



# Inclusive Development for a Resilient Tomorrow

**PwC Tanzania's Budget Presentation to Business Groups  
2025/26**



- 08:00** Welcome note
- 08:05** Presentation by **Rishit Shah** (Partner – Head of Tax Services, PwC EMA) and **Cletus Kiyuga** (Partner – Assurance Services)
- 09:00** Q&A session (Moderator: **Rishit Shah** – Partner, Head of Tax Services, PwC EMA)
- 09.30** Closing remarks

# Agenda



# Economic review

# General Business Environment Outlook



**Formation of the presidential commission for tax reforms**



**The 2025 general election**



**Foreign exchange**



**Geopolitical instability**



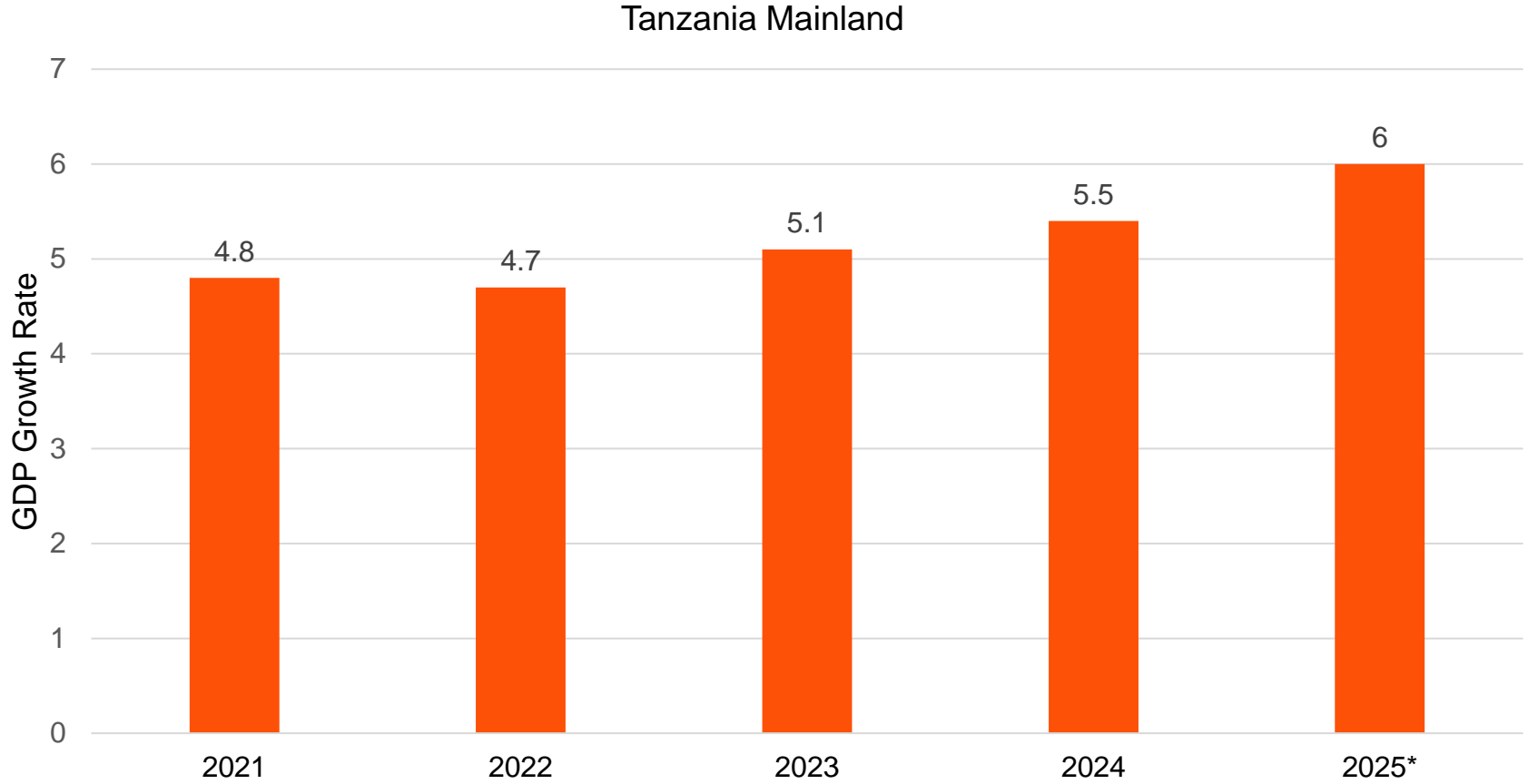
**Completion of mega projects (such as Julius Nyerere Hydropower Project, SGR, Magufuli bridge - Mwanza) and new operators at the port**



**Strong macroeconomic performance**

# GDP

## Real GDP Growth (%)



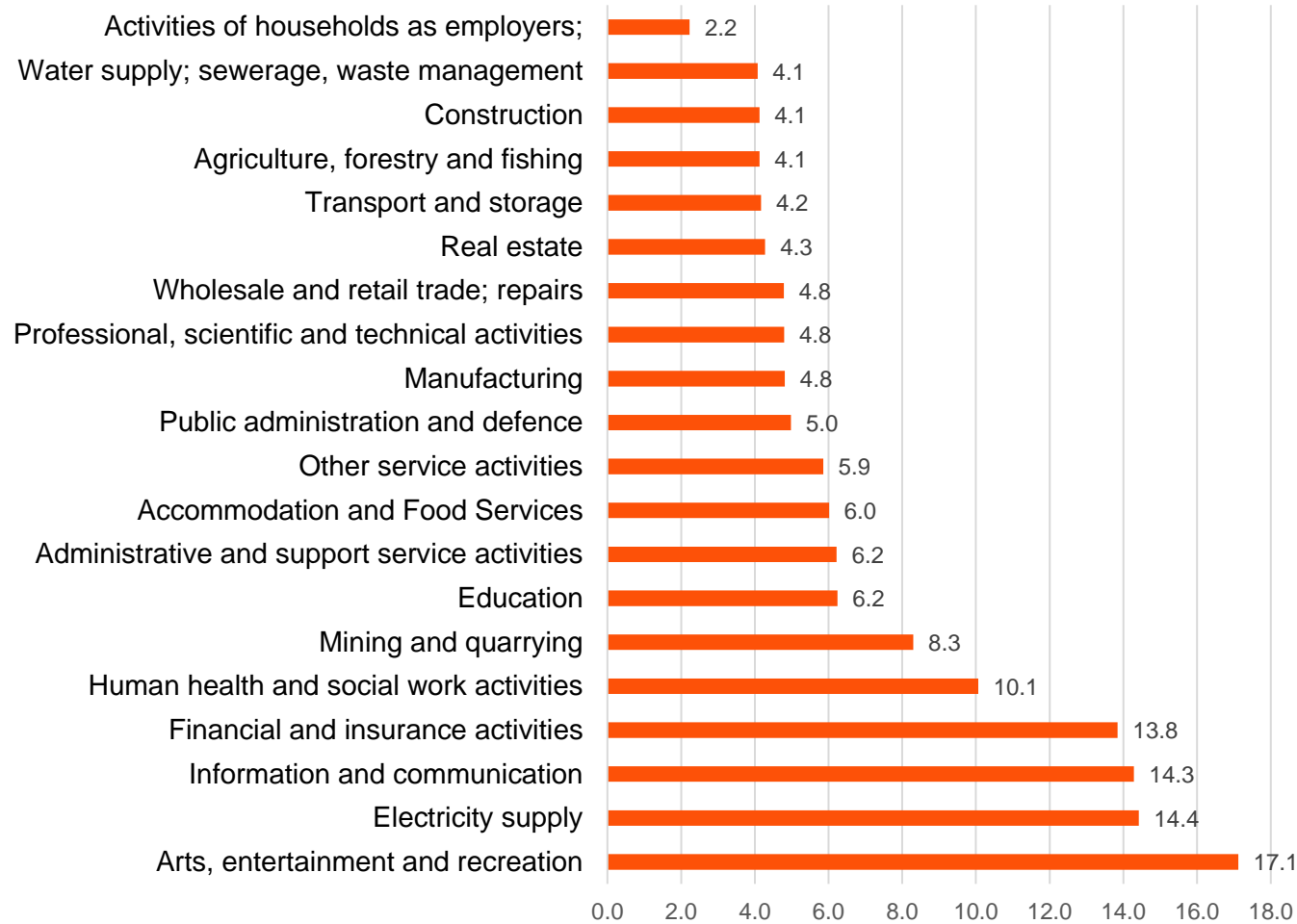
Real GDP growth is projected at 6.0% in 2025, driven by agriculture, manufacturing, and tourism. This growth is also supported by public investments in infrastructure and reforms to improve the business environment



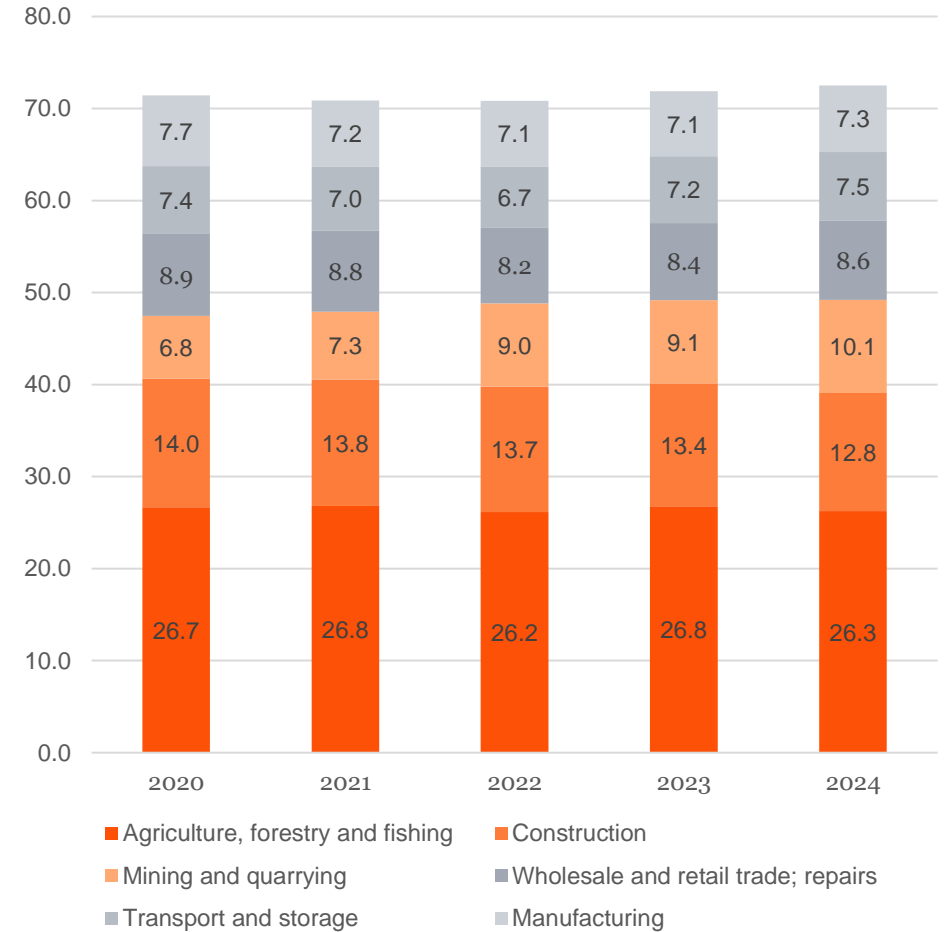
Source: BoT Monthly Economic Review and National Bureau of Statistics  
IMF – World Economic Outlook, April 2025

# GDP

## Growth Rates of Economic Activities in % for the Year 2024



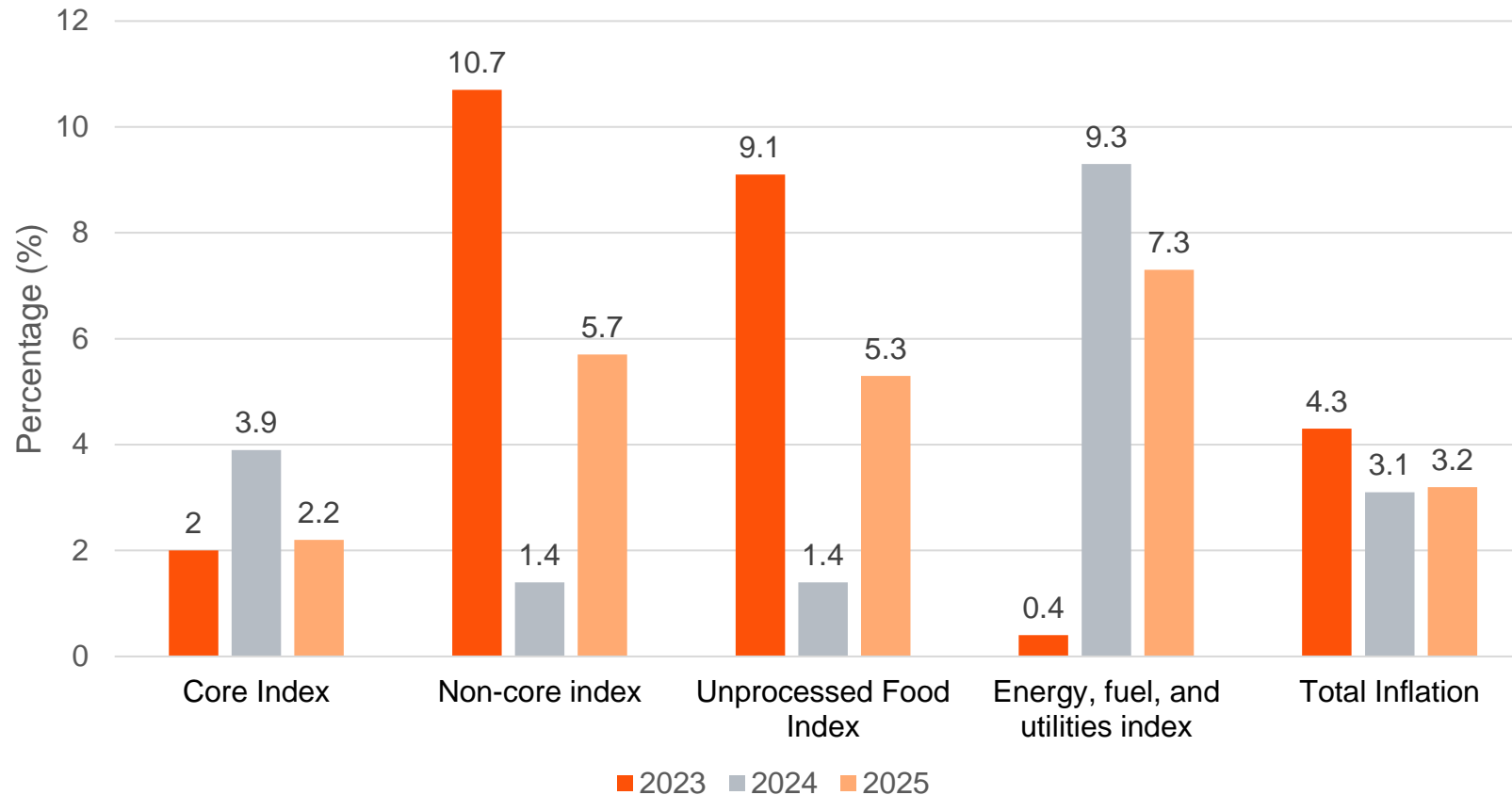
## Share of GDP by Economic Activity (%) for the Year 2024



Source: National Bureau of Statistics

# Inflation

## Annual Inflation to April

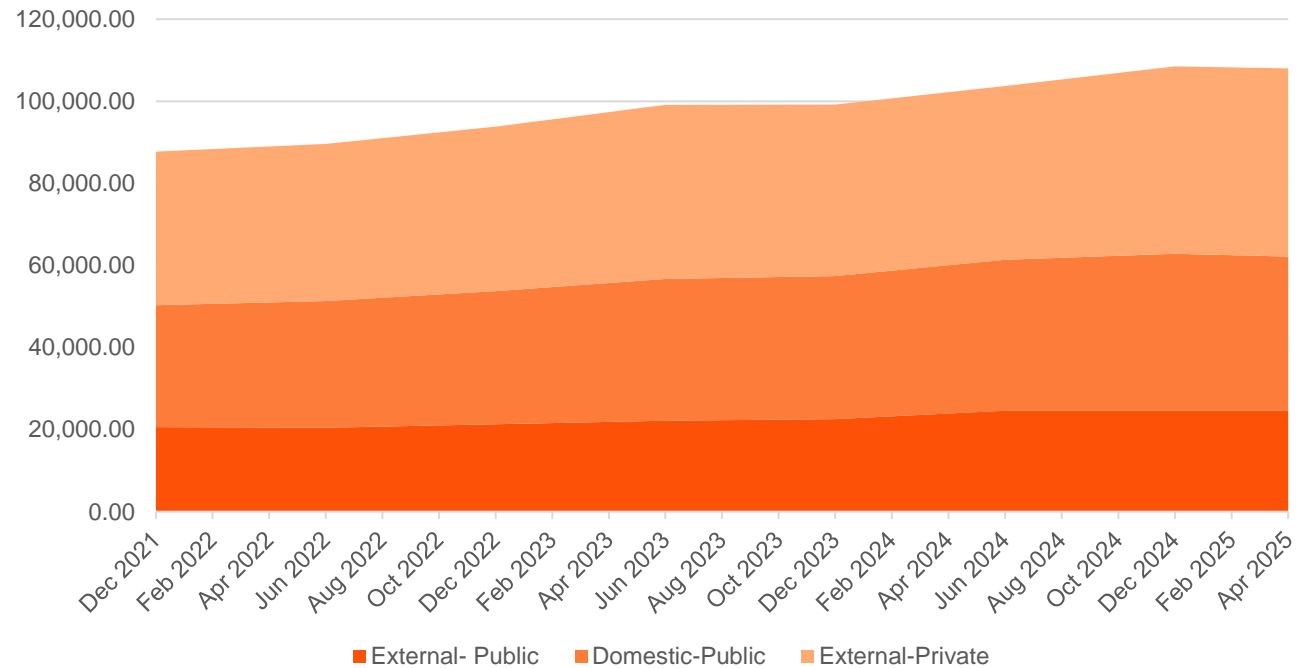


- At 3.2% in April 2025 which is within the country target of 5%
- EAC inflation target is 8% and SADC target is 3-7%
- Energy, fuel and utilities inflation decline to 7.3% in April 2025 from 9.3% in April 2024
- Food inflation rose to 5.3% in April 2025 from 1.4% in April 2024. Mainly attributed to increased price of some food particularly finger millet grain, beans and maize

Source: Bank of Tanzania Monthly Economic Review - May 2025

# National Debt and Public Debt

**Compounded Debt Movement (Millions of USD)**



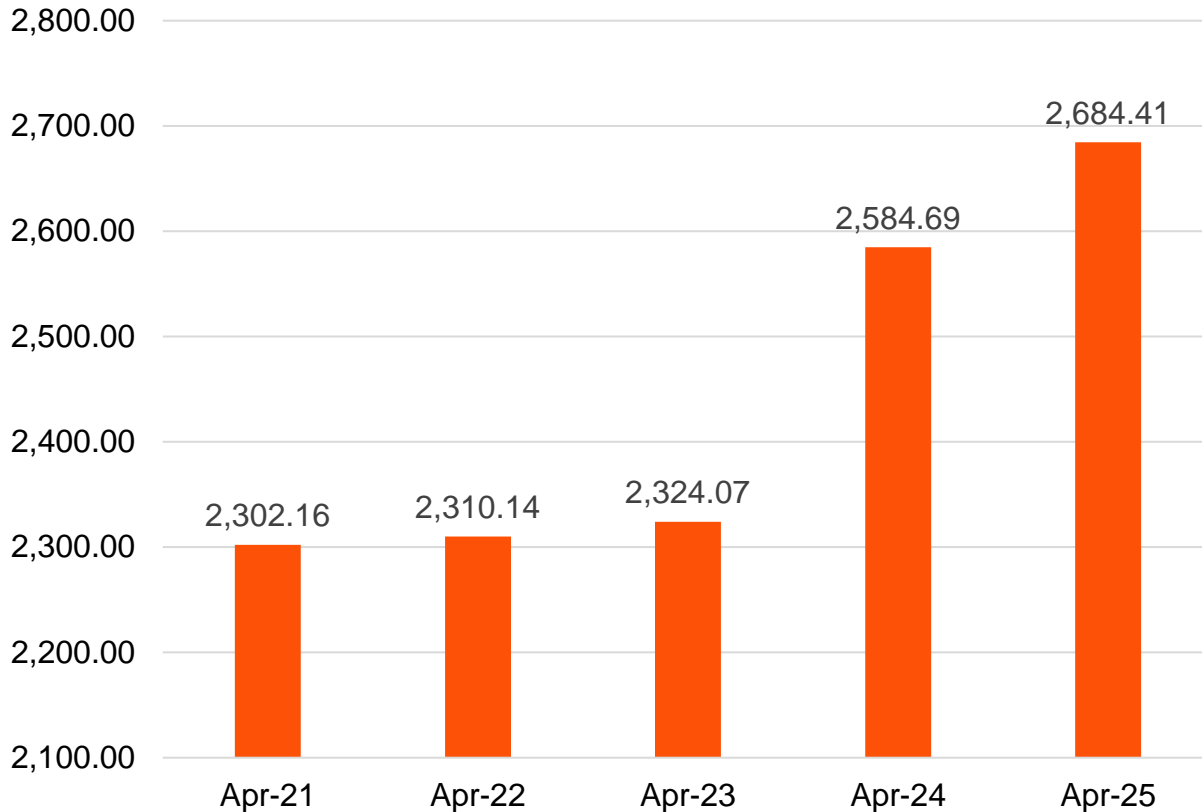
Source: Bank of Tanzania – Monthly Economic Review

**National Debt as at April (Millions of USD)**

	2024	2025
External - Public	24,042	27,228
Domestic - Public	12,182	12,974
<b>Total Public</b>	<b>36,224</b>	<b>40,202</b>
External - Private	9,081	8,278
<b>Total National Debt</b>	<b>45,304</b>	<b>48,480</b>

# Exchange Rate

**Exchange Rate Movement - USD to TZS  
(April 2021 - April 2025)**



The Shilling traded at an average rate of TZS 2,684.41 per US dollar in April 2025 compared with TZS 2,584.69 per US dollar in the preceding year translating to a depreciation of 3.9%

Moreover, the recent Regulations of March 2025 mandate that all domestic transactions be conducted in Tanzanian Shillings (TZS) and prohibit the use of foreign currencies for pricing and payments

The Regulations also specify transactions that are permitted to be conducted in foreign currency

Source: Bank of Tanzania Monthly Economic Review - May 2025

# Current Account and Foreign Account

Items	Millions of USD		
	Apr 2023	Apr 2024	Apr 2025
Exports of Goods	7,246.3	7,815.8	9,743.5
Imports of Goods	14,405.5	13,795.7	14,717.8
<b>Net on goods account</b>	<b>(7,159.1)</b>	<b>(5,979.9)</b>	<b>(4,974.3)</b>
Receipts	5,237.3	6,466.0	6,940.8
Payments	2,650.6	2,314.6	2,842.6
<b>Net services account</b>	<b>2,5876.7</b>	<b>4,151.4</b>	<b>4,098.2</b>
<b>Net Goods and services</b>	<b>(4,572.4)</b>	<b>(1,828.5)</b>	<b>(876.1)</b>
Export of goods and services	12,483.6	14,281.7	16,684.3
Import of goods and services	17,056.0	16,110.2	17,560.4
<b>Net primary income account</b>	<b>(1,458.7)</b>	<b>(1,572.7)</b>	<b>(1,881.5)</b>
Receipts	189.3	338.5	384.5
Payments	1,648.0	1,911.2	2,266.0
<b>Net secondary income account</b>	<b>591.1</b>	<b>667.8</b>	<b>532.7</b>
Inflows	823.3	1,323.6	1,099.0
o/w General government	63.2	140.9	133.1
Outflows	232.2	655.8	566.3
<b>Current account balance</b>	<b>(5,440)</b>	<b>(2,733.4)</b>	<b>(2,224.9)</b>

- Current account deficit has decreased by 18.6% over 12-month period ended April 2025
- Import of goods and services increased by 9% and exports increased by 16.8%, main drivers being minerals, agricultural products and services—mainly those associated with tourism and transportation
- As of April 2025, foreign exchange reserves were USD 5,307.7 million, compared to USD 5,264 million in April 2024. The reserve was sufficient to cover 4.3 months of projected imports of goods and services, aligning with both national and EAC benchmarks of 4 and 4.5 months, respectively

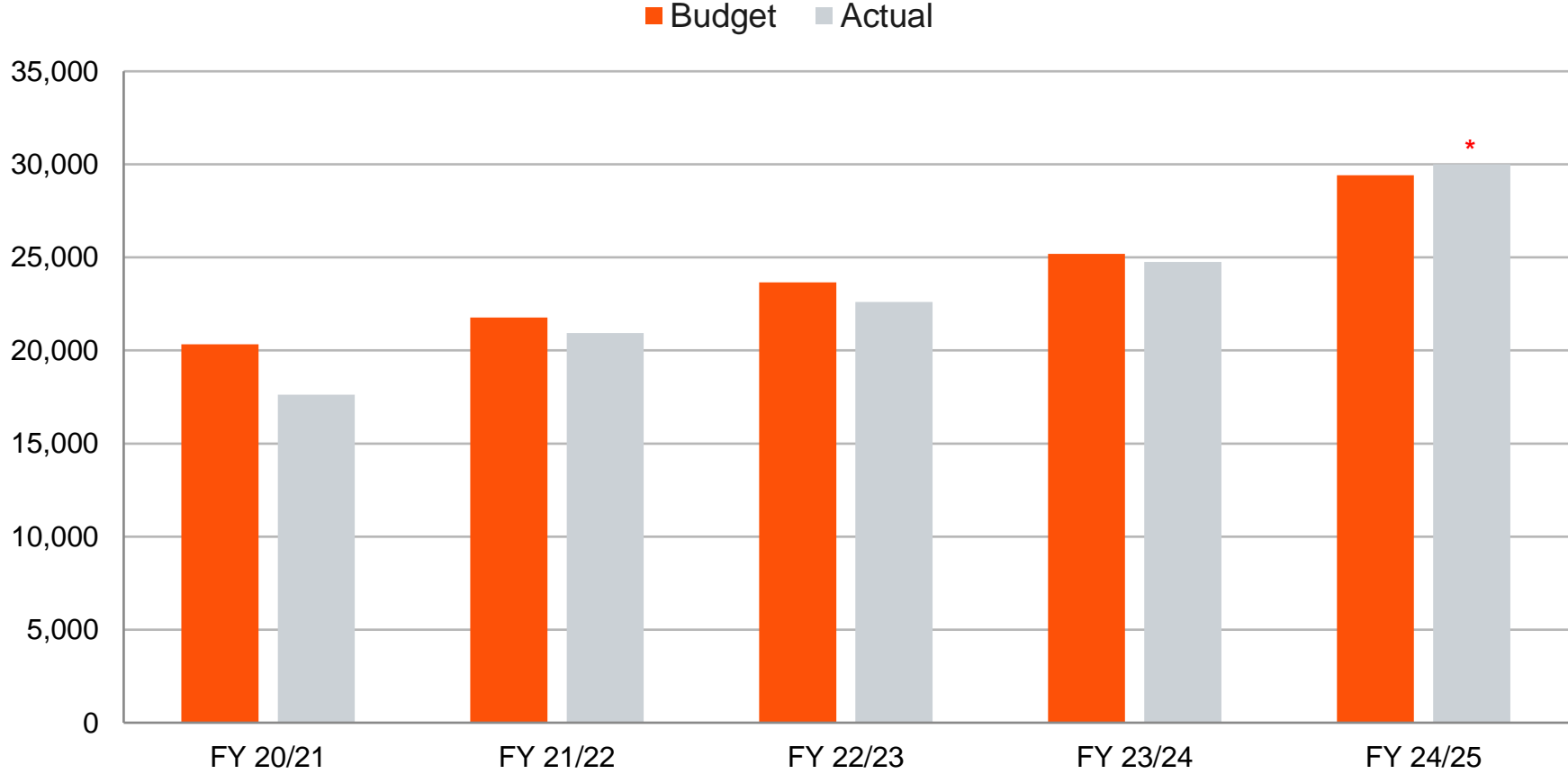
Source: Bank of Tanzania Monthly Economic Review - May 2025



# 2024/25 Revenue Collection

# Tax Collection

Tax revenue collected annually (Billions TZS)



Source: Ministry of Finance

\*FY 24/25 Likely outturn for the actual data

# Tax Comparison – Budget vs Actual

Comparison of 10 months actual revenue (Billion TZS)

	Actual Jul 23 to Apr 24*	Budget Jul 24 to Mar 25	Actual Jul 24 to Mar 25	Variance against prior year (%)	Variance against budget year (%)
Taxes on imports	7,690	7,848	7,901	2.7%	0.7%
Sales/VAT & Excise on local goods	4,073	4,180	4,139	1.6%	-1.0%
Income taxes	7,188	7,458	7,656	6.5%	2.7%
Other taxes	1,250	1,438	1,537	23.0%	6.9%
<b>Tax revenue</b>	<b>20,201</b>	<b>20,924</b>	<b>21,233</b>	<b>5.1%</b>	<b>1.5%</b>
Non-tax revenue	3,016	3,639	3,403	12.8%	-6.5%
<b>Central government revenue</b>	<b>23,217</b>	<b>24,563</b>	<b>24,636</b>	<b>6.1%</b>	<b>0.3%</b>
LGA own sources	931	1,007	991	6.4%	-1.6%
<b>Total Central Government revenue (incl. LGAs)</b>	<b>24,148</b>	<b>25,570</b>	<b>25,627</b>	<b>6.1%</b>	<b>0.2%</b>

Source: [BOT monthly economic review](#)

\*Comparison to March 2024 is not available

# Revenue Collection – analysis by department

Collections by Department 9 MONTHS TO 31 MARCH 2025	Total	Total	Variance	Proportion of collections  %
	2024/25	2023/24		
	Actual	Actual	Prior Yr	
	TZS bn	TZS bn	%	
Taxes on fuel	2,741	2,564	7%	
Other taxes on imports	6,391	5,332	20%	
<b>Customs &amp; Excise</b>	9,132	7,896	16%	39%
<b>Large Taxpayer Dept</b>	9,252	8,328	11%	39%
<b>Domestic Revenue Dept</b>	5,157	3,937	31%	22%
	<b>23,542</b>	<b>20,160</b>	<b>17%</b>	
Add: Treasury Vouchers	32,442	14,519		
Less: Non-tax revenue	(938)	(861)	9%	
<b>Tax revenue before refunds</b>	<b>22,636</b>	<b>19,314</b>	<b>17%</b>	
Less: transfers to refunds	175	72	143%	
Less: VAT refunds	1,108	675	64%	
<b>Total refunds</b>	<b>1,283</b>	<b>747</b>	<b>72%</b>	
	<b>21,353</b>	<b>18,567</b>	<b>15%</b>	

Source: Tanzania Revenue Authority : Tax collection statistics for the financial year 2024-25 (Period ending March 2025)

- The increase is attributed to Domestic Revenue Department (DRD). It appears that DRD has recovered from the impact of the previous year's transfer of taxpayers from DRD to LTD
- Customs & Excise and Large Taxpayers Department had a steady growth
- Substantial increase in VAT refunds

# VAT Collection Breakdown Per Sector

Businesses subject to VAT 9 Months to 31 March 2025	Total 2024/25 Actual Shs'm	Total 2023/24 Actual Shs'm	Variance Prior Yr %
<b>VAT</b>			
Telecommunications	332,306	238,852	39%
Beer	148,745	146,253	2%
Spirits	1,868	964	94%
Konyagi	35,132	44,781	-22%
Wine & Liquor	6,182	5,576	11%
Soft Drinks	35,755	57,427	-38%
Bottled water	4,382	3,007	46%
Cigarettes	61,093	47,629	28%
Cement	90,826	57,921	57%
Building contractors and engineering services	203,636	109,799	85%
Sugar	44,294	81,969	-46%
Tour operators	81,343	67,728	20%
Hotels	91,980	75,875	21%
Transport	73,237	57,534	27%
Wholesalers and retailers	100,959	98,137	3%
Electricity	94,300	44,461	112%

Source: Tanzania Revenue Authority : Tax collection statistics for the financial year 2024-25 (Period ending March2025)

## Highest Growth Rate

- VAT on electricity grew by 112%
- VAT on spirits grew by 94%
- VAT on building contractors and engineering services grew by 85%

## Moderate Growth Rate

- VAT on cement grew by 57%
- VAT on bottled water grew by 46%
- VAT on telecommunications sector grew by 39%

## Negative Growth Rate

- VAT on sugar saw a decline of 46%
- VAT on soft drinks saw a decline of 38%
- VAT on Konyagi saw a decline of 22%

# Excise Duty Collection Breakdown Per Sector

<b>Businesses subject to excise duty 9 MONTHS TO 31 MARCH 2025</b>	<b>Total 2024/25 Actual Shs'm</b>	<b>Total 2023/24 Actual Shs'm</b>	<b>Variance Prior Yr %</b>
<b>Excise Duty</b>			
Telecommunications	422,994	339,815	24%
Money transfer	132,947	125,805	6%
Beer	371,346	324,585	14%
Spirits and Konyagi	203,327	189,005	8%
Wine & Liquor	3,298	3,272	1%
Soft drinks	81,632	86,033	-5%
Bottled water	68,410	48,062	42%
Cigarettes	163,691	163,562	0%
Cement	88,255	97,912*	

\* Data to June 2024

Tanzania Revenue Authority : Tax collection statistics for the financial year 2024-25 (Period ending March 2025)

## Highest Growth Rate

- Excise duty on bottled water grew by 42% (despite a decrease in excise duty from TZS 63.8 to 56 per liter)
- Excise duty on telecommunications sector grew by 24%

## Moderate Growth Rate

- Excise duty on beer grew by 14%
- Excise duty on spirits and Konyagi grew by 8%

## Negative Growth Rate

- Excise duty on soft drinks saw a decline of 5%

# Budget - Total Expenditure

	2024/25 12 month Budget TZS' bn	2024/25 12 month Likely TZS' bn	2025/26 12 month Budget TZS' bn	2025/26 v 2024/25 Budget Increase/ (decrease) in %	2025/26 v 2024/25 Likely Increase/ (decrease) in %
<b>Expenditure</b>					
Recurrent	34,590	34,584	38,997	12.74%	12.76%
Development	14,755	15,627	17,494	18.56%	11.95%
	<b>49,345</b>	<b>50,211</b>	<b>56,490</b>	<b>14.48%</b>	<b>12.51%</b>
<b>Recurrent expenditure</b>					
National debt service	13,121	12,750	14,209	8.29%	11.44%
Wages and salaries	11,768	11,727	13,174	11.95%	12.34%
Other charges	9,701	10,107	11,613	19.71%	14.90%
	<b>34,590</b>	<b>34,584</b>	<b>38,997</b>	<b>12.74%</b>	<b>12.76%</b>
<b>Development expenditure</b>					
Domestic funding	11,114	12,044	12,118	9.03%	0.61%
Foreign financing	3,641	3,583	5,376	47.65%	50.03%
	<b>14,755</b>	<b>15,627</b>	<b>17,494</b>	<b>18.56%</b>	<b>11.95%</b>

# Budget - Total Revenue

	<b>2024/25 12 month Budget TZS' bn</b>	<b>2024/25 12 month Likely TZS' bn</b>	<b>2025/26 12 month Budget TZS' bn</b>	<b>2025/26 v 2024/25 Budget Increase/ (decrease) in %</b>	<b>2025/26 v 2024/25 Likely Increase/ (decrease) in %</b>
<b>Domestic Revenue</b>					
Tax Revenue - TRA	29,415	30,006	34,104	15.94%	13.66%
Non - Tax Revenue	3,839	3,526	4,682	21.95%	32.79%
	<b>33,254</b>	<b>33,532</b>	<b>38,786</b>	<b>16.63%</b>	<b>15.67%</b>
Local Government Authorities (LGA) own source	1,356	1,361	1,681	23.90%	-18.91%
<b>Domestic Revenue + LGA</b>	<b>34,611</b>	<b>34,892</b>	<b>40,466</b>	<b>16.92%</b>	<b>15.98%</b>
Grants and Concessional Loans	6,076	5,730	7,117	-28.51%	-18.91%
Domestic borrowings	6,618	6,642	6,278	-5.13%	-5.48%
Non-concessional borrowings	2,987	2,946	2,629	-11.97%	-10.76%
<b>Total Revenue</b>	<b>50,291</b>	<b>50,211</b>	<b>56,490</b>	<b>12.33%</b>	<b>12.51%</b>

# 3

## Tax and other legislative changes

# Top “5” Changes

- Inclusion of retained earnings in the definition of “equity”
- Introduction of withholding tax (10%) on retained earnings after six months from ... ?
- Reduced VAT rate (16% instead of 18%) on B2C purchases where payment is made on online
- VAT withholding – VAT collection agency system: certain institutions to collect 3% VAT and remit to TRA
- Mandatory interfacing of electronic receipt systems with TRA’s system



# Income tax – Other changes

- Alternative Minimum Tax rate for loss-making companies (three consecutive years) increased from 0.5% to 1%
- Limit for carrying forward losses in mining, petroleum, oil, and gas reduced from 70% to 60%
- Abolishment of 10-year income tax exemption for SEZ/EPZ investors selling locally
- Introduction of indicative tax rates for two/three-wheeled motorcycles and small goods vehicles (e.g. "Guta")

Withholding tax rate changes	Old Rate	New Rate
Professional/management services in extractive sector	5%	10%
Insurance/re-insurance premiums to non-resident companies	5%	10%
Income from sale of forest products	N/A	3.5%
Payments for raw salt from PML/artisanal miners	N/A	2%
Commission payments from sports betting advertisements	N/A	10%



# Other Key Changes



## Tax Administration Act

Removal of the 15 days timeline to file a request for waiver of tax deposit required for admission of objections



## Mining Act

Companies with government contracts must allocate at least 20% of gold production for domestic smelting, refining, and trading



## Insurance Act

Mandatory travel insurance for foreigners entering Tanzania (US\$44, up to 92 days, excludes EAC/SADC citizens)



## Customs changes

Refer to our newsletter on the customs updates which has been shared

# VAT

- **Extension of zero-rating:**

- Textile products (fabric and garments) made from locally grown cotton (one year)
- Locally manufactured fertilizers (three years)

- **Extension of exemption:**

- Edible oil produced locally using locally grown seeds (one year)



- **New exemptions:**

- Pesticides under HS Codes 3808.61.00, 3808.62.00, 3808.69.00
- Re-insurance transactions between insurance and re-insurance companies
- Natural gas sold to Compressed Natural Gas (CNG) stations for motor vehicles use only
- Cooking gas tanks/cylinders (HS Code 7311.00.10) and carbonization furnaces (HS Code 8417.80.00) for briquette production

# VAT

- **Abolished exemptions:**
  - Purchase/importation of gaming supplies
  - Bitumen (HS Codes 2713.20.00, 2715.00.00)
  - Imported newspapers
- **Other amendments:**
  - VAT exemption on tractor tires, dam liners, forks, rakes, and axes for agriculture, now subject to Minister's (responsible for agriculture) approval
  - Amendments to clarify exemptions for Liquefied Petroleum Gas (LPG) and CNG for motor vehicles
  - Online marketplace and network marketing platforms are included in the scope of the online intermediation services
  - VAT to apply on non-resident online payment platforms that provide services in the country from abroad (online intermediation payment platforms)



# Excise duty

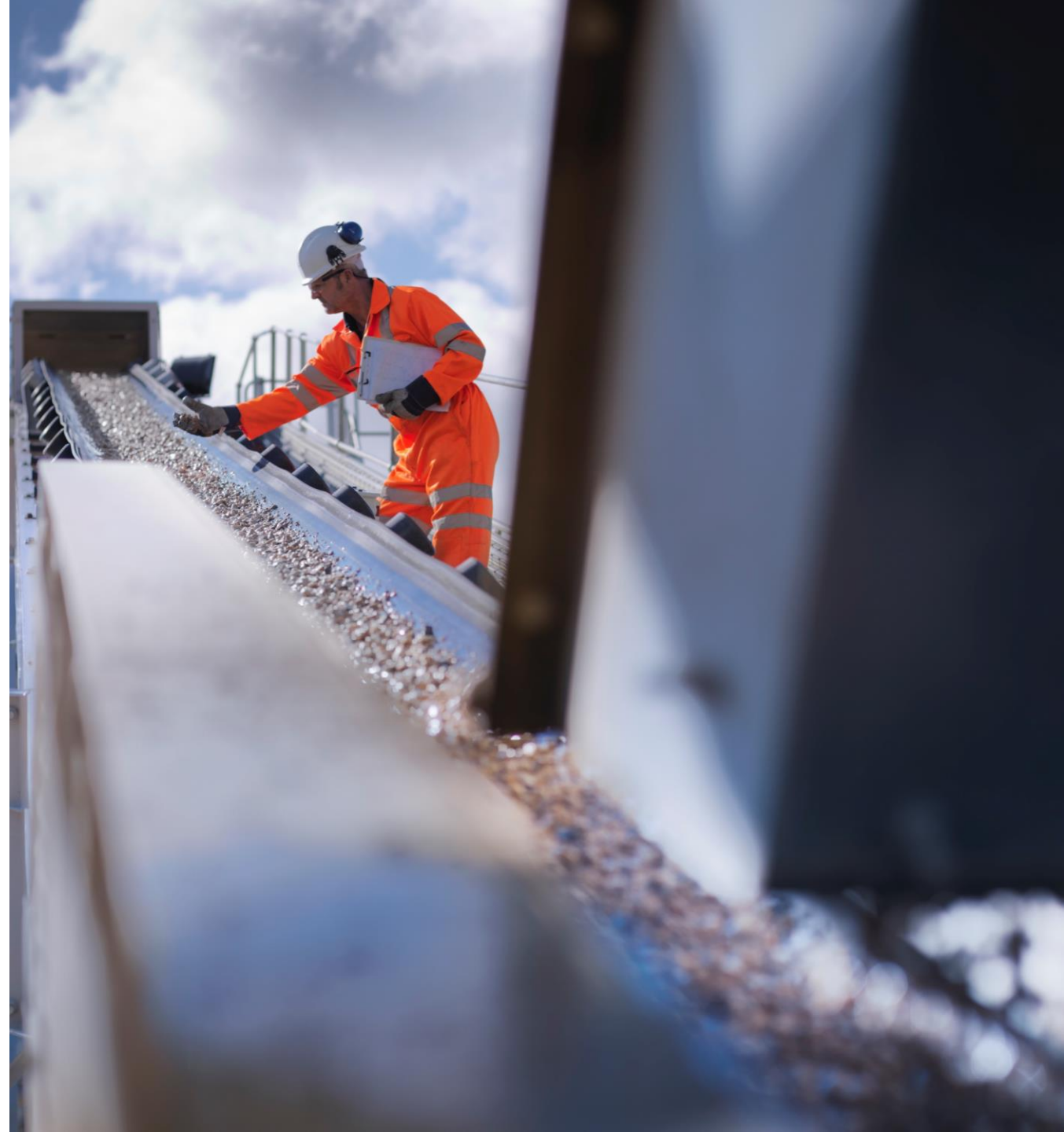
- Fee Reductions/Removals:
  - Removal of 300,000 TZS licensing fee for manufacturers/importers of excisable goods
  - Reduced excise duty on imported undenatured ethyl alcohol, locally produced ethyl alcohol and energy drinks
- Excise Duty Increases:
  - Pay-per-view services (5% to 10%)
  - Imported furniture (20% to 25%)
  - Natural gas (0.45 to 0.55 TZS/cubic foot)
- Other Amendments:
  - Offset mechanism for wine manufacturers using ethanol
  - Exemption for undenatured ethyl alcohol used in non-alcohol goods (with Minister's approval)
- New Excise Duties:
  - Imported crisps (100 TZS/kg), local crisps (50 TZS/kg)
  - Imported ice cream (10%), local ice cream (5%)
  - Imported sausages (10%), local sausages (5%)
  - Imported soap (10%)
  - Imported matches (400 TZS/kg)
  - Imitation jewellery (10%)
  - Imported margarine (500 TZS/kg)
  - Used tableware/kitchenware (20%)
  - Fireworks (25%)
  - Electronic cigarette parts/liquids (30%)
  - Carbon-based excise: 22,000 TZS/metric ton of carbon from coal/natural gas
  - Money transfer/payment system providers (10% if not using financial/telecom systems)

# Taxes introduced for AIDS Trust Fund and Universal Health Fund

- Introduce a levy of:
  - TZS 10/L of fuel (petrol, diesel, and kerosene)
  - 0.1% on the gross market value of the minerals
  - TZS 500 on a ticket issued by a person licensed to operate train transportation
  - TZS 1,000 on the ticket issued by a person licensed to operate air transportation
- Introduce a levy on imported vehicles and heavy machinery as follows:
  - TZS 50,000 to TZS 200,000 depending on the engine capacity
  - TZS 250,000 for machinery (excavators, bulldozers, forklifts) of headings 84.29 and 84.27
- Increase excise duty by:
  - TZS 20/L on beer (under headings 22.03)
  - TZS 30/L on wine and other fermented beverages (under headings 22.04; 22.05; 22.06);
  - TZS 50/L on spirits liquors and other spirituous beverages (under heading 22.08)
  - from 17% to 17.5% on electronic communication services
- Increase the winning tax from 10% to 15% on sports betting games and from 12% to 15% on land-based casino

# Taxes introduced under the Import Control

- Introduction of 10-15% industrial development levies on various imported goods (kitchenware, tractors, prefabricated buildings, bars/rods, nails, furniture, flat rolled products, glass, ceramic tiles)
- Exemption of cement clinker from the 10% levy
- Inclusion of EAC-origin goods meeting rules of origin in the levy



# Local Government Finance Act

- Levy Reductions:
  - Service levy: maximum rate reduced from 0.3% to fixed 0.25% of gross revenue
  - Hotel levy: reduced from 10% to 2%
- Fee Removals:
  - Loading/offloading fees by LGAs on goods transportation



# Investment and Special Economic Zones Act

- 75% exemption on import duty for deemed capital goods for registered investors
- Negative list of products not qualifying for exemption (e.g. sugar, beverages, cement, pipes)
- Strategic investment status for mining projects with framework agreements



# Other changes

1 2 3 4 5 6

## Export Tax Act

- New export levy: 30% or 150 TZS/kg (whichever higher) on veneer (HS Code 44.08)

## Registration and Identification of Persons Act

- LGAs, ministries, agencies remitting all revenue to Consolidated Fund exempt from NIDA information use fees.

## Road Traffic (Motor Vehicles Registration) Regulations

- Commercial motorcycle registration: 340,000 TZS to 170,000 TZS (three years).
- Presumptive tax: replaced with one-time 120,000 TZS payment at registration.
- Motorcycle/tricycle license fee: 70,000 TZS to 30,000 TZS.

## Fair Competition Act

- FCC to receive 2.5% of business license fees (specified, not capped).
- 1% of gross revenue from regulatory authorities (EWURA, LATRA, TCRA, TCAA) to FCC.

## Business Licensing Act

- Repeal of section requiring business closure for Act breaches.
- Minister empowered to designate business activities prohibited for non-citizens.

## Other minor changes

- Budget Act
- Public Finance Act
- Planning Commission Act
- Wildlife Management Act
- National Parks Act
- Treasury Registrar (Powers and Functions) Act
- Ngorongoro Conservation Area Act
- Trade and Service Marks Act
- National Environmental Management Council

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# Questions?

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

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