

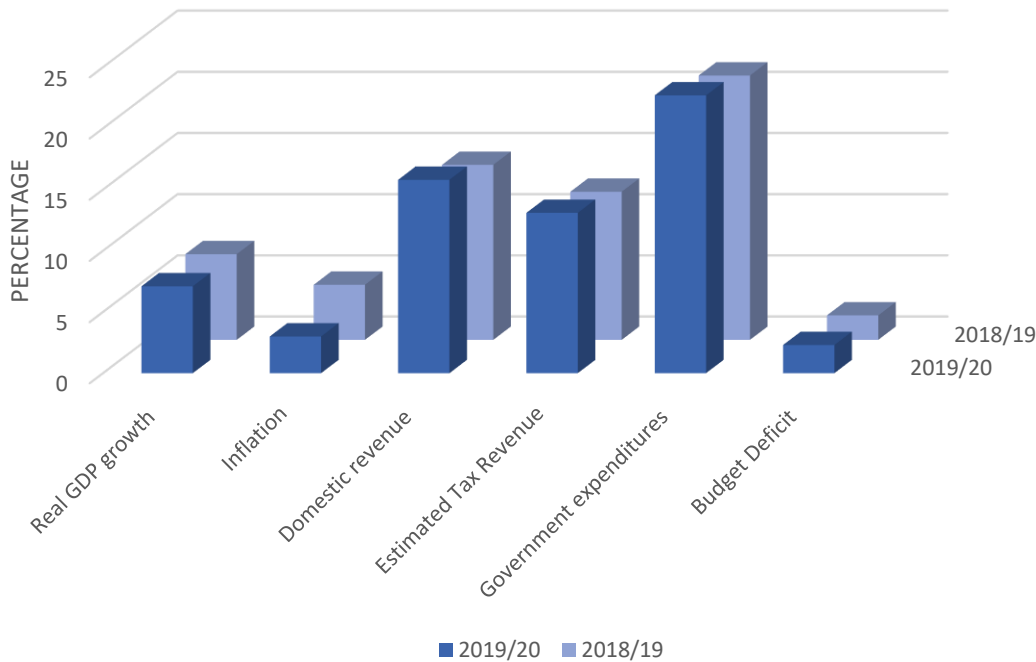
# TANZANIA - Budget highlights 2019/20



## BUDGET THEME

The Government of Tanzania set out the theme to revolve around ***'To build an industrial economy that will stimulate employment and sustainable social welfare'***

## BUDGET TARGET



### Closer to You

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## BUDGET EXPENDITURE POLICIES

- ❖ To increase efficiency in the use of public funds in the implementation of development projects to ensure value for money.
- ❖ Allocation of funds to priority areas and productivity in order to stimulate growth in agriculture and industries, widen job creation opportunities, construct and improve economic infrastructure and strengthen the provision of quality social services.
- ❖ Ensure discipline in the use of public funds and conduct monitoring and evaluation, especially on development projects.
- ❖ Continue reduction in unnecessary expenditure.
- ❖ Verify, clear and control further accumulation of arrears.

## BUDGET PRIORITY AREAS



- ❖ **Industries:** More focus will be on industries that utilise locally available raw materials such as agricultural produce, livestock, fishery, forestry and minerals, produce goods for domestic market and for export, as well as increasing employment opportunities
- ❖ **Agriculture:** the Government will continue to implement and allocating more funds to the Agricultural Sector Development particularly in ensuring availability of improved seeds, inputs, extension services, markets, supportive infrastructure and research and granting tax reliefs and continue to strengthen Agricultural Crop Boards, improve and promote establishment of crop cooperative societies so as to enable them access credit from financial institutions for investment in

various agricultural activities and establishment of small industries for crops value addition key to industrial development in Tanzania as the large portion of industrial raw materials depend on agriculture sector which comprises crops, fishery, livestock and forestry

- ❖ **Economic growth and human development:** To improve availability of quality health services, education and skills, food and nutrition as well as clean and safe water. In addition, the budget shall put more emphasize on increasing the quality of labour force to meet the labour market demands.
- ❖ **Improvement of enabling business environment and investment climate:** The Government will continue reviewing and strengthening the policy, legal and institutional frameworks coupled with strengthening peace and security in order to attract both domestic and foreign investors along with implementation of the Blueprint Action Plan exhaustively to improve business environment so that the business environment becomes more friendly, cost effective and efficient. the budget puts more emphasize on construction and rehabilitation of infrastructure, especially railway, ports, energy, roads, bridges and airports.
- ❖ **Monitoring and Evaluation:** Another important area is to strengthen monitoring and evaluation of the implementation of development projects at all levels also the Government will strengthen administration of tax and non-tax revenue collections in order to increase efficiency in budget implementation by ensuring that the collection of taxes do not affect businesses.



## BUDGET TAX CHANGES

The Ministry of finance has proposed the following amendments:

### THE TAX ADMINISTRATION ACT

- ❖ Amendment in granting extensions for six months upto December 2019 for 100 percentage Tax Amnesty on interest and penalties to those tax payer who had applied for amnesty scheme.

### THE EXCISE (MANAGEMENT AND TARIFF) ACT

- ❖ Reduce excise duty rate on wine produced with domestic fruits (such as banana, cashew, rozera, tomatoes etc) produced locally other than grapes with contents exceeding 75 percent from shillings 200 per litre to shillings 61 per litre which is a decrease of shillings 139 per litre
- ❖ To impose excise duty of 10 percent on locally made artificial hair and 25 percent on imported ones
- ❖ To amend the Excise Tax (Management and Tariff) Act, to provide exemption on imported aircraft lubricants by domestic operators, National Air Force, or airlines corporations recognized in Bilateral Air Services Agreement
- ❖ To impose an excise duty rate of 10 percent on pipes and plastics materials (tubes, pipes and hoses and fittings i.e joints, elbows flenges etc.

### THE BUDGET ACT

- ❖ Honourable Speaker proposed Propose to give powers to the Paymaster General to extend the period granted to him to approve expenditures on funds remaining from the previous financial year. The current situation is that there is a limitation of three months that the funds can be spent and after that period, it has to be deposited in the Paymaster General Account.

### VALUE ADDED TAX

Removal of taxes on:

- ❖ Imported refrigeration boxes of HS Code 8418.69.90.
- ❖ Grain drying equipment of HS.8419.31.00.
- ❖ Aircraft lubricants imported by domestic operators

- ❖ Imported airline tickets, flyers, calendar diaries, labels and employees' uniforms with the names of the Airline operator. If they are imported by airlines recognized in Bilateral Air Services Agreement.
- ❖ Sanitary Pads.

Amendments of taxes on:

- ❖ Value Added Tax Act by excluding the restriction on exportation of raw agricultural products.
- ❖ Zero rate supply of electricity services from Tanzania mainland to Tanzania Zanzibar.
- ❖ Second part of the exemption schedule to the Value Added Tax Act by including on airline tickets, flyers, calendars, diaries, labels and employees' uniforms with the names of the Airline operator. It will be exempted if they are imported by airlines recognized under Bilateral Air Service Agreements.

### POLICY AND ADMINISTRATIVE MEASURE TO IMPROVE COLLECTION OF GOVERNMENT REVENUE

- ❖ Individuals will be allowed to clear their goods without the need to assigning this responsibility to the Clearing and Forwarding Agents. These procedures will not be applicable on Transit goods.
- ❖ Establishing an independent office which will be responsible for receiving correct and unbiased information and complaints from taxpayers or other people with good intention against administration of tax affairs by Tanzania Revenue Authority
- ❖ To improve the utilization of electronic system in the collection of tax and non-tax revenues.
- ❖ Finalizing the domestic revenue collection systems through Electronic Fiscal Device Management System (EFDMS) so as to avoid revenue leakages in the processing of tax refunds, issuance of fake receipts
- ❖ To improve convenience in tax payment, a relief period of six months is provided from the date when the investor or businessman is given a Tax Identification Number (TIN) so as to enable undertakes the necessary preparations at the beginning period of establishing the business.



**COMPANY**

- ❖ Reduction on Corporate Income tax rate from 30% to 25 % for new investors in the production of sanitary pads for two years starting from year 2019/20 up to 2020/21
- ❖ Exemptions on Withholding tax on fees such as commitment fees, Insurance Premium fees, Insurance Management fees, Arrangements fees and any other fees imposed as part of costs of such loans charged to Government on Loans received from Non-residential Banks and other International Financial Institutions.

**INDIVIDUAL**

- ❖ Increasing on the minimum amount of turnover required for taxpayer to start filling the accounts to Tanzania Revenue Authority from **Twenty million** Shillings to **One Hundred million** Shillings.
- ❖ Amendment of the First Schedule of the Income Tax Act in order to introduce Presumptive tax regime to taxpayers with annual turnover from **Four million** shillings and **Hundred million** shillings who will not be obliged to submit financial accounts to Tanzania Revenue Authority for determining income tax. Refer to **TABLE 1** below.

**TABLE 1**

Turnover	Maintenances of Documents are not complied	Maintenances of Documents are complied
Where turnover does not exceed Tshs. 4,000,000	NIL	NIL
Where turnover exceeds Tshs. 4,000,000 but does not exceed Tshs. 7,000,000	Tshs. 100,000	3% of turnover in excess of Tshs. 4,000,000
Where turnover exceeds Tshs. 7,000,000 but does not exceed Tshs. 11,000,000	Tshs. 250,000	Tshs. 90,000 plus 3% of turnover in excess of Tshs. 7,000,000
Where turnover exceeds Tshs. 11,000,000 but does not exceed Tshs. 14,000,000	Tshs.450,000	Tshs. 230,000 plus 3% of turnover in excess of Tshs. 11,000,000
Where turnover exceeds Tshs. 14,000,000 but does not exceed Tshs. 100,000,000	Tshs. 450,000 plus 3.5% of turnover in excess of Tshs. 14,000,000	

**THE EAST AFRICAN COMMUNITY CUSTOMS MANAGEMENT ACT**

The proposed changes are aimed at “Transforming Lives through industrialization and Job Creation for shared Property among the people of the East African Community

- ❖ Grant Duty Remission and apply a duty rate of 0 percent instead of 25 percent for one year on Aluminium Alloys (HS Code 7606.92.00) used as raw materials to manufacture aluminium pots
- ❖ Grant a Duty Remission and apply a duty rate of 0 percent instead of 25 percent for one year on the equipment and appurtenant used for polishing and heat treatment of Gemstones. The Duty Remission will apply to equipment

falling under HS Codes 3606.90.00; 6804.10.00; 6813.20.00; 7018.90.00; 7020.00.99; 8202.20.00; 8202.99.00; 8203.20.00; 8205.10.00; 8423.89.90; 8513.10.90; and 9002.19.00.

- ❖ Grant Duty Remission and apply a duty rate of 0 percent instead of 10 percent for one year on papers used as raw materials for manufacturing of packaging materials for export of horticulture products (HS Codes 4805.11.00 and 4805.19.00)
- ❖ Grant Duty Remission on agricultural seeds packaging materials and apply a duty rate of 0 percent instead of 25 percent for Local producers of agricultural seeds for one year. The referred packaging materials falls under HS codes 3923.29.00; 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90; 7607.19.90



- ❖ Grant Duty Remission and apply a duty rate of zero percent instead of 10 percent on raw materials used to manufacture Baby Diapers. The raw materials that will be eligible for Duty Remission include products under Hs Codes HS Code 3506.91.00; PE Film HS Code 3926.90.90; Super Absorbent Polymer HS Code 3906.90.00; Wet Strength Paper HS Code 4803.00.00; Non Wovens HS Code 5603.11.00; Polyethylene Laminated Non Wovens HS Code 5903.90.00; Spandex HS Code 5402.44.00; and Dust Free Paper Hs Code 4803.00.00.
- ❖ Grant stay of application of the EAC rate of 25 percent and instead apply a duty rate of 35 percent on roasted coffee for one year (HS Code 09.01)
- ❖ To impose an import duty of 10 percent or USD 125 per metric ton on flat-rolled products of iron or non-alloy steel and Flatrolled products of other alloy steel of width of 600mm or more, whichever is higher for one year. The referred products are those under HS Codes 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; 7225.50.00 and 7226.92.00
- ❖ To impose an import duty of 25 percent or USD 200 per metric ton on Flat-rolled 41 products of iron or non-alloy steels whichever is higher for one year (HS Code 7212.30.00; 7212.40.00; and 7212.50.00).
- ❖ To impose an import duty of 10 percent or USD 250 per metric ton on Flat-rolled products of iron or non-alloy steel, whichever is higher for one year (HS Code 7212.60.00)
- ❖ To impose an import duty of 25 percent or USD 250 per metric ton on Flat-rolled products whichever is higher for one year (HS codes 7210.41.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00 and 7210.90.00).
- ❖ Stay of application of EAC-CET rate of 25 percent or USD 200 per metric ton whichever is higher on reinforcement bars and hollow profiles and apply a duty rate of 25 percent or USD 250 metric ton whichever is higher for one year. The measure is targeted to products falling under HS codes 7213.10.00; 7213.20.00; 7213.99.00; 7214.10.00; 7214.20.00; 42 7214.30.00; 7214.90.00; 7214.99.00; 7215.10.00; 7215.50.00; 7215.90.00; 7225.90.00; 7225.92.00; 7225.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00.
- ❖ Stay of application of the EAC-CET rate and apply a duty rate of 35 percent instead of 25 percent for one year on horticultural products falling under HS codes 0603.11.00; 0603.12.00; 0603.13.00; 0603.14.00; 0603.19.00; 0604.20.00; 0604.90.00; 0701.90.00; 0702.00.00; 0703.10.00; 0703.20.00; 0706.10.00; 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; and 0808.20.00.
- ❖ Stay application of the EAC-CET rate of 0 percent and apply a duty rate of 10 percent on Monofilament (PVC Profiles HS Codes 3916.10.00; 3916.20.00 and 3916.90.00) for one year.
- ❖ The Ministers responsible for Finance have also agreed to make amendments in the EAC-Customs Management Act, 2004 as to amend Part B of the Fifth Schedule in section 1(a) in order to provide import duty exemption on Lubricants for aircrafts, uniforms, calendars, diaries, and pens that are used in the provision of air services. This measure will enable the country to sign Bilateral Air Service Agreement (BASA).

### BLUEPRINT IMPLEMENTATION FROM REGULATORY REFORMS TO IMPROVE BUSINESS ENVIROMENT BY AMENDING VARIOUS FEES AND LEVIES

#### TANZANIA FOOD AND DRUGS AUTHORITY(TFDA)



**Abolishment of fees on:**

- ❖ Domestic products on registration of: - Vaccines and Biologicals USD 150; Herbal medicines USD 150; medical devices USD 100; diagnostics 250; food USD 10; antiseptics and diagnostics Tshs. 100,000
- ❖ Duplicate certificates on diagnostic USD 100
- ❖ Inspection fees for new food selling outlets Tshs. 50,000 and for fish industries Tshs. 200,000 to Tshs. 250,000
- ❖ Registration fees for Retails Veterinary Pharmacy Tshs. 50,000 to Tshs. 100,000
- ❖ Annual business licence fees on fish outlets Tshs. 50,000 to Tshs. 300,000.
- ❖ Service charge for cancellation, issuing of new permit and replacement of permit USD 50
- ❖ Registration of Clearing Agents Company USD 500 per registration period and change of registration information USD 100 per registration period
- ❖ Emergency Inspection USD 300 per inspection
- ❖ Annual maintenance fee for form industries, paint industries, textile industries, leather industries, plastic industries, other large industries USD 1000
- ❖ Annual maintenance fees for other small industries USD 250, for medium distributors USD 500 and for large distributors USD 1000.

**TANZANIA BUREAU OF STANDARDS (TBS)**

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

The Tanzania Bureau of Standards will be responsible for general coordination of premises registration, product registration, certification of products and import inspection. The Food and Drug Authority (TFDA) will continue to manage medicines, medical devices and reagents to increase efficiency.

**GOVERNMENT CHEMIST LABORATORY AUTHORITY (GCLA)**

**Proposed reduction of the following levies:**


- ❖ Chemical registration and renewal fees from USD 20 to TShs. 40,000/= per chemical per registration
- ❖ Charge Tshs. 200,000 for large scale certificate holder registration and Tshs. 50,000 for small scale certificate holder per registration period
- ❖ Charge Tshs. 200,000/= for large scale premises registration per registration and small scale premises registration per registration instead of USD 100
- ❖ Reduce sorting of obsolete chemicals fees per day per person from USD 300 to Tshs. 300,000/= per day per person
- ❖ Reduce identification and approval of disposal method fees from USD 500 to Tshs. 200,000 per chemical
- ❖ Reduce fees charged on supervising of loading, transportation, unloading and disposal of obsolete chemicals from USD 300 to Tshs. 300,000 per day per person

- ❖ Reduce premises inspection fees from USD 200 to Tshs. 300,000 per inspection
- ❖ Reduce Transportation Routes assessment and emergency inspection fees from USD 100 to Tshs. 150,000 per person per day
- ❖ Reduce escorting of chemical convoy fees from USD 100 to Tshs. 150,000 per person per day
- ❖ Transportation of on transit hazardous and other chemical will be charged

#### MINISTRY OF LIVESTOCK AND FISHERIES

Proposed abolishment of the following levies:

- ❖ License fee for milk producers below 51 litres, for milk collectors below 201 litres, for small scale meat producers, for Medium Scale Producers, for carriers and containers permit for transportation of milk
- ❖ Movement permit fee for transportation of day old chick per 100; and for transportation of Adult/Guinea fowl per each.
- ❖ Registration fee for milk producers below 51 litres, for Large Scale producers, Primary Markets Operator, for Secondary and Border Markets operators, for Local and Primary market traders, for meat exporter

#### MINISTRY OF NATURAL RESOURCES AND TOURISM

- ❖ Honourable Speaker proposes to remove trophy handling fees and TALA fees on professional hunting charged by the natural resources and tourism sector.

#### MINISTRY OF WATER

- ❖ Honourable Speaker proposes to remove the fee imposed on borehole which starts from 100,000 shillings depending on the utilization of water. However the owners will be required to register their borehole to the Water Board

#### THE ROAD TRAFFIC ACT

DETAILS	CURRENT (TSHS)	PROPOSE D(TSHS)
Validity Period	3 Years	5 Years
Driving License Fees	40,000	70,000
Registration Card Fee:		
Motor Vehicle	10,000	50,000
Motor Cycle	10,000	30,000
Tricycle	10,000	20,000

#### BUDGET STRUCTURE 2019/20

In consistent with macroeconomic and fiscal policy objectives for 2019/20, the below budget frame shows that 33.11 trillion shillings, will be mobilized and spent.

#### CONCLUSION

The 2019/20 budget focuses on continued efforts to build foundation for industrial economy in order to create more employment opportunities to stimulate economic growth and sustainable social welfare and ultimately to eradicate poverty, ignorance and diseases. In particular, the budget focuses on:

- ❖ Strengthening and constructing of modern infrastructure in order to enhance the national productive capacity in industries, particularly which utilize locally available raw materials and provide quality services (health, education 65 and water) to the citizens
- ❖ Improving environment for doing business by addressing challenges stipulated in the Blueprint for the Regulatory Reforms to Improve the Business Environment

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