

TANZANIA BUDGET BRIEF 2021-2022

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Background

On 10 June 2021, The MoF presented the first budget of the 6th phase Government under the leadership of Her Excellency Samia Suluhu Hassan, President of the United Republic of Tanzania. The 6th phase Government envisages to “Sustaining the foundations set forth by previous regimes, adopting the good practices and developing the new ones”

Key Priority Areas for 2021/22

The government has planned to focus on 9 key priority areas in the coming year:

- To maintain national values which are the core values of nation development i.e. peace, unity and solidarity;
- Continue with implementation plan to improve business environment by reviewing policies laws and various regulations in order to attract private sector investment and increase employment opportunities;
- To improve tax collections and administration systems so as to simplify tax payments and widen the tax base;
- Continue strengthening parastatal operations to operate profitably, pay dividends and appropriate contribution to the Government;



Other key priority areas

- To increase productivity in agricultural, livestock and fishery products through improving access to capital by small scale farmers and investors from the financial institutions, including Tanzania Agricultural Development Bank and other banks;
- To improve irrigation, value addition and markets for agricultural produces;
- To promote industrial investments specifically those utilizing domestic raw materials and labour intensive;
- To continue curbing mineral trafficking and promoting construction of mining refining and processing industries in order to increase contribution of mining sector in the GDP;
- To improve transport, transportation and energy infrastructure, including roads, bridges, railways, marine, aviation, ports expansion and electricity generation, transmission and distribution;
- To continue improving and enhancing provision of social services especially health, education and water; and strengthening cooperation with other countries, regional and international organizations.

In the budget speech, the Minister of Finance provided assurance that the Government will continue to implement number of measure against COVID-19 effects in order to utilize the opportunities brought it for the great of the nation while taking preventive measures against COVID 19.

The Government budget for 2021-22 is proposed at **TShs 36.34 Trillion** which is a 4.5% increase as compared to the 2020-21 budget of **TShs 34.88Trillion**.

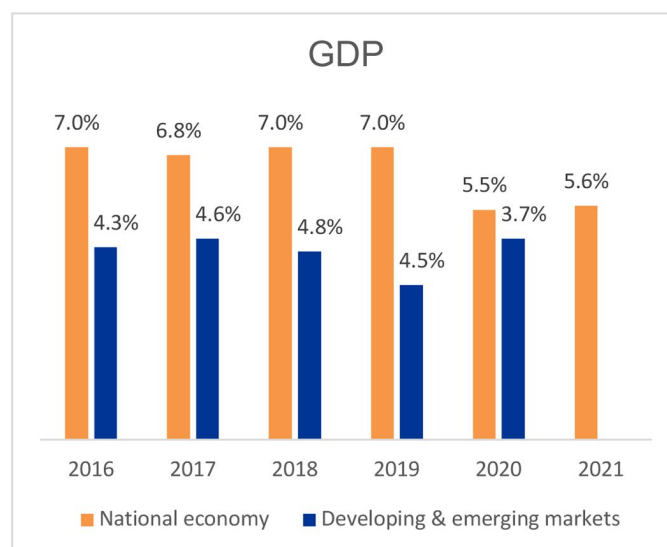
In this newsletter, we provide you with a snapshot of the economy and the salient fiscal measures proposed to Nurture Industrialization for Economic Transformation and Human Development.

Once the budget and proposed amendments are passed by Parliament and assented by the President, they will become effective from 1st July 2021.

Economic Outlook

Gross Domestic Product – GDP

- The national GDP for 2020 was projected as 5.5%, however the actual was 4.8%;
- The impressive GDP growth has led to Tanzania to be among one of the few countries with positive economic growth despite the effect of COVID 19; and
- The estimated GDP for 2021 is expected to be increased 5.6% as the result of containment of the effect of COVID 19 and allowing Tanzania to keep on working while adhering to health precautions and guidelines



Industry growth

The current thriving sectors with highest growth rate to the economy are:

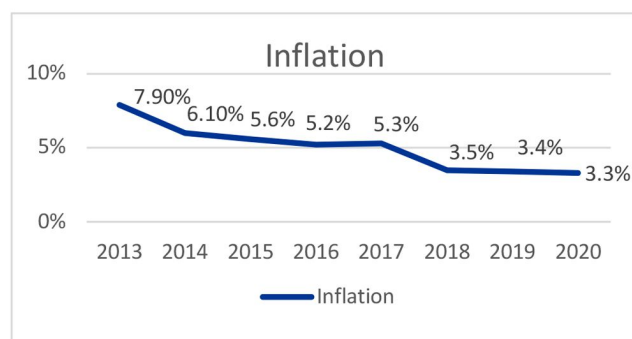
- Construction (by 9.1%);
- Information and communication (by 8.4 %);
- Transport and storage (by 8.4%);
- Administrative and support services (by 7.8%);
- Professional, scientific and technical activities (by 7.3%);
- Mining and quarrying (by 6.7%); and
- Human, Health and social work activities (by 6.5%).



Inflation

Tanzania's inflation rate remained stable at a single digit rate averaging to 3.3% in 2020. This was the lowest inflation rate ever recorded over a half century where in 1970 the inflation was recorded at 2.4%.

However, the target is to contain inflation between 3% to 5% in 2021/22



Government Revenue & Expenditure

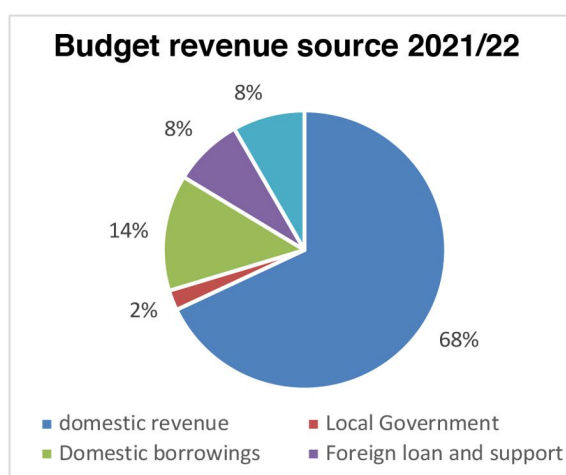
a) Revenue

The total revenue budget for 2021/22 is **TShs 36.34 Trillion**. The Government is likely to collect **TShs 30.06 Trillion** out of the total budget of **TShs 34.88 Trillion** in 2020/21. Although impact of COVID-19 has affected the overall performance, Tanzania has performed well in revenue collections. This is due to efforts in controlling revenue leakages by strengthening enforcement of the tax laws and use of Information and communication technology.

The table below details various sources of Government revenue:

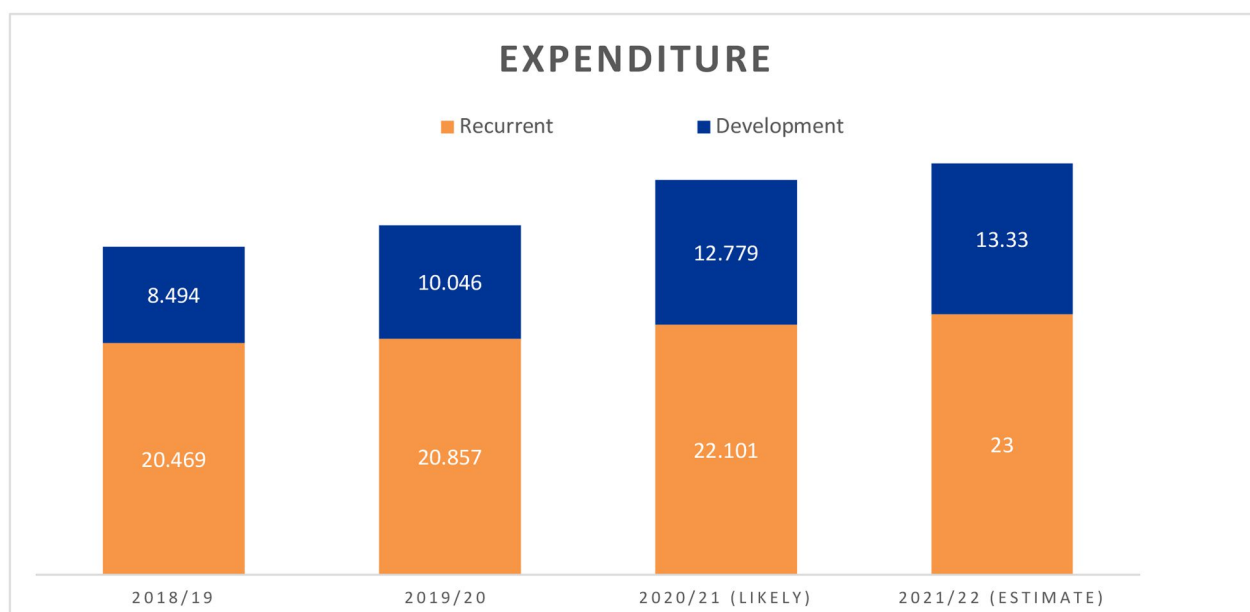
Source	Revenue for 2021/22 As per Budget	Revenue for 2020/21 As per budget	Likely revenue outcome for 2020/21 (up to April 2021)	Likely outcome in percentage
Domestic revenue	25,169	23,250	20,697	86.9%
Local government	863.9	815	744	88.5%
Domestic borrowings	4,990	4,904	4,904	95.7%
Foreign loans and grants	2,960	2,875	2,149	70.4%
Non-concessional loans	3,056	3,036	2,276	88.1%
Adjustment to cash			-712	-2%
Total	36,340	34,880	30,059	86%

Amounts in TShs 'Billions



b) Expenditure

The Government has allocated out of total expenditure of **TShs 36.34 Trillion** government has allocated **TShs 23.00 Trillion** (63%) as recurrent expenditure and **TShs 13.33 Trillion** (37%) as development expenditure for fiscal year 2021/22.



c) Key achievements

- Construction of Standard Gauge Railway completed at 91% from Dar es Salaam to Morogoro and 61% from Morogoro to Makutupora. And the contract for construction of the Mwanza-Isaka section (341km) worth 3 trillion has been signed;
- The Julius Nyerere Hydropower project -2115MW has overall been completed at 52%;
- Completion of 220kV transmission line from Makambako to Songea, completion of 220kV transmission line from bulyanhulu-Geita Project; completion at 91.6% of transmission line from Singida-Arusha-Namanga; Completion by 80% of Rusumo hydropower project MW;
- Improved operations of Air Tanzania Company Limited (ATCL) by purchasing 11 new and modern aircrafts which are already delivered to the country, payment for airport insurance and upgrade of airport hangar at Kilimanjaro International Airport; and
- Completion of Construction of Geita and Songea airport by 95%.



e) National Debt

Government debt was TShs 60.9 Trillion compared to TZS 55.5 trillion during the same period in 2020, of which external debt was TZS 43.7 trillion and domestic debt was TZS 17.3 trillion. The increase was attributed by new borrowings for development projects. The Debt Sustainability Analysis Report shows that Government debt is sustainable in the short, medium, and long term, basing on all internationally accepted debt sustainability indicators



Fiscal measures taken by Bank of Tanzania

BOT issued a press release on March 2021 to implement fiscal measures to cushion the economic impact. The measures taken include:

Measure	Old Rate	New Rate	Effective date
Lending Rates	16.91%	16.58%	April 2021
Deposit Rates	6.69%	6.95%	April 2021
Statutory Interest Rates	7.0%	5.0%	May 2020

Tax Update

Income Tax

a) A Trivial Relief to employees

The minimum tax rate for PAYE has been proposed to be amended downwards from 9% to 8%. Below is the proposed revised PAYE monthly tax band rate.

Total Income	Rates Payable
< 270,000	NIL
270,001 to 520,000	8% of the amount in excess of TShs 270,000
520,001 to 760,000	20,000 plus 20% of the amount in excess of 520,000
760,001 to 1,000,000	68,000 plus 25% of the amount in excess of 760,000
> 1,000,000	128,000 plus 30% of the amount in excess of 1,000,000

This proposed change is expected to provide a slight tax relief to employees of around **TShs 2,500 per month**. However with this reduction, the government revenue expects to decrease by **TShs 14.2 Billion**.

The current PAYE rates is shown hereunder;

Total Income	Rates Payable
< 270,000	NIL
270,001 to 520,000	9% of the amount in excess of TShs 270,000
520,001 to 760,000	22,500 plus 20% of the amount in excess of 520,000
760,001 to 1,000,000	70,500 plus 25% of the amount in excess of 760,000
> 1,000,000	130,500 plus 30% of the amount in excess of 1,000,000

b) Exemption on treasury bonds

The Government has proposed income tax exemption on interest income derived from Government bonds. Previously, the government had introduced income tax exemption on interest income derived from Government bonds for not less than 3 years maturity for the fiscal year 2002/2003 only.

This measure is intended to promote investment in treasury bonds meanwhile financing government projects. This measure may also assist the government to control the increase of inflation rate in the country.



c) Reinstatement of Minister's Power to grant Income Tax Exemption

The Minister of Finance is proposed to be granted with power to exempt Income Tax on development projects funded by Government on specific projects, grants and concessional loans without seeking approval from the Cabinet on implementation of such projects provided there is an agreement between the donor or lender and United Republic.

This is to fasten the implementation of government funded projects, grants and concessional loans.

d) Withholding Tax on Agro products

Non final withholding Tax at a rate of 2% is proposed to be introduced on payments which are made to suppliers of agro-products, livestock and fisheries when supplied to processing industries, millers and other Government Agencies. However the small farmers and sales to Agricultural Marketing Cooperatives Societies (AMCOS) are exempted from this withholding tax.

Further clarification would be required to provide a guidance on definition of small farmers who would be exempted from withholding tax. This measure is expected to increase government revenue by TShs 43,954 million

e) Proposed amendments of depreciation to EACOP

The Government is proposed to provide depreciation allowance of 5% of assets under the East African Crude Oil Pipeline (EACOP). This measure is intended to harmonize the depreciation cost with the lifetime of the respective crude oil pipeline in accordance with the agreement signed between the Governments of Uganda and Tanzania;

f) Introduction of income tax to small scale miners

The Government is proposing to introduce taxation of individuals engaged in mining operations whose turnover doesn't exceed 100 million per annum as follows;

- Introduce special income tax at a rate of 3% of the sale value of the minerals;
- Establish time of payment of income tax for individuals engaged in small scale mining operations to be the time when selling minerals as opposed to the current regular installment arrangement which oblige them to pay tax regardless of the cash flows;
- Create an obligation for individual employers engaged in small scale mining operations to withhold taxes at the time of selling minerals and payment of royalty as established by the Mining Commission;
- Establish the 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
- To introduce income tax at the rate of 0.6 percent of the sale value of the minerals. The payment shall be deemed as PAYE from employment income of an employee to an individual in a small scale mining operations at the time of selling minerals and payment of royalty at buying station or at mineral and gem houses designated by the mining commissioner.



Value Added Tax Act

a) VAT Exemption

S/N	Item	HS Code	Impacts
1	Cold rooms	9406.10.10 and 9406.90.10	Promote modern horticultural farming and reduce production cost
2	Imported precious metal and raw minerals	N/A	To allow more importation of precious metals and raw minerals for refining and smelting by local industries
3	Insurance of livestock farming	N/A	This measure is intended to promote livestock farming in addition to the crop insurance granted last year.
4	Imported and local Purchases of goods and Services for EACOP	N/A	This measure is intended to reduce operational cost of the pipeline project from Uganda through Tanzania to the port
5	Crude Oil	2709.00.00	This measure is intended to provide relief to final consumer including relief to the operational costs of the EACOP
6	Artificial grass for football pitches in the city councils. (Subject to approval by Tanzania Football Federation)	5703.30.00 and 5703.20.00	This measure is intended to promote sports in the country
7	Contactless Smart Cards and Card Consumables for National Identification Authority	3921.11.90 and 3921.11.90	This measure is intended to reduce cost of producing national Identification cards
8	Importation and local purchases of Goods and Services by NGO solely for implementation of project through an agreement with the Government of the United Republic that provides VAT exemption on the projects		This is to facilitate the projects implemented by NGOs through agreement with Government of United Republic
9	Smart phone, Tablets and Modern	8517.12.00, 8471.30.00 or 8517.12.00 and 8517.62.00 or 8517.69.00	The purpose of this measure is to promote usage of data services in the country.
10	Aluminum and Stainless-steel Milk cans	7310.29.90 , 7310.10.00 and 7612.90.90	This measure is intended to reduce production costs and promote modern dairy milk industry in the country

b) Removal of Value Added Tax Exemption

S/N	Item	HS Code	Impacts
1	Cans intended for preserving Milk	7310.29.20	To discourage the local way of preserving the dairy milks.
2	Solar Lights	85.13 and 94.05	To align the treatment with EAC-CMA exemption which aimed to exempt equipment for generation of solar energy and transmission to the appliances that use energy and bring equality for users of all kinds of energy.

c) Relief to East Africa Crude Oil Pipeline (EACOP)

To zero rate Value Added Tax 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 inter-governmental agreement between the Government of Tanzania and Government of Uganda (EACOP). This is an international best practice on transit nations.

d) Limitation of VAT deferment on Capital Goods

To limit Value Added Tax deferment on Capital goods as specified under chapter 84,85 and 90 of the EAC CET. This is to reduce abuse of incentives granted by the governments due to lack of clarity.

e) More Power to Commissioner General

The government is proposing to change the manner in which VAT exemptions on Government and Donor funded projects will be granted whereby beneficiaries shall submit request for exemptions to Commissioner General of Tanzania Revenue Authority instead of the current requirement of granting exemption through a Government by the Minister for Finance.

This is to simply and enhance efficiency in the VAT exemption process by ensuring that VAT exemption are processed and managed directly by TRA through its offices throughout the country.

f) Restoration of VAT refund

It is proposed to restore VAT refund on goods purchased in Tanzania Mainland and utilized in Zanzibar by a registered person. Further, to remove zero-rated value-added tax on goods manufactured in mainland Tanzania and consumed in Zanzibar. This implies that, VAT incurred on purchase of goods in Tanzania mainland can be claimed/ refunded in Zanzibar and vice versa.

This is to enhance fair treatment of VAT charged to both taxpayers in Tanzania mainland and Zanzibar.

Tax Administration Act

a) Execution by Courts

Proceeds from fines and penalties due to ruling of tax offences is proposed to be collected and accounted for by the courts, as opposed to being collected by Commissioner General. The proposed change will not only ensure collection of the revenue, but will also ensure the other offences' rulings are carried through.



b) Restoration of the Commissioner's Power

Power of the Commissioner General to provide the remission of interest and penalties has now been restored. Previously the Minister would determine the eligibility, duration and procedure of accessing the remission. However with the proposed change, efficiency and effectiveness is expected to increase.

c) Solace to Investors

To revitalize the economic environment and promote investment, taxpayers have now been relieved of the hefty penalty of 100% of the adjusted amount, which was imposed for inconsistency with the arm's length principle.

The proposed measure has been purposefully introduced in hope to encourage tax compliance with the transfer pricing laws and regulations

The Non-Citizens (Employment Regulation) Act

- a) To impose a penalty of 500,000/= shillings per month for every employer with non – citizen employees for failure to submit monthly returns to the Labour Commissioner information of his/her employees including details of their salaries.
- b) To impose a sanction of 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.

The objective of this measure is to enhance voluntary compliance.

The Vocational, Educational and Training Act

- The government has proposed an increase in the minimum threshold number of employees required for paying Skilled Development Levy from 4 employees to 10 employees. This measure is intended to create a friendly business and investment environment in the country;
- Proposed exemption on religious health institutions from Skilled Development Levy. The objective of this measure is to reduce operational cost to these institutions since they are crucial in providing health services in areas where Government has not reached due to Budget constraints;
- Introduce a specific requirement to an individual employer engaged in a small-scale mining operation to pay the levy at the rate of 0.4 percent 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. The objective of this measure is to create convenience to small scale miners to make payment of the levy considering cash flows.



Workers Compensation Fund Act

Proposed amendments by reducing the rate of contribution to the Fund applicable to the Private Sector Institutions from 1% to 0.6 percent of the total gross monthly salary of employees.

The objective of this measure is to provide relief to the Private Sector Employers by reducing the burden of their contributions to the Fund and improve the business environment in the country for the existing and upcoming investors.

Local Government Finance Act

The Government has proposed to provide clarity on circumstances on which the entity is liable to pay produce cess along the value of chain of a product. The measure is intended to resolve the ambiguity on the interpretation of the current provision.

Further, it has been proposed to reduce outdoor advertising fees as follows;

Type of advertisement	Proposed fee	Current fee	Declined cost in percentage
Illuminated advertisement	13,000	18,000	28%
Non- Illuminated advertisement	10,000	15,000	33%
Wall Sign advertisement	10,000	15,000	33%
Electronic Sign advertisement	15,000	20,000	25%
Vehicular advertisement for those advertng products of other manufacturers/traders;	10,000	15,000	33%
Short term advertisement/promotion per day	50,000	55,000	9%
Every poster promotion for first 100 posters for every other bunch of 100 of posters or part thereof	50,000	100,000	50%

All the above-mentioned fees are charged per square foot. Therefore, the said reduction of the fees will lower advertisement costs and hence promote competitiveness in various business industries.

The Electronic and Postal Communication Act

- Imposition of a Levy of between 10 shillings to 10,000 shillings on each mobile money transaction of sending and withdrawing. The amount of the levy varies depending on the value of each transaction sent or withdrawn .
- Proposed levy of between 10 shillings to 200 shillings per day per SIM card depending on the ability of the user to recharge the balance.

Excise duty

Normally excise duty rates on non-petroleum products are adjusted to cater for inflation rates and other macroeconomic indicators, however the Budget does not propose not to amend the specific excise duty rates for all non-petroleum products except for spirits and local beer that will be manufactured using locally grown malt barley.

The following amendments the Excise Tax Act have been proposed:

- Reduce excise duty rate for beer made from locally grown and malted barley from shillings 765 per litre to shillings 620 per litre;
- Introduce excise duty of 10% on imported and locally produced synthetic (plastic) fibers (Heading 55.11 and 56.07) except fishing twine (HS Code 5607.50.00); and
- Introduce an excise duty rate of 10% on imported used Motorcycles aged more than 3 years (HS Code 8711).

Customs Duty Rates

Below are the new changes in the common external tariff proposed by the government in order to stimulate and boost economic development in the member states of East African Community. Proposed changes are aimed at economic recovery through industrialisation and inclusive growth.



New Proposed Changes in the Common External Tariff (CET)

Item	Current Rate	Proposed Rate	Scheme
Transportation Industry			
Buses for transportation of more than 25 persons HS Code 8702.10.99 and 8702.20.99 imported for rapid transport project	25%	10% (For 1 year)	Stay
New pneumatic tyres of rubber, of a kind used on motorcycles HS Code 4011.40.00	10%	25% (For 1 year)	Stay
CKD for Three-Wheel Motorcycle excluding Chassis and its components HS Code 8704.21.90.	25%	10% (For 1 year)	Duty Remission



Agricultural Industry			
New proposed changes in the Common External Tariff (CET)			
Cotton yarns Headings 52.05; 52.06; and 52.07	10%	25% (For 1 year)	Stay
Raw materials used to manufacture different types of fertilizers for fertilizer manufacturers HS Codes 2710.99.00; 2528.00.00; 3505.20.00	10% or 25%	0% (For 1 year)	Duty Remission
Packaging materials for processed tobacco HS Code 5310.10.00	25%	0% (For 1 year)	Duty Remission
Packaging materials for processed tea HS Codes 4819.20.90; 5407.44.00; 3923.29.00 for local manufacturers of tea (blenders)	25%	0% (For 1 year)	Duty Remission
Other Import Duty Rates (effected during 2020/21 and will continue to be implemented in 2021/22) are as follows:			
Packaging materials for processed coffee HS Codes 7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90 and 3920.30.90	25%	0% (For 1 year)	Duty Remission
Sacks and bags of polymers of ethylene as inputs used by domestic processors of cashew nuts HS Code 3923.21.00.	25%	0% (For 1 year)	Duty Remission
Inputs used by domestic processors of cotton lint HS Code 3920.30.90; 6305.39.00; 7217.90.00	25%	0% (For 1 year)	Duty Remission
Packaging materials for seeds used by local producers of agricultural seeds HS Code 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.	25%	0% (For 1 year)	Duty Remission
Horticultural products HS Codes 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.	25%	35% (For 1 year)	Stay



Health Industry			
New proposed changes in the Common External Tariff (CET)			
Organic surface-active agents (Anionic) HS Code 3402.11.00 used by manufacturers of detergents and liquid soaps.	10%	0% (For 1 year)	Duty Remission
Other Import Duty Rates (effected during 2020/21 and will continue to be implemented in 2021/22) are as follows:			
Inputs for the manufacture of essential medical products and supplies for fighting COVID-19 including masks, sanitizers, coveralls, face shields and ventilators	10% or 25%	0% (For 1 year)	Duty Remission
Raw materials used to manufacture baby diapers – <ul style="list-style-type: none"> • Super Absorbent Polymer/Powder Hs Code: 3906.90.00; • Polyethylene Laminated Nonwovens Hs Code: 5903.90.00; • Spandex Hs Code: 5402.44.00; • PE Film/Packing Film Hs Code: 3920.10.90; • PE Film/Packing Film Hs Code: 3920.10.10; • Non-Woven Hs Code: 5603.11.00; • Hot Melt Adhesive Hs Code: 3506.91.00; • Molded Hook Hs Code: 5806.10.00; Wet Strength Hs Code: 4803.00.00	25%	0% (For 1 year)	Duty Remission





Food Industry			
New proposed changes in the Common External Tariff (CET)			
Peanut Butter HS Code 2008.11.00	25%	35% (For 1 year)	Stay
Milk cans HS Code 7310.10.00 and 7310.29.90	25%	0% (For 1 year)	Stay
Other Import Duty Rates (effected during 2020/21 and will continue to be implemented in 2021/22) are as follows:			
Tea, whether or not flavored Heading 09.02.	25%	35% (For 1 year)	Stay
Cocoa powder, not containing added sugar or other sweetening matter Hs code 1805.00.00	0%	10% (For 1 year)	Stay
Coffee whether or roasted or decaffeinated, coffee husks and skins coffee substitutes containing coffee in any proportion with Heading 09.01	25%	35% (For 1 year)	Stay
Imported wheat grain HS Code 1001.99.10 and HS Code 1001.99.90.	35%	10%	Duty Remission
Sausages and similar products HS Code 1601.00.00	25%	35% (For 1 year)	Stay
Chewing gum HS Code 1704.10.00; Biscuits Heading 19.05; and Other sugar confectionery (sweets) HS Code 1704.90.00	25%	35% (For 1 year)	Stay
Chocolate and other food preparations containing cocoa Heading 18.06	25%	35% (For 1 year)	Stay
Tomato sauce HS Code 2103.20.00	25%	35% (For 1 year)	Stay
Mineral water HS Code 2201.10.00	25%	60% (For 1 year)	Stay
Meat and edible meat offal under Chapter 2	25%	35% (For 1 year)	Stay
Crude vegetable oils of HS Codes 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	10%	25% (For 1 year)	Stay
Semi-refined and refined vegetable oils of HS Codes 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	10% or 25%	35% (For 1 year)	Stay
Cane Sugar (Gap Sugar) HS Code 1701.14.90 imported under a permit issued by the Tanzania Sugar Board	100% or 460 USD/MT whichever is higher	35% (For 1 year)	Stay

Manufacturing Industry			
New proposed changes in the Common External Tariff (CET)			
Wires of other alloy steel HS Code 7229.20.00 and 7229.90.00.	10%	0% (For 1 year)	Stay
Raw material used in leather processing HS Codes 3208.20.00 and 3210.00.10	10% or 25%	0% (For 1 year)	Duty Remission
Aluminium alloy circles HS Code 7606.92.00 to manufacture cooking pots.	25%	10% (For 1 year)	Duty Remission
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; HS Codes 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).	10% or 25%	0% (For 1 year)	Duty Remission
Flat-rolled products of other alloy steel, of a width of 600 mm or more HS Code 7225.30.00.	10%	0%	Reduced Rate
Cane Sugar (Gap Sugar) HS Code 1701.14.90 imported under a permit issued by the Tanzania Sugar Board	100% or 460 USD/MT whichever is higher	35% (For 1 year)	Stay
Other Import Duty Rates (effected during 2020/21 and will continue to be implemented in 2021/22) are as follows:			
Other packing containers, including record sleeves as inputs used by domestic manufacturers of UHT milk HS Code 4819.50.00	25%	0% (For 1 year)	Duty Remission
Ceramic tiles HS Code 6907.21.00, 6907.22.00 and 6907.23.00	25%	35% (For 1 year)	Stay
Code 6305.10.00 (Sacks and bags, of Jute or other textile bast fibres of heading 53.03).	25%	35% (For 1 year)	Stay
Inputs used by domestic minerals processors (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; 9002.19.00).	10% or 25%	0% (For 1 year)	Duty Remission
Paper products HS Code 4805.24.00 and HS Code 4805.25.00 as raw materials used for manufacturing of packaging materials (corrugated boxes).	25%	10% (For 1 year)	Duty Remission
Iron and steel products HS Code 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	10%	10% or USD 125/MT whichever is higher (For 1 year)	Stay
Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more plated or coated with zinc HS Code 7210.41.00; 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; 7210.90.00.	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher (For 1 year)	Stay
Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad. HS Code 7212.60.00.	10%	10% or USD 250/MT whichever is Higher (For 1 year)	Stay
Flat-rolled products of iron or nonalloy steel, of a width of less than 600mm, clad, plated or coated HS Code 7212.30.00; 7212.40.00; and 7212.50.00.	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher (For 1 year)	Stay
Iron and steel reinforcement bars and hollow profiles HS Code 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;	25% or USD 200/MT whichever is higher	25% or USD 250/MT whichever is higher (For 1 year)	Stay

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.			
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 HS Code 3916.10.00, 3916.20.00, 3916.90.00.	0%	10% (For 1 year)	Stay
Paper and paper products HS Code 4804.11.00; 4804.21.00; 4804.29.00; 4804.31.00 and 4804.41.00	10%	25% (For 1 year)	Stay
Safety matches HS Code 3605.00.00	25%	25% or USD 1.35/kg whichever is higher (for 1 year)	Stay
Nails, tacks, drawing pins, corrugated nails staples HS Code 7317.00.00, other than those of heading 83.05 and similar articles of iron or steel, whether or not with heads of other materials	25%	25% or USD 350 per metric ton whichever is higher	Stay
Gypsum Powder of HS Code 2520.20.00	0%	10% (For 1 year)	Stay
Inputs used to manufacture leaf springs HS Code 7228.20.00	0%	0% (For 1 year)	Duty Remission



Other Industry			
Cash registers and Other Electronic Fiscal Device (EFD) Machines and Point of Sale (POS) of HS Codes 8470.50.00 and 8470.90.00.	10%	0% (For 1 year)	Stay
Corks and stoppers HS Code 4503.10.00	10%	0% (For 1 year)	Duty Remission
Printed Aluminium Barrier Laminates (ABL) HS Code 3920.10.90	25%	0%	Duty Remission
Refined Bleached Deodorized (RBD) Palm Stearin HS Code 1511.90.40	10%	0%	Duty Remission
Worn items of clothing, footwear and articles HS Code 6309.00.10; 6309.00.20 and 6309.00.90	35% or USD 0.40/Kg whichever is higher	35% (For 1 year)	Stay
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			
Valuation of imported printed fabrics (Vitenge) to be re-vested in the Commissioner General, along with this measure - propose the valuation for those who cannot 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			
Remove the requirement of 15% refundable additional import duty deposit on sugar for industrial use			

Please note that:

- *Duty Remission – exemption of duty upon application to the Commissioner under Form R1 applicable to manufacturers; and*
- *Stay – Non-duty remission applications which are free to all importers*

Other amendments

- Increase fuel levy from TShs 150 to TShs 250
- OSHA reduced inspection fees from TShs 590,000 to TShs 150,000
- TALA Tourism business licence for travel agents reduced from \$ 2,000 to \$500
- Abolishment of Value Retention fee on Higher Education loans the value retention fee of 6% that is charged annually on the outstanding principal loan is proposed to be removed. This is mainly to improve employees' welfare (HESLB beneficiaries').
- Property Tax in strengthening and improving property tax collection, the Government has introduced measures to address the shortcomings with the view to increasing efficiency and administration of collection of property tax.



You are welcome to contact our office in case you have any queries on the above.

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