast, transport service receipts decreased to USD 2,742.6 million from USD 2,796.5 million in the year end December 2025[24].



Source: BOT Monthly Economic Reviews January 2026 page 12 and April 2026 page 16, PwC Analysis

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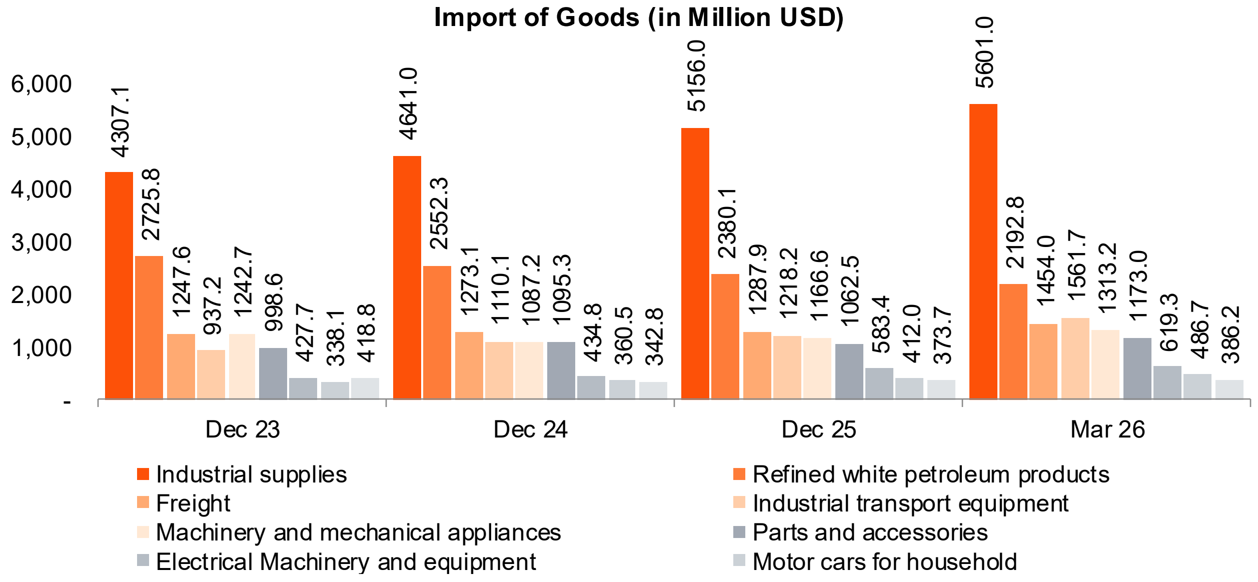
Imports

Imports of goods and services rose by 4.9% in the year ending December 2025 to USD 17,826.1 million compared to USD 16,990.7 million in 2024. The increase was attributable to higher imports of industrial supplies, freight services, industrial transport equipment, and machinery and mechanical appliances predominantly capital and intermediate goods aligned with the country's industrialisation agenda.

Imports increased by 13.6% to USD 19,361.9 million in the year ending March 2026 compared with the same period in 2025. This growth was largely driven by goods imports, particularly industrial supplies, transport equipment, machinery and mechanical equipment, as well as parts and accessories.

The increase in capital and intermediate goods indicates a robust acceleration in domestic investment and industrial production, signalling a shift toward expanded productive capacity.

Meanwhile, imports of refined white petroleum products declined by 12.8% to USD 2,192.8 million, reflecting earlier moderation in global oil prices prior to the recent volatility associated with the geopolitical conflict in the Middle East[25].



Source: BOT Monthly Economic Reviews January 2026 page 13 and April 2026 page 16, PwC Analysis

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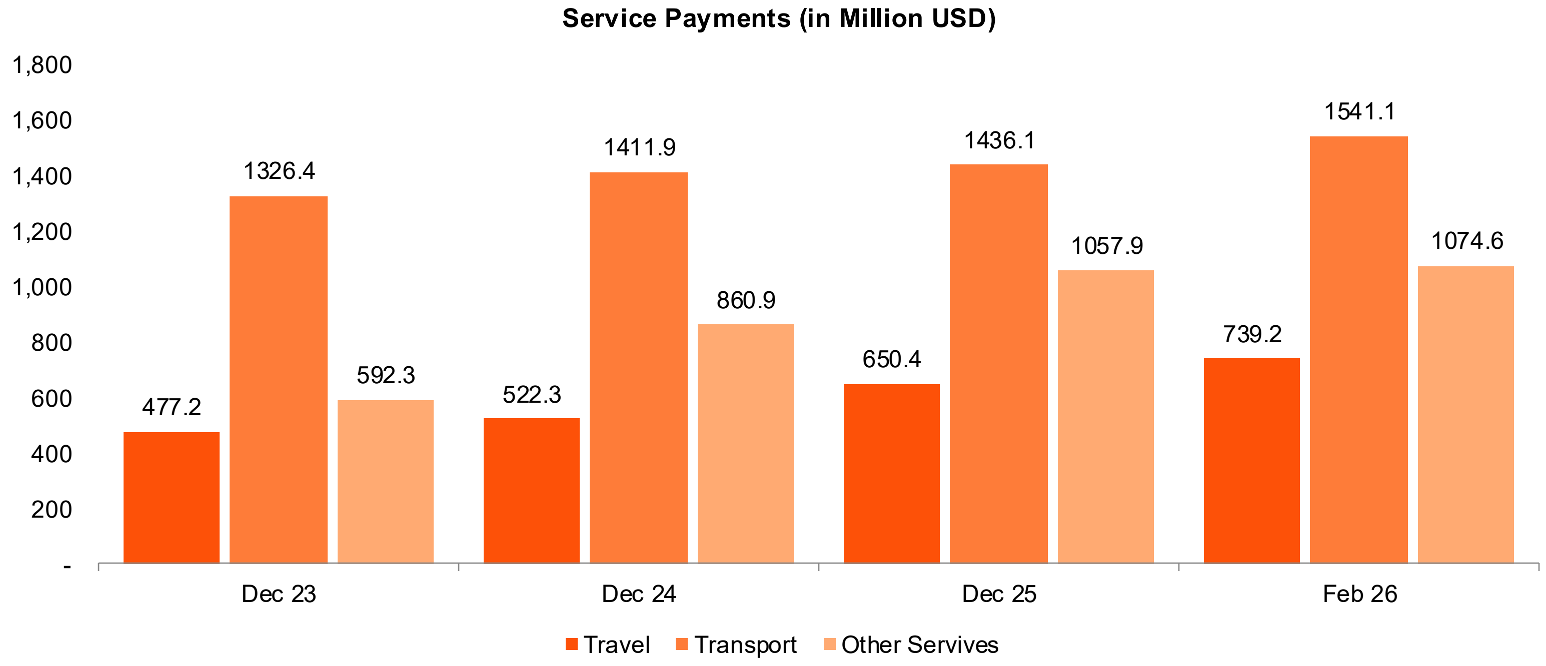
Service Payments

Services payments increased by 12.5% to USD 3,144.4 million in the year ending December 2025 compared to USD 2,795 million recorded in 2024. In the year ending February 2026, service payments amounted to USD 3,354.9 million compared to UDS 2,847.6 million in the same period in 2025. The increase was mainly driven by higher freight payments, in line with the trend in import bills [26].



Source: BOT Monthly Economic Reviews January 2026 page 13 and April 2026 page 17, PwC Analysis

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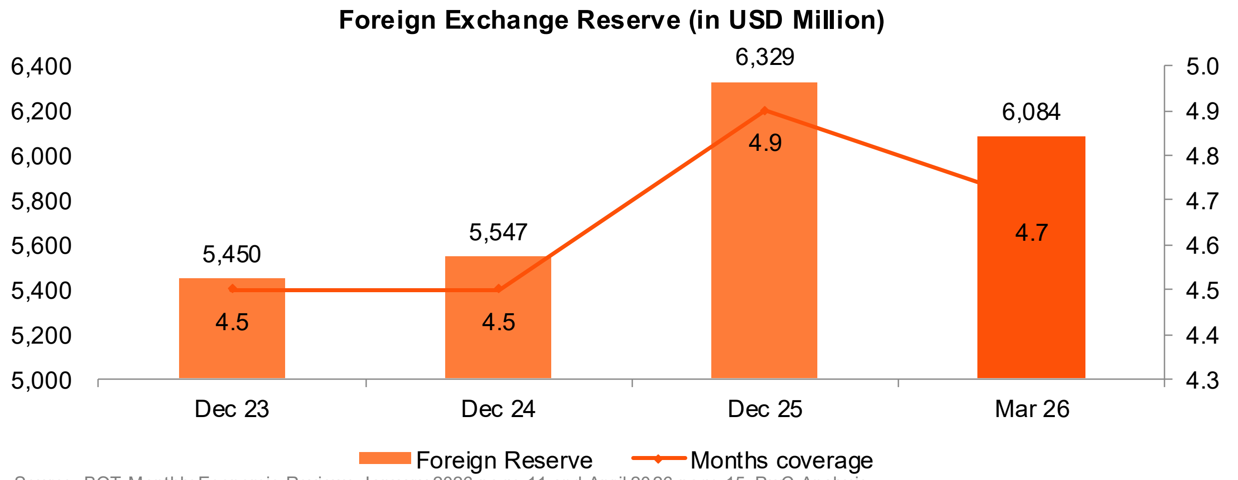
Foreign Exchange Reserves

Foreign exchange reserves rose to USD 6,329.0 million by the end of December 2025 compared to USD 5,546.9 million at the end of December 2024. These reserves are sufficient to cover 4.9 months of projected imports of goods and services, exceeding both national and EAC benchmarks of 4 and 4.5 months respectively[27]. Gold reserves increased from USD 30.8 million (0.6% of total reserves) at the end of December 2024 to 855.8 million (13.5%) at the end of December 2025 with the Bank of Tanzania achieving its target of 20 tonnes in gold reserve earlier than planned.

In the first quarter of 2026, the foreign reserves slightly dropped to USD 6,084.4 million by the end of March 2026 which is still sufficient to cover 4.7 months of projected imports of goods and services[28].



Source: BOT Monthly Economic Reviews January 2026 page 11 and April 2026 page 15, PwC Analysis

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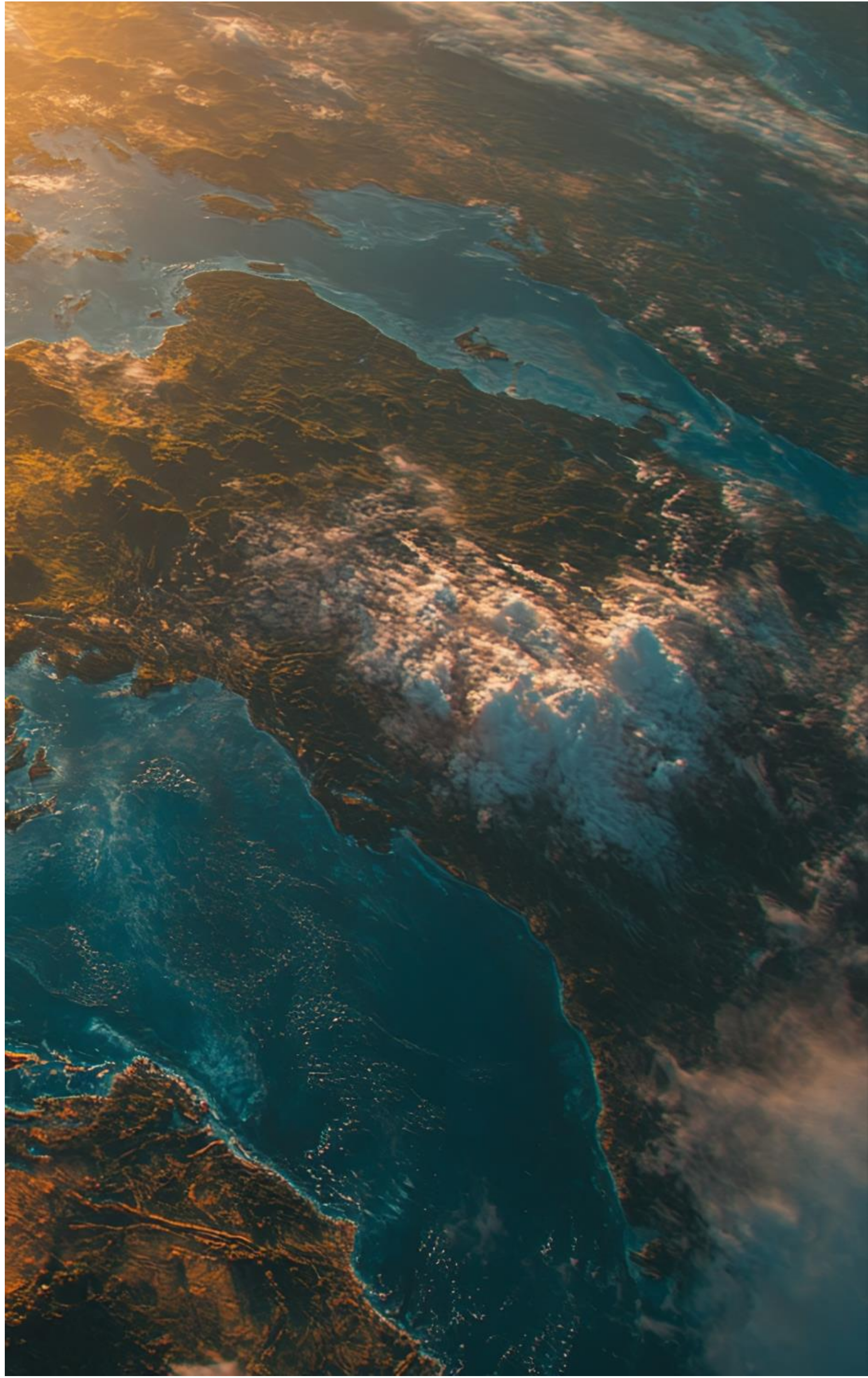

Exchange Rates

The Tanzania Shilling traded at an average rate of TZS 2,452.76 per US dollar in December 2025 compared with TZS 2,444.81 per US dollar in the preceding year translating to an annual depreciation of 1.3%[29].

During the month of March 2026, the shilling traded around TZS 2,583.23 per US dollar, compared with TZS 2,650.24 per US dollar in March 2025 representing an annual appreciation of 2.52%, this is due to easing of the demand pressures in the interbank foreign exchange market (IFEM), reflecting improved foreign currency liquidity supported mainly by export inflows, particularly from gold[30].

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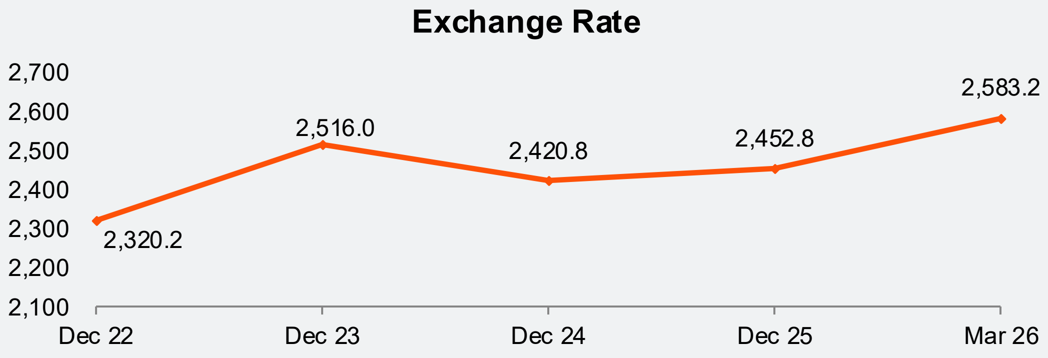
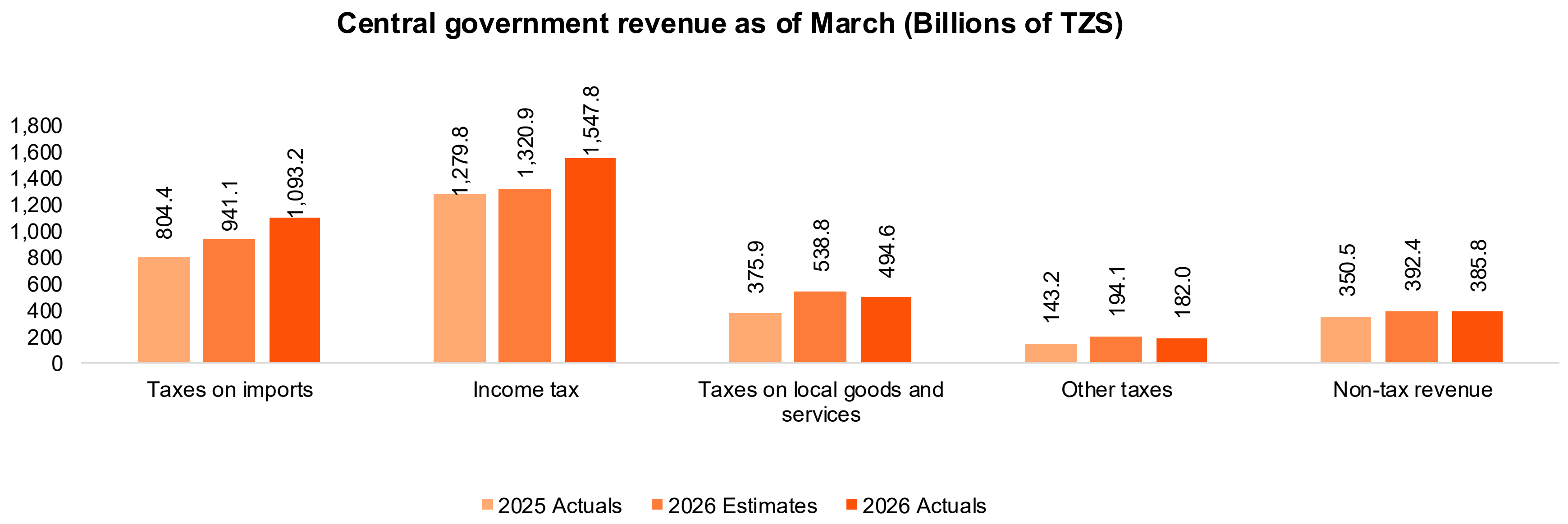


Source: BOT Monthly Economic Reviews January 2026 page 8 and April 2026 page 11, PwC Analysis

Revenue/Collections

Budget execution by the Government exceeded expectation. By April 2026, total revenue (including grants) was TZS 34.75 trillion equivalent to 101.8% of the target. Tax collection totalled TZS 28.10 trillion equivalent to 105.1% of the target. Other revenue (non-tax revenue and revenue collected by Local Government Authorities) amounted to 5.92 trillion shillings, equivalent to 89.5% of the target while and grants from Development Partners amounted to 740.5 billion shillings, equivalent to 96.1% of the target[31].



Source: Bank of Tanzania Monthly Economic Review May 2026 Page 8

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Expenditure

The planned expenditure for 2025/2026 was within the target with TZS 40.92 trillion spent by April 2026 equivalent to 98.8%.

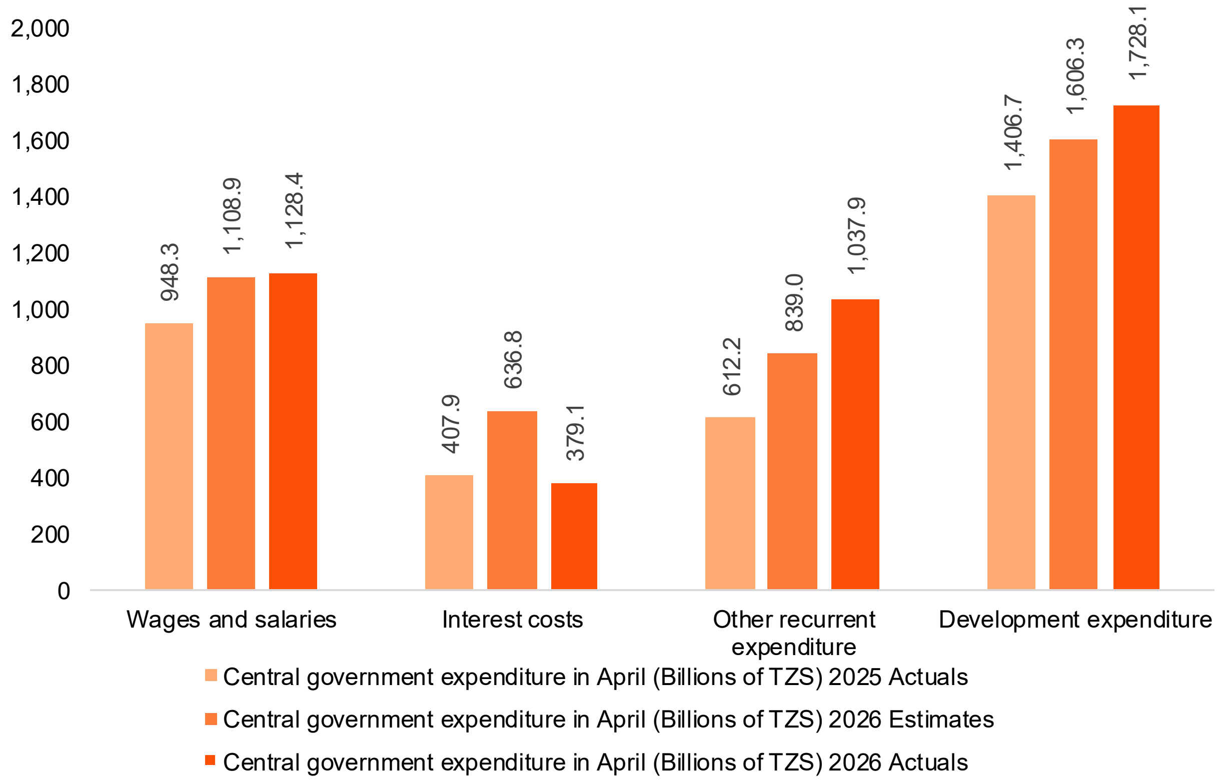
This expenditure comprised:

- salaries and entitlements for public servants of TZS 7 trillion
- interest payments of TZS 5.09 trillion procurement of goods and services of TZS 7 trillion ;
- subsidies, social contributions, social benefits and other expenses amounting to TZS 19.4 trillion ; and
- acquisition of non-financial assets of TZS 2.4 trillion

As of March 2026, the Government's total debt stood at TZS 114.34 trillion with domestic debt of TZS 38.45 trillion (33.6%) and external debt of TZS 75.89 trillion (66.4%).

The borrowed funds have been allocated to key strategic sectors aimed at driving economic growth, particularly in the development of transport, energy and communication infrastructure [32].

Central government expenditure as of April (Billions of TZS)



Source: Bank of Tanzania Monthly Economic Review May 2026 Page 8

32 Budget speech 2026/27 Page 13

Macroeconomic Policy

Tanzania has entered the first year of implementation of the Fourth National Five-Year Development Plan 2026/27–2030/31, under the theme "Transformation for Inclusive Economic Growth and Job Creation." The 2026/27 budget Guideline aligns the medium-term budget to Vision 2050 and prioritises reforms aimed at strengthening economic competitiveness, human capital, climate resilience, national sustainability and implementation of flagship programmes[33].

The 2026/27 budget will lay the foundation for FYDP IV by continuing strategic programmes and projects not completed under FYDP III, while prioritising projects with quick results and those that support economic transformation and improved management of the economy.

33 United Republic of Tanzania. (2025). Tanzania Development Vision 2050. Dodoma; National Planning Commission
34 Proposed Guidelines for the Preparation of Plans and Budgets for the Medium-Term Period 2026/27 – 2028/29, page 10

Priority areas

Human capital development and social development

The Government will continue investing in education, skills development, health, housing, water, sanitation and social protection. The objective is to build an educated, skilled, motivated and competitive workforce, address labour market skills gaps and expand employment and economic opportunities[34].

Environmental conservation and climate change resilience

The Government will strengthen environmental protection, sustainable land use, low-carbon development, urban resilience and early warning systems. The focus also includes climate finance innovations, including carbon markets, to protect natural capital and support transition towards a green and climate-resilient economy.[34].

Strengthening the foundation for national sustainability

The Government will focus on governance, democracy, unity, security, accountability and institutional reforms. This includes strengthening public institutions, local government systems, digital governance, data management and civic participation to support inclusive and sustainable economic growth[34].

Energy Sector

In the 2026/27 budget, the Government has prioritised financing programmes and projects aimed at strengthening electricity generation, transmission, distribution, clean energy transition and energy security to support industrialisation and economic transformation [35].

Key priorities include:

- Continued implementation of strategic electricity generation, transmission and distribution projects aimed at improving reliability, strengthening grid stability and expanding access to electricity services across the country.
- Expansion of rural electrification and electricity connectivity to productive sectors, including industries, mining areas, agricultural zones, water projects, health facilities and education institutions to stimulate economic productivity and service delivery.
- Acceleration of the national clean cooking agenda and promotion of renewable energy investments including solar, wind and geothermal energy, to enhance energy security, environmental sustainability and climate resilience.
- Strengthening of the national grid and implementation of strategic transmission infrastructure projects to improve power stability, regional interconnectivity and support growing industrial demand.
- Continued investment in strategic energy infrastructure, including natural gas development and utilisation.
- Enhancement of private sector participation in energy investments to accelerate industrialisation, economic growth and long-term energy security.
- Implementation of the Strategic Petroleum Reserve to mitigate fuel price volatility enhance fuel security.

35 Ministry of Energy. (2026). Budget speech for FY 2026/27. Government of the United Republic of Tanzania..

Education Sector

The Government continues to prioritise investments in education infrastructure, quality improvement, skills development and digital learning to strengthen human capital development and improve learning outcomes[36].

Key priorities include:

- Continued implementation of education policies, standards, legal and regulatory reforms, guidelines and teacher capacity-building programmes to improve the quality and effectiveness of education delivery.
- Expansion of access to pre-primary, primary, secondary and teacher education through continued investment in education infrastructure and learning facilities.
- Strengthening technical and vocational education and training (TVET) programmes to equip young people with practical and market-relevant skills required for employment and entrepreneurship.
- Continued implementation of the competency-based curriculum through teacher development, curriculum enhancement, learning materials and improved science and technical education delivery.
- Strengthening digital learning and teaching through increased integration of ICT infrastructure, digital learning resources and technology-enabled education systems.
- Expansion of access to higher education through continued investment in universities, research institutions and student financing programmes.
- Strengthening national capacity in research, science, technology and innovation to support industrialisation, productivity growth and long-term economic transformation.

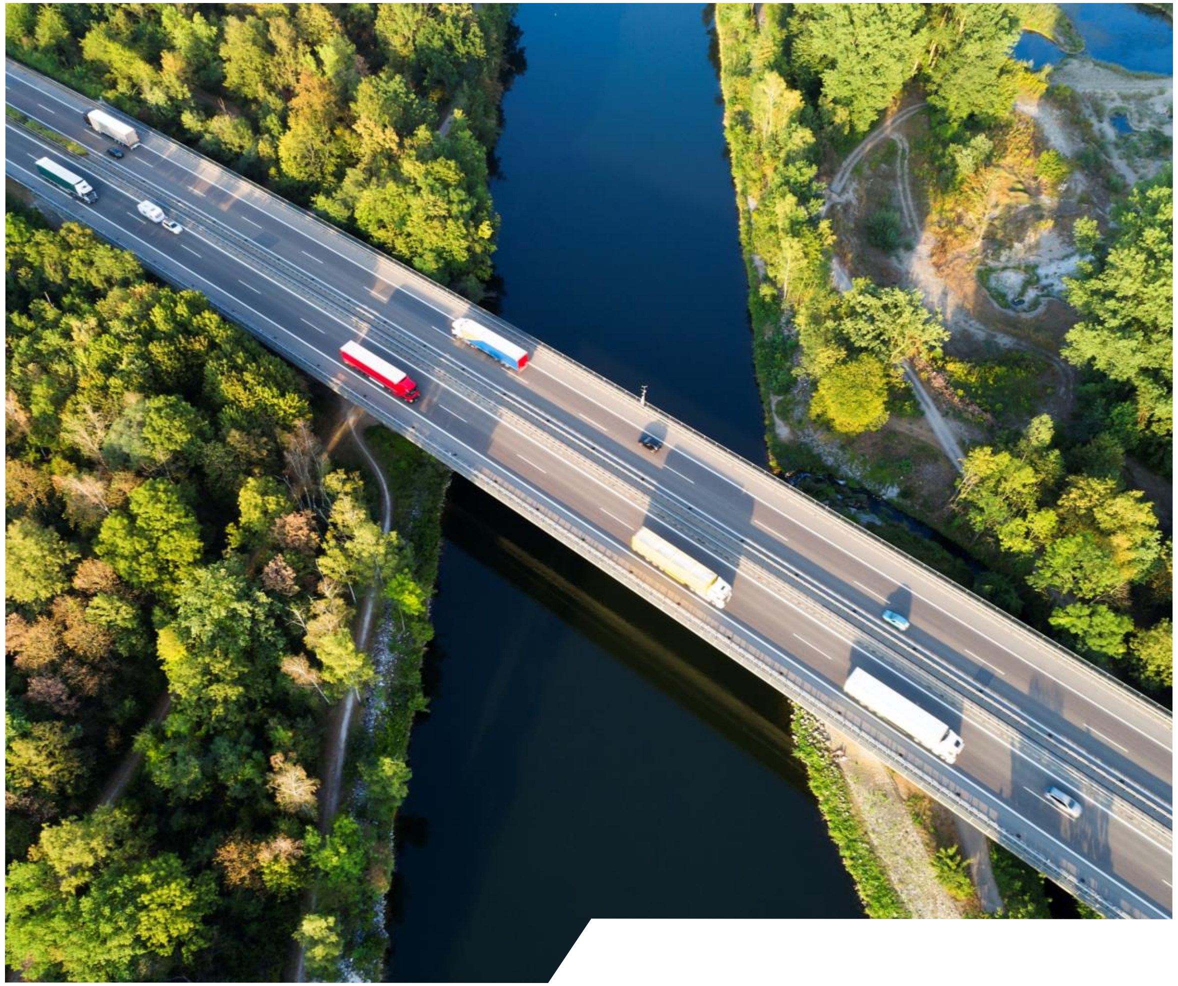
36 Ministry of Education. (2026). *Budget speech for FY 2026/27*. Government of the United Republic of Tanzania..

Transport Sector

Transport remains central to Tanzania's trade, logistics and regional connectivity agenda. For 2026/27, the Ministry's focus is on deepening investments in rail, ports, aviation, marine transport, weather services, sector regulation and transport training institutions[37].

Key priorities include:

- Continuing the construction and operation of the Standard Gauge Railway (SGR), alongside rehabilitation and improvement of the Meter Gauge Railway (MGR) and TAZARA.
- Improving port infrastructure and services, including the Dar es Salaam Maritime Gateway Project, Bagamoyo Port, Mtwara Port, Mwanza North Port, Mbamba Bay Port and Kigoma Port
- Strengthening air transport through investment in ATCL, construction of the Civil Aviation Training Centre, and improvement of airports including Mwanza, Arusha, Mtwara, Serengeti, Kagera, Kilimanjaro and Julius Nyerere International Airport.
- Continuing construction and rehabilitation of vessels to improve transport services in the Indian Ocean and the Great Lakes.
- Improving meteorological services and strengthening the quality, safety and regulation of transport services across air, land and marine transport.
- Upgrading sector training institutions, including the National Institute of Transport and the Dar es Salaam Maritime Institute, to support skills development in the transport sector.



37 Ministry of Transport. (2026). *Budget speech for FY 2026/27*. Government of the United Republic of Tanzania.

Health Sector

Improving the quality, accessibility and sustainability of healthcare services remains a key priority under the 2026/27 budget. The Government's focus is on strengthening healthcare financing, enhancing service quality, expanding specialised care, promoting local production of health products, leveraging digital technologies and improving public health outcomes[38].

Key priorities include:

- Strengthening healthcare service quality through rehabilitation of health infrastructure, procurement of medicines, equipment and reagents, and continuous improvement of standards across health facilities.
- Advancing healthcare financing by facilitating access to health insurance and medical fee exemptions for the elderly, alongside continued inclusion of vulnerable groups in the TASAF social protection programme.
- Promoting local production and availability of medicines and health products through investment in domestic industries, aligned with the broader government agenda of value addition and reduced dependency on imports.
- Leveraging digital technologies in healthcare, consistent with the national theme of digital transformation, to strengthen health information systems, telemedicine and digital health records.
- Enhancing disease prevention and public health interventions, including epidemic preparedness, immunisation, nutrition programmes, and environmental health. The Government also utilised USD 320 million from the World Bank CERC for rehabilitation of health-related infrastructure damaged by climate change.
- Strengthening research and innovation to support evidence-based decision-making and improve service delivery, particularly in addressing emerging health challenges.
- Expanding maternal, newborn and child health services through improved access to reproductive health, neonatal care, and adolescent-friendly health services, embedded within broader healthcare financing and infrastructure investments.
- Increasing specialised healthcare services by strengthening referral hospitals and positioning Tanzania as a destination for medical tourism.
- Developing the healthcare workforce through expanded training institutions, recruitment of health workers, and investment in specialist training programmes. The budget allocates 1.58 trillion shillings for vocational training and higher education loans, which includes health-related fields.
- Promoting traditional medicine integration within the national healthcare system, consistent with ongoing policy frameworks, though not explicitly highlighted in the budget speech.
- Strengthening mental health and social care by supporting vulnerable groups, particularly the elderly, through social protection, health insurance, and care services.

38 Ministry of Health. (2026). Budget speech for FY 2026/27. Government of the United Republic of Tanzania.

Mining Sector

The 2026/27 budget places strong emphasis on increasing the mining sector's contribution to economic growth, domestic revenue generation, industrial development and employment creation. Priority interventions focus on strengthening sector governance, advancing strategic mineral development, promoting mineral beneficiation and supporting greater participation of Tanzanians across the mining value chain[39].

Key priorities include:

- Strengthening mineral revenue collection and sector governance through enhanced monitoring of mining activities, mineral trading centres, mineral markets and enforcement of mining regulations to improve compliance and curb illegal mineral trade.
- Increasing the contribution of the mining sector to GDP through promotion of mineral exploration, development of new mining projects, improved management of mines and processing facilities and greater participation of Tanzanians across the mining value chain.
- Advancing the development of strategic and critical minerals, including lithium, graphite, helium, nickel, cobalt, titanium, copper, aluminium, niobium and rare earth elements, through expanded exploration, licensing and investment promotion initiatives.
- Promoting mineral beneficiation and value addition through investment in mineral processing, refining and manufacturing facilities, strengthening the Tanzania Gemmological Centre and expanding domestic processing of mineral products.
- Enhancing investment promotion and positioning Tanzania as a competitive mining destination through international mining conferences, trade exhibitions, investment forums and targeted investor engagement initiatives.

39 Ministry of Mining. (2026). Budget speech for FY 2026/27. Government of the United Republic of Tanzania.

Mining Sector (continued)

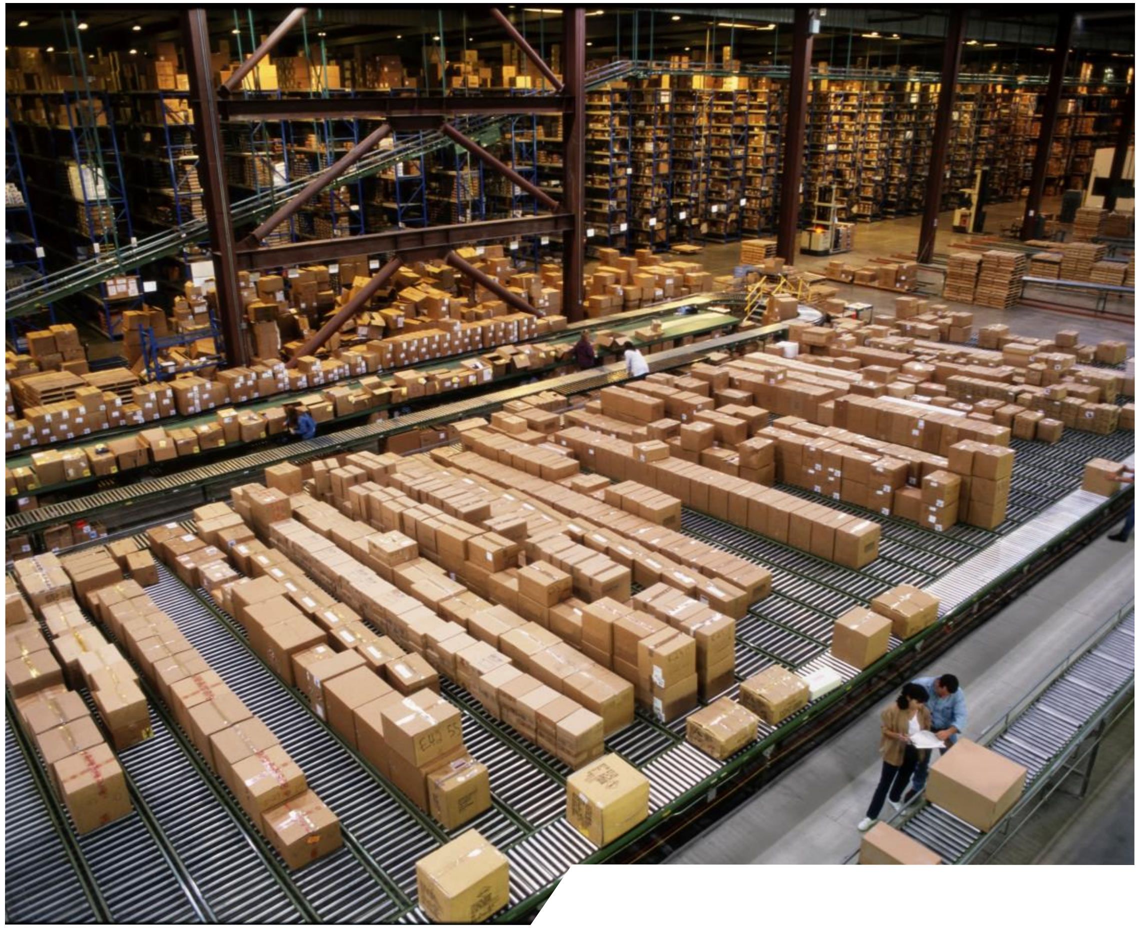
- Strengthening the development and commercialisation of gemstone mining and trading by improving gemstone markets, exhibitions and value-chain development opportunities.
- Expanding geological surveys, airborne geophysical mapping and mineral resource assessments to improve geological information, support mineral discoveries and attract investment in the sector.
- Supporting artisanal and small-scale miners through improved access to geological information, technical services, financing opportunities, equipment, mineral processing centre's, training programmes and formalisation initiatives.
- Implementing the Mining Vision 2030 agenda and the Mining for a Brighter Tomorrow (MBT) programme to enhance participation of women, youth and persons with special needs in mining-related economic activities.
- Strengthening digital transformation and institutional capacity across the mining sector through implementation of the Mineral Sector Management Information System (MSMIS), skills development, modernisation of sector institutions and enhanced service delivery.
- Promoting environmental sustainability, climate resilience and responsible mining practices through implementation of environmental management plans, ESG principles, mine rehabilitation initiatives and strengthened environmental compliance monitoring.

Industry and Trade Sector

The Government continues to prioritise the development of the industry and trade sector as a key driver of economic transformation, with a focus on value addition, industrial competitiveness and private sector growth[40].

Key priorities include: :

- Continued implementation of strategic and flagship industrial projects to enhance domestic production capacity, value addition and job creation.
- Strengthening industrial production and service delivery through improvements in the enabling environment, including the development of industrial clusters and industrial estates to support the growth of small and medium industries.
- Promotion of industrial and trade development through innovation, adoption of modern technologies and enhancement of skills and training programmes to improve productivity and competitiveness.
- Enhancing access to finance and capital for entrepreneurs and industrial producers to support business expansion and industrial investment.
- Expanding market access for locally produced goods and services through continued market development initiatives and trade facilitation measures.
- Establishing and developing innovation and business hubs to support youth entrepreneurship, innovation and enterprise development.



40 Ministry of Industry and Trade. (2026). Budget speech for FY 2026/27. Government of the United Republic of Tanzania.

Agriculture Sector

Transforming the agriculture sector into a more productive, climate-resilient and commercially oriented pillar of economic growth, food security and industrial development remains a central focus of the 2026/27 budget. Priority interventions focus on enhancing productivity, strengthening value chains, expanding irrigation, improving market systems and promoting inclusive participation of youth and women[41].

Key priorities include:

- Increasing agricultural productivity and production through strengthened agricultural research and innovation, production and distribution of improved seeds and planting materials, expanded input subsidy programmes (fertiliser, seeds and pesticides), farmer registration and formalisation, improved extension services, soil health management and establishment of large-scale farms and mechanisation service centres.
- Expanding irrigation development and climate-resilient agriculture through construction and rehabilitation of irrigation schemes, drilling of boreholes, development of irrigation infrastructure and strengthening management systems to support year-round farming and resilience to climate change.
- Promoting employment creation and youth and women participation in agriculture through implementation of the Building a Better Tomorrow (BBT) programme, including access to land, irrigation infrastructure, financing, value addition opportunities and extension services targeting youth and women.
- Enhancing food security and nutrition through investment in storage infrastructure, strengthening the capacity of NFRA to procure crops, and promotion of biofortified crops to address malnutrition and reduce post-harvest losses.
- Improving access to markets, finance and value addition through development of agricultural market infrastructure, promotion of agro-processing and private sector participation, expansion of domestic and export markets, improved access to agricultural finance and strengthening of laboratory systems to meet international standards.
- Strengthening cooperative development and farmer organisations through improved governance, supervision and auditing of cooperatives, promotion of commercially viable cooperative societies, access to capital and expansion of cooperative engagement across sectors and special groups.
- Enhancing digital transformation in the agriculture sector through strengthening digital systems for real-time access to agricultural information, farmer registration, input distribution, traceability systems and expanded use of ICT platforms to improve service delivery and decision-making.

41 Ministry of Agriculture. (2026). Budget speech for FY 2026/27. Government of the United Republic of Tanzania.

Revenue Collection Strategy for FY26/27

The Government's medium-term revenue strategy focuses on strengthening domestic revenue mobilisation by expanding the tax base, improving revenue administration systems, enhancing voluntary tax compliance and increasing the efficiency of non-tax revenue collection to support financing of development programmes and delivery of social services[42].

42 Budget speech for FY 2026/27. Government of the United Republic of Tanzania page 29 to 31

Strategies for Collection of Domestic Revenue

- Attracting both domestic and foreign investment to widen tax base and increase employment opportunities.
- Promoting proper use of Electronic Fiscal Devices (EFDs) through taxpayer education, awareness campaigns and compliance initiatives.
- Ensuring all goods manufactured and consumed domestically as well as imported and exported are registered with barcodes.
- Undertaking comprehensive analysis and commence implementation of selected recommendations provided by the Presidential Commission for Tax Reform.
- Enhancing voluntary tax compliance through strengthened engagement between Government and taxpayers via platforms such as the National Business Council and CEOs Round Table.
- Expanding and integrating ICT-based revenue management systems with public institution databases including the use of Artificial Intelligence and Big Data to improve efficiency, transparency and compliance monitoring.
- Strengthening collection and management of non-tax revenues, including enhanced oversight of public institutions and state-owned entities to improve dividend payments and statutory contributions to the Consolidated Fund.

Strategies for Mobilisation of Grants and Loans

The Government will continue implementing the Development Cooperation Framework (DCF) to strengthen engagement with Development Partners and mobilise financing for strategic national priorities. The medium-term financing strategy seeks to support sustainable development financing while maintaining prudent debt management and fiscal sustainability. Key strategies include:

1. Continuing to mobilise concessional external financing to support strategic development projects and priority public investments.
2. Maintaining implementation of the Medium-Term Debt Management Strategy (2025/26–2027/28) to ensure sustainable borrowing and effective debt management.
3. Increasing the use of domestic and external financing instruments to support implementation of major infrastructure and economic transformation projects.
4. Strengthening collaboration with Development Partners to improve predictability and alignment of development financing with Government priorities.
5. Enhancing coordination of development financing to safeguard implementation of priority programmes and projects.
6. Prioritising financing for projects that support economic transformation, infrastructure development and implementation of FYDP IV priorities.

43 Proposed Guidelines for the Preparation of Plans and Budgets for the Medium-Term Period 2026/27 – 2028/29, page 14

Expenditure Policies for FY26/27

The Government's expenditure policy direction for FY26/27 focuses on improving public expenditure efficiency, strengthening accountability, enhancing institutional performance and accelerating implementation of priority development programmes and projects through improved governance and integrated digital systems[43].

- Strengthening transparency and accountability in the use of public funds through compliance with laws, regulations, procedures and enhanced integration of ICT systems across Government institutions.
- Prioritizing implementation of ongoing programs and projects that deliver immediate development results while supporting long-term economic transformation.
- Strengthening institutional performance and governance within Government Agencies, Public Institutions and State-Owned Enterprises through improved performance management systems, institutional structures and board oversight.
- Promoting coordination and integration of development plans and projects across sectors with similar objectives to improve efficiency in the use of public resources.
- Strengthening results-based monitoring and evaluation systems to enhance accountability, implementation effectiveness and overall public sector performance.

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