



 **Balakrishna Sreekumar & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

Tax

Advisory

Assurance

# BUDGET NEWSLETTER 2023-2024

<b>KEY HIGHLIGHTS .....</b>	<b>2</b>
<b>ECONOMIC REVIEW .....</b>	<b>5</b>
Review of 2022/23 Budget Implementation for 10 months up to April 2023 .....	5
Fiscal Policies – 2023/24-Macroeconomic Policy Targets .....	5
Policy Roadmap to increase Revenue and manage Expenditure .....	6
Priority Areas for 2023/24.....	7
<b>TAX REFORMS .....</b>	<b>9</b>
<b>BUDGET STRUCTURE 2023/2024 .....</b>	<b>18</b>
<b>ANNEXURE .....</b>	<b>20</b>
<b>DISCLAIMER.....</b>	<b>27</b>



## Key Highlights

---

- Tax revenue collection for 10 months up to April 2023 reached Tshs. 18.81trillion (79.53 % of target)
- Major development projects during the year were SGR including purchase of rolling stock, Julius Nyerere Hydropower project, JP Magufuli bridge (Kigongo-Busisi) construction of infrastructure for Government City Mtumba Dodoma.
- Government Debt as at April 2023, stands at Tshs. 79.10 Trillion, with Tshs. 51.16 Trillion being external debt.
- Foreign reserve stable at 4.4 months import.
- Independent Tax Ombudsman office commenced its operation in February 2023.
- Deposit Insurance Board mandated to provide liquidity in the form of loans to ailing Banks or financial institutions.
- Royalty for minerals sold to refinery plants reduced from 6 % to 4 %
- Procedure accomplished for purchase of gold through BOT and establishing National Gold Reserve.
- Hierarchy of Bureau De Change to be established based on capital, Tourist hotels to provide foreign exchange service.
- Expected collection for 2023/24- Tshs. 44.39 Trillion, TRA to collect Tshs. 26.73 Trillion.
- Out of the collection of Tshs. 44.39 Trillion, Tshs. 30.31 Trillion, ie 68.28 % to be recurrent expenditure and Tshs. 14.08 Trillion will be development expenditure (31.72%).
- Tax Revenue to be 12 % of GDP in 2023-24
- Tanzania Electronic Investment Single Window (TeIW) system to be in place soon, ensuring single window online registration within 3 days.



- Regulatory Authorities prohibited from suspending business operations due to violation of laws, rules and regulations.
- Procedure to be in place to pay undisputed tax and clear the cargo pending determination.
- Threshold for VAT registration increased to Tshs. 200 Million, to be further increased to Tshs. 500 Million in coming years.
- Domestically manufactured capital goods to qualify for VAT deferment.
- Few items added to exempt schedule to the VAT Act, however the schedule to be harmonised with East African Community Common External tariff Book 2022.
- Individual tenants not to deduct withholding for non-commercial properties.
- Capital gain tax on internal restructuring for mining companies exempted.
- Capital gain tax reduced from 10 % on profit to 3 % on sale value or market value (whichever is higher) for those that do not keep accounts.
- 10 % Income Tax introduced on income accrued due to verified emission reduction ( VER)
- Sec 35 of Tax Administration Act amended clarifying the definition of primary data server, to be implemented from 1<sup>st</sup> January 2024.
- Penalty charged for EFD offence, under Sec 86 (1) of the Tax Administration Act revised from 300 currency points (Tshs. 4,500,000) to 200 currency points (Tshs. 3,000,000), amended to 20 % of the value of tax evaded or Tshs. 3,000,000/- whichever is greater. Similarly error of not claiming a receipt or not reporting the error of not issuing a receipt amended from 2 to 100 currency points amended to 20 % of the value of tax evaded or Tshs. 30,000 whichever is greater.
- Excise duty freeze for 3 years proposed.
- Excise Duty up by 10 % on specific non-petroleum products and 20 % on beer and tobacco.



- Excise duty introduced on imported and locally manufactured cement at 20 shillings per kilogram.
- Excise duty introduced on imported and locally manufactured gambling machines
- Excise Duty harmonised with External Tariff Book 2022.
- Bill board fees reduced, to be collected by the President's Office Regional Administration and Local Government.
- Property tax and land rent to be integrated (though elsewhere the speech says the land rent will be collected by the Director of the Council)
- Property tax increased by 50 % to be continued to be collected through LUKU. The increase to be in force for 3 years, during which the Government to value the properties and come with a new method of charging property tax.
- Road and Fuel Toll increased by 100 shillings per litre.
- Mobile money transaction levy on sending and receiving money electronically abolished, but levy on withdrawal increased by 50 %
- Daily levy on each SIM card abolished based on the ability to recharge the balance.
- Foreign investors buying a house with a capital of not less than USD 150,000 to be issued resident permit.
  - Various levies under Land Rent Act reduced.
- SDL reduced to 3.5 %
- Finance Minister authorised to grant SDL payment exemption.
- Gaming levy increased from Tshs. 10,000 to Tshs. 30,000 per slot machine in bar sites.
- Gaming tax reduced from 25 % to 18 % on gross gaming revenue for forty slot machine operators.
- Number of changes in the import duty rates.





# Economic Review

---

## Review of 2022/23 Budget Implementation for 10 months up to April 2023

- Tax revenue collection was Tshs. 18.81 trillion (79.53 % of target);
- Non-tax revenue collection stands at Tshs. 2.07 Trillion (61.79 % of target);
- LGAs own sources collection were Tshs. 788.8 billion (78.89 % of target);
- Grant and Concessional loan received from Development Partners were Tshs. 4.61 trillion (99.13% of target);
- Borrowing from Domestic market was Tshs. 4.68 trillion (80.96 % of target);
- External non-concessional loans reached Tshs. 1.47 trillion (48.51 % of target);
- Recurrent Expenditure were Tshs. 20.94 Trillion;
- Expenditure on Development Projects stands at Tshs. 11.49 Trillion.
- Domestic debt stock was Tshs. 27.94 trillion and external debt stock was Tshs. 51.16 trillion.

## FISCAL POLICIES – 2023/24-Macroeconomic Policy Targets

- Theme of budget to be “Realising Competitiveness and Industrialisation for Human Development”.
- Real GDP to grow by of 5.2%
- Containing inflation at a single digit between 3.0% to 7.0 %;
- Domestic revenue is projected at 14.9 percent of GDP in 2023/24 from the likely outturn of 14.4 percent in 2022/23;
- Tax revenue is estimated at 12.0 percent of GDP in 2023/24 from the likely outturn of 11.5 percent in 2022/23;

- Budget deficit (including grants) estimated to be below 3.0 % of the GDP
- Maintain foreign reserve sufficient to cover at least four months of imports of goods and services.

## **Policy Roadmap to increase Revenue and manage expenditure**

- Continuing to improve investment and business environment to increase the private sector participation in business and investment;
- Registering businesses and new taxpayers to widen tax base to reduce tax evasion and to create public awareness on voluntary tax payment;
- Strengthening domestic revenue collection by emphasizing the proper use of ICT systems;
- Continuing to encourage the use of Government's electronic payment Gateway (GePG);
- Ensuring the proper use of Electronic Fiscal Device (EFD) so as to increase efficiency in tax collection;
- Restricting tax exemptions below one (1) percent of the GDP
- Continuing to implement the Strategy to Finance Development Projects Using Alternative Project Financing (APF)
- Strengthening monitoring systems in Institutions and Public Entities to ensure that dividends and contributions are timely submitted to the Consolidated Fund;
- Continue to improve projects management by conducting real time audit to reduce cost overrun.
- Continue to review the Public Procurement Act, CAP 410 to enable strategic sourcing in public procurement and curb loopholes leading to embezzlement of public funds.

## Priority Areas for 2023/24

Priority areas include completion of following flagship and strategic projects to boost economic growth, job creation and income generation:

- Construction of Standard Gauge Railway (SGR);
- Revamping Air Tanzania Company Limited (ATCL);
- Construction of Julius Nyerere Hydropower Project (2,115 MW);
- Construction of Ruhudji (358 MW) and Rumakali (222 MW) hydropower;
- Construction of J.P Magufuli bridge (Kigongo-Busisi);
- Construction of roads and bridges and developing special economic zones including strategic investment area in Bagamoyo.

## Other Priority Areas for 2023/24

Implementation of other projects includes:

- Realizing an inclusive and competitive economy;
- Deepening industrialization and service provision;
- Investment and trade promotion;
- Human development;
- Skills development

## Specific Issues to be considered for 2023/24

- Concerns over small number of registered taxpayers and low willingness to pay taxes by taxpayers which leads to burden of paying taxes being borne by few taxpayers. For instance, in 2021/22, there were 4,455,028 registered taxpayers out of which 1,641,173 had business Taxpayer Identification Number (TIN). However, during that period, approximately Tshs. 16.75 trillion equivalent to 80 percent of TRA revenue was paid by only 20 percent of taxpayers with business TIN. EFD is also not being properly used by taxpayers;

- Shortcomings in the use of public funds, specifically in various development projects;
- Low pace of fighting poverty in the country;
- High rate of youth unemployment;

### **Strengthening Productive Sectors**

- Government to revive the Export and SMEs Credit Guarantee Schemes to increase exports and reduce imports. Total of 600 billion shillings to be used where the Bank of Tanzania to provide Tshs. 280 billion and the World Bank to provide a concessional loan worth USD 150 million.
- Government to recapitalize the Tanzania Agricultural Development Bank, TIB Development Bank and Tanzania Commercial Bank.

### **Developments related to Regulatory Authorities**

- Various regulatory institutions lacks absence of single payment system for levies and fees. Hence, in order to improve investment and business environment in the country, such institutions to start using a Single Window Payment System for collection of fees, levies and penalties.
- Government to finalize the development of Tanzania Electronic Investment Single Window (TeIW) system which will integrate the operations of all institutions involved in facilitating investments. TeIW system aims to provide various services to foreign investors including online registration of business and obtaining investment permits within three (3) days.



# Tax Reforms

---

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

- ✚ **Value Added Tax Registration Threshold** increased from Tshs. 100 Million to Tshs. 200 Million Per Annum. This is aimed at enhancing the administrative efficiency as well as to increase the Government Revenue as the refund claims for taxpayers with sales between 100 to 200 million were more due to fraudulent payments. The threshold to be increased to Tshs. 500 Million in due course.
- ✚ **List of items Exempted from Value added tax** to be extended to include the following:
  - Inputs used to manufacture insecticides and acaricides, namely
    - Benzalkonium Chloride ( HS Code 2916.32.00)
    - Glutaraldehyde (HS Code 2916.32.00)
  - Imported prefabricated structure used by poultry farmers (HS Code 9406.20.90)
  - Precious Metals, Gemstones and other precious stones at buying centres, mineral markets and Gem houses designated by the Mining Commission under the mining Act or refinery situated in Mainland Tanzania.
  - Inputs used to manufacture the following packaging material :
    - Polypropylene USP (Medical Grade) under the heading 3902.
    - Polyethylene Terephthalate USP under the heading 3907.
  - Item 19 of the Exempt Schedule to the Value Added Tax Act to be amended to include moulds solely used by pharmaceutical manufacturers.
  - Item 20 of the Exempt Schedule to the Value Added Tax Act to be amended to include gaming odds and gaming software as a part of gaming supply that qualifies for exemption.
- ✚ **Part I of the Schedule to Value Added Tax Act to be amended** to include Value Added Tax Exemption on sale and lease of aircraft, aircraft engine or parts by a local operator of air transportation.

- ✚ **Section 11 of Value Added Tax Act to be amended** to include domestically manufactured capital goods in the list of capital goods qualifying for deferment. The Value added tax deferment on importation will cease to have effect after 3 years (instead of existing period of 10 years).
- ✚ **Value Added Tax to be Zero Rated** on textile products manufactured using domestically produced cotton, for a period of one year.
- ✚ **Value Added Tax to be Zero Rated** on fertilizer manufactured locally, for a period of one year.
- ✚ **Exemption Schedule to the Value Added Tax to be amended** to reflect the scope of exempted items and to harmonize the HS Codes in EAC CET Book 2017 with those contained in the current version of External Tariff book of the year 2022.

The VAT measures are expected to increase Government Revenue by Tshs. 71,262.4 Million

## **B. Amendments in the Income Tax Act, CAP 332**

- ✚ **Income Tax Exemption** on Revenue generated from Investment returns such as Dividend from Shares, Treasure Bonds and Bills of the National Health Insurance Fund.
- ✚ **Section 82 of the Income Tax Act to be amended** to remove the requirement for individual tenants to withhold tax from rental payment of non-commercial properties.
- ✚ **Capital Gains Tax exemption** on internal restructuring of the mining companies in accordance with the Framework Agreement entered between the Government and the Investor.
- ✚ **Capital Gains Tax on sale of property** to be reduced to 3 percent of the sales value or market value whichever is higher (instead of 10 percent of the Gains) for those property sellers who are not able to keep the records regarding the costs and expenses incurred. (Our understanding is that it is applicable only for individuals and not for companies as companies have a requirements to keep books of accounts.)

- ✚ **Section 65 T of the Income Tax Act 2004 to be amended** to introduce a simplified procedure for estimating the income tax for transported of passengers and cargo by using the indicative tax rates (given below). This shall apply only to individual taxpayers who are not obliged to prepare accounts and file tax returns and their sales do not exceed Tshs 100 Million. There is no clarity on the existing rates for other transporters.

The indicative rates are as under:-

<b>A Class A: Passenger Service Vehicles</b>				
<b>Current Rates</b>			<b>Proposed Rates</b>	
	<b>No. of Passengers</b>	<b>Rates (Tshs)</b>	<b>No. of Passengers</b>	<b>Rates (Tshs)</b>
1	Less than 10	180,000	Less than 15	250,000
2	11-15	450,000	16 – 25	550,000
3	16 - 30	720,000	26 - 45	1,100,000
4	Up to 32	1,710,000	46 - 65	1,600,000
5	Normal Buses	2,430,000	Above 65	2,200,000
6	Semi-Luxury	2,610,000		
7	Luxury	2,790,000		
<b>B Class B: Tour Service Vehicles</b>				
<b>Current Rates</b>			<b>Proposed Rates</b>	
	<b>No. of Passengers</b>	<b>Rates (Tshs)</b>	<b>No. of Passengers</b>	<b>Rates (Tshs)</b>
	Nil	Nil	Up to 15	650,000
	-	-	16 to 25	900,000
	-	-	26 to 45	1,300,000
	-	-	46 to 65	1,800,000
	-	-	Above 65	2,400,000
<b>C Class C: Goods Carrying Vehicles</b>				
<b>Current Rates</b>			<b>Proposed Rates</b>	
	<b>Capacity (Tons)</b>	<b>Rates (Tshs)</b>	<b>Capacity</b>	<b>Rates (Tshs)</b>
1	Less than 1	180,000	Less than 1	250,000
2	1 - 5	450,000	1 - 5	500,000
3	6 - 10	720,000	6 - 10	750,000
4	11 - 15	1,710,000	11 - 15	1,100,000
5	16 - 20	2,430,000	16 - 20	1,300,000
6	21 - 25	2,610,000	21 - 25	1,650,000
7	26 - 30	2,790,000	26 - 30	1,900,000
8	31 tons and above	2,790,000	31 tons and above	2,200,000

D	Class D: Private Hire Service Vehicles			
	Current Rates		Proposed Rates	
	Item	Rates (Tshs)	Item	Rates (Tshs)
1	Motocycles	Nil	Motocycles	65,000
2	Tricycles	-	Tricycles	120,000
3	Taxi Cab	-	Taxi Cab	180,000
4	Ride Hailling	-	Ride Hailling	350,000
5	Ride Sharing	-	Ride Sharing	450,000
6	Special Hire	-	Special Hire	750,000

- ✚ **Introduction of income tax (WHT) @ 2%** on payments made to Artisanal and Small Miners (ASM).
- ✚ **Introduction of income tax @ 10%** on Income Accrued due to Verified Emission Reduction (VER).

The Income Tax measures are expected to increase Government Revenue by Tshs. 51,960.10 Million

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

- ✚ **Introduction of a 3 year excise duty freeze calendar** effective from Financial Year 2023-2024.
- ✚ **Exemption of Excise duty** on electronic non-utility vehicles with only electric motor for propulsion and also with Compressed Natural Gas (CNG) vehicles. ( HS Code 8702.40.11; 8702.40.19; 8703.80.10; and 8703.80.90)
- ✚ **Reduction in excise duty rate** on domestically manufactured ready to drink products with HS Code 2208.60.00 from Shilling 4,386.6 to Shilling 2,466.45 per litre.
- ✚ **Introduction of excise duty of:**
  - Shilling 20 per kilogram of imported and domestically manufactured cement.
  - 5% on motor vehicles with engine capacity of more than 2000 cc and capable of being charged by plugging to external source of electric power of HS Code 8702.10.11, 8702.10.19, 8702.20.11, 8702.20.19, 8702.30.11, 8702.30.19, 8702.90.11, 8702.90.19, 8703.40.00, 8703.50.00, 8703.60.00, 8703.70.00 and 8703.90.90.

- 5% on motor vehicles with engine capacity between 1000 cc – 1000 cc and capable of being charged by plugging to external source of electric power of HS Code 8703.40.00, 8703.50.00, 8703.60.00 and 8703.70.00.
- 10% on Motor Vehicles older than 5 years used for transportation of passengers of HS Code 8702.20.22, 8702.20.29, 8702.20.99, 8702.30.22, 8702.30.29, 8702.30.99, 8702.40.22, 8702.40.29 and 870240.99.
- 80 Shillings per litre on petroleum oils and oils obtained from bituminous minerals.
- 30 % on other Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes, Water tobacco, electronic cigarettes, vape products and shisha.
- 20% on imported and domestically manufactured gambling machines of HS Code 9504.30.00.

✚ **Increase in excise duty** on imported energy drinks with HS Code 2202.99.00 from Shilling 589.05 to Shilling 600 per litre.

✚ **Excise (Management and Tariff) Act, CAP 147 to be amended harmonize the HS Codes in EAC CET Book 2017 with those contained in the current version of External Tariff book of the year 2022.**

The Excise Duty measures are expected to increase Government Revenue by Tshs. 448,989.9 Million

#### **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**.

## E. Amendments in the Tax Administration Act, CAP 438

- ✚ **Section 35 to be amended** to provide clarity on the definition of primary data server to include physical server in the country, virtual or any other server which stores data that is created or collected by a taxable or liable person in the ordinary course of business. This will be effective from 01<sup>st</sup> January 2024 (earlier it was to be implemented from 01<sup>st</sup> July 2023).
- ✚ **Section 86 (1) to be amended** to change the penalty charged for not issuing the receipts starting from 300 currency points ( Tshs. 4,500,000) to 200 currency points (Tshs. 3,000,000) to 20 percent of the value of tax evaded or Tshs. 3,000,000 whichever is greater.
- ✚ The penalty charged for the error of not claiming a receipt or not reporting the error of not issuing a receipt, starting from 2 Currency points ( Tshs. 30,000 ) to 100 currency points (Tshs. 1,500,000) amended to 20 percent of the value of tax evaded or Tshs 30,000 whichever is greater.

## F. Amendments in the Local Government Finance Act CAP 290 & Local Government Authorities (Rating), CAP 289

- ✚ **To collaborate with private sector** to introduce electronic system which will monitor and ensure that the government taxes are paid on time specially on commercial adverts on social media platforms.
- ✚ **Billboard, Posters and hording fees to be reduced** from Tshs 10,000 to Tshs 7,000 per Square Feet for non-illuminated boards and from Tshs. 13,000 to Tshs 10,000 per Square Feet for illuminated boards.
- ✚ **Billboard fees** shall now be collected by President's office Regional Administration and Local Government instead of Tanzania Revenue Authority.
- ✚ **Integration of Property Tax and Land Rent** so that the same be paid through one control number.
- ✚ **Service Levy of 0.3%** of the turnover to be collected from Electronic Money Issuance Licenses.

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

- ✚ **Property tax rates increased** from Tshs. 12,000 to Tshs. 18,000 for a normal building and from Tshs. 60,000 to Tshs. 90,000 per each storey building. These rates will be in force for 3 years.
- ✚ **Property valuation exercise** to start in the Financial Year 2023-2024 and taxation of properties based on the valuation to start from the Financial Year 2026-207.

#### **G. Amendments in The Roads and Fuel Tolls Act, CAP 220;**

- ✚ **Road and Fuel tolls** to be increased by Tshs 100 per each litre of Petrol and Diesel.

#### **H. Amendments in The National Payment System Act, CAP 437;**

- ✚ **Removal of Mobile Money Transaction Levy** on sending and receiving money electronically.
- ✚ **Mobile Money Transaction Levy** on withdrawals increased by 50% of the existing levy.
- ✚ **Abolishing the daily levy imposed** on each SIM Card based on the ability to recharge the balance by the users.

#### **I. Amendments in The Immigration Act, CAP 54**

- ✚ **Introduction of issuing a residence permit (Class B)** to any investor who is not a resident in this country but will invest to buy a house with a capital of not less than USD 150,000.

**It is a welcome change but does this mean that non-residents are now allowed to own the immovable properties?**

**We understand that this will be a permanent resident permit (till the investor retains that investment)**

## J. Amendments in The Land Rent Act, CAP 113

The following amendments have been proposed:

Description	Existing	Revised
Premium charge of the Land Value	0.5%	0.25%
Certificate of Occupancy Fees	Tshs. 50,000	Tshs. 50,000
Land Rent Registration Fees;	20%	10%
Application Fees	Tshs. 20,000	Tshs. 5,000
Fees for Deed Plan	Tshs. 20,000	NIL

- ✚ **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.

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

- ✚ **SDL rates reduced from 4% to 3.5%**

## L. Amendments in The Gaming Act, CAP 41

- ✚ **Introducing a limitation** of not more than two table games to Forty Machines Site operations (we presume that the ratio cannot exceed 1:20).
- ✚ **Increase in gaming levy** from Tshs 10,000 to Tshs 30,000 per slot machines in bar sites (Clubs/places selling liquor).
- ✚ **Introducing**
  - Application Fee of Tshs 500,000 and Principal Licence Fee of USD 10,000 for slot machines in shops and in bar sites.
  - Application Fee of Tshs 500,000 and Principal Licence Fee of USD 5,000 for forty machine sites.
- ✚ **Reduction in gaming tax** from 25% to 18% of Gross Gaming Revenue (GGR) for Forty Machines Site operations.

## M. Amendments in The Export Levy, CAP 196

- ✚ **Waiver of 80% of Export Levy** on raw and semi processed (wet blue) hides and skin exported outside the country by investors who are in Export Processing Zone (EPZ).

In addition to the above, there are various changes proposed in the fees charged for various services under the following ministries/agencies:

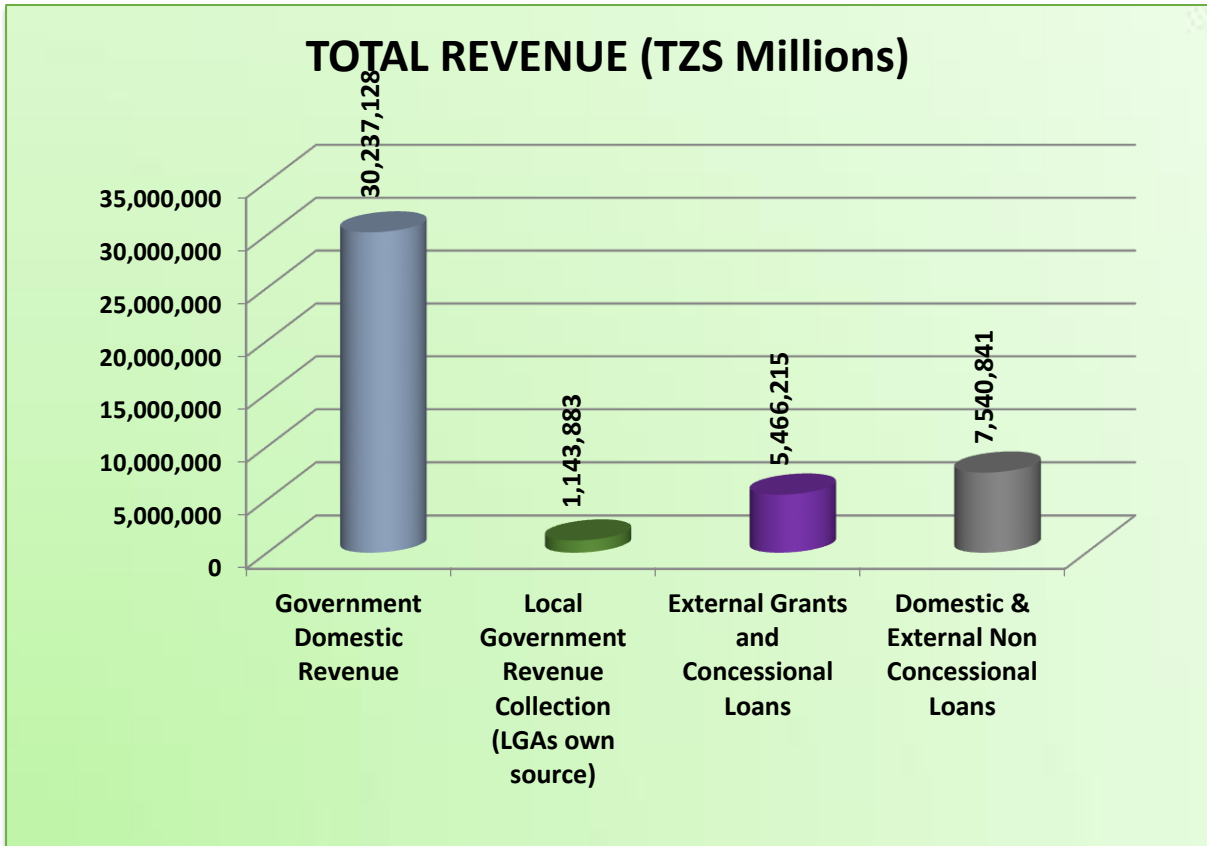
- i) Ministry of Investment, Industry and Trade
- ii) Ministry of Works and Transport
- iii) Ministry of Home Affairs
- iv) Ministry of Tourism and National Resource
- v) Ministry of Livestock and Fisheries
- vi) Ministry of Agriculture
- vii) Ministry of Culture, Arts and Sports
- viii) Registration, Insolvency and Trusteeship Agency (RITA)
- ix) Tanzania Fertilizer Regulatory Authority (TFRA)
- x) Occupational Safety and Health Authority

The proposed Tax measures for the year 2023-2024 aim at **“accelerating economy recovery and enhancing productive sectors for improved livelihood.”**

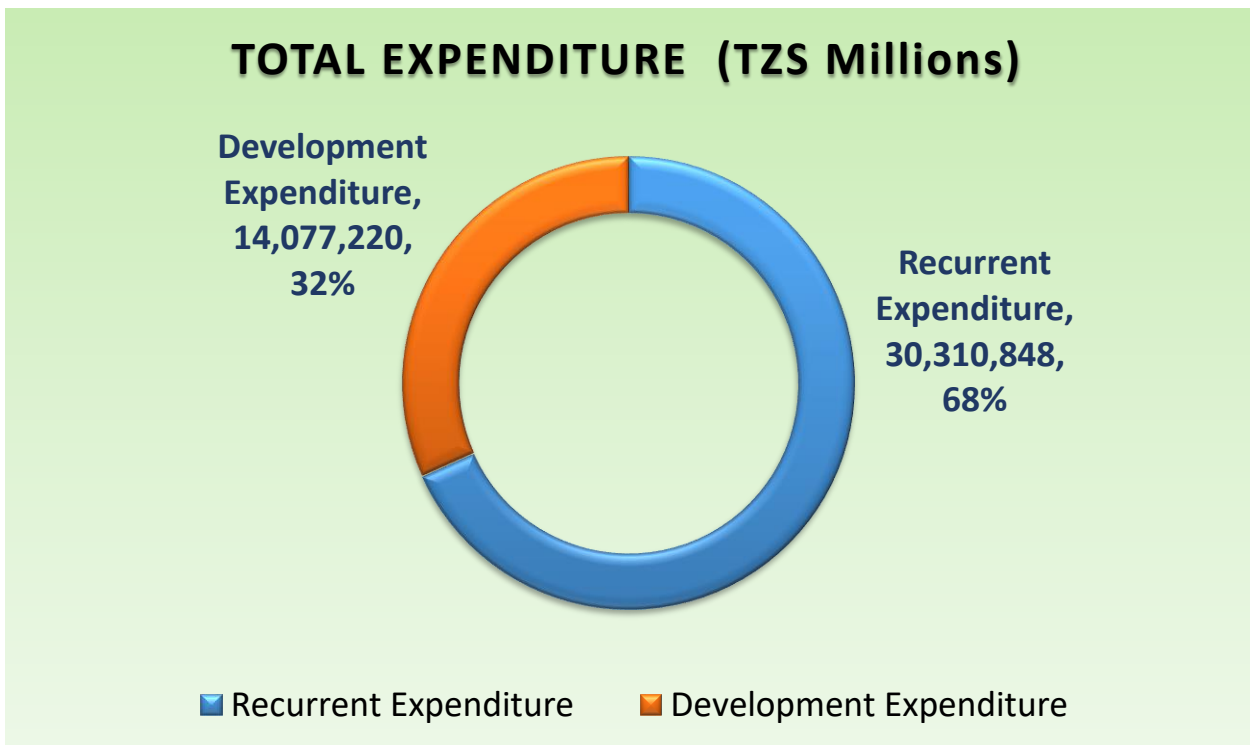


# Budget Structure 2023/2024

	Particulars	TZS Millions	TZS Millions	%
	<b>Revenue</b>			
<b>A.</b>	<b>Government Domestic Revenue</b>		<b>30,237,128</b>	68.12%
	(i) Tax Revenue (TRA)	26,725,409		
	(ii) Non-Tax Revenue	3,511,719		
<b>B.</b>	<b>Local Government Revenue Collection (LGAs own source)</b>		<b>1,143,883</b>	2.58%
<b>C.</b>	<b>External Grants and Concessional Loans</b>		<b>5,466,215</b>	12.31%
	(i) Grants and Concessional Loans - GBS	2,184,134		
	(ii) Grants and Concessional Loans - Projects	3,151,958		
	(iii) Grants and Concessional Loans - Basket	130,123		
<b>D.</b>	<b>Domestic &amp; External Non-Concessional Loans</b>		<b>7,540,841</b>	16.99%
	(i) External Loans	2,100,464		
	(ii) Domestic Loans - Financing	1,898,316		
	(iii) Domestic Loans - Rollover	3,542,061		
	<b>Total Revenue (A+B+C+D)</b>		<b>44,388,067</b>	<b>100.00%</b>
	<b>Expenditure</b>			
<b>E</b>	<b>Recurrent Expenditure</b>			
	(i) National Debt Service		<b>12,771,534</b>	28.77%
	- Domestic Interest	2,799,374		
	- Domestic Amortization (Rollover)	3,542,061		
	- External Amortization	2,763,947		
	- External Interest	1,364,377		
	- Government Contribution to Pension Funds	1,710,608		
	- Other Expenditure under CFS	591,167		
	(ii) Wages and Salaries		10,882,126	24.52%
	(iii) Other Charges		<b>5,518,818</b>	12.43%
	- Payment of Verified Arrears	200,000		
	- LGAs expenditure (Own Source)	689,468		
	- MDAs operational costs	4,629,350		
	(iv) Developmet Current Tansfers		<b>1,138,369</b>	2.56%
	- Primary and Secondary Free - Fee Education	399,642		
	- HESLB	738,727		
<b>F.</b>	<b>Development Expenditure</b>		<b>14,077,220</b>	31.71%
	(i) Domestic Financing			
	o/w payments of Verified Arrears	528,000		
	o/w Standard Gauge Railway (SGR) project	1,113,000		
	o/w Hydropower Project - Rufiji River	1,500,000		
	o/w LGAs Expenditure (Own Source)	454,415		
	o/w Other Development Projects	7,199,724		
	(ii) Foreign Financing	3,282,081		
	<b>Total Expenditure (E+F)</b>		<b>44,388,067</b>	<b>100.00%</b>



Source: Ministry of Finance and Planning





## Amendments in the East African Community Customs Management Act, 2004

	Particulars	H S Code
<b>I</b>	<b>The proposed new changes in the Common External Tariff are as follows:</b>	
	<b>Grant Stay of Application of the EAC CET rate</b>	
1	10 percent and apply a duty rate of 25 percent on imported items (Other paper, paperboard, cellulose wadding and webs of cellulose fibres) for one year.	4811.90.00
2	50 percent and apply a duty rate of 35 percent on imported Vitenge for one year	5208.51.10; 5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10; 5212.15.10; 5212.25.10; 5513.41.10; and 5514.41.10
3	25 percent and apply a duty rate of 25 percent or 0.25 USD per meter whichever is higher on imported cotton grey fabric for one year.	5208.11.00; 5208.12.00; 5208.13.00; 5208.19.00; 5209.11.00; 5209.12.00; 5209.19.00; 5210.11.00; 5210.19.00; 5211.11.00; 5211.12.00; 5211.19.00; 5212.11.00; and 5212.21.00
4	25 percent and apply a duty rate of 0 percent on imported Smart cards by the National Identification Authority for one year	8523.52.00
5	10 percent and apply a duty rate of 25 percent on Polyester/ Nylon Twine for one year	5607.50.00
6	25 percent and apply a duty rate of 35 percent or USD 2 per square meter, whichever is higher for one year on ceramic tiles	6907.21.00; 6907.22.00; and 6907.23.00
7	35 percent and apply a duty rate of 35 percent 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 for one year	7317.00.00
8	25 percent and apply a duty rate of 0 percent on buses for transportation of more than 25 persons imported for rapid transport project for one year	8702.10.99 and 8702.20.99
9	100 percent or USD 460/MT whichever is higher and apply a duty rate of 35 percent for one year on cane sugar imported under a permit issued by the Tanzania Sugar Board.	1701.14.90

<b>I</b>	<b>The proposed new changes in the Common External Tariff are as follows:</b>	
	<b>Grant Duty Remission and at a duty rate</b>	
10	0 percent instead of 10 percent, 25 percent or 35 percent on inputs/raw materials used to manufacture capital goods/equipment for various sectors for one year	72.14; 72.15; 72.16; 32.08; 73.07; 83.11; 85.44; 68.06; 74.19; 72.08; 73.06; 73.12; 73.15; 73.18; 84.82; 84.83; 72.22; 73.04; 84.81; 84.84; 7325; 40.10; and 76.06
11	0 percent instead of 10 percent or 25 percent for one year on inputs used to manufacture wiring harnesses for vehicles and motorcycles.	8538.90.00; 4016.99.00; 8205.59.00; 8536.10.00; 8536.69.00; 8536.90.00; 8547.20.00; 3926.90.90; 3917.32.00; and 8544.30.00
12	0 percent instead of 10 percent, 25 percent or 35 percent for one year on inputs used to manufacture radiators.	7409.11.00; 7409.19.00; 7410.11.00; 7410.12.00; 7409.21.00; 8001.10.00; and 3810.90.00
	<b>The proposed new changes in the Common External Tariff are as follows:</b>	
	<b>EAC Partner States agreed to grant Duty Remission at a duty rate</b>	
13	0 percent instead of 25 percent or USD 200 per metric ton whichever is higher on raw materials (wire Rod) to manufacture wire products.	7213.91.10; and 7213.91.90
14	0 percent instead of 10 percent on inputs (base oil) used to manufacture of lubricants.	2710.19.59
15	0 percent on input used to manufacture tyres and on inputs used to manufacture wire products, needles, springs, rope, pins, nails, electric cables at a duty rate of 10 percent.	7217.30.10, 7217.10.00, 7217.20.00, 7217.30.90 and 7217.90.00
	<b>The proposed new changes in the Common External Tariff are as follows:</b>	
	<b>EAC Partner States agreed to increase import duty from</b>	
16	10 percent or 25 percent to 35 percent on footwear; grains and vegetables like almonds, hazelnuts, macadamia nuts, cucumbers and gherkins; live animals like cows, goats, sheep; coffins; fish; cassava and natural honey	4421.20.00; 6402.19.00; 6403.19.00; 6403.51.00; 6404.19.00; 6404.20.00; 6405.20.00; 6405.90.00; 0802.11.00; 0802.22.00; 0802.61.00; 2001.10.00; 0102.29.00; 0102.39.00; 0102.90.90; 0103.91.00; 0103.92.00; 0104.10.90; 0104.20.90; 0407.21.00; 0409.00.00; 0714.10.00 and Chapter 3.

17	0 percent or 10 percent to 25 percent on Wire of iron or non-alloy steel.	72.17
<b>EAC Partner States agreed to amend</b>		
18	Item 27, Part B of the Fifth Schedule of the East African Community Customs Management Act, 2004 to read “Biogas Digesters” instead of “Plastic Bag Bio Digesters”.	
19	EAC Partner States agreed to amend the structure of Heading 17.01 by introducing a new subheading to cater other refined sugar	1701.99.20
20	align the structure of Heading 76.12 with 73.10 by introducing a new subheading which will attract a duty rate of 10 percent instead of 25 percent.	7612.90.10
<b>EAC Partner States agreed to split</b>		
	tariff line (Other vehicles, with only electric motor for propulsion) in order to provide tariff line for unassembled at a duty rate of 0 percent and others at a duty rate of 25 percent in order to promote assembly operations of such vehicles within the region;	8703.80.00

<b>II Measures that were effected during 2022/23 and will continue to be implemented in 2023/24 are as follows</b>		
	<b>Stay of Application of EAC - CET Rate</b>	<b>H S Code</b>
1	Continue to grant Stay of application of EAC CET rates of 10 percent and apply a duty rate of 0 percent for one year on cash registers and other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS) imported by the Government or authorized persons	8470.50.00 and 8470.90.00
2	Continue to grant Stay of Application of EAC CET rate of 0 percent and apply a duty rate of 10 percent for one year on cocoa powder, not containing added sugar or other sweetening matter.	1805.00.00
3	Continue to grant stay of application of EAC CET rate of 10 percent and apply a duty rate of 10 percent 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.
4	Continue to grant Stay of Application of EAC CET rate of 25 percent or USD 200/MT whichever is higher and apply a duty rate of 25 percent or USD 250/MT whichever is higher for one year on flat-rolled products of iron or non-alloy steel	7210.30.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00; and 7212.30.00

5	Continue to grant Stay of Application of EAC CET rate of 10 percent and apply a duty rate of 10 percent 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
6	Continue to grant Stay of Application of EAC CET rate of 25 percent or USD 200/MT whichever is higher and apply a duty rate of 25 percent 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; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; 7306.90.00
7	Continue to grant Stay of Application of EAC CET rate of 10 percent and apply a duty rate of 25 percent or USD 250/MT whichever is higher for one year on Flat-rolled products of other alloy steel, of a width of 600 mm or more	7225.91.00; 7225.92.00; and 7225.99.00
8	Continue to grant Stay of Application of the EAC CET rate of 0 percent and apply a duty rate of 10 percent for one year, on monofilament of which any cross sectional dimension exceeds 1mm, rods, sticks and profile shapes whether or not surface worked but not otherwise worked of plastics.	3916.10.00; 3916.20.00; and 3916.90.00
9	Continue to grant Stay of Application of EAC CET rate of 10 percent and apply a duty rate of 25 percent on paper and paper products for one year	4804.29.00
10	Continue to grant Stay of Application of the EAC CET rate of 25 percent and apply a duty rate of 25 percent or USD 1.35/kg whichever is higher for one year on safety matches	3605.00.00
11	Continue to grant Stay of Application of the EAC CET rate of 25 percent and apply a duty rate of 60 percent for one year on mineral water	2201.10.00
12	Continue to grant Stay of Application of EAC CET rate of 0 percent and apply 10 percent for one year on gypsum powder.	2520.20.00
13	Continue to grant stay of application of EAC CET rate of 35 percent or USD 0.40/Kg whichever is higher and apply a duty rate of 35 percent on worn items of clothing, footwear and articles for one year.	6309.00.10; 6309.00.20 and 6309.00.90
14	Continue to grant Stay of Application of the EAC CET rate of 10 percent and apply a duty rate of 25 percent for one year on new pneumatic tyres of rubber, of a kind used on motorcycles	4011.40.00

15	Continue to grant Stay of Application of the EAC CET rate of 25 percent and apply a duty rate of 0 percent for one year on milk cans in order to provide relief to the dairy sector in the country	7310.10.00 and 7310.29.90
16	Continue to grant Stay of Application of the EAC CET rate of 100 percent or \$ 460/MT whichever is higher and apply a duty rate of 10 percent for one year on refined sugar (sugar for industrial use)	1701.99.10 and 1701.99.20
17	Continue to grant Stay of Application of EAC CET rate of 10 percent and apply a duty rate of 10 percent or USD125/MT whichever is higher for one year on flat-rolled products	7212.20.00 and 7226.99.00
18	Continue to grant Stay of application of EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on baby diapers	9619.00.90
19	Continue to grant Stay of application of EAC CET rate of 10 percent and apply a duty rate of 25 percent for one year on cotton yarn under heading 52.05; 52.06; and 52.07 except subheading 5205.23.00	
20	Continue to grant Stay of Application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent on horticultural products for one year.	0604.20.00; 0604.90.00; 0808.10.00; and 0808.30.00
21	Continue to grant Stay of application of EAC CET of 0 percent and apply a duty rate of 10 percent for one year on crude vegetable oils of soya-beans, groundnuts, coconuts, mustard and linseed	1507.10.00; 1508.10.00; 1513.11.00; 1513.21.00; 1514.11.00; 1514.91.00; and 1515.11.00
22	Continue to grant Stay of Application of EAC CET rate of 35 percent and apply a duty rate of 25 percent or USD 500/MT whichever is higher for one year on refined vegetable oils	1507.90.00; 1508.90.00; 1509; 1510.10.00; 1510.90.00; 1511.90.30; 1511.90.90; 1512.19.00; 1512.29.00; 1513.19.00; 1513.29.00; 1514.19.00; 1514.99.00; 1515.19.00; 1515.29.00; 1515.50.00; and 1515.90.00
	<b>Grant Duty Remission and Apply Import Duty</b>	<b>H S Code</b>
23	Grant Duty Remission and Apply Import Duty	
24	EAC Partner States agreed to continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent or 10 percent on inputs used to manufacture essential medical products and supplies for fighting COVID-19 including masks, sanitizers, coveralls, face shields and ventilators	
25	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on other packing containers, including record sleeves	4819.50.00

26	Continue to grant Duty Remission at a duty rate of 0 percent instead of 10 percent for one year on corks and stoppers	4503.10.00
27	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on packaging materials used for packing processed coffee	7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90 and 3920.30.90
28	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on sacks and bags of polymers of ethylene used as inputs by domestic processors of cashew nuts.	3923.21.00
29	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on input used by domestic processors of cotton lint.	3920.30.90; 6305.39.00; 7217.90.00
30	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent or 10 percent on raw materials	3506.91.00 (Hot Melt Adhesive); 3920.10.90 (PE film); 6305.33.00 (Empty bag for Baby Diapers); 3926.90.90 (Plastic cask); 3906.90.00 (Super Absorbent Polymer); 4803.00.00 (Wet strength paper); 5603.11.00 (Non-woven); 5903.90.00 (Polyethylene laminated Nonwovens); 5402.44.00 (Spandex); and 4803.00.00 (Dust free paper).
31	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year 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; 7607.19.90
32	Continue to grant Duty Remission at a duty rate of 10 percent instead of 35 percent on imported wheat grain for one year.	1001.99.10 ; 1001.99.90
33	Continue to grant Duty Remission at a rate of 0 percent instead of 25 percent on Printed Aluminum Barrier Laminates (ABL) for one year	3920.10.90
34	Continue to grant Duty Remission at a rate of 0 percent instead of 10 percent on Refined Bleached Deodorized (RBD) Palm Stearin for one year	1511.90.40
35	EAC partner States agreed to continue grant duty remission on raw materials and industrial inputs used to manufacture textiles and footwear	
36	Continue to grant Duty Remission at a duty rate of 0 percent instead of 10 percent for one year on organic surface-active agents used by manufacturers of detergents and liquid soaps.	3402.31.00; 3402.39.00; and 3402.49.00
37	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent or 10	3208.20.10; 3208.20.20; 3208.90.20 and 3210.00.10

	percent for one year on raw material used in leather processing in order to promote growth of local leather industries	
38	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent or 10 percent for one year on raw materials used to manufacture different types of fertilizers.	2710.99.00; 2528.00.00; and 3505.20.00
39	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on packaging materials for processed tobacco in order to reduce costs to processors of tobacco.	5310.10.00
40	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent for one year on packaging materials used by local manufacturers of tea (blenders)	4819.20.90; 5407.44.00; and 3923.29.00
41	Continue to grant Duty Remission of 10 percent instead of 25 percent for one year on CKD for three-wheel motorcycle excluding chassis and its components.	8704.21.90
42	Continue to grant Duty Remission at a duty rate of 0 percent instead of 25 percent or 10 percent 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 Oring; Rubber Gasket; and Resin Cystitis)	3920.61.10, 7019.39.00, 7019.31.00, 6006.90.00, 7019.12.00, 3920.10.10, 4016.93.00, and 3907.91.00
43	Continue to grant Duty Remission at a duty rate of 0 percent instead of 10 percent for one year on raw materials used to manufacture food flavors	1901.90.10; 3302.10.00; and 3505.10.00
44	Continue to grant Duty Remission at a duty rate of 0 percent instead of 10 percent or 25 percent for one year on inputs used to manufacture corrugated boxes.	4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00
45	Continue to grant Duty Remission at a duty rate of 0 percent instead of 10 percent for one year on inputs used to manufacture toughened glass	7005.10.00; 7005.21.00; 7005.29.00; and 7005.30.00
46	Continue to grant Duty Remission at a duty rate of 10 percent instead of 35 percent for one year on inputs used to manufacture soap.	3401.20.10
47	Continue to grant Duty Remission at a duty rate of 0 percent instead of 10 percent or 25 percent for one year on inputs used to manufacture electrical cables	7312.10.00; 7217.20.00; 7408.19.00; 7409.11.00; 7605.21.00; 2710.19.56; 3815.90.00; 5402.19.00; 5903.90.00; 7217.20.00; 7907.00.00; 7312.10.00; and 2712.10.00

# DISCLAIMER

---

Our analysis highlights the main aspects of the Budget, presented in parliament on 15th June 2023. The information contained in this analysis has been compiled from the Budget speech read on 15th June 2023 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.

---



## **AUDIT – TAX - ADVISORY**

*Plot #254 Alykhan Road, Upanga*

*P.O. Box 948, Dar es Salaam*

*T : +255 22 215 3137*

*M : +255 715 505678*

*E : [sree@bsk.co.tz](mailto:sree@bsk.co.tz); [kapil@bsk.co.tz](mailto:kapil@bsk.co.tz)*