



# TANZANIA BUDGET HIGHLIGHTS

2019 – 2020

ECONOMIC PERFORMANCE IN 2018 .....	1
GLOBAL ECONOMIC HIGHLIGHTS 2018.....	1
SUB-SAHARAN & MIDDLE EAST ECONOMIC HIGHLIGHTS.....	1
TANZANIA ECONOMIC HIGHLIGHTS 2018 .....	2
BUDGET HIGHLIGHTS.....	3
IN SUMMARY: THE POSITIVES AND CHALLENGES IN THE BUDGET .....	5
POSITIVES .....	5
CHALLENGES .....	5
DIRECT TAXES .....	6
INCOME TAX ACT, CAP 332.....	6
TAX ADMINISTRATION ACT, CAP 438.....	6
INDIRECT TAXES.....	7
VALUE ADDED TAX.....	7
EXCISE DUTY .....	7
EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT, 2004 (EACCMA) .....	8
MISCELLANEOUS AMENDMENTS .....	12
TANZANIA FOOD AND DRUGS AUTHORITY (TFDA).....	12
TANZANIA BUREAU OF STANDARDS (TBS).....	12
GOVERNMENT CHEMIST LABORATORY AUTHORITY (GCLA).....	12
MINISTRY OF LIVESTOCK AND FISHERIES.....	13
MINISTRY OF NATURAL RESOURCES AND TOURISM.....	13
MINISTRY OF WATER.....	13
THE ROAD TRAFFIC ACT, CAP 168.....	13
THE BUDGET ACT, CAP 339 .....	14
ADMINISTRATIVE PROCEDURES .....	14

## ECONOMIC PERFORMANCE IN 2018

### GLOBAL ECONOMIC HIGHLIGHTS 2018

- In 2018, the global economy expanded by 3.6%, down from 4.0% in 2017. Growth is expected to decline to 3.6% in 2019 due to the escalation of US-China trade tensions, macroeconomic stress in developing economies and tighter credit policies in China. Global growth is projected to decline for 70% of the global economy in 2019
- The Euro Zone lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards. Investment dropped in Italy as sovereign spreads widened and external demand from Asia softened
- China's growth declined to 6.6% in 2018 following a combination of regulatory tightening to rein in shadow banking and an increase in trade tensions with the USA. Growth is expected to slow to 6.1% in 2020
- In the USA, growth is expected to decline to 2.3% in 2019 and soften further in the medium term, with the unwinding of financial stimulus. The downward revision on 2019 growth reflects the impact of the government shutdown and lower fiscal spending. Strong domestic demand growth is expected to support higher imports and contribute to the widening of the current account deficit
- Current forecasts predict that global growth will pick up in the second half of 2019. This is based on an ongoing stimulus build-up in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the Euro area and a gradual stabilization of stressed emerging market economies including Argentina and Turkey
- Beyond 2020, global growth is expected to plateau at 3.6% over the medium term, sustained by the increase in the relative size of economies, such as those in China and India, which are projected to have robust growth by comparison to slower-growing advanced and emerging market economies

#### Real GDP growth in %

	2015	2016	2017	2018	2019*	2020*
Japan	1.4	0.9	1.7	0.8	1.0	0.5
UK	2.3	1.9	1.8	1.4	1.2	1.4
USA	2.9	1.5	2.3	2.9	2.3	1.9
Euro Area	2.1	1.8	2.3	1.8	1.5	1.5
China	6.9	6.7	6.9	6.6	6.3	6.1
India	8.2	7.1	6.7	7.1	7.3	7.5
World	3.5	3.2	4.0	3.6	3.3	3.6

Source: WORLD ECONOMIC OUTLOOK, IMF, APRIL 2019

### SUB-SAHARAN & MIDDLE EAST ECONOMIC HIGHLIGHTS

- Growth in the Middle-East, North Africa, Afghanistan and Pakistan region is expected to decline to 1.5% in 2019 before recovering to 3.2% in 2020. The outlook for the region is weighed down by multiple factors, including slower oil GDP growth in Saudi Arabia, ongoing macroeconomic adjustment challenges in Pakistan, US sanctions in Iran and civil tensions and conflicts in several economies
- Economic growth momentum for most Sub-Saharan Africa countries is expected to pick up to 3.5% in 2019 and 3.7% in 2020 (from 3.8% in 2018)
- Downward projections reflect revisions for Angola and Nigeria due to softening oil prices. Growth in South Africa is expected to marginally improve from 0.8% in 2018 to 1.2% in 2019. The projected recovery reflects modestly reduced but continued policy uncertainty in the South African economy after the May 2019 elections
- In Nigeria growth reached 1.9% in 2018, up from 0.8% in 2017 reflecting a modest pick-up in the non-oil economy. Angola, the region's third largest economy, remained in recession, with growth falling sharply as oil production stayed weak
- The slower than expected growth in the region reflects ongoing global uncertainty, but increasingly comes from domestic macroeconomic instability including poorly managed debt, inflation and deficits. Research by the World Bank found that fragility in a handful of countries is costing sub-Saharan Africa over half a percentage point of growth per year. This adds up to 2.6% points over 5 years

Real GDP growth in %	2015	2016	2017	2018	2019*	2020*
Sub-Saharan Africa	3.4	1.4	2.8	3.0	3.5	3.7
Nigeria	2.7	-1.6	0.8	1.9	2.1	2.5
South Africa	1.3	0.6	1.3	0.8	1.2	1.5
Kenya	5.7	5.9	4.9	6.0	6.2	6.4
<b>Tanzania</b>	<b>7.0</b>	<b>7.0</b>	<b>6.0</b>	<b>6.6</b>	<b>4.0</b>	<b>4.2</b>
Ethiopia	9.6	6.6	10.7	13.8	9.3	8.0
Uganda	5.7	2.3	4.5	6.2	6.3	6.2

Source: WORLD ECONOMIC OUTLOOK, IMF, APRIL 2019

## TANZANIA ECONOMIC HIGHLIGHTS 2018

- Real GDP growth was estimated at 7.0% in 2018, down from 7.1% in 2017. The rate is estimated to remain the same in 2019
- Fiscal deficit was estimated at 3.9% of GDP in 2018 due to increased capital spending on infrastructure projects. The deficit increased due to imports of transport equipment, building and constructions materials, industrial materials and petroleum products for large scale government financed projects
- Budget deficit is estimated at 2.3% of GDP in 2019/20 from the likely outturn of 2.0% of 2018/19
- External debt accounted for about 74.9% of total public debt in 2018
- The government expenditure is projected at 22.7% of GDP in 2019/20 from the likely outturn of 21.6% in 2018/2019
- Domestic revenue is projected at 15.8% of GDP in 2019/20 from the likely outturn of 14.3% in 2018/2019
- The rate of exchange was stable throughout the past twelve months with minor fluctuations
- Inflation was estimated at 3.5% in 2018, which was lower than the previous years. Headline inflation is projected to marginally increase to 5.2% in 2019 and 5.1% in 2020 due to increased government spending
- Discount rate had been downward reviewed to 7% from 9% in 2018, signalling the continued support for higher credit growth and reduction in lending rates
- Growth of agriculture sector, employing 70% of the country's population, has averaged 5.3% and is expected to remain stable given normal weather conditions
- Tanzania is ranked 144 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Tanzania deteriorated from 137 in 2017

## BUDGET HIGHLIGHTS

The emphasis for the 2019/2020 budget is "Building Industrial Economy for Stimulating Employment and Sustainable Social Welfare" by improving the wellbeing of the underprivileged, improve business environment and investment opportunities in the country.

During the fiscal year 2018/2019 the Government was able to achieve the following to April 2019:

- a) Tax revenues reached 12.9 trillion shillings, equivalent to 87.4% of the target;
- b) Non-tax revenues amounted to 2.04 trillion shillings, equivalent to 122% of the target. This was due to improvement in the use of technology for collection by Government Agencies through Government Electronic Payment Gateway (GePG);
- c) LGAs own source reached 529.25 billion shillings, equivalent to 72% of the target;
- d) Grants and concessional loans from Development Partners reached 1.70 trillion shillings, equivalent to 86% of the target;
- e) Loans from domestic sources, including rollover of matured Treasury bills and bonds, reached 3.3 trillion shillings, equivalent to 57.4 % of the target; and
- f) External non-concessional loans reached 692.3 billion shillings.

The Honourable Minister for Finance and Planning announced that the 2019/2020 budget aims at achieving the following macroeconomic targets:

- a) To attain real GDP growth of 7.1% in 2019 up from the actual growth of 7.0 % in 2018;
- b) Contain inflation to a single digit between 3.0 to 4.5 % over the medium term;
- c) Domestic revenue is projected at 15.8 % of GDP in 2019/20 from the likely outturn of 14.3 % in 2018/19;
- d) Tax revenue is estimated at 13.1% of GDP in 2019/20 from the likely outturn 12.1% in 2018/19;
- e) The Government expenditure is projected at 22.7 % of GDP in 2019/20 from the likely outturn of 21.6 % in 2018/19; and
- f) Budget deficit is estimated at 2.3 % of GDP in 2019/20 from the likely outturn of 2.0 % of 2018/19.

To achieve the above mentioned targets the following measures have been proposed:

- a) Improving business environment with a view to attract investments and promote growth of small and medium size enterprises;
- b) Reviewing tax rates with a view to promote production and protecting local industries against unfair external competition;
- c) Imparting the culture of voluntary tax payment, widening tax base and use of ICT in tax administration;
- d) Strengthening administration of tax laws to address challenges of tax evasion and reduce revenue leakages as well as emphasizing on provision of education to tax payers;
- e) Strengthening collection of non-tax revenue through effective use of ICT systems;
- f) Continue to harmonize and adjust various levies and fees being charged by Government Agencies, Institutions and Local Government Authorities;
- g) Strengthening the capacity of TRA to detect and control tax evasion practices, especially through increasing manpower, modern working tools and training;
- h) Implementation of Integrated Domestic Revenue Administrative System (IDRAS);
- i) To widen the tax base through identification and registration of new tax payers as well as continue with the exercise of informal sector formalization;
- j) To invest in areas that have potential of generating more revenues to the Government, particularly in deep sea fishing through construction of fishing port and procurement of fishing ships;
- k) To strengthen capacity for monitoring and controlling of transfer pricing commonly practiced by international companies;
- l) To enhance administration of tax exemptions by ensuring that they are directed to the intended projects;
- m) To ensure that non-tax revenues are collected through Government Electronic Payment Gateway System (GePG) in order to improve efficiency in domestic revenue collection; and
- n) To strengthen monitoring systems in the Government institutions in order to ensure that contributions from public institutions are timely remitted to the Government Coffers.

The budget has highlighted the priorities for 2019/20 which will be implemented with emphasis on environmental protection. The budget focuses on implementation of the following priorities:

- a) Industries and Agriculture – by focusing on industries that utilize local available raw materials, produce goods for domestic market and export and increase employment opportunities. The Government will ensure availability of

improved seeds, inputs, extension services, markets, supportive infrastructure and research, including allocating more funds to agricultural supportive sectors and granting tax reliefs.

- b) Improvement of enabling business environment and investment climate by emphasizing on construction and rehabilitation of infrastructure e.g. railway, ports, energy, roads, bridges and airports. The Government aims to improve business environment to make it more friendly, cost effective and efficient.
- c) The budget also intends to strengthen monitoring and evaluation of the implementation of development projects at all levels.

The following are the key tax changes in the fiscal year 2019/2020:

- a) The Value Added Tax Act, CAP 148

VAT exemptions introduced on imported refrigeration boxes, Grain Drying Equipment, aircraft lubricants imported by domestic operators as well as ancillary items/stationeries used by airlines. The VAT exemptions granted last year on sanitary pads have been abolished as the measure did not benefit the intended beneficiaries. The supply of electricity from Mainland to Zanzibar has been proposed to be zero-rated.

- b) The Income Tax Act, CAP 332

A reduction of corporate income tax rate from 30% to 25% has been introduced for investors in the production of sanitary pads for two years starting from July 2019 and the threshold for presumptive income tax system / preparation of financial statements increased from TZS 20million to TZS 100 million with new tax rates.

- c) The Excise (Management and Tariff) Act, CAP 147

Various duty remissions have been proposed for the financial year 2019/20 aimed at reducing production costs to manufacturers, protecting local industries, promoting domestic competitiveness, enhancing quality of local produce and promoting employment.

- d) The Tax Administration Act, CAP 438

Settlement of tax liability under the Amnesty program has been extended to December 2019 to allow flexibility amidst the current economic conditions where a number of businesses facing financial constraints.

- e) The Road Traffic Act, CAP 168

Various amendments have been proposed to increase license and registration fees for all types of motor vehicles. The driving licence validity is proposed to increase from 3 to 5 years.

- f) The East African Community Customs Management Act, 2004

Various proposed changes in duty remissions such as raw materials used to manufacture baby diapers, equipment and appurtenant used for polishing and heat treatment of gemstones, papers used as raw materials for manufacturing of packaging materials for export of horticulture products, agricultural seeds (locally produced) packaging materials, aluminium alloys (used as raw materials to manufacture aluminium pots), etc.

- g) The Budget Act, CAP 439

Amendments have been proposed to grant extension to the Paymaster General to approve expenditure on funds remaining from previous financial years to allow continuity in the implementation of strategic and big projects with public interest e.g. infrastructure projects, purchase of aircrafts, locomotives, power projects etc.

- h) Minor amendments in tax and other laws

Various fees have been abolished / levies reduced under the TFDA, TBS, GCLA, Ministry of Livestock and Fisheries, Ministry of Natural Resource and Tourism and Ministry of Water to boost local industries, create a friendly business environment, promote tourism sector and reduce overall cost of doing business.

- i) Implementation of the BLUEPRINT for regulatory reforms to improve business; and

- j) Policy and administrative measures to improve collection of Government revenue.



### POSITIVES

- Establishment of an office of Tax Ombudsman – a very long overdue measure in view of the perceived lack of confidence of the taxpayers in the tax administration – we hope the scope of the Ombudsman will not be limited.
- Abolition or reduction of a wide range of nuisance taxes – fees and levies charged by TFDA, TBS and GCLA.
- Demarcation and rationalisation of inspections to be carried out by TFDA and TBS to avoid duplication and conflicts where inspection reports were contradictory.
- Reduction in fees charged by Ministries – Livestock and Fisheries, Tourism, and Water.
- No increase and/or reduction of rates of customs and excise tax and / or excise duty for most non-petroleum products and imposition of tariffs on imported products with the aim of benefiting growth of local industries and consumers – products for infants, consumers of local edible products, processors of minerals, agro industries, producers of aluminium products, wide range of iron and steel products.
- Continuation of rates imposed in the budget of 2018 with the similar aims – to protect local industries.
- Exemption of VAT and excise duties on products for use by airlines.
- Integration of revenue collections and EFDMS to ensure prevention of revenue leakages and generate real time data on tax filings and payments by taxpayers.
- Reasonable increase in threshold for presumptive taxpayers – however those doing turnover of TZS 14 million or more are required to comply with S.35 of TAA – record keeping and maintaining the same for five years.
- Extension of six months for payment of taxes to those eligible under Tax Amnesty Regulations of 2018. This is a commendable move on account of the delays in reverting on the applications lodged.
- Proposed office for attending to complaints of taxpayers in 24 hours in respect of arbitrary tax assessments and over estimation of import tariffs.

### CHALLENGES

- No change in VAT rates nor increase in threshold for registration currently at TZS 100 million.
- No move towards removal of ambiguities in various tax laws and enforcing timely responses by Tax Administrators to taxpayers – there is mention of minor changes in tax laws which is not encouraging.
- No capping of interest and penalties which continue to pile up due to delays caused by Tax Administrators in undertaking audits and appellate bodies in concluding litigations.
- No obligations imposed on Tax Administrators with regard to timely responses to Taxpayers' queries or clarifications.
- No changes to tax rates of low wage earners.
- No reduction in Skills and Development Levy.
- Failure to extend tax amnesty regulations with lesser ambiguities to enable a large number of taxpayers who failed to submit the amnesty applications lodged.
- Inadequate changes in the threshold for presumptive taxpayers while obliging them to keep records – may act as a deterrence for small businesses to enter formal economy.

## DIRECT TAXES

### INCOME TAX ACT, CAP 332

- Reduction of corporate income tax rate from 30% to 25% for new investors in the production of sanitary pads for two years starting from July 2019.

For the reduced rate to apply, the entity must be newly established and have a performance agreement with the Government of Tanzania which will assign responsibilities to both parties.

The merits of this incentive are ambiguous given that: (i) the newly established entities will be anticipated to operate under taxable losses during initial years of operations due to significant investments on capital expenditures, which will qualify for initial allowance; (ii) It is unlikely that a new investor will be able to commence operations from 1 July 2019 given the procedures involved in establishment of a new company and uncertainty with respect to the terms and conditions that would be stipulated in the performance agreement along with timeliness of receiving and agreeing to the performance agreement.

- Exemption of withholding tax on various fees charged to Government on loans received from Non-residential Banks and other International Financial Institutions.
- Increase the minimum threshold of turnover required for taxpayer to qualify under the presumptive tax system or to prepare the financial statements, from TZS 20 million to TZS 100 million. The aim is to reduce costs incurred by taxpayers to engage a Certified Public Accountant for preparation and certification of financial accounts, to improve voluntary tax compliance and increase Government revenue.
- Along with the above amendment on the threshold, new rates have been introduced for the presumptive tax system as summarized below. Taxpayers with turnover of above TZS 4 million and below TZS 100 million will not be obliged to submit financial accounts to Tanzania Revenue Authority for determining income tax. However, all taxpayers with turnover of more than TZS 14 million will be required to keep proper accounting records and acquire an EFD machine. Previously, taxpayers with turnover of less than TZS 20 million were not mandated to keep proper accounting records since the rates were stipulated for both, proper and improper accounting records.

Turnover	Tax payable where section 35 of Tax Administration Act is not complied with	Tax payable where section 35 of Tax Administration Act is complied with
Where turnover does not exceed TZS. 4,000,000	NIL	NIL
Where turnover exceeds TZS. 4,000,000 but does not exceed TZS. 7,000,000	TZS. 100,000	3% of turnover in excess of TZS.4,000,000
Where turnover exceeds TZS. 7,000,000 but does not exceed TZS. 11,000,000	TZS. 250,000	TZS. 90,000 plus 3% of turnover in excess of TZS. 7,000,000
Where turnover exceeds TZS. 11,000,000 but does not exceed TZS. 14,000,000	TZS.450,000	TZS. 230,000 plus 3% of turnover in excess of TZS.11,000,000
Where turnover exceeds TZS. 14,000,000 but does not exceed TZS. 100,000,000		TZS. 450,000 plus 3.5% of turnover in excess of TZS.14,000,000

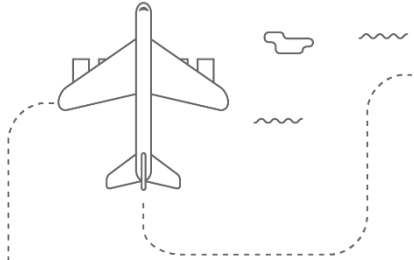
### TAX ADMINISTRATION ACT, CAP 438

Extension of six months' time up to December 2019 for taxpayers to settle the agreed tax liability under the tax amnesty program whereby interest and penalty was waived. This proposal comes as an appreciation for good cooperation from the taxpayers and to support those taxpayers with long outstanding liabilities, payment of which was affecting the sustainability of their business.



## INDIRECT TAXES

### VALUE ADDED TAX

- a) The following exemptions are proposed:
- On imported refrigeration boxes (HS Code 8418.69.90) with an aim to reduce production costs and promote modern horticultural farming in the country. This will benefit and promote small scale farming.
  - On Grain Drying Equipment (HS Code 8419.31.00), which is expected to reduce costs incurred in grain drying for storage purpose. In addition this measure will stimulate production of grain crops.
  - On aircraft lubricants imported by domestic operators, National Air Force, or Airlines Corporations recognized in Bilateral Air Service Agreement (which could not be signed due to absence of exemptions).
  - On airline flyers, tickets, calendars, diaries, labels and employees uniforms with the names of the Airline operator for those airlines recognized under Bilateral Air Service Agreements mentioned above in point (iii). This exemption will also benefit the National carrier airline, Air Tanzania, and reduce the cost of traveling.
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- b) It is proposed to abolish the VAT exemption granted last year on sanitary pads (HS Code 9619.00.10) as this measure was only enjoyed by traders and the exemption could not facilitate the availability of the product to intended beneficiaries at a reasonable price. However, reduction in corporate tax for the first two years is proposed for new companies starting up production of sanitary pads.
- c) Supply of electricity from Tanzania Mainland to Tanzania Zanzibar shall be zero-rated.

### EXCISE DUTY

#### Specific duty

The specific excise duty rate shall be reduced for the following proposed non petroleum products;

Item	Proposed rate (TZS)	Current rate (TZS)
Wine produced with domestic fruits (such as banana, rozera, tomato e.t.c) other than grapes with contents of at least 75%	61 per litre	200 per litre

#### Advalorem duty

Proposal to impose advalorem excise duty rate on the following products;

Item	HS Code	Proposed rate	Current rate
Artificial hair	Locally made	10%	NIL
Artificial hair	67.03 67.04 05.01	25%	NIL
Pipes and plastics materials (tubes, pipes and hoses and fittings i.e. joints, elbows, flanges etc.)	39.17	10%	NIL

The aim of the above measures is to encourage voluntary tax compliance and promote growth of the small and medium scale industries with a view to increase Government revenues and to protect local manufacturers and create more employment.

#### Exemptions

The Excise Tax (Management and Tariff) Act is proposed to be amended to provide exemption on imported aircraft lubricants by domestic operators, National Air Force, or airlines corporations recognized in Bilateral Air Services Agreement. This is aimed at reducing the cost of air travel and boost the domestic aviation industry as well as support the national carrier, Air Tanzania.

## EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT, 2004 (EACCMA)

Import duty exemptions have been introduced on lubricants for aircrafts, uniforms, calendars, diaries, and pens that are used in the provision of air services to enable the country to sign Bilateral Air Service Agreement (BASA).

In addition to some measures that were effected during the financial year 2018/19, the following new changes (duty remissions) have been proposed for the financial year 2019/20:

Item	HS Codes	New rate	Old rate	Aim
Raw materials used to manufacture baby diapers	3506.91.00; 3926.90.90; 3906.90.00; 4803.00.00; 5603.11.00; 5903.90.00; 5402.44.00; and 4803.00.00.	0%	10%	To reduce production costs for manufacturers, create employment and increase Government revenue. The Government is expecting that the industries will produce such products and sell them at reasonable price which is affordable for the people.
Equipment and appurtenant used for polishing and heat treatment of Gemstones	3606.90.00; 6804.10.00; 6813.20.00; 7018.90.00; 7020.00.99; 8202.20.00; 8202.99.00; 8203.20.00; 8205.10.00; 8423.89.90; 8513.10.90; and 9002.19.00.	0% for one year	25%	To create value addition on gemstones, create employment and increase Government revenue.
Papers used as raw materials for manufacturing of packaging materials for export of horticulture products	4805.11.00; and 4805.19.00.	0% for one year	10%	To reduce production costs in order to protect domestic industries against foreign competition, attract investments in the production of these products in the country and ultimately promote exports of horticultural products for foreign exchange earnings.
Agricultural seeds (locally produced) packaging materials	3923.29.00; 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90; and 7607.19.90.	0% for one year	25%	The packaging materials are essential elements for preserving the quality of agricultural products and produce hence availability of affordable packaging materials ensures good quality products for customers. The measure is also intended to reduce costs to the seed production institutions in the country.
Aluminium Alloys (used as raw materials to manufacture aluminium pots)	7606.92.00	0% for one year	25%	To reduce production costs, promote production of pots in the country and employment.
Roasted coffee	09.01	35% for one year	25%	To protect domestic industries and increase Government revenue.
Flat-rolled products of iron or non-alloy steel and Flat-rolled products of other alloy	7209.16.00; 7209.17.00; 7209.18.00; 7209.26.00;	Import duty at higher of 10% or USD	0%	To protect domestic industries and addressing the challenges of under-invoicing and undervaluation.

Item	HS Codes	New rate	Old rate	Aim
steel of width of 600mm or more	7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7225.50.00; and 7226.92.00.	125 per metric ton (for one year)		
Flat-rolled products of iron or non-alloy steel	7212.30.00; 7212.40.00; and 7212.50.00.	Import duty at higher of 25% or USD 200 per metric ton	0%	
Flat-rolled products of iron or non-alloy steel	7212.60.00	Import duty at higher of 10% or USD 250 per metric ton	0%	
Flat-rolled products	7210.41.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; and 7210.90.00.	Import duty at higher of 25% or USD 250 per metric ton	0%	To protect domestic producers of Flat-rolled products in the EAC region.
Reinforcement bars and hollow profiles	Various	25% or USD 250 per metric ton, whichever is higher (for one year)	25% or USD 200 metric ton whichever is higher for one year	To protect local manufacturers of reinforcement bars in the region and enhancing competitiveness of domestically produced iron and steel products.
Horticulture products	Various	35% for one year	25%	To increase Government revenue.
Monofilament	3916.10.00; 3916.20.00; and 3916.90.00.	10% for one year	0%	

The following measures continue to be implemented from financial year 2018/19:

Item	HS Code	New rate	Old rate	Rationale
Wheat grain	1001.99.10 and 1001.99.90	10%	35%	This measure takes in account that the level of production is not sufficient to meet the demand in the EAC region to satisfy the demand in order industries and ensure food security.
Crude edible oil (for example sunflower oil, palm oil, groundnuts oil, olive oil, maize corn oil etc.)	1507.10.00; 1508.10.00; 1511.10.00; 1512.11.00; 1513.11.00; 1514.11.00; 1514.91.00; 1515.11.00;	25% for one year	10% or 0%	To continue encouraging and promoting production of edible oils by using locally produced seeds. It is also intended to protect domestic producers of edible oil and oil seeds and create both employment and income to the farmers.

Item	HS Code	New rate	Old rate	Rationale
	1515.21.00; and 1515.30.00.			
Semi-refined and refined/double refined edible oil (for example sunflower oil, palm oil, groundnuts oil, olive oil, maize corn oil etc.)	Various Headings	35% for one year	25%	To protect and promote the processing of edible oil in the country using locally grown seeds and save foreign exchange used in the importation of edible oil.
RBD Palm stearin	1511.90.40	0% for one year	10%	To ensure stand-alone soap industries have adequate availability of the material. It also takes into account the Government decision to impose an import duty on crude palm oil.
Chewing gum & other sugar confectionary (sweets)	1704.10.00; and 1704.90.00	35% for one year	25%	To protect local industries and promote employment as there is sufficient capacity to produce such products.
Chocolates and Biscuits	18.06; and 19.05	35% for one year	25%	To protect local industries and promote employment.
Nails, tacks, drawing pins, corrugated nail, staples	7317.00.00 other than those of 83.05 and similar articles of iron or steel	25% or USD 350 per metric ton, whichever is higher	-	The objective of this measure is to protect local producers of these products against imported cheap products.
Printed Aluminium Barrier Laminates	3920.10.90	0% for one year	25%	To reduce production costs and promote competitiveness of domestic industries producing toothpaste. Furthermore, it is intended to promote employment.
Gypsum powder	2520.00.00	10% for one year	0%	To protect local producers and promote production of gypsum powder by using the locally available gypsum.
Sugar for consumption	Specific arrangements to cover domestic shortages	35%	100%	The product is imported under special arrangements to cover the shortage in the domestic market. The intended objective is to protect domestic industries, employment and increase Government revenue.
Electronic Fiscal Devices (EFDs) Machines	8470.50.00	0% for one year	10%	To continue encouraging the taxpayers to use EFD machines for accounting VAT and efficient management control in the areas of sales analysis and stock control.
Papers used to manufacture exercise books and text books	4804.11.00; 4804.21.00; 4804.29.00; 4804.31.00; and 4804.41.00.	25% for one year	0%	These are papers produced by Mufindi Paper Mills. The increase in import duty on these papers is aimed at enhancing competitiveness of domestically produced papers and paper products.

Item	HS Code	New rate	Old rate	Rationale
Sausages and similar products	1601.00.00	35% for one year	25%	To protect domestic industries which produce similar products in the region.
Meat and edible offal(under chapter 2)	Various	35% for one year	25%	To protect and encourage domestic processing and value addition.
Mineral water	2201.10.00	60% for one year	25%	To protect local industries, promote employment and increase Government.
Tomato sauce	2103.20.00	35% for one year	25%	To protect local industries as there is sufficient production to meet demand in the country.
Safety matches	3605.00.00	25% or USD 1.35 per Kg, whichever is higher for one year	-	To protect local industries.
Worn clothes	-	35% for one year	35% or USD 0.40 per kilogram whichever is higher	To protect local manufacturers of finished textile products and make them competitive against substandard imports from outside the country.
Selected list of raw materials and industrial inputs for the manufacturers of textiles and footwear	-	Duty remission	-	To accelerate the industrialisation process in the textile and Leather sector and creating employment opportunities.
Wet blue Leather	-	Export levy of 10%	-	To promote the processing of Leather in the country, value addition and employment.

## MISCELLANEOUS AMENDMENTS

### TANZANIA FOOD AND DRUGS AUTHORITY (TFDA)

To create a friendly business and investment environment, stimulate compliance and increase the customer base the following fees are proposed to be abolished:

- a) Retention fees for domestic products on registration of: Vaccines and Biologicals–USD 150; Herbal medicines–USD 150; medical devices–USD 100; diagnostics–USD 250; food–USD 10; antiseptics and diagnostics–TZS 100,000;
- b) Fees for duplicate certificates on diagnostic–USD 100;
- c) Inspection fees for new food selling outlets–TZS 50,000;
- d) Registration fees for Retails Veterinary Pharmacy from TZS 50,000 to TZS 100,000;
- e) Inspection fees for fish industries–TZS 200,000 to TZS 250,000;
- f) Inspection fees for new fish outlets TZS 50,000; and
- g) Annual business licence fees on fish outlets from TZS 50,000 to TZS 300,000.

### TANZANIA BUREAU OF STANDARDS (TBS)

To reduce cost of doing business and promoting local business traders and producers the following fees are proposed to be abolished:

- a) Application fees of TZS 50,000 for TBS mark;
- b) TBS mark guarantee fees (15% of overhead and transport costs);
- c) TBS mark licence fees (50% of cost of transport and testing of sample from the market);
- d) Application form fees of TZS 50,000 for imported goods;
- e) Calibration of equipment based on industrial metrology fees. The amount payable depends on the distance covered from the office to the place; and
- f) Application form on imported cosmetics and medical devices including condoms, syringes, gloves, cotton wool and bandage (0.2% of transport costs).

### GOVERNMENT CHEMIST LABORATORY AUTHORITY (GCLA)

The following fees are proposed for abolishment to reduce multiple taxes and making the business environment friendly:

- a) Service charge for cancellation and issuing of new permit USD 50;
- b) Service charge for replacement of permit USD 50;
- c) Registration of Clearing Agents Company USD 500 per registration period;
- d) Change of registration information USD 100 per registration period;
- e) Emergency Inspection USD 300 per inspection;
- f) Annual maintenance fee for foam industries USD 1000;
- g) Annual maintenance fee for paint industries USD 1000;
- h) Annual maintenance fee for textile industries USD 1000;
- i) Annual maintenance fee for leather industries USD 1000;
- j) Annual maintenance fee for plastic industries USD 1,000;
- k) Annual maintenance fees for other large industries USD 1,000;
- l) Annual maintenance fees for other small industries USD 250;
- m) Annual maintenance fees for large distributors USD 1000; and
- n) Annual maintenance fees for medium distributors USD 500.

The following levies are proposed to be reduced:

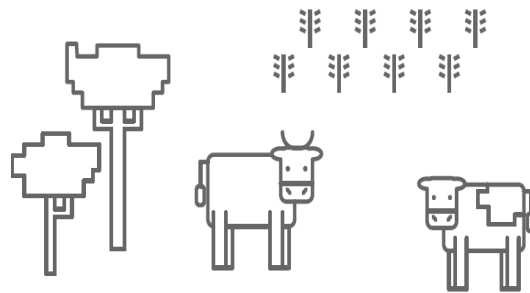
- a) Chemical registration and renewal fees from USD 20 to TZS 40,000 per chemical per registration;
- b) Charge TZS 200,000 for large scale certificate holder registration and TZS 50,000 for small scale certificate holder per registration period;
- c) Charge TZS 200,000 for large scale premises registration per registration and small scale premises registration per registration instead of USD 100;
- d) Sorting of obsolete chemicals fees from USD 300 to TZS 300,000 per day per person;
- e) Identification and approval of disposal method fees from USD 500 to TZS 200,000 per chemical;
- f) Fees charged on supervising of loading, transportation, unloading and disposal of obsolete chemicals from USD 300 to TZS 300,000 per day per person;
- g) Premises inspection fees from USD 200 to TZS 300,000 per inspection;
- h) Transportation Routes assessment and emergency inspection fees from USD 100 to TZS 150,000 per person per day;

- i) Escorting of chemical convoy fees from USD 100 to TZS 150,000 per person per day; and
- j) Transportation of on transit hazardous and other chemical shall be charged as shown in the table below:

Quantity of chemicals to be transported in MT	Current Fees (USD)	Proposed fee (USD)
Between 0.1 and 10	1-2 per MT	10
10.1- 200		1 per MT
201- 1000		400
1001- 5000		600
5001- 10,000		800
10,001- 20,000		1,200
20,001- 40,000		1,500
40,001+		2,000

All levies charged in United States Dollars shall now be charged in Tanzanian Shillings except for chemicals on transit.

## MINISTRY OF LIVESTOCK AND FISHERIES



In fostering the Government aspirations of building an industrial economy, the key to industrial developments comes from agriculture sector. The following levies were proposed to be abolished:

- a) License fee of TZS 5,000 for milk producers below 51 litres;
- b) License fee of TZS 50,000 for milk collectors below 201 litres;
- c) Registration fee of TZS 5,000 for milk producers below 51 litres;
- d) License for registration of TZS 500,000 of carriers and containers permit for transportation of milk;
- e) License fee of TZS 15,000 for small scale meat producers;
- f) License fee of TZS 50,000 for Medium Scale Producers;
- g) Registration fee of TZS 75,000 for Large Scale producers;
- h) Registration fee of TZS 20,000 for Primary Markets Operator;
- i) Registration fee of TZS 30,000 for Secondary and Border Markets operators;
- j) Registration fee of TZS 50,000 for Secondary and Border Markets;
- k) Registration fee of TZS 30,000 for Local and Primary market traders;
- l) Registration fee of TZS 60,000 for secondary and border markets traders;
- m) Registration fee of TZS 100,000 for meat exporter;
- n) Movement permit fee of TZS 1,000 for transportation of day old chick per 100; and
- o) Movement permit fee of TZS 200 for transportation of Adult/Guinea fowl per each.

## MINISTRY OF NATURAL RESOURCES AND TOURISM

Trophy handling fees and TALA fees on professional hunting charged by the natural resources and tourism sector are proposed to be abolished.

## MINISTRY OF WATER

The fee imposed on borehole which starts from TZS 100,000 depending on the utilization of water has been proposed to be abolished. However, the owners will be required to register their borehole with Water Board.

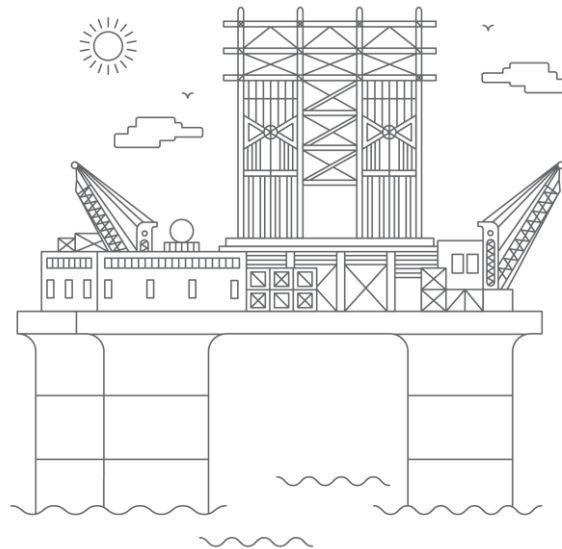
## THE ROAD TRAFFIC ACT, CAP 168

The following amendments are proposed:

- a) To extend the validity period for driver's license from three to five years with revised driving license fees of TZS 70,000 (up from TZS 40,000);
- b) To increase the registration card fee for all forms of motor vehicles from TZS 10,000 to TZS 50,000, motorcycle from TZS 10,000 to TZS 30,000 and tricycle from TZS 10,000 to TZS 20,000.

## THE BUDGET ACT, CAP 339

The Paymaster General has been granted extended period to approve expenditures on funds remaining from previous financial years. The current requirement has a limitation of three months after which all unspent funds are to be deposited in the Paymaster General Account. This hinders development projects because the Government is unable to pay its suppliers and contractors until new allocation of funds is effected for the new financial year. The new measure will allow continuity in the implementation of Strategic and big projects with public interest e.g. infrastructure projects, purchase of aircrafts, locomotives, power projects etc.



## ADMINISTRATIVE PROCEDURES

- Individuals will now be allowed to clear their goods without using Clearing and Forwarding Agents as intermediaries. However, this will not apply on transit goods. TRA will prepare guidelines and procedures that are simple and clear to understand and facilitate smooth clearing of goods.
- To introduce a system, which will ensure that gaming activities are regulated. The system will also institute control on the operators to enable the Government to collect a fair share of revenue from the gaming industry.

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