



TANZANIA BUDGET ANALYSIS

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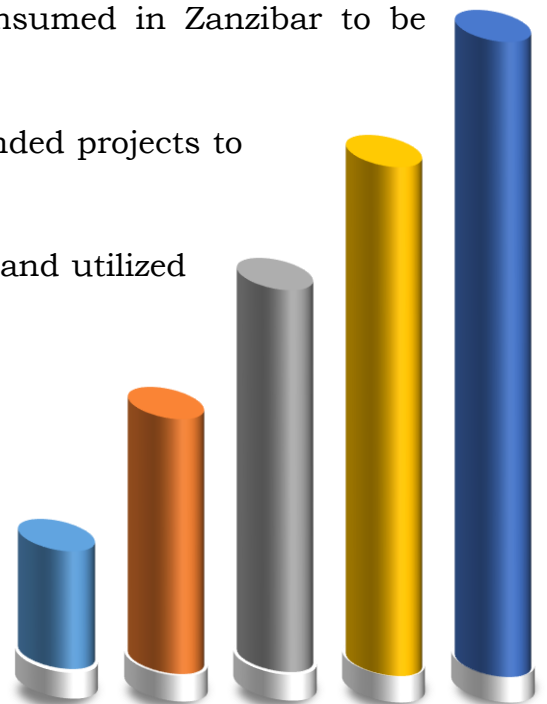
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Key highlights

- Tax revenue collection for 10 months up to April 2021 reached Tshs. 14.54 trillion (86.9 % of target)
- Borrowing from Domestic market for 10 months up to April 2021 was Tshs. 3.99 trillion (95.7 % of target)
- Real GDP growth of 5.6% is projected in year 2021 and 6.2% by year 2023.
- Inflation to be contained at a single digit between 3.0% to 5.0% in 2021/22.
- Domestic Revenue (LGA including) projected at 15.9% of GDP in 2021/22
- Tax Revenue Projected at 13.5% of GDP in 2021/22 from 12.9% in 2020/21
- Tshs. 6.84 Trillion spent on Government Debt Service.
- Many Flagship Projects identified for strengthening and improvements.
- VAT deferment on capital good to be limited
- Smart Phones to be VAT exempt
- Products manufactured in Tanzania and consumed in Zanzibar to be vatable
- VAT exemption on Government and Donor funded projects to be granted by TRA and not through GN.
- VAT refund for goods purchased in mainland and utilized in Zanzibar to be restored
- Minimum PAYE rate reduced to 8%
- Interest income from government bond to be Tax free
- Non final withholding Tax @ 2% introduced on payments made to suppliers of agro products, livestock and fisheries



- Special Tax rate introduced for individuals engaged in small mining @ 3%
- Section 92A of The Tax Administration Act deleted to facilitate the court of law to collect fines and penalties on ruling of Tax offences by the court
- TRA given powers to remit interest and penalties
- Penalty of 100% of sales adjusted in Transfer Pricing Regulation 2018 abolished
- Numerous changes in East African Community Customs Management Act, 2004
- Outdoor advertisement fees reduced
- Property Tax to be embedded in electricity bill / prepaid meter @ 1,000 Shs per month on buildings with 1 meter and 5,000 Shs per month for every storey or apartment
- Premium rate for new land occupancy reduced from 2.5% to 0.5%. Premium rate for regularizing land reduced from 1% to 0.5%
- Religious health institution exempted from SDL
- Gaming Tax @10% introduced on virtual games
- Gross gaming revenue on sports betting increased to 30% from 25%
- Winning Tax on sport betting reduced to 15% from 20%
- Personalized number plates registration fees reduced from Shs. 10 Million to Shs. 5 Million
- Fines for Boda Boda reduced from Shs. 30,000 to Shs. 10,000 per offence
- Non Filing of non-citizen employee's details to labour commissioner to attract fine of 500,000 Shs. per month
- 12 months imprisonment or fine of 10Million Shilling or both for failure to submit monthly returns to Labour Commissioner
- TALA License Fee for travel agents reduced from USD 2,000 to USD 500
- Minimum number of employees for SDL increased from 4 to 10
- Rate of contribution to WCF reduced from 1% to 0.6%





Review of 2020/21 Budget Implementation for 10 months up to April 2021

- Tax revenue collection was Tshs. 14.54 trillion (86.9 % of target);
- Non-tax revenue collection stands at Tshs. 1.80 Trillion (78.5 % of target);
- LGAs own sources collection were Tshs. 607.4 billion (88.5 % of target);
- Grant and Concessional loan received from Development Partners were Tshs. 1.89 trillion (70.4% of target);
- Borrowing from Domestic market was Tshs. 3.99 trillion (95.7 % of target);
- External non-concessional loans reached Tshs. 1.68 trillion (88.1 % of target);
- Recurrent Expenditure were Tshs. 22.10 Trillion;
- Expenditure on Development Projects stands at Tshs. 12.78 Trillion.

FISCAL POLICIES – 2021/22-Macroeconomic Policy Targets

- Real GDP growth of 5.6% in 2021 and 6.2% by 2023;
- Containing inflation at a single digit between 3.0% to 5.0 % in 2021/22;
- Domestic revenue is projected at 15.9 % of GDP in 2021/22 from the likely outturn of 14.7 % in 2020/21;
- Tax revenue is estimated at 13.5% of GDP in 2021/22 from the likely outturn of 12.9 % in 2020/21;
- Budget deficit (including grants) does not exceed 3.0 % of the GDP in line with the agreed East Africa Community macroeconomic convergence criteria
- Maintain foreign reserve sufficient to cover at least four months of imports of goods and services.
- Ensure that social wellbeing indicators are strengthened

Policy Roadmap to increase Revenue

- Continuing to improve the business environment for tax payers with view of attracting investment including nurturing small and medium businesses in order to widen tax base;
- Continue to implement the plan to improve the business and investment environment by harmonizing, abolishing or reducing tax rates and levies;
- Strengthening domestic revenue collection and administration including from local Government Authorities by emphasizing the proper use of ICT systems;
- Continuing to improve the Government's electronic payment Gateway (GePG) and ensure that all Government Institutions use the system;
- Strengthening monitoring systems in Institutions and Public Entities to ensure that dividends and contributions are timely submitted;
- Strengthening the administration of Tax laws to address the challenges of tax evasion and minimize revenue leakages;
- Transferring the role of marking petrol from a private contractor to the Tanzania Bureau of Standards (TBS) to verify the quality of imported fuel and control tax evasion due to fuel adulteration;
- Prioritize implementation of strategies and projects to increase revenue generation.

Priority Areas for 2021/22

- **“Realizing Competitiveness and Industrialization for Human Development”** – The budget has taken into account Five (5) Priority areas articulated in the Annual Development Plan for 2021/2022, which includes: realizing an inclusive and competitive economy; deepening industrialization and service provision for Value addition for agricultural products; investment and trade promotion; human development ; and skills development.

Flagship Projects

- Strengthening the national carrier-ATCL
- Mchuchuma- Coal and Liganga-Iron projects including construction of a standard gauge railway line from Mtwara to Mbamba Bay with spurs to Liganga and Muchuchuma;
- Crude oil Pipeline from Hoima (Uganda) to Tanga (Tanzania)

- Construction of Liquefied Natural Gas (LNG) plant in Lindi, Ruhudji Hydropower project -358 MW and Rumakali Hydropower Project-222 MW;
- Nickle mining project;
- Construction of bridges and flyovers including Kiogona-Busisi Bridge(Mwanza), Tanzanite bridge(Dar Es Salaam) and Kamata Flyover (Dar Es Salaam);
- Procurement of deep-Sea Fishing vessels and construction of fishing port (Mbegani);
- Construction of sugar processing plant at Mkulazi ;
- Eyasi Wembere and Mnazi Bay North petroleum Exploration projects;
- Soda ash project at Engaruka;
- Mass training for development of rare and specialized skills for Industrialization and human development (artisans, technicians and professionals);
- Development of Special Economic and Export Processing Zones
- Construction and rehabilitation of irrigation and crop storage infrastructure ;
- Strengthening research centers and extension services;
- Value addition to crops, Livestock, fish and fisheries products for local and international markets
- Improve Livestock artificial inseminations services
- Construction of modern abattoirs and livestock markets

Social Services

- Improving the provision of education and Training , health and social wellbeing, water and environment as well as social protection including the implementation of product Social Safety net program through Tanzania Social Action Fund(TASAF)
- To continue with land planning , surveying and issuing title deeds in urban and rural areas
- To manage and Develop water resources and continue implementing environmental protection and climate change adaption programmes
- Provision of Programmes that develop knowledge and skills at all level of education, including enabling environment for self-employment among the youth
- Continue to improve the vocational training and impart rare skills to increase productivity and competitiveness to foster social economic development

Other Priority Areas

- Preparation of the 2022 Population and Housing Census in August 2022
- Improving Employees' Welfare
 - To reduce minimum tax rate levied on employment income (PAYE) from 9 to 8%
 - To abolish the 6 % value retention fee on higher education loans
 - To allocate 449 billion shillings for promotion of 92,619 employees
- Improving Benefits for Ward Councillors, Division Officers and Ward Executives

Other Important Areas

- To implement other projects for improvement of infrastructure through concessional loans from the World Bank . The Projects include: Dar Es Salaam Metropolitan Development Project Phase II (DMDP II) for flood response in the Msimbazi river Basin at a cost of USD.120 million. The Project will involve expansion and construction of Msimbazi river-banks and bridge at Jangwani area
- Upgrading of roads to promote social and economic opportunities
- Improving rural roads in areas with high productivity of agricultural products



Tax Reforms

A. Amendments in the Value Added Tax Act, CAP 148

- ✚ **List of items Exempted from Value added tax** to be extended to include the following:
 - Cold rooms (HS Code 9406.10.10 and 9406.90.10)
 - Insurance of livestock farming
 - Imported and Local Purchases of Goods and Services for East African Crude Oil Pipeline (EACOP)
 - Crude Oil under HS Code 2709.00.00.
 - Artificial Grass with HS Code 5703.30.00 and 5703.20.00 for football pitches in City Councils.
 - Contactless Smart Cards (HS Code 3921.11.90) and Card Consumables (HS Code 3921.11.90) for National Identification Authority.
 - Imported or Local Purchases of Goods and Services by a Non-Government Organizations (NGO's)
 - Smart phones with HS Code 8517.12.00, Tablets with HS Code 8471.30.00 or 8517.12.00 and Modems with HS Code 8517.62.00 or 8517.69.00.

- ✚ **Value Added Tax to be abolished** on imported precious metals and raw minerals.

- ✚ **Value Added Tax exemption to be abolished** on the following items:
 - Cans intended for preserving milk with HS Code 7310.29.20, instead exempt Value Added Tax on both Aluminium and Stainless-steel Milk cans with HS Code 7310.29.90, 7310.10.00 and 7612.90.90.
 - Solar Lights with HS Code 85.13 and 94.05.

- ✚ **Zero rated Value Added Tax to be introduced** on transportation services of Crude oil and all other related services attached in transportation of crude oil through the pipeline which will be constructed under an intergovernmental agreement between the Government of Tanzania and Government of Uganda (EACOP).

- ✚ **Limits to be imposed on deferment of Value Added Tax on Capital Goods** as specified under chapters 84, 85 and 90 of the EAC CET.

- ✚ **Requests for VAT exemption for Government and donor funded projects** will be directly submitted to the Commissioner General of TRA for approval instead of the current requirement of granting exemption through a Government Notice by the Minister of Finance and Planning.
- ✚ **VAT refund** for goods purchased in Tanzania Mainland and utilised in Zanzibar by registered persons to be restored. Further, zero-rating of products manufactured in mainland Tanzania which are consumed in Zanzibar to be removed.

The VAT measures are expected to reduce Government Revenue by Tshs. 55,499.97 Million

B. Amendments in the Income Tax Act, CAP 332

- ✚ **Reduction** of the minimum PAYE rate for Mainland Tanzania from 9 % to 8 %. Current rates and proposed rates are as indicated hereunder:

Table No. 1a. Current Rates	
Total Income	Rate Payable
Where the total income does not exceed Shs. 3,240,000/-	NIL
Where the total income exceeds Shs.3,240,000/- but does not exceed Shs..6,240,000/-	9% of the amount exceeding Shs. 3,240,000/-
Where the total income exceeds Shs.6,240,000/- but does not exceed Shs. 9,120,000/-	Shs. 270,000/- plus 20% of the amount exceeding Shs. 6,240,000/-
Where the total income exceeds Shs.9,120,000/-but does not exceed Shs 12,000,000/-	Shs 846,000/- plus 25% of the amount exceeding Shs. 9,120,000/-
Where the total income exceeds Shs.12,000,000/-	Shs. 1,566,000/- plus 30% of the amount exceeding Shs. 12,000,000/-
Table No. 1b. Proposed Rates	
Total Income	Rate Payable
Where the total income does not exceed Shs. 3,240,000/-	NIL
Where the total income exceeds Shs.3,240,000/- but does not exceed Shs..6,240,000/-	8% of the amount exceeding Shs. 3,240,000/-
Where the total income exceeds Shs.6,240,000/- but does not exceed Shs. 9,120,000/-	Shs. 240,000/- plus 20% of the amount exceeding Shs. 6,240,000/=
Where the total income exceeds Shs.9,120,000/-but does not exceed Shs 12,000,000/-	Shs. 816,000/- plus 25% of the amount exceeding Shs. 9,120,000/-
Where the total income exceeds Shs.12,000,000/-	Shs. 1,536,000/- plus 30% of the amount exceeding Shs. 12,000,000/-

- ✚ **Income Tax on interest income** derived from Government bonds to be exempted.
- ✚ **Minister to grant income tax exemption to development projects** funded by Government on specific projects without approval by the Cabinet on implementation of such projects, provided that there should be an agreement between the donor or lender with the Government of the United Republic which provides for income tax exemption;
- ✚ **Introduction of a non-final withholding tax** of 2 % on payments which are made to suppliers of agro-products, livestock and fisheries when supplied to processing industries, millers and other Government Agencies. However, this measure will not apply to small farmers and sales to Agricultural Marketing Cooperatives Societies.
- ✚ **Depreciation to be calculated** at a rate of 5% on the cost of assets under the East African Crude Oil Pipeline (EACOP).
- ✚ **Introduction of taxation of individuals engaged in small mining operations** whose turnover does not exceed Tanzania shillings 100 million per annum as follows:
 - Income tax rate to be 3% of the sale value of the minerals;
 - Income tax to be paid at the time of selling minerals
 - Such individual employers to withhold tax at the time of selling minerals and payment of royalty as established by the Mining Commission;
 - time of payment of withholding tax on payments from persons engaged in small scale mining operations to be the time of selling minerals and payment of royalty at the mining area, mineral buying stations or at Mineral and Gem Houses designated by the Mining Commission under the Mining Act; and
 - Introduction of income tax (deemed PAYE on behalf of employees) at the rate of 0.6 % of the sale value of the minerals.

The Income Tax measures are expected to increase Government Revenue by Tshs. 29,776.14 Million

C. Amendments in the Excise (Management and Tariff) Act, CAP 147

- + **Reduction in excise duty rate for beer** made from locally grown and malted barley from shillings 765 per litre to shillings 620 per litre.
- + **Introduction of excise duty** of 10 % on imported and locally produced synthetic (plastic) fibres (Heading 55.11 and 56.07) except fishing twine (HS Code 5607.50.00).
- + **Introduction of excise duty** rate of 10 % on imported used Motorcycles aged more than 3 years (HS Code 8711).
- + **Increase in excise duty** by 30 % on all spirits in order to balance the tax rates between Spirits and Beer.

D. Amendments in the East African Community Customs Management Act, 2004

- + There are various amendments proposed in this act and detailed analyses of these changes are appended in **Annexure A**.

E. Amendments in the Tax Administration Act, CAP 438

- + **Section 92A to be deleted** to allow the court of law to collect and account for revenue from fines and penalties due to ruling of tax offences by the Courts.
- + **Section 70 (2) to be deleted** to provide the power to Commissioner General of TRA to implement Law relating to remission of interest and penalties.
- + **Amendment in Government Notice No.15 (Transfer Pricing Regulation)** to delete the penalty of 100% of sales adjusted for failure to comply with the requirements of the law.

F. Amendments in the Local Government Finance Act, CAP 290

- + **Amendments to be made** in Act to provide clarity where a corporate entity liable for service levy may not be liable to pay produce cess along the value chain of a product.
- + **Outdoor Advertising fees to be reduced** as follows whereby all these fees to be charged per Square Foot:

Particulars	Amounts
Illuminated advertisement	From Tshs. 18,000 to Tshs. 13,000
Non-Illuminated advertisement	From Tshs. 15,000 to Tshs. 10,000
Wall Sign advertisement	From Tshs. 15,000 to Tshs. 10,000
Electronic Sign advertisement	From Tshs. 20,000 to Tshs. 15,000
Vehicular advertisement for those advertising products of other manufacturers/traders	From Tshs. 15,000 to Tshs. 10,000
Short term advertisement/promotion per day	From Tshs. 55,000 to Tshs. 50,000
Every poster promotion for first 100 posters for every other bunch of 100 of posters or part thereof	From Tshs. 100,000 to Tshs. 50,000

G. Amendments in the Property Tax Act, Cap 289

- ✚ **Property rate** to be embedded in the electricity bill or prepaid meter.
- ✚ **Proposed rate** of 1,000/= shillings per month on ordinary buildings with one meter; and a rate of 5,000/= shillings per month for every storey building or apartments with one meter.
- ✚ **Government will make Regulations** to clarify on properties with a shared meter or single properties with more than one meter.

H. Amendments in the Land Rent Act, CAP 113 and its respective Regulation, 2001

- ✚ **New land occupancy premium** rate to be reduced from 2.5 % to 0.5 %
- ✚ **Regularizing Land premium** rate to be reduced from 1 % to 0.5 %

The measures are expected to increase Government Revenue by Tshs. 9,000 Million

I. Amendments in the Stamp Duty Act, Cap 189

- ✚ **Current Stamp Duty rates to be updated** as follows in line the with the current Economy :

Particulars	Amounts
Stamp duty rate	From Tshs. 500 to Tshs. 2,000
Stamp duty rate on Memorandum and Articles of Association	From Tshs. 5,000 to Tshs. 10,000
Stamp duty rate on Partnership Instruments whose capital exceeds shillings 100,000 but does not exceeding shillings 1,000,000	From Tshs. 2,000 to Tshs. 5,000
Stamp duty rate on Partnerships whose capital exceeds shillings 1,000,000	From Tshs. 5,000 to Tshs. 10,000
Stamp duty rate for instruments of dissolution of Partnerships	From Tshs. 1,000 to Tshs. 10,000

The measures are expected to increase Government Revenue by Tshs. 2,500.89 Million

J. Amendments in The Vocational, Educational and Training Act, CAP 82

- ✚ **Minimum threshold of number of employees for paying Skilled Development Levy** increased from 4 employees to 10 employees.
- ✚ **Religious health institutions to be exempted** from paying Skill & Development Levy.
- ✚ **Individual employer engaged in a small-scale mining operation** to pay the levy at the rate of 0.4 % of the sale value of the minerals. The payment will be made only at the time of selling minerals and payment of royalty at buying stations or at Mineral and Gem Houses designated by the Mining Commission under the Mining Act .

K. Amendments in The Gaming Act, CAP 41

- ✚ **Winning Tax reduced** on all Sports Betting from 20 % to 15 %;
- ✚ **Gross Gaming Revenue (GGR) on all Sports Betting** increased from 25 % to 30 %.
- ✚ **Gaming Tax Introduced on Virtual Games** at the rate of 10 % of Gross Gaming Revenue (GGR)
- ✚ **Gaming Tax Introduced on Gaming products** licensed under pilot study at the rate of 10 % of Gross Gaming Revenue.

The measures are expected to increase Government Revenue by Tshs. 14,925.38 million

L. Amendments in The Public Audit Act, CAP 148

- ✚ **Controller and Auditor General (CAG)** to have legal powers to audit all Parastatals that are established under the Companies Act.
- ✚ **Minister responsible for Finance** to respond to the Controller and Auditor General Report in the next Parliamentary Session after the CAG has submitted the report instead of the current practice where all reports are tabled on the same Parliamentary Session.

M. Amendments in Government Loans Grants and Guarantees Act, CAP 124

- ✚ Government Loans, Grants and Guarantees Act, CAP 134 to be amended to facilitate Government to Guarantee any public company or institution up to an amount not exceeding the Value of Government Shares to the respective company upon Cabinet approval.

N. Amendments in The Motor Vehicle (Tax Registration and Transfer) Act, CAP 124

- ✚ **Reduction in personalized Plate Number Registration fee** from TZS 10,000,000 to 5,000,000 for every three years.

O. Amendments in The Road Traffic Act, CAP 168

- ✚ **Reduction in Road fines** for offences related to motor cycles and three-wheelers motor cycles from shillings 30,000/= to shillings 10,000/= for each offence committed.

P. Amendments in The Road Traffic Act, CAP 168

- ✚ **Penalty of 500,000/- shillings per month** to be imposed for every employer with non – citizen employees for failure to submit monthly returns to the Labour Commissioner on information of his/her employees including details of their salaries.
- ✚ **12 months' imprisonment or a fine of 10,000,000 million shillings or both** for failure to submit monthly return to the Labour Commissioner information of his/her employees including details of their salaries.

Q. Amendments of Various Fees and Levies imposed by Ministries, Agencies, Regulatory Authorities, Regions and Independent Departments.

Introduction/increase of various rates of fees and levies charged by following Ministries, Agencies, Regulatory Authorities, Regions and Independent Departments:

✚ **Ministry of Agriculture:** Following fee to be introduced:

- **Registration Fee** of shillings 60,000 for Irrigation Communities; and
- **Irrigation Service Fee** of 5% of Seasonal harvest for an area for Irrigation Communities.

✚ **Ministry of Home Affairs:** Following fee to be introduced/increased:

Description	Amount
Introduction of application fee for New Certificate of registration of a Society –Damaged	Tshs. 100,000
Introduction of application fee for correction of misrepresentation caused by applicant of a society;	Tshs. 50,000
Introduction of application fee for change of physical address of postal address of a society;	Tshs. 50,000
Increase the application fee for registration of a society	From Tshs. 10,000 to shillings 50,000
Increase the annual fee for Religious Society	from Tshs. 20,000 to TZS 100,000;
Increase the annual fee for Non-Religious Society	From Tshs. 40,000 to shillings 50,000
Increase the annual fee for Foreign Religious Society	From USD 30 to USD 60
Increase the annual fee for Foreign Non -Religious Society	From USD 30 to USD 60
Increase the application fee for change of name of a society	From Tshs. 50,000 to shillings 100,000
Increase the application fee for change of Constitution of a society	From Tshs. 50,000 to shillings 100,000
Increase the application fee for certified true copy of the original from the records by society	From Tshs. 20,000 to shillings 50,000
Increase the application fee for new certificate of a society- Loss	From Tshs. 50,000 to shillings 100,000
Increase the application fee for new certificate - Loss Second time,	From Tshs. 50,000 to shillings 200,000
Increase the Search fee -by society	From Tshs. 50,000 to shillings 100,000;
Increase the Search fee -by member of public	From Tshs. 50,000 to shillings 200,000

✚ **Standard (Fees and Charges) Regulation, 2021** to introduce new fees on standards and review old fees that were charged by TFDA before the role to regulate foods being transformed to TBS. The proposed fee is shown in **Annexure B**.

✚ **The Marine Parks and Reserves Unit:** Marine Parks and Reserves (User Fees) Regulations, 2009 so as to review fees and levies imposed on Marine parks and reserves as shown in in **Annexure C**.

R. Minor Amendments in Tax Laws and Others.

✚ **Minor amendments to various Tax Laws and other Laws** will be effected through the Finance Bill 2021 and Government Notices.

S. Implementation of the BLUEPRINT from Regulatory Reforms to improve Business Environment by amending Various Fees and Levies.

✚ **Ministry of Natural Resources and Tourism:** Fees for TALA License (Tanzania Tourism Business License) for Travel Agents reduced from USD 2,000 to USD 500

✚ **Ministry of Livestock and Fisheries:** Inspection Fee of Tshs. 40,000 per Certificate introduced regardless of nature of the meat

✚ **Worker's Compensation Fund:** Reduction in the rate of contribution to the Fund applicable to the Private Sector Institutions from 1 % to 0.6 % of the total gross monthly salary of employees.

✚ **Tanzania Atomic Energy Commission:** Abolition of Radioactivity Analysis fee charged at the rate of 0.2 % of FoB for food crops exported to countries with no requirement for Radioactivity Analysis Certificate.

✚ **Immigration Department**

- a) Abolishing Student VISA/PASS FEE for higher learning institution students in Tanzania - Mozambique students exchange programme (TAMOSE).
- b) Union which has collected the VISA fees for non- citizens visiting Tanzania to retain that collections for use in that Part of the Union similarly to other types of revenues. Therefore, VISA fees to be collected in Tanzania Zanzibar shall be retained there and vice-versa.

✚ **Fire and Rescue Force:**

- a) Abolish Horticultural farms from paying fire levy;
- b) Abolish Fire Compliance Certificate fee for Urban and Rural Petrol Stations.
- c) Abolish Fire Inspection fee on farms/plantations including farm House(s)
- d) Increase the area used for Trade Fair Events not subject to Fire and Rescue levy from less than or equal to 2000m as appeared in the previous regulations to less than or equal to 10,000m; and
- e) Increase the number of boarders in Educational Boarding Schools from less than or equal to 100 boarders to Less than or equal to 200 boarders.

✚ **National Environmental Management Council (NEMC):**
Reduction of following fees:

- a) Fee for destroying expired medicines from shillings 1,000,000 to shillings 100,000; and
- b) Annual environmental Fee from 200,000 shillings to 100,000 shillings.

✚ **Meat Board of Tanzania:** Clearance Fee at the rate of 70,000 shilling per Consignment instead of 1% of FOB to be introduced

✚ **OSHA:** Reduction in electrical inspection, electrical insulation test and general inspection fee from 590,000 shillings to 150,000 shillings.

✚ **Licenses for Insurance Companies:** Companies with good records of conduct be given permanent licences and for companies which were found to have some repeating irregularities to be granted a three years' licence while still under close monitoring by the Regulator.

✚ **Conducive Environment for doing Business:** Government will introduce one electronic single window which will provide access to investors to process all the permits and licences required for their businesses electronically.

T. Specific Project Areas

- a. Rural and Urban Roads.
- b. Availability of Clean and Safe Urban and Rural Water
- c. Health and Universal Health Insurance
- d. Education
- e. Nyerere Hydropower and Standard Gauge Railway (SGR) Model Projects

To curb the challenges in the above projects, following acts are amended:

U. Amendments in The Roads and Fuel Tolls Act, CAP 220;

- ✚ **Increase in Road and Fuel Tolls** by 100 shillings per each litre of Petrol and Diesel; and
- ✚ **Amend section 4 A (a) of the Act** in order to provide for the amount of 100/= shillings collected from both diesel and petrol be used for road maintenance in rural areas through TARURA

V. Amendments in Petroleum Act, CAP 392

- ✚ **Increase the Fuel Levy** from 150 shillings to 250 shillings.

W. Amendments in The Electronic and Postal Communication Act, CAP 306;

- ✚ **Impose Levy** of between 10 shillings to 10,000 shillings in each mobile money transaction of sending and withdrawing. The amount of the levy varies depending on the value of each transaction sent or withdrawn.

The measures are expected to increase Government Revenue by Tshs. 1,254,406.14 million

- ✚ **Impose levy** of between 10 shillings to 200 shillings per day per SIM card depending on the ability of the user to recharge the balance.

The measures are expected to increase Government Revenue by Tshs. 396,306 million



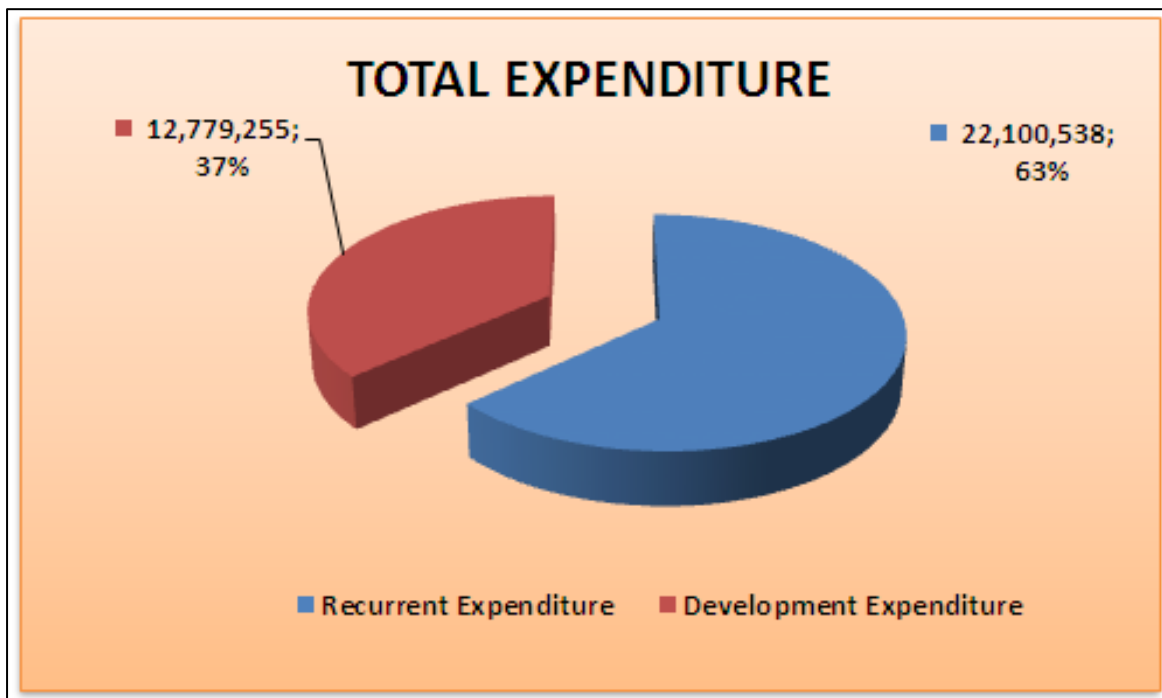
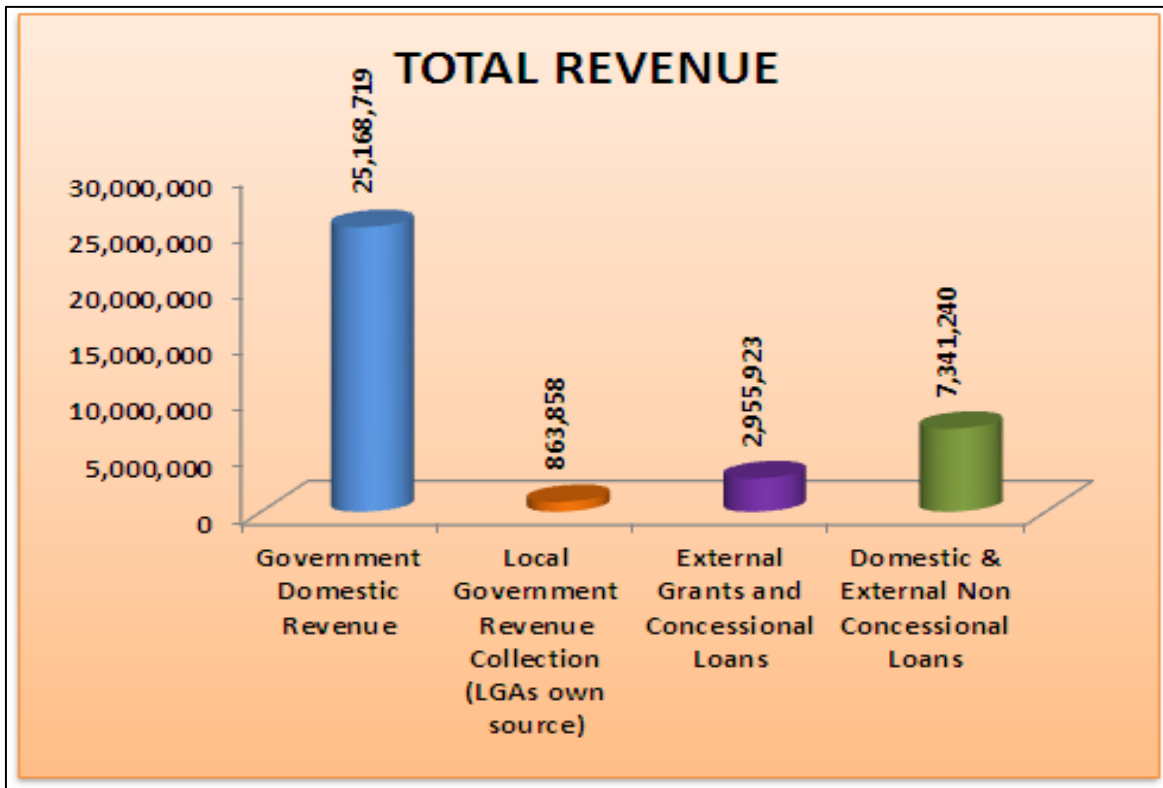
Budget Structure 2021/2022

	Particulars	TZS Millions	TZS Millions	%
	Revenue			
A.	Government Domestic Revenue		25,168,719	69.28%
	(i) Tax Revenue (TRA)	22,178,721		
	(ii) Non Tax Revenue	2,989,998		
B.	Local Government Revenue Collection (LGAs own source)		863,858	2.38%
C.	External Grants and Concessional Loans		2,955,923	8.14%
	(i) General Budget Support	-		
	(ii) Projects Loans and Grants	2,673,617		
	(iii) Basket Loans and Grants	282,306		
D.	Domestic & External Non Concessional Loans		7,341,240	20.21%
	(i) External Non Concessional Borrowing	2,352,107		
	(ii) Domestic Non Concessional Borrowing	1,838,796		
	(iii) Domestic Non Concessional Borrowing (Rollover)	3,150,337		
	Total Revenue (A+B+C+D)		36,329,740	100.00%
	Expenditure			
E	Recurrent Expenditure			
	(i) National Debt Service		10,663,279	29.35%
	- Domestic Interest	1,561,637		
	- Domestic Amortization (Rollover)	3,150,337		
	- External Amortization	3,015,070		
	- External Interest	1,151,376		
	- Government Contribution to Pension Funds	1,247,149		
	- Other Expenditure under CFS	537,710		
	(ii) Wages and Salaries		8,150,509	22.43%
	(iii) Other Charges		4,189,164	11.53%
	- Payment of Verified Arrears	200,000		
	- LGAs expenditure (Own Source)	532,768		
	- MDAs operational costs	3,456,396		
F.	Development Expenditure		13,326,788	36.68%
	(i) Domestic Financing			
	o/w payments of Verified Arrears	400,000		
	o/w Standard Gauge Railway (SGR) project	898,005		
	o/w Hydropower Project - Rufiji River	1,440,000		
	o/w LGAs Expenditure (Own Source)	331,090		
	o/w Other Development Projects	7,301,770		
	(ii) Foreign Financing	2,955,923		
	Total Expenditure (E+F)		36,329,740	100.00%

Source: Ministry of Finance and Planning



Budget Structure 2021/2022





Annexure A

Amendments in the East African Community Customs Management Act, 2004

	Particulars	H S Code
I	The proposed new changes in the Common External Tariff are as follows:	
	Grant Duty Remission and at a duty rate	
1	Grant duty remission at a duty rate of 0% instead of 10% for one year on Organic surface-active agents (Anionic) used by manufacturers of detergents and liquid soaps.	3402.11.00
2	Grant duty remission at a duty rate of 0% instead of 25% or 10% for one year on raw material used in leather processing.	3208.20.00 and 3210.00.10
3	Grant duty remission at a duty rate of 0% instead of 25% or 10% for one year on raw materials used to manufacture different types of fertilizers for fertilizer manufacturers.	2710.99.00; 2528.00.00; 3505.20.00
4	Grant duty remission at a duty rate of 0% instead of 25% for one year on packaging materials for processed tobacco.	5310.10.00
5	Grant duty remission at a duty rate of 0% instead of 25% for one year on packaging materials for processed tea for local manufacturers of tea (blenders)	4819.20.90; 5407.44.00; 3923.29.00
6	Grant duty remission at a rate of 10% instead of 25% for one year on aluminium alloy circles to manufacture cooking pots.	7606.92.00
7	Grant duty remission of 10% instead of 25% for one year on CKD for Three-Wheel Motorcycle excluding Chassis and its components.	8704.21.90
8	Grant duty remission at a duty rate of 0% instead of 25% or 10% for one year on inputs used to manufacture Glass Reinforced Plastic pipes. (Polyester Film 50mm & 200mm; Tissue Mat 30gr; Chopped Strand Mat/Knitted glass Mat; Mesh cloth liner; Sand holding cloth (Polyester Mesh); Direct Roving (2400 TEX); Direct Roving (600 TEX); Chop Roving; Surface Liner; Rubber O-ring; Rubber Gasket; and Resin Cystitis;	3920.61.10; 7019.39.00; 7019.31.00; 6006.90.00; 6006.90.00; 7019.12.00; 7019.12.00; 7019.12.00; 3920.10.10; 4016.93.00; 4016.93.00; and 3907.91.00

	Particulars	H S Code
	Reduce Import Duty Rate	H S Code
9	To reduce import duty rate from 10% to 0% on Flat-rolled products of other alloy steel, of a width of 600 mm or more.	7225.30.00
	Stay of Application of EAC - CET Rate	H S Code
10	Stay of application of the EAC CET rate of 25% and apply a duty rate of 10% for buses for transportation of more than 25 persons imported for rapid transport project for one year.	8702.10.99 and 8702.20.99
11	Stay of application of the EAC CET rate of 10% and apply a duty rate of 25% for one year on cotton yarns.	Headings 52.05; 52.06; and 52.07
12	Stay of application of the EAC CET rate of 10% and apply a duty rate of 25% for one year on new pneumatic tyres of rubber, of a kind used on motorcycles.	4011.40.00
13	Stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Peanut Butter.	2008.11.00
14	Stay of application of the EAC CET rate of 10% and apply a duty rate of 0% for one year on Wires of other alloy steel.	7229.20.00 and 7229.90.00
15	Stay of application of the EAC CET rate of 25% and apply a duty rate of 0% for one year on Milk cans.	7310.10.00 and 7310.29.90

II Measures that were effected during 2020/21 and will continue to be implemented in 2021/22 are as follows		
	Stay of Application of EAC - CET Rate	H S Code
1	Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Ceramic tiles.	6907.21.00,6907.22.00 and 6907.23.00
2	Continue to grant stay application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Tea, whether or not flavored.	Heading 09.02
3	Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year. (Sacks and bags, of Jute or other textile bast fibres of heading 53.03)	6305.10.00
4	Continue to grant stay application of EAC CET rate of 0% and apply a duty rate of 10% for one year on Cocoa powder, not containing added sugar or other sweetening matter.	1805.00.00
5	Continue to grant stay application of EAC CET rate of 25% and apply a duty rate of 35% for one year on coffee whether or roasted or decaffeinated, coffee husks and skins coffee substitutes containing coffee in any proportion with Heading 09.01	Heading 09.01
6	Continue to grant stay application of EAC CET rate of 10% and apply a duty rate of 10% or USD 125/MT whichever is higher for one year on iron and steel products.	7209.16.00; 7209.17.00; 7209.18.00; 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
7	Continue to grant a Stay application of EAC CET rate of 25% or USD 200/MT whichever is higher and apply a duty rate of 25% or USD 250/MT whichever is higher for one year on Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more plated or coated with zinc.	7210.41.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00
8	Continue Stay application of EAC CET rate of 10% and apply a duty rate of 10% or USD 250/MT whichever is higher for one year on Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad.	7212.60.00

9	Continue to grant Stay application of EAC CET rate of 25% or USD 200/MT whichever is higher and apply a duty rate of 25% or USD 250/MT whichever is higher for one year on Flat-rolled products of iron or nonalloy steel, of a width of less than 600 mm, clad, plated or coated.	7212.30.00; 7212.40.00; and 7212.50.00
10	Continue Stay application of EAC CET rate of 25% or USD 200/MT whichever is higher and apply a duty rate of 25% or USD 250/MT whichever is higher for one year on Iron and steel reinforcement bars and hollow profiles.	7213.10.00; 7213.20.00; 7213.99.00; 7214.10.00; 7214.20.00; 7214.30.00; 7214.91.00; 7214.99.00; 7215.10.00; 7215.50.00; 7215.90.00; 7225.91.00; 7225.92.00; 7225.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; 7306.90.00
11	Continue a stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Horticultural products.	0603.11.00; 0603.12.00; 0603.13.00; 0603.14.00; 0603.15.00; 0603.19.00; 0604.20.00; 0604.90.00; 0701.90.00; 0702.00.00; 0703.10.00; 0703.20.00; 0703.90.00; 0706.10.00; 0706.90.00; 0710.10.00; 0710.21.00; 0710.22.00; 0710.30.00; 0714.10.00; 0714.20.00; 0804.30.00; 0804.40.00; 0804.50.00; 0805.10.00; 0805.40.00; 0805.50.00; 0806.10.00; 0807.11.00; 0807.20.00; 0808.10.00; 0808.30.00; 0910.11.00; 0910.12.00
12	Continue to stay application of the EAC CET rate of 0% and apply a duty rate of 10% for one year, on monofilament of which any crosssectional dimension exceeds 1mm, rods, sticks and profile shapes whether or not surface worked but not otherwise worked of plastics. These are intermediate products and are used to perform similar function as of aluminum profiles (substitute) falling under Heading 76.04	3916.10.00, 3916.20.00, 3916.90.00
13	Continue to grant stay application of CET rate of 10% on the following paper and paper products and apply a duty rate of 25%.	4804.11.00; 4804.21.00; 4804.29.00; 4804.31.00 and 4804.41.00

14	Continue to grant stay application of the EAC CET rate of 25% and apply a duty rate of 25% or USD 1.35/kg whichever is higher for one year on safety matches.	3605.00.00
15	Continue to grant stay application of EAC CET rate of 25% and instead apply rate of 25% or USD 350 per metric ton whichever is higher on nails, tacks, drawing pins, corrugated nails staples, other than those of heading 83.05 and similar articles of iron or steel, whether or not with heads of other materials.	7317.00.00
16	Continue to grant stay application of EAC CET rate of 25% and apply a duty rate of 35% for one year on Sausages and similar products.	1601.00.00
17	Continue to grant stay application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on:-	
	Chewing gum	1704.10.00
	Biscuits	Heading 19.05
	Other sugar confectionery (sweets)	1704.90.00.
18	Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on Chocolate and other food preparations containing cocoa.	Heading 18.06
19	Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on tomato sauce.	2103.20.00
20	Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 60% for one year on Mineral water.	2201.10.00
21	Continue to grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% for one year on meat and edible meat offal under Chapter 2.	
22	Continue to grant stay of application of EAC CET rate of 10% and apply a duty rate of 25% for one year on Crude vegetable oils.	1507.10.00, 1580.10.00, 1511.10.00, 1512.11.00, 1513.11.00, 1514.11.00, 1514.91.00, 1515.11.00, 1515.21.00 and 1515.30.00

23	Continue to grant stay of application of EAC CET rate of 10% or 25% and apply 35% for one year on semi-refined and refined vegetable oils.	1507.90.00, 1508.90.00, 1509.90.00, 1510.00.00, 1511.90.10, 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, 1515.20.00, 1515.50.00 and 1515.90.00
24	Continue to grant stay of application of EAC CET rate of 0% and apply 10% for one year on Gypsum Powder.	2520.20.00
25	Continue to grant stay of application of EAC CET on Cane Sugar (Gap Sugar) HS Code 1701.14.90 imported under a permit issued by the Tanzania Sugar Board and apply import duty rate of 35% instead of 100% or 460 USD/MT whichever is higher for one year.	1701.14.90
26	Continue to grant stay of application of CET rate of 35% or USD 0.40/Kg whichever is higher and apply a duty rate of 35% on Worn items of clothing, footwear and articles for one year.	6309.00.10; 6309.00.20 and 6309.00.90
	Grant Duty Remission and Apply Import Duty	H S Code
27	Continue to grant duty remission at a duty rate of 0% instead of 25% or 10% on inputs for the manufacture of essential medical products and supplies for fighting COVID-19 including masks, sanitizers, coveralls, face shields and ventilators for one year.	
28	Continue to grant stay of application of EAC CET rates of 10% and apply duty rate of 0% for one year on Cash registers and Other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS).	8470.50.00 and 8470.90.00
29	Continue to grant duty remission at a duty rate of 0% instead of 25% for one year on other packing containers, including record sleeves as inputs used by domestic manufacturers of UHT milk.	4819.50.00
30	Continue to grant duty remission at a duty rate of 0% instead of 10% for one year on Corks and stoppers used as inputs by domestic manufacturers of local wines so as to promote the growth of grapes farming and wine industries in the country.	4503.10.00

33	Continue to grant duty remission at a duty rate of 0% instead of 25% for one year on inputs used by domestic processors of cotton lint.	3920.30.90; 6305.39.00;7217.90.00
34	Continue grant duty remission at 0% instead of 25% on raw materials used to manufacture baby diapers	
	Super Absorbent Polymer/Powder	3906.90.00
	Polyethylene Laminated Nonwovens	5903.90.00
	Spandex	5402.44.00
	PE Film/Packing Film	3920.10.90 &3920.10.10
	Non-Woven	5603.11.00
	Hot Melt Adhesive	3506.91.00
	Molded Hook	5806.10.00
	Wet Strength	4803.00.00
35	Continue to grant duty remission at a duty rate of 0% instead of 25% or 10% for one year on inputs used by domestic minerals processors.	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; 9002.19.00
36	Grant duty remission at 10% instead of 25% on paper products HS Code 4805.24.00 and HS Code 4805.25.00 as raw materials used for manufacturing of packaging materials (corrugated boxes).	4805.24.00 and 4805.25.00
37	Continue to grant duty remission at 0% instead of 25% on packaging materials for seeds used by local producers of agricultural seeds.	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
38	Continue to grant duty remission at 10% instead of 35% on imported wheat grain.	1001.99.10 and 1001.99.90
39	Continue to grant duty remission at 0% instead of 25% on Printed Aluminum Barrier Laminates (ABL).	3920.10.90
40	Continue to grant duty Remission at 0% instead of 10% on Refined Bleached Deodorized (RBD) Palm Stearin.	1511.90.40
41	Continue grant duty remission on raw materials and industrial inputs used to manufacture textiles and footwear.	
42	Continue to grant duty remission at 0% on inputs used to manufacture leaf springs for one year.	7228.20.00

III	Other amendments in the EAC-Customs Management Act, 2004
1	To amend the East African Community Customs Management Act, 2004 by adopting USD 50 as de minimis value where customs duties shall not be collected.
2	Valuation of imported printed fabrics (Vitenge) to be re-vested in the Commissioner General so that the Valuation Principles stipulated in the East African Community Customs Management Act, 2004 are adhered to. Along with this measure, it propose the valuation for those who can not justify their declared values to range between USD 0.55 to 1 for a meter of Polyester Kitenge and USD 0.60 to 1 for a meter of Cotton Kitenge in line with the Valuation Principles.
3	Remove the requirement of 15% refundable additional import duty deposit on sugar for industrial use. In addition, the introduction of ETS will be used as a mechanism to track company's production and verify the use of industrial sugar. However, noncompliant traders will be subjected to the previous measure on top of other existing legal measures.



Annexure B

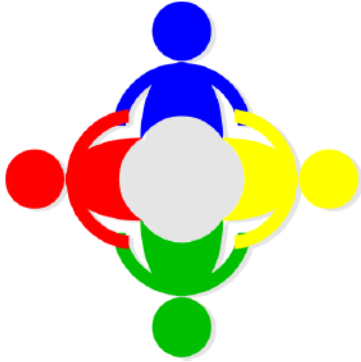
S/N	TYPE OF PRODUCT	CURRENT FEE IN US DOLLAR	PROPOSED FEE IN TANZANIA SHILLINGS
1	Registration of Milk and milk product	450	600,000
2	Registration of Cereal and cereal product	400	600,000
3	Registration of Pulses	350	500,000
4	Registration of Nuts	350	500,000
5	Registration of Tuber and roots products	360	500,000
6	Registration of Non-alcoholic beverages	350	500,000
7	Registration of alcoholic beverages	300	500,000
8	Registration of Sugar and honey	360	500,000
9	Registration of Iodated salt	280	500,000
10	Registration of Fats and oil	280	500,000
11	Registration of Tea and coffee	450	600,000
12	Registration of Cocoa and cocoa products	400	600,000
13	Registration of Spices and herbs	400	600,000
14	Registration of Vinegar	230	500,000
15	Registration of Fish and fish products	370	600,000
16	Registration of Meat and meat products	400	600,000
17	Registration of Fruits and fruits products	330	500,000
18	Registration of Drink and water	410	600,000
19	Registration of Vegetable and vegetable products	330	500,000
20	Registration of Food for infants and follow up formula	900	1,000,000
21	Registration of Food supplements	800	800,000
22	Registration of processed cereal based foods for children	850	1,000,000
23	Registration of Food additives	250	500,000
24	Registration of Confectionaries	380	550,000



Annexure C

CURRENT (FEES) REGULATIONS	PROPOSED AMENDMENT(S)	REASONS FOR AMENDMENTS
ENTRANCE FEE FOR EACH PERSON PER DAY IN THE MARINE PARKS		
<p>For each person above the age of 15 years-</p> <ul style="list-style-type: none">• Tanzanian- Tshs. 2,000.00• Non-Tanzanians- US\$ 20 <p>(ii) Between the age of 5 years and 15 years-</p> <ul style="list-style-type: none">• Tanzanian- Tshs. 1,000.00• Non-Tanzanians- US\$ 10	<p>For each person age of 16 years and above-</p> <p>EA Citizens - Tshs. 10,000.00</p> <ul style="list-style-type: none">• Non -EAC Citizens - US\$ 20• Residents- US\$ 10 <p>Between the age of 5 years and 15years-</p> <p>EAC Citizens - TShs. 2,000.00</p> <ul style="list-style-type: none">• Non EAC Citizens -US\$ 10• Residents - US\$ 5 <p>Additional of a new item (3)- Students- EAC students- Tshs. 5,000.00</p>	<p>Different fees based on type of nationality i.e. EAC, Resident and Non Tanzanians in Marine Park</p>

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Our analysis highlights the main aspects of the Budget, presented in parliament on 10th June 2021. The information contained in this analysis has been compiled from the Budget speech read on 10th June 2021 and the economic review. While all reasonable attempts have been made to ensure that the information contained herein is accurate, Balakrishna Sreekumar & Co. accepts no responsibility for any errors or omissions it contains whether caused by negligence or otherwise. The review contains general information only and is neither intended to be a comprehensive publication nor provide specific advice.