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RSMTZ Newsletter

Overview of the Tanzania Finance Act, 2026


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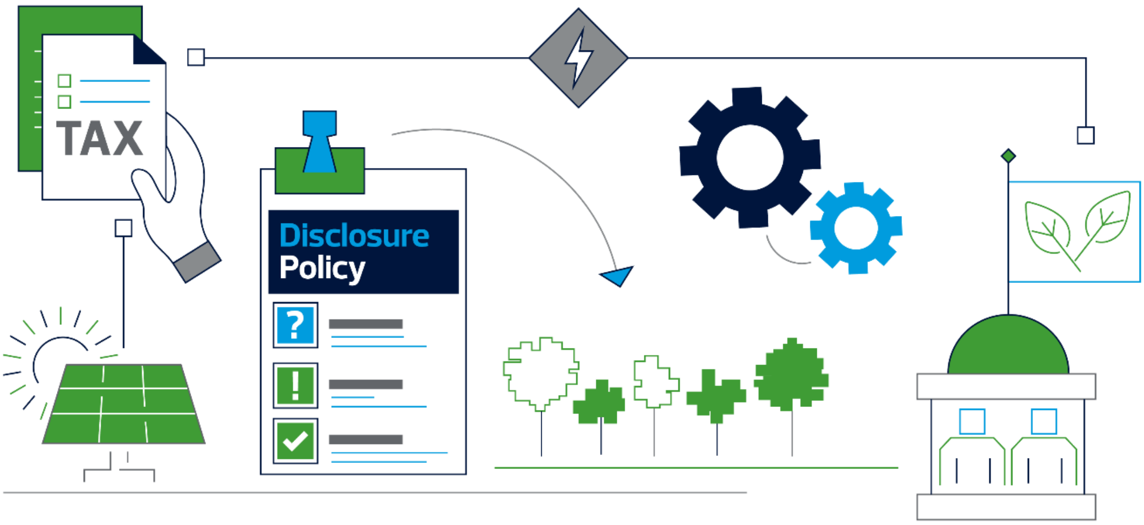
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Overview of the Tanzania Finance Act, 2026:
Key Changes at a Glance

Following the Budget Speech delivered on 11 June 2026, and our accompanying newsletter issued on the same day, we now share this update on the Finance Act, 2026, which was assented into law on 30 June 2026.

The Finance Act introduces amendments across a wide range of laws. In this newsletter, we focus specifically on the changes to tax laws, highlighting the additional refinements and clarifications introduced beyond what was originally proposed in the Speech and Bill.

The key highlights include:

- Introduction of a tax holiday for newly registered individual businesses, subject to formal application to the Commissioner General.
- Removal of the sunset clause on the VAT deferment scheme for imported capital goods, with the Minister empowered to prescribe additional requirements by Gazette notice.
- Introduction of a new offence and penalty for the misuse or abuse of tax exemptions and remissions.
- Restriction of Framework Agreement tax exemptions to the construction phase of a mining project, ceasing on commencement of production.
- Revised penalty regime for non-compliance with transfer pricing regulations. The penalty is now calculated as the higher of 30% of the transfer pricing adjustment or 100% of the tax shortfall, replacing the previous straight 100% of tax shortfall.
- Proposal to raise withholding tax on royalties paid to sports institutions and the Tanzania Football Federation from 5% to 10%: **not enacted.**
- Proposal to extend withholding tax obligations to all Government Ministries, Departments, Agencies and Local Government Authorities: **not enacted.**
- Proposal requiring the Commissioner General to decide on a VAT refund application within 30 days: **not enacted.**
- Proposal allowing the Commissioner General to suspend the 30-day VAT refund timeline where a tax audit or investigation notice has been issued: **not enacted.**

The sections that follow explain each of these changes in detail, together with the practical implications for taxpayers.

The Income Tax

Tax holiday for newly registered individuals and reduction of presumptive tax rate

The Minister proposed a welcome relief for new entrants into business, and the Finance Act, 2026 has given effect to it. A 12-month income tax holiday is now available to newly registered individual businesses, calculated from the date of TIN registration. The relief is not automatic. The individual must apply to the Commissioner, who may grant the exemption where the prescribed conditions are met. In practice, this means that new individual businesses should ensure the application is made to the Commissioner for the exemption.

The Speech also proposed a broader overhaul of the presumptive tax regime. The upper turnover threshold has been doubled from TZS 100 million to TZS 200 million, taxpayers below the threshold may now elect to prepare audited accounts and use self-assessment, and the presumptive rate for the top turnover band was originally set to rise from 3.5% to 4.5%. The Finance Act, however, has moderated the increase. The rate for the top band has been set at 4.0%, offering a small but meaningful concession to small businesses trading between TZS 11 million and TZS 200 million.

Together, these measures reflect a deliberate policy of bringing more informal traders into the tax net while easing the entry cost for genuinely new businesses.

Deemed distribution tax: rate reduced and exclusions clarified

Section 33A of the Income Tax Act, which taxes profits deemed to have been retained by a company, has been amended in two important ways.

First, the deemed distribution portion has been reduced from 30% to 15% of taxable profit. In practical terms, the effective withholding tax cost on retained profits now stands at approximately 1.5% (10% withholding tax on 15% of profit), down from 3% under the previous position.

This is a meaningful relief for businesses that reinvest earnings rather than distribute them.

Second, the scope of the provision has been narrowed. The Minister's Speech referred to excluding the "small financial sector", but the Bill (and now the Finance Act) has adopted a materially broader definition. The following categories of taxpayers are now excluded from the deemed distribution regime altogether:

a) companies listed on the Dar es Salaam Stock Exchange;

b) financial institutions as defined under the Banking and Financial Institutions Act;

c) insurance companies; and

d) mining companies which have entered into a Framework Agreement with the Government.

The reference to the Banking and Financial Institutions Act is significant. That Act defines a "financial institution" broadly to include banks, microfinance banks and non-bank financial institutions engaged principally in accepting deposits, granting credit, finance leasing and similar activities. There is no "small" qualifier in the statutory definition. The Section 33A exclusion therefore covers the entire regulated banking and financial services sector, not merely the small end of it as the Speech had implied.

For all other taxpayers who remain within the scope of Section 33A, the rate reduction is a welcome relief. However, businesses with significant retained profits should still evaluate their distribution strategy carefully, as the deemed distribution mechanism continues to apply to profits held for more than 12 months.

Restriction of Framework Agreement tax exemptions to the construction phase

The Speech proposed to give express statutory recognition to income tax and other tax exemptions granted under Framework Agreements approved by the Cabinet. The Bill implemented this by amending Section 10(3)(b) of the Income Tax Act to include Framework Agreements entered into between the holder of a mining licence or special mining licence and the Government as one of the categories of agreements eligible for Cabinet-approved tax exemption.

The Finance Act has enacted this amendment, but with an important new proviso not contained in the Bill:

"Provided that the exemption granted under paragraph (b)(iii) shall be granted during construction of mining project and ceases immediately upon the commencement of production."

This is a material tightening. Income tax exemptions granted under a mining Framework Agreement now apply only during the construction phase of the project, ceasing automatically once production begins. Corresponding limitations have been introduced under the Value Added Tax Act, the Excise (Management and Tariff) Act, and the Roads and Fuels Tolls Act, so that exemptions or remissions across those laws are similarly confined to the construction phase. Under the Excise Act, the remission is further restricted so that it does not apply to petroleum products.

For mining investors, this shifts the fiscal model materially. Framework Agreement negotiations must now assume that the tax benefit ends at commencement of production, and financial models for the operational phase should be built on the basis of the standard applicable tax rates. Where a project's economics depended on the exemption extending into production, those assumptions will need to be revisited.

Proposals in the Budget Speech / Finance Bill that were not enacted

a) The proposal to increase the withholding tax on royalties paid to sports institutions and the Tanzania Football Federation from 5% to 10%.

b) The proposal to extend the withholding tax obligation on payments for local purchases of goods to all Government Ministries, Independent Departments, Agencies, Institutions, Regional Secretariats and Local Government Authorities. The existing rule, which applies only to resident corporations whose budgets are wholly or substantially financed by Government subventions, therefore remains in force.

c) The proposal to introduce a 1% withholding tax on the purchase of live animals, unprocessed milk, unprocessed fish and fish maws. The Finance Bill had proposed to add a new Section 109A to the Income Tax Act and to amend paragraph 4 of the First Schedule accordingly (see Section 31 of the Bill). The Finance Act, 2026 has, however, dropped the addition of Section 109A but retained the corresponding amendment to the First Schedule, which now refers to a rate of 1% on payments to which Section 109A applies. This appears to be a drafting anomaly, since the First Schedule now cross-refers to a provision that does not exist in the enacted law. In practice, this means there is currently no operative withholding tax obligation on these agricultural payments, but the position may need to be revisited once the inconsistency is addressed.

d) The Finance Bill had proposed to introduce a new Section 169A into the Income Tax Act, providing that where the tax benefits under a Framework Agreement are inconsistent with the provisions of the Act, the terms of the Framework Agreement would prevail. This proposal was not passed into the Finance Act, 2026. As a result, Framework Agreement holders do not benefit from the express statutory primacy clause originally contemplated by the Bill and continue to rely on the general provisions of the Act read together with the specific terms of their Framework Agreements.

e) The Finance Bill had proposed to introduce a new Section 116B into the Income Tax Act, imposing a 1% single instalment tax on the purchase of food crops from resident individual farmers. The rate was to be introduced by way of a corresponding amendment to the First Schedule. This proposal was not passed into the Finance Act, 2026. As a result, agribusinesses and food processors purchasing food crops from resident individual farmers are not required to account for the proposed single instalment tax under the enacted law.

Other Budget Speech proposals that were enacted in the Finance Act

f) Expansion of the exemption provision under Section 10(3)(b) to cover four categories of Cabinet-approved agreements attracting income tax exemption: agreements on strategic projects, on public interest, Framework Agreements with holders of mining licences or special mining licences, and strategic investment or special strategic investment agreements approved under the Tanzania Investment and Special Economic Zones Act.

g) Increase in the income tax rate on payments made to foreign digital service providers from 2% to 3% of the gross payment.

h) Introduction of a 2% single instalment tax on the sale of forest produce, now expanded to include timber, mirunda, poles, and natural varnish including latex, resin, sap and gums.

The Value Added Tax

Clarification of the withholding VAT rates for goods and services

The Finance Act, 2026 has amended Section 5(5) of the VAT Act to include the rate payable to a taxable person supplying goods, which had previously been left implicit. The amended provision now expressly states that the rate payable to a taxable person supplying goods is 15%, alongside the existing 12% for services. The withholding rates themselves remain unchanged at 3% on goods and 6% on services.

On the administration side, a withholding agent must remit the withheld VAT to the Commissioner within ten days after the end of each tax period and file a withholding VAT statement within ten days of the month following the tax period, in the form and manner prescribed by the Commissioner General. The agent is also required to issue a valid VAT withholding certificate to the supplier, which the supplier uses to claim a credit against its output VAT payable. Withheld amounts are accounted for and remitted either at the time the VAT return is due or in such other manner as the Commissioner General may direct.

For businesses in sectors that routinely involve mixed supplies of goods and services, such as construction, information technology, engineering, and facilities management, these rules will call for a fresh review of internal invoicing systems, contract templates, and ERP configurations. Getting the apportionment and remittance timelines right at the outset will help avoid costly reconciliations and penalty exposure later.

Framework Agreement on VAT exemption limited to the construction phase

The VAT Act has been amended to grant statutory recognition to VAT exemptions granted under mining Framework Agreements. Consistent with the corresponding restriction under Section 10(3)(b) of the Income Tax Act, the VAT exemption is limited to goods or services used exclusively for the construction phase of the mining project and ceases immediately upon commencement of production.

A related amendment to Section 6(8) adds the holder of a mining or special mining licence with a Cabinet-approved Framework Agreement to the list of persons eligible for import VAT exemption.

For mining investors, this is the same construction-phase boundary highlighted earlier under the Income Tax Act, applied consistently across the VAT regime. Financial models for the operational phase should therefore assume full VAT applicability on inputs and services once production begins.

Digital marketplaces now treated as suppliers of electronic services

The Finance Act introduces a significant expansion of the VAT net into the digital economy. Where an operator of an online intermediation service or a digital marketplace facilitates the supply of electronic services to an unregistered person in Mainland Tanzania, the operator is now deemed to be the supplier of those services for VAT purposes.

The practical consequence is that platform businesses, marketplace operators, and application stores that previously took the view they were mere facilitators may now be required to register for VAT in Tanzania, charge VAT on the supplies made through their platforms, and remit the tax to the Commissioner. This aligns Tanzania's VAT treatment of digital platforms with the direction taken by many other jurisdictions and closes what had been a growing gap in the tax base.

Affected operators, both resident and non-resident, will need to review their VAT registration position in Tanzania, adjust customer-facing pricing to account for the VAT charge, and put in place the systems required to identify Mainland Tanzania customers and collect the correct amount of VAT.

Proposals in the Budget Speech / Finance Bill that were not enacted

a) The proposal requiring the Commissioner General to determine a VAT refund application within 30 days from the date of receipt of a complete application.

b) The related proposal exonerating the Commissioner General from the 30-day requirement where the taxpayer has been issued a notice of tax audit or investigation.

Other changes proposed in the Budget speech and passed in the Finance Act

c) VAT deferment on imported capital goods made permanent. The VAT deferment scheme on imported capital goods, which had been scheduled to sunset on 30 June 2026 under the Finance Act, 2023, has been retained. The Finance Act, 2026 has removed the sunset provision, and further empowers the Minister, by order published in the Gazette, to prescribe additional requirements for the deferment. This is a welcome development for capital-intensive businesses, particularly in manufacturing, energy, and infrastructure, that rely on the deferment to manage the working capital cost of importing plant and equipment.

d) Exemption of VAT on:

- Supplies of locally manufactured garments made from locally grown cotton, for the period 1 July 2026 to 30 June 2027;
- Locally manufactured fishing nets under HS Code 5608.11.00 (with the corresponding exemption on imported fishing nets abolished);
- Paper for printing boarding passes, implementing Tanzania's obligations under ratified Bilateral Air Services Agreements and IATA guidelines;
- Importation of electric vehicle charging stations under HS Code 8504.40.00 by a licensed electric vehicle charging service provider;
- Turbo-jets, turbo-propellers, gas turbines and new pneumatic tyres of a kind used on aircraft under HS Code 4011.30.00 and Heading 84.11;
- Amendment of the exemption on dairy packaging materials to reflect updated HS Codes; and
- Amendment of the exemption on animal feeds to specifically exclude dog and cat food put up for retail sale under HS Code 2309.10.00.

The Tax Administration Act

New offence and penalty for abuse of Framework Agreement exemptions

The Tax Administration Act has been amended to introduce a new Section 94A, which creates a specific offence for the misuse of exemptions or remissions granted under a Framework Agreement.

Under Section 94A, a holder of such an exemption or remission commits an offence where the person:

- Uses the exempted goods for purposes other than those for which the exemption was granted;
- Transfers the exempted goods to another person without the Commissioner's approval; or
- Obtains the exemption on the basis of a false or misleading statement.

On conviction, the person is liable to a fine equal to 100% of the tax exempted. The exemption or remission itself also becomes due and payable, as if it had never been granted in the first place.

This is a significant new compliance point for Framework Agreement holders. It reinforces the broader tightening of the Framework Agreement regime that runs through this year's Finance Act, alongside the construction-phase limitation on Framework Agreement tax benefits. Framework Agreement holders should ensure that they have robust internal controls around the use, disposition, and reporting of goods imported or acquired under the exemption and should not deviate from the specified purposes without prior Commissioner approval.

Mandatory electronic disclosure of contractors and subcontractors

A substantial new compliance obligation has been introduced for entities engaged in the construction and extractive industries. Within thirty days of executing a contract for contracted or sub-contracted services, an entity must electronically disclose to the Commissioner General, in the prescribed form, the names of all persons contracted and sub-contracted in connection with the performance of its duties, business, or project.

The disclosure must include, in respect of each contractor or subcontractor:

- legal name, address, and Taxpayer Identification Number (if any);
- nature of the contract, contract value, contract period, and scope of works;
- the withholding tax obligations expected to arise; and
- any other particulars as may be prescribed.

At the time of writing, the prescribed form for making this disclosure has not yet been published. As an interim measure, businesses are advised to lodge the disclosure manually with the Tanzania Revenue Authority within the 30-day window, pending publication of the prescribed form. We anticipate that the TRA will, in due course, integrate this disclosure into the IDRAS platform to allow full electronic filing.

For construction companies, mining companies, oil and gas operators, and other entities in the extractive industries, this is a material new obligation. The 30-day timeframe applies from the date of executing each contract, which makes the regime transactional rather than periodic. Businesses in these sectors should establish a process for identifying contract execution events, capturing the required disclosure information, and submitting the electronic disclosure to the Commissioner General within the 30-day window.

The inclusion of expected withholding tax obligations in the disclosure is particularly important. It gives the Tanzania Revenue Authority a powerful tool for monitoring the timely accounting of withholding tax obligations across the sector and reduces the scope for underreporting on subcontractor payments.

Revised penalty for non-compliance with Transfer Pricing Regulations

The Budget Speech proposed a change to the base on which transfer pricing penalties are calculated. The Finance Bill gave effect to this by amending the wording from "one hundred percent of tax shortfall" to "thirty percent of the amount of the adjustment resulting from a transaction conducted in a manner inconsistent with the arm's length principle".

The Finance Act has assented a further refinement. Under the enacted wording, the penalty is now set at the higher of:

- thirty percent (30%) of the amount of the adjustment resulting from a transaction conducted in a manner inconsistent with the arm's length principle; or
- one hundred percent (100%) of the tax shortfall.

This is a more taxpayer-adverse position than what the Bill had proposed. Under the Bill's original wording, a taxpayer subject to the standard 30% corporate income tax rate would have been broadly in the same position, in cash terms, as under the pre-existing 100% of tax shortfall rule (since 100% of the tax shortfall at a 30% rate equates to 30% of the adjustment). For taxpayers on reduced effective rates, such as mining Framework Agreement holders, SEZ companies, and holders of other tax incentives, the Bill's wording would have increased the penalty exposure.

Under the enacted wording, the Commissioner may impose the higher of the two amounts. In practice, this means that:

- taxpayers on the standard 30% CIT rate will typically face a penalty equal to 30% of the transfer pricing adjustment (which also equals 100% of the tax shortfall); and
- taxpayers in a tax loss position, whose transfer pricing adjustment does not immediately generate a tax shortfall, may still face a penalty of 30% of the adjustment.

The enacted formulation therefore preserves the pre-existing exposure for taxpayers at the standard rate, tightens the exposure for taxpayers on reduced effective rates, and closes the gap that previously existed for loss-making entities under the 100% of tax shortfall rule.

Extension of the Commissioner's search powers to electronic systems

The Tax Administration Act has been amended to extend the Commissioner's search powers. Previously, the powers under paragraph (a) applied to "any building, room, place, or item of a plant". Under the enacted amendment, they now apply to "a book, record, register or electronic system".

This is a material extension. It brings ERP systems, cloud-based accounting platforms, point-of-sale systems, electronic document management systems, and other digital records within the scope of TRA search and inspection powers. Businesses should review their data retention policies, access controls, and audit trail integrity, particularly for systems that may contain sensitive commercial information or material subject to legal privilege.

Other changes proposed in the Budget Speech and passed in the Finance Act

a) Addition of Section 8A, empowering the Minister, by notice published in the Gazette, to specify a Framework Agreement for the purposes of a tax law. This is the administrative vehicle through which Framework Agreement recognition operates across the Income Tax Act, VAT Act, Excise Duty Act, and other affected tax laws.

b) Amendment of Section 22 to standardise the timeline for applying for a Taxpayer Identification Number at 15 days from the date of commencement of employment, business, or investment activity.

c) Amendment of Section 73(4), empowering the Commissioner General to sell perishable goods that have been distrained or seized for tax violations, by way of auction or private treaty, after giving notice to the taxpayer.

d) Amendment of the First Schedule to recognise a withholding VAT statement filed under Section 71(6) of the VAT Act as a tax return for the purposes of the Tax Administration Act.

The Tax Revenue Appeals Act

Extension of the amicable settlement window

The Tax Revenue Appeals Act has been amended to give parties in a tax dispute more time to reach an out-of-court amicable settlement.

The window during which parties may pursue such a settlement, running from the date on which the Board or Tribunal issues an order permitting the appeal to be subject to amicable settlement, has been extended from 60 days to 90 days. The Board or Tribunal will issue such an order only where the parties have expressly confirmed their acceptance of the amicable settlement process, ensuring that neither party is drawn into the process against its will.

The Act further allows the Board or Tribunal, on application by a party and where good reasons are shown, to grant a further extension not exceeding thirty days. This brings the total available amicable settlement window to 120 days.

This is a welcome, taxpayer-friendly adjustment. It gives parties more realistic time to exchange positions, undertake the technical analysis often required in complex tax matters, and negotiate and formalise a settlement without being forced into the strict timelines of litigation. In practice, disputes involving multi-year adjustments, transfer pricing, or cross-border transactions rarely lend themselves to a 60-day resolution, and the extended window recognises this commercial and technical reality.

The Excise (Management and Tariff) Act

Revised Excise Duty Rates on Imported Used Vehicles

The Budget Speech proposed a significant increase in the excise duty applicable to imported used vehicles by age band. The Finance Bill gave effect to this by setting the excise duty at 20% for vehicles aged 8 to 10 years, 40% for vehicles aged more than 10 years but not more than 20 years, and 50% for vehicles aged more than 20 years.

The Finance Act has retained the direction of the increase but moderated the rates. The enacted position is:

- 18% for vehicles aged 8 to 10 years;
- 35% for vehicles aged more than 10 years but not more than 20 years; and
- 40% for vehicles aged more than 20 years.

The reduction in each band offers a modest concession to importers. That said, the enacted rates still represent a material increase compared with the pre-existing position for older vehicles. Importers should update pricing, duty calculation models, and stock costing assumptions with effect from 1 July 2026, and consider whether the additional cost can be passed on to buyers or absorbed into margin.

Annual indexation replaces the three-year excise review

The Excise Duty Act has been amended to require that specific excise duty rates under Section 126(1) be adjusted annually, rather than every three years. The annual adjustment is set at the year-on-year actual inflation rate for the period ending March, plus 2 percentage points.

This is a structural change in how excise rates evolve over time. The previous three-year review cycle produced periodic step-ups that were both large and difficult to plan around. The annual formula provides greater predictability, though the additional 2-percentage-point margin means specific excise rates will rise slightly faster than general inflation.

For 2026/27, the Fourth Schedule has been updated to apply an 8% uplift to specific excise rates across a wide range of HS Headings. Affected categories include margarine (15.17), sugar confectionery (17.04), chocolate (18.06), pastas (19.05), fruit juices (20.09), soft drinks and mineral water (22.01 and 22.02), beer (22.03), wine (22.04), spirits (22.08), and cigarettes and tobacco (24.02 and 24.03), among others.

Businesses in the fast-moving consumer goods, food and beverage, and tobacco sectors should factor the annual excise uplift into their long-term pricing, product mix, and margin planning.

Non-resident B2C excisable services now within the excise net

The Excise Duty Act has been extended to cover non-resident suppliers of excisable services delivered electronically to Tanzanian consumers. Two new subsections have been added to Section 126 for this purpose.

Under the new Section 126(4), where a non-resident supplies excisable services (as specified under subsections (6), (7), (9)(d) and (14)) through the internet or any other electronic means to a resident person who is not registered or required to file returns under the Excise Duty Act, the services fall within the excise net. The non-resident supplier is required to register, charge excise duty, file returns, and pay the duty in accordance with regulations to be made under the Act.

This mirrors the digital service tax approach already adopted under the Income Tax Act and reflects a wider policy of bringing cross-border digital transactions into the domestic tax base. Non-resident providers of excisable services to Tanzanian consumers should assess their registration obligations, contractual pricing terms, and compliance capacity ahead of the effective date.

Framework Agreement excise remission introduced with limitations

A new Section 146B empowers the Minister, upon Cabinet approval and by order published in the Gazette, to remit excise duty payable by a mining licence or special mining licence holder that has entered into a Framework Agreement with the Government. The remission covers goods imported or purchased for use in the construction of a mining project in which the Government holds an ownership interest.

Two limitations should be noted. First, the remission applies only during the construction phase of the mining project. Second, the proviso expressly excludes petroleum products from the scope of the remission.

The Minister is further empowered to specify the time limit, the goods to which the remission applies, and any other conditions, and to make regulations prescribing the procedures for granting the remission.

The construction-phase boundary aligns with the equivalent limitations under the Income Tax Act, VAT Act, and Roads and Fuels Tolls Act, giving a consistent policy signal that Framework Agreement tax benefits are targeted at the capital-intensive project setup stage and not at ongoing operations.

Other changes proposed in the Budget Speech and passed in the Finance Act

a) Beauty and cosmetics: excise duty on Headings 33.03, 33.04, 33.05 and 33.07 increased from 10% to 15%, aligning with the position in other East African Community Partner States.

b) Motorcycles: introduction of a 5% excise duty on motorcycles under Heading 87.11, with carve-outs for electric and Compressed Natural Gas variants and for specified ambulance and special-purpose sub-codes.

c) Plastic and rubber footwear: introduction of a 10% excise duty on imported plastic and rubber footwear under HS Code 6402.99.00. Locally produced footwear is excluded, in line with the policy of encouraging domestic manufacturing.

d) Artificial flowers: introduction of a 20% excise duty on imported artificial flowers under Heading 67.02.

e) UV/LED nail curing machines: introduction of a 10% excise duty under HS Code 8516.79.00.

f) Gambling and betting stakes: introduction of a 5% excise duty on stakes, with 10% of the duty collected earmarked for the Gaming Board of Tanzania.

g) Small vehicles: introduction of a 5% excise duty on assembled small vehicles up to 1,000cc under HS Code 8703.21.90.

The Stamp Duty Act

Fundamental shift on transfer of agricultural land

Under item 22(c) of the Schedule to the Stamp Duty Act, the transfer of agricultural land was previously subject to a fixed stamp duty of TZS 500. Item 22(c) has now been amended to charge stamp duty at 0.5% of the value of the agricultural land.

This is a fundamental shift in approach rather than a simple rate adjustment. For agricultural land valued at TZS 100 million, the duty payable rises from TZS 500 to TZS 500,000. For agribusiness investors, large-scale farm acquisitions, agricultural land consolidations, and rural property transactions, this represents a materially higher transaction cost that should now be factored into deal structuring, valuation, and pricing negotiations.

Other stamp duty changes

Other amendments to the Schedule to the Stamp Duty Act include:

a) Introduction of a TZS 5,000 stamp duty on Bills of Exchange relating to property;

b) Increase in the stamp duty on Bills of Sale by way of security from TZS 1,000 to TZS 10,000, with the applicable cap raised from TZS 10,000 to TZS 100,000;

c) Increase in the stamp duty on cheques from TZS 100 to TZS 500;

d) Increase in the stamp duty on partnership deeds to TZS 10,000 where the partnership capital exceeds TZS 1 million; and

e) Increase in the stamp duty on surrender of lease from TZS 1,000 to TZS 2,000, across both paragraphs (a) and (b).

Section 65 of the Stamp Duty Act has also been amended to change the refund calculation methodology from "cents for each shilling or portion of a shilling" to "percent of the value of the stamps". This is an administrative simplification.

The definition of "lease" in Section 2 has been amended to include documents relating to movable property, thereby extending the reach of stamp duty on lease documents.

Other Tax and Related Laws

Bank of Tanzania Act

The Bank of Tanzania Act has been amended to reduce the ceiling on the Government's short-term overdraft facility from the Central Bank from 18% to 14% of the previous year's actual revenue. The reduction reinforces the Government's continued commitment to fiscal discipline and to limiting reliance on Central Bank financing.

The Finance Bill, 2026 had also proposed to repeal and replace Section 69 of the Bank of Tanzania Act to define the criteria for temporary advances to the Government in emergency situations. This proposal was not enacted in the Finance Act, 2026. The criteria for such advances therefore continue to be governed by the pre-existing Section 69.

Electronic Transactions Act

The Electronic Transactions Act has been amended to empower the Minister responsible for finance, by order published in the Gazette, to prescribe categories of payments that must be made through electronic means. Proof of electronic payment made under such an order will then be relied upon by the relevant authority as a mandatory condition for approving applications relating to the transfer of assets, including land, buildings, and motor vehicles.

This amendment reinforces the Government's broader cashless economy agenda by directly linking electronic payment compliance to the ability to complete significant asset transfers. In practice, once the Minister's order is issued, buyers, sellers, and their advisers will need to ensure that the underlying payment is properly executed through recognised electronic channels and adequately documented, or risk a stalled transfer at the point of registration.

Local Government Finance Act

Two important changes have been introduced to the Local Government Finance Act.

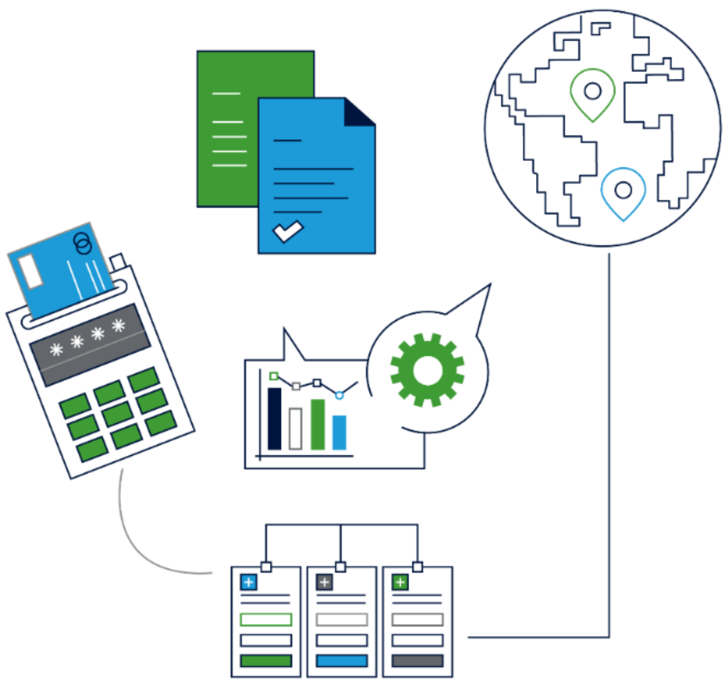
First, the mandatory social allocation of Local Government Authority (LGA) revenue for women, youth, and persons with disabilities has been increased from 10% to 15%. The composition of the allocation is prescribed as:

- 10% retained for loans to women, youth, and persons with disabilities; and
- 5% earmarked for the construction of markets, business or entrepreneurship centres, and related infrastructure.

Second, the LGA share of land rent has been reduced from 20% to 10%. This aligns with a corresponding amendment to the Land Act, under which the 20% land rent is now split equally between the Ministry (10%) and the LGA (10%).

Together, the changes rebalance the mix of social investment and central-versus-local revenue sharing within the LGA financial framework.

Should you have any questions or require further clarification please reach out to us on info@rsmtz.co.tz or our office premises at 1st Floor, Plot 1040, Haile Selassie Road, Masaki.



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