

TANZANIA BUDGET & TAX BRIEF

2022-2023



About this brief

The Tanzanian Government budget for the fiscal year 2022-23 was read on Tuesday, 14 June 2022. The budget has been set at **TShs 41.48 Trillion** which is a 14% increase from prior year's TShs 36.34 Trillion budget which was later on revised to TShs 37.98 Trillion in March 2022 due to loan from IMF.

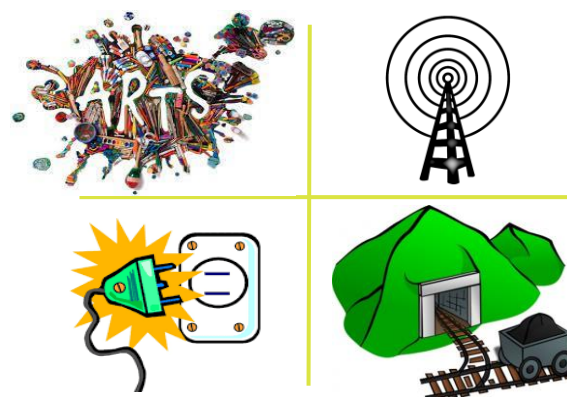
We take you through the economic outlook, proposed tax and miscellaneous amendment to reform and catapult growth.

The proposed measures are aimed at *“accelerating economy recovery and enhancing productive sectors for improved livelihood”*.

Economic outlook

Tanzania's Gross Domestic Product (GDP)

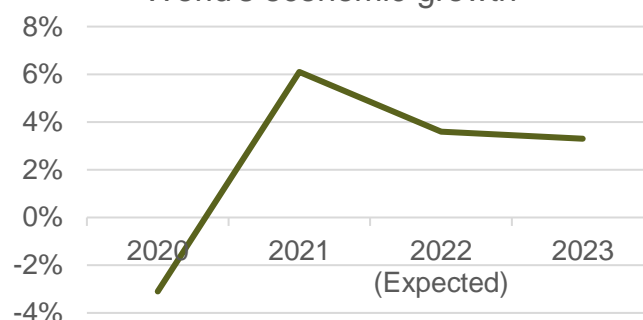
- GDP for 2021 was 4.9% as compared to 4.8% in 2020;
- Real GDP target for 2022 and 2023 is 4.7% & 5.3%, respectively;
- Key sectors contributing to the growth:
 - Arts & entertainment (19.4%)
 - Electricity (10%)
 - Mining & stone (9.6%)
 - Information & Communication (9.1%)



World economy

- The Global economy improved by 6.1% in 2021 as compared to negative growth of 3.1% in 2020 due to COVID;
- In 2022, the growth is projected to decline to 3.6% due to war between Russia & Ukraine as food & energy prices increase; &
- For 2023, should the war continue, the economy is expected to decline to 3.3%.

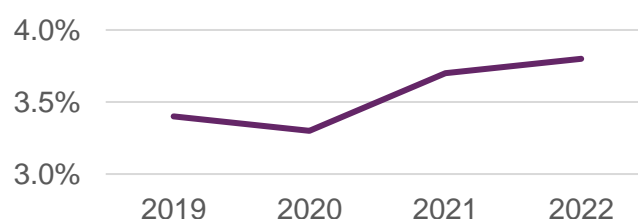
World's economic growth



Inflation rate

- The 2022 inflation rate as of April 2022 averages at 3.8%; &
- Tanzania's goal is to continue to control inflation rate and ensure that it remains within the single digit range of 3% to 7%.

Inflation rate



Government Debt

As of April 2022, the Government debt increased (by 14%) to TShs 69.44 Trillion as compared to TShs 60.72 Trillion in April 2021.

The increase is due to release of special bond worth TShs 2.18 Trillion for PSSF debt arising from prior 1999 civil service contributions & further debt taken for development.



Loans to private sector

Loans to the private sector between July 2021 to April 2022 has grown at a satisfactory pace of 8.4%. Compared to same period in 2020/21, the average growth rate was 4.3%. The target is to achieve 10.6% growth by June 2022.

Most of the loans were directed to private activities (39.3%), business activities (16.7%), industrial production (10.1%) and agriculture (7.9%).



Trends in the banking sector

The banking sector remains profitable & strong. The bank assets increased by 12.9% when compared to prior year.

Banks have continued to increase supply of services to more individuals using low cost electronic systems. Banks have as well been instructed to implement plans to raise capital above the standard required by law allowing increased lending to private sector.

The Central bank continues to intensify supervision to reduce nonperforming loans where it decreased by 8.23% in comparison to prior year of 9.7% with the goal to reduce to 5%.

Trends in interest rate

There has been a decline in lending rates between July 2021 to April 2022 to 16.44% as compared to 16.59% in the same period in 2020/21. Whereas, the deposit interest rate has increased from 6.7% to 6.85%.



Foreign industry

Up to April 2022, the value of exports (goods & services) has reached \$ 10.6B as compared to prior year of \$ 8.56B. The increase is due to tourism, relaxation of COVID restrictions and exports of products especially rice & maize.

The imports (goods & services) amounted to \$ 13.29B as compared to prior year \$9.27B. The increase is due to increased costs of importations especially petrol, pharmaceuticals & freight costs.

Forex reserves

As of April 2022, the forex reserves were \$ 5.46B which is sufficient to cover imports for approximately 4.8 months. Tanzania meets the legal requirement of a country to have 4 months reserves and EAC member target of 4.5 months.

Tanzania currency

Tanzanian exchange rate to USD has slightly appreciated to 2,308.87 for the period July 2021 to April 2022 as compared to prior year 2,309.48.

Exchange Rate



Government budget & expense

Budget frame

The budget frame for the fiscal year July 2022 to June 2023 is set at **TShs 41.48 Trillion** which is a **TShs 5.14 Trillion (14%) increase** from the prior year budget of TShs 36.34 Trillion. It should be noted that in March 2022, the Parliament approved the Government to increase budget to TShs 37.98 Trillion due to interest free loan from IMF worth TShs 1.3 Trillion.

Revenue sources

The Government seeks to source funds from:

- Domestic Revenue including Local Government (68%);
- Domestic & external borrowing (21%); and
- Grants & concessional loans from Development Partners (11%).

TRA are expected to collect TShs 23.65 Trillion in the year 2022-23 which is equivalent to 11.7% of the GDP.

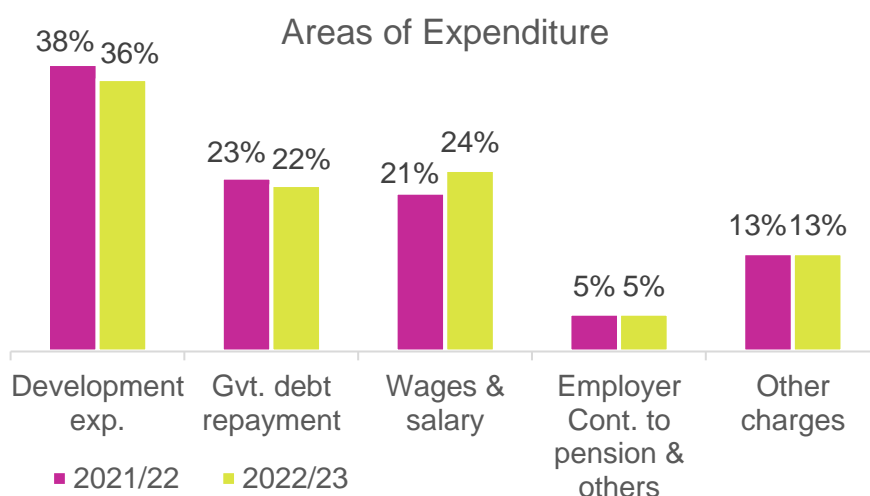
For the fiscal year 2021-22, TRA were set with a target to collect TShs 21.7 Trillion of which as of April 2022 TRA have collected TShs 17.2 Trillion.

Areas of expenditures

The Government plans to spend 63.8% of the budget on recurrent expenditure and the remaining 36.2% would be spent on development expenditure.

TShs 200 Billion of the recurrent expenditure has been allocated to payment of arrears to public servants and suppliers.

The bar graph depicts the expected areas of expenditures as compared to previous years.



Strategies for expenditure management

The Government will focus in 2022/23 on how to minimize spending.

The short-term measures being:

- Minimize spending in domestic & foreign travel;
- Reduce procurement cost of vehicles;
- Reduce delegation sizes, etc

The medium & long-term measures being:

- Lending vehicles to Gvt. officials which will shift obligation of maintenance;
- Enhance National e-Procurement System (TANEPS) where prices will be known to prevent inflated prices;
- Enter into purchase agreement with car manufacturers;
- Use ICT in operations to conduct meetings; etc.



Tax amendments and reforms

Various amendments to tax and other laws were proposed in the budget speech. The proposals when passed and enacted would be effective from 1 July 2022, unless otherwise stated.

We noted that amendments focused on key sectors such as agriculture, e-business, mining, manufacturing and financial services in order to improve revenue collection and administration.

Value Added Tax Act

a) Refined edible oil and fertilizers to be zero-rated

Proposed to zero rate supplies of locally manufactured double refined edible oil and fertilizer for one year which are currently subject to VAT at the rate of 18%.

However, for fertilizers the 0% rate will be applicable only at ex-factory sales by manufacturers. This measure is intended to provide relief to farmers and consumers especially in this period of global recession.



b) Vehicles and other tractors now eligible for VAT deferment

Proposed to allow VAT deferment on goods falling under 87.16 (Trailers and semi-trailers; other vehicles, not mechanically propelled) and 8701.20.90 (Other tractors).

Previously, the Finance Act 2021 had restricted these goods from VAT deferment and the proposed amendment would be to reinstate to include these goods to be eligible for deferment which is a welcomed move.



c) Taxation of Digital Services

Proposed to impose VAT on digital services provided by digital economy operators without imposing obligation under the Income Tax Act. TRA shall establish a simplified registration process which we find would have to be clarified by Regulations on the requirements and mode of compliance.



d) VAT exemptions for Strategic Investors

Proposed to grant the Minister of Finance powers to exempt VAT on strategic investors after approval from the National Investment Steering Committee (NISC) and the Cabinet.

This measure is intended to attract investment in the country and align the provisions of the Value Added Tax Act and Investment Act for better implementation of Government undertakings.

e) Acknowledgement of other financing arrangements

It is proposed to recognize equivalent financing arrangement similar to conventional borrowing in order to enhance financial inclusion and access of financial services. We find this proposal may be to address the guidance gap in tax laws on transactions using Sharia laws. The objective would be to treat financial products equally.

f) Proposed VAT exemptions

The following VAT exemptions have been proposed:

| Item | HS Code |
|---|---|
| Standing trees | |
| Inputs for the local manufacture of the gas cylinder (Performance Agreement with the Government is required) | 7229.90.00, 3810.90.00, 3401.19.00, 7904.00.00, 4016.93.00, 8481.10.00, and 8309.90.90 |
| Equipment used in soil testing such as sensor arrays, chameleon sensor reader, wetting front detectors, electronic conductivity meter, nitrate tests* | 9026.10.00, 9031.80.00, 9027.80.00, and 9027.90.00 |
| Agro-net | 56.08 |
| Weather and forecasting equipment such as moisture meter, rain gauge, pH meter, tissue culture equipment & tensiometer | 9003.18.00, 9023.00.90, 3822.00.90, 8419.89.60 and 9031.80.00 |
| Refrigerated trucks and cold rooms* | 8704.21.90, 8704.22.90, 8704.23.90, 8704.31.90, 8704.32.90, 8704.90.90, 9406.10.10 and 9406.90.10 |
| Raw materials and machineries used in the manufacturing of fertilizers* | 2528.00.00, 2710.99.00 and 3505.20.00, Chapter 84 and 85 |
| Unprocessed green vanilla pods | 0905.10.00 |
| Locally manufactured sisal twine | |
| Ultra-High Temperature (UHT) milk and yoghurt | |
| Dairy packaging materials including box, bottles & plastic packaging satchels | 3923.30.00, 4819.10.00, 4819.20.00, 4819.20.90 |
| Equipment for traceability of livestock such as Automatic Turning Table, Ear tag and applicators and lessor beam machines | 8207.30.00, 3926.90.90, 8456.90.00 and 9402.90.90 |
| Stunning box and Skinning & de-hiding pulling machines | 8438.50.00 and 8453.10.00 |
| Pasture Seeds, pasture legume seeds, pasture multiple tree seeds, pasture cuttings and rhizomes and stolons | 1209.25.00, 1209.21.00; and 1209.29.00 |
| Machines and tools solely and directly used by the military and armed forces* | |
| Meteorological equipment and instruments imported by Tanzania Meteorological Agency (TMA) | |
| Float for Fishing net, hooks & fishing lines | 3926.09.10, 9507.20.00, 9507.90.00 & 9507.30.00 |



g) Exemptions abolished

The following items are currently VAT exempt and now proposed to be subject to 18% VAT.

| Item | HS Code |
|----------------------------------|---|
| Smart phones, tablets and Modems | 8517.12.00, 8471.30.00, 8517.62.00 and 8517.69.00 |
| Air charter services | N/A |

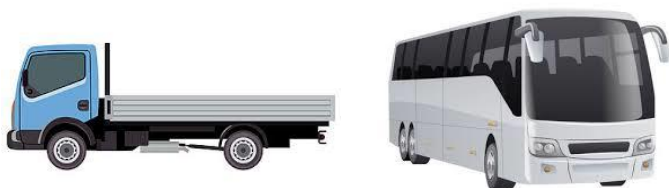


Income Tax Act

a) Tax on truck and passenger buses

Proposed to introduce income tax of TShs 3.5 Million on each truck and passenger buses per year with the motive to increase Government revenue, predictability of the tax regime, and enhance transparency in tax assessment.

We look forward to the Finance Bill as there is no clarity on the modality and whether the same would be treated as final tax. In our view, taxing such transport business may not have a positive impact but rather create further cash difficulty for loss making business who may end up in tax credits. This may as well risk loss of Government revenue due to profitable business paying less tax. We find this tax would be heavily debated and need several clarifications before implemented.



b) Advance tax for retailers of petroleum products

Proposed to introduce an advance income tax at the rate of 20 TShs/litre for retailers of petroleum products.

The tax will be collected from retailers by importers of respective product and be remitted to the Government. This measure is intended to simplify the payment of income tax by petrol stations and reduce operation cost.

We look forward to the Finance Bill as there is no clarity on the modality and whether the same would be treated as final tax.



c) Digital service tax

It is proposed to introduce Digital Service Tax at the rate of 2% on the turnover of the non-resident service providers. Similar to the proposed VAT amendments, we wait to understand from TRA on the plan to implement the same of which we expect to receive Regulations for guidance.

d) Presumptive tax

It is proposed to introduce a rate of 3.5% for taxpayers with turnover exceeding 11 Million but does not exceeding 100 Million per annum.

Currently, the rates range from 3% to 3.5% and as well has fixed amounts. The presumptive tax rates have separate category of tax calculations for record and non-record holders. We wait for the Finance Bill for further clarity on the same however it is our guess that the proposal is to standardize the rate for all taxpayers with or without records.

This will indeed simplify the mode of calculation of presumptive tax and increase voluntary tax compliance.

e) Acknowledgement of alternative financing arrangements

It is proposed to recognize alternative financing arrangements as approved by the Bank of Tanzania similar to conventional borrowing in order to enhance financial inclusion and access to finance. We find this proposal may be to address the guidance gap in tax laws on transactions using Sharia laws.

f) Strategic investors can seek for exemption

Proposed to grant the Minister for Finance powers to waive Income Tax for strategic investors after approval by National Investment Steering Committee (NISC) and Cabinet. Intended to attract investment in the country and align the provisions of the Income Tax and Investment Acts for better implementation of business undertakings.

g) Capital gain tax (CGT) exemptions

Proposed to exempt CGT:

- on any transactions involved on the entry into force and implementation of Agreements involving the transfer or surrender to the Joint Venture Company of any project or the authorisation, issue, distribution or transfer to the Government of the Free Carried Interest shares.
- on equity shares freely surrendered to the Government through the Treasury Registrar.

These measures are intended to resolve the existing challenges and ensure timely transfer of shares.



h) Restoration of withholding tax on rental

It is proposed to abolish exemption to withhold tax on individuals and particularly on rentals paid for residential houses, apartments and commercial premises.

We wait for the Finance Bill, for further understanding on the same. However, it is our view that this proposal will remove the withholding tax exemption on individuals who earned less than TShs 500,000 per annum.

i) Withholding Tax (WHT)

- It is proposed to exempt WHT on Coupon for Corporate and Municipal Bond.
- To reduce WHT on film industry from 15% to 10%. We wait for further clarification whether the reduction in the rate relates to payments made to resident and/ or non-residents. This measure is intended to support the growth of film industry, enhance knowledge transfer for employment creation and improved livelihood.

- Proposed to introduce final WHT at a rate of 2% of payments made to Small Scale Miners. The measure is intended to introduce special regime of taxation to small scale miners due to challenges encountered in collecting tax in these Sectors.



Tax Administration Act

The Commissioner General received power to remit interest and penalties in 2021. However, the new proposal reinstates the power to the Minister of Finance to remit the same, upon the advice from the Commissioner General of Tanzania Revenue Authority. The Minister will issue Regulations as to the procedures of accessing the remission.

This measure is intended to resolve the existing challenges and simplify the process of accessing remission.

Local Government Finance Act

a) Crop cess on seeds

Proposal to exempt crop cess on seeds. This measure is intended to provide relief to farmers and enhance productivity.

b) Forest produce cess

Proposal to reduce forest produce cess from 5 to 3%.

This measure is intended to provide relief to forestry traders and support growth of the Forestry Sector.

c) A clear cut between cess and service levy

Proposal that corporate entities paying service levy in one Council to be liable to pay produce cess in another Council from which it sources agricultural or other produce.

This measure is intended to make sure that every Council benefits from economic activity taking place in their area of jurisdiction so as to be able to serve the community.



Workers Compensation Fund Act

Proposal to reduce the Workers Compensation Fund of Private Sector contribution rate from 0.6% to 0.5%. The previous Finance Act reduced this rate from 1% to 0.6%.

Reducing the rate to 0.5% will match the contribution rate of the public sector.

Mining Act

Reduce in royalty rates as follows:

- From 3% to 1% on coal used as energy raw materials in factories.
- From 6% to 4% on gold minerals to be sold to the refinery centres.

The Export Levy Act

Proposed the introduction of export levy of 30% or USD 150 per metric ton on copper waste and scrap metals HS Code 7204 and 7404. This will protect local manufacturers and ensure sufficient availability of raw materials to the respective industries.

National Payment System Act

Proposal to reduce mobile money transaction levy on sending and withdrawing monies by 43% from a maximum of 7,000 TShs currently in existence to a maximum of 4,000 TShs on each transaction.

This measure is intended to reduce the cost of living for Tanzanians, especially during the current period of ongoing economic crisis, and to rationalize the transaction levy.



Insurance Act

Proposal to expand the scope for mandatory insurance to include public markets, Commercial buildings, imported goods, marine vessels, ferries and pontoons.

This measure is intended to enhance financial inclusion and increase insurance uptake.



Foreign Vehicle Transit Charges Act

Proposal to reduce transit charges for vehicles exceeding 3 axles from USD 16/100 km to USD 10 or its equivalent in convertible currency for every 100 kilometres.

This measure is intended to align with charges of COMESA for the purpose of resolving the existing challenges in charging road user fee on trucks entering United Republic of Tanzania from other EAC countries.

Implementation of Blueprint for Regulatory Reforms

a) Ministry of Agricultural

- Propose abolishment of impoundment fee of TZS 200 per square meter of surface area for water stored in irrigation dams.
- Proposed amendment of the Fertilizer Regulations 2017 by increasing export permit application fee for manufactured fertilizer from 0.2 to 0.5 USD per ton. This will help to promote domestic production and enhance employment.

b) Ministry of Information, Communication and Information Technology

Introducing fee of between 1,000 TShs to 3,000 TShs on the Television decoder subscription.



c) Ministry of Culture, Arts and Sports

Proposed an introduction of a 1.5% levy on equipment used in arts work, writings and other creative works. The proposed equipment's are Radio / TV set enabling recording; analogue audio recorders; analogue video recorders; CD / DVD Copier; Digital Jukebox and MP 3 Player. This measure is expected to increase Government revenue.

d) Tanzania Bureau of Standards

Proposed to reduce batch certification fee on imported sugar from TShs 6/kg to TShs 2.5/kg.

e) Occupational Safety and Health Authority (OSHA)

Proposed to abolish peak expiratory of TShs 10,000 and flow test fee of TShs 25,000.

f) Immigration Department

Propose to abolish student residence permit fee for higher learning institution students from Mozambique. This measure is intended to promote and facilitate exchange programs.

g) Other Proposed Changes on Various Fees, Levies and Charges

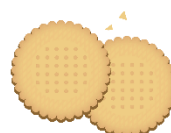
- Livestock Sector
- Fisheries Sector
- Tanzania Atomic Energy Commission
- Fire and Rescue Act, CAP 427 and
- Gaming Act, CAP 41

Excise Duty

The Excise Tax (Management and Tariff) Act, provides for annual adjustments of the specific excise duty rates of non-petroleum products to cater for inflation and other macroeconomic indicators. However, due to current economic conditions the excise duty rates were not significantly amended. Below is the table of the proposed changes and new introductions to the excise duty scheme:

| Item | Current | Proposed | Change |
|---|---------|---|----------|
| License fee for Manufacturers and Importers of excisable goods | 500,000 | 300,000 | Decrease |
| Plastic sleeves Puneet, Plastic cryovac bags, modified atmosphere packaging – MAP bags, plastic sleeves, perforated bags and poly packaging bags, Cling film, Plastic liners for Horticultural export | N/A | Exempt | New |
| Locally manufactured and Imported sugar confectionery of chocolate, biscuits and chewing gum | N/A | 500 TShs/ Kg for Local & 700 TShs/ Kg for Foreign | New |
| Impose excise duty at the rate of five percent on Lead-acid, of a kind used for starting piston engines. | N/A | 5% | New |

Get in touch with us on the respective HS codes on the items which have been amended.



Custom duty rates

New Proposed Rate of 35%

New proposed rate on the 4th Band of the Revised Common External Tariff (CET) expected to be implemented on the 1st July, 2022 where Partner States of the EAC agreed on the maximum rate to be 35%. Such products include:

- products of animals such as fish, meats and diaries
- agro-processing products including tea and coffee
- horticultural products
- luxurious goods such as human air, wigs, cosmetics, perfumes and beverages
- refined edible oils, salt, cement, paints, soaps, tanks, packaging items, wood products, leather products, ceramics, furniture, iron and steel products
- sugar confectionery such as chewing gum, biscuit, and chocolates
- tomato sauces, sausages, and peanut butter.

See below table for the custom amendments for the year 2022/2023

| Manufacturing Industry | | | |
|--|--------------|---|----------------|
| New Proposed Changes in the Common External Tariff (CET) | | | |
| Item | Current Rate | Proposed Rate | Scheme |
| Ceramic tiles under HS Codes 6907.21.00; 6907.22.00; and 6907.23.00 | 25% | 35% of USD 1.5 per sqm whichever is higher (For 1 year) | Stay |
| Flat-rolled products under HS Codes 7212.20.00 and 7226.99.00 | 0% | 10% or USD125/MT whichever is higher for one year | Stay |
| Cotton yarn under heading 52.05; 52.06; and 52.07 except subheading 5205.23.00. | 10% | 25% for one year | Stay |
| Windows and doors made of aluminium, iron and steel with HS Codes 7610.10.00 and 7308.30.00. | 25% | 35% | |
| Inputs under HS Codes 4804.19.90; 4804.39.00; 4804.42.00; 4804.51.00; 4804.52.00; 4805.11.00; 4805.19.00; 4805.24.00; 4805.25.00; 4805.93.00; 4810.13.00; 4810.19.00; 4810.31.00; and 4810.32.00 used to manufacture corrugated boxes. | 10% or 25% | 0% for one year | Duty Remission |
| Inputs under HS Codes 7005.10.00; 7005.21.00; 7005.29.00; and 7005.30.00 used to manufacture toughened glass. | 10% | 0% for one year | Duty Remission |
| Inputs under HS Codes 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 used to manufacture electrical cables. | 10% or 25% | 0% for one year | Duty Remission |
| Prefabricated building under HS Code 9406.20.90. | 25% | 0% for one year | Duty Remission |
| Other Import Duty Rates (effected during 2021/22 and will continue to be implemented in 2022/23) are as follows: | | | |
| inputs under HS Code 3920.30.90; 6305.39.00; and 7217.90.00 used by domestic processors of cotton lint. | 25% | 0% for one year | Duty Remission |
| inputs under HS Codes 6804.10.00; 7018.90.00; 7020.00.99; 3606.90.00; 6813.20.00; 8202.20.00; 8202.99.00; 8203.20.00; 8205.10.00; 8423.89.90; 8513.10.90; and 9002.19.00 used by domestic minerals processors. | 10% or 25% | 0% for one year | Duty Remission |
| iron and steel products under 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 \$ 125/MT whichever is higher for one year | Stay |

| | | | |
|---|--|---|----------------|
| flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more plated or coated with zinc under HS Codes 7210.49.00; 7210.61.00; 7210.69.00; 7210.70.00; and 7210.90.00. | 25% or USD 200/MT whichever is higher | 25% or USD 250/MT whichever is higher for one year | Stay |
| flat-rolled products of iron or nonalloy steel, of a width of less than 600 mm, clad under HS Code 7212.60.00. | 10% | 10% or USD 250/MT whichever is higher for one year | Stay |
| flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated under HS Code 7212.30.00 | 25% or USD 200/MT | 25% or USD 250/MT for one year | Stay |
| Iron and steel reinforcement bars and hollow profiles under HS Codes 7213.10.00; 7213.20.00; 7213.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00. | 25% or USD 200/MT whichever the higher | 25% or USD 250/MT whichever the higher for one year | Stay |
| Flat-rolled products of other alloy steel, of a width of 600 mm or more under HS Codes 7225.91.00; 225.92.00; and 7225.99.00. | 10% | 25% or USD 250/MT whichever the higher for one year | Stay |
| 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 under HS Codes 3916.10.00; 3916.20.00; and 3916.90.00. These are intermediate products and are used to perform similar function as of aluminium profiles (substitute) falling under Heading 76.04; | 0% | 10% for one year | Stay |
| gypsum powder under HS Code 2520.20.00 | 0% | 10% for one year | Stay |
| Wires of other alloy steel under HS Codes 7229.20.00 and 7229.90.00 | 10% | 0% for one year | Stay |
| 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 ring; Rubber Gasket; and Resin Cystitis) under HS Codes 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. | 25% or 10% | 0% for one year | duty remission |
| raw material under HS Codes 3208.20.00 and 3210.00.10 used in leather processing | 25% or 10% | 0% for one year | Duty Remission |

| | | | |
|--|-----|---|----------------|
| paper and paper products under HS Code 4804.29.00 | 10% | 25% | Stay |
| Printed Aluminium Barrier Laminates (ABL) under HS Code 3920.10.90 | 25% | 0% | Duty Remission |
| safety matches under HS Code 3605.00.00. | 25% | 25% or USD 1.35/kg whichever is higher for one year | Stay |

Food & Beverage Industry

New Proposed Changes in the Common External Tariff (CET)

| Item | Current Rate | Proposed Rate | Scheme |
|---|--------------|--|----------------|
| Crude Palm Oil (CPO) under HS Code 1511.10.00 | 25% | 0% | Imposed |
| Crude vegetable oils of soyabeans, groundnuts, coconuts, mustard and linseed under HS Codes 1507.10.00; 1508.10.00; 1513.11.00; 1514.91.00; and 1515.11.00. | 0% | 10% for one year | Stay |
| Semi-refined and refined vegetable oils under HS Codes 1507.90.00; 1508.90.00; 15.09; 1510.10.00; 1510.90.00; 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; 1515.29.00; 1515.50.00; and 1515.90.00. | 35% | 25% or USD 500/MT whichever is higher for one year | Stay |
| Raw materials under HS Codes 1901.90.10; 3302.10.00; and 3505.10.00 used to manufacture food flavours. | 10% | 0% for one year | Duty Remission |
| Amend the description of the HS Codes 7310.29.20 and 7612.90.10 to read "Cans and ends for beverages and food" | 0% | 0% | Imposed |

Other Import Duty Rates (effected during 2021/22 and will continue to be implemented in 2022/23) are as follows:

| | | | |
|---|-----|------------------|----------------|
| other packing containers, including record sleeves under HS Code 4819.50.00 used as inputs by domestic manufacturers of UHT milk | 25% | 0% for one year | Duty Remission |
| corks and stoppers under HS Code 4503.10.00 used as inputs by domestic manufacturers of local wines | 10% | 0% for one year | Duty Remission |
| Cocoa powder, not containing added sugar or other sweetening matter under HS Code 1805.00.00 | 0% | 10% for one year | Stay |
| packaging materials under HS Codes 7310.21.00; 6305.10.00; 3923.50.10; 3923.50.90 and 3920.30.90 used for packing processed coffee. | 25% | 0% for one year | Duty Remission |
| sacks and bags of polymers of ethylene under HS Code 3923.21.00 used as inputs by domestic processors of cashew nuts. | 25% | 0% for one year | Duty Remission |
| mineral water under HS Code 2201.10.00 | 25% | 60% for one year | Stay |
| Milk cans under HS Codes 7310.10.00 and 7310.29.90 | 25% | 0% for one year | Stay |
| packaging materials under HS Codes 4819.20.90; 5407.44.00; and 3923.29.00 used by local manufacturers of tea (blenders). | 25% | 0% for one year | Duty Remission |

| | | | |
|---|--|----------------------|----------------|
| refined white sugar (sugar for industrial use) under HS Code 1701.99.10 | 100% or \$ 460/MT | 10% for one year | Stay |
| Agricultural Industry | | | |
| New Proposed Changes in the Common External Tariff (CET) | | | |
| Item | Current Rate | Proposed Rate | Scheme |
| Cane sugar under HS Code 1701.14.90 imported under a permit issued by the Tanzania Sugar Board. | 100% or USD 460/MT whichever is higher | 25% for one year | Stay |
| Introduce new HS Codes of 8543.40.00 containing Electronic Cigarettes (Tobacco substitute) | | 35% | |
| Other Import Duty Rates (effected during 2021/22 and will continue to be implemented in 2022/23) are as follows: | | | |
| packaging materials for seeds under HS Codes 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 used by local producers of agricultural seeds. | 25% | 0% for one year | Duty Remission |
| imported wheat grain under HS Codes 1001.99.10 and 1001.99.90. | 35% | 10% | Duty Remission |
| raw materials under HS Codes 2710.99.00; 2528.00.00; and 3505.20.00 used to manufacture different types of fertilizers. | 25% or 10% | 0% for one year | Duty Remission |
| packaging materials for processed tobacco under HS Code 5310.10.00 | 25% | 0% for one year | Duty Remission |
| Health, Medical and Pharmaceutical Industry | | | |
| New Proposed Changes in the Common External Tariff (CET) | | | |
| Item | Current Rate | Proposed Rate | Scheme |
| Baby diapers under HS Code 9619.00.90. | 25% | 35% for one year | Stay |
| Inputs under HS Code 3401.20.10 used to manufacture soap. | 25% | 10% for one year | Duty Remission |
| Other Import Duty Rates (effected during 2021/22 and will continue to be implemented in 2022/23) are as follows: | | | |
| Inputs used to manufacture essential medical products and supplies for fighting COVID-19 including masks, sanitizers, coveralls, face shields and ventilators | 10% or 25% | 0% for one year | Duty Remission |
| organic surface-active agents (Anionic) under HS Code 3402.11.00 used by manufacturers of detergents and liquid soaps. | 10% | 0% for one year | Duty Remission |

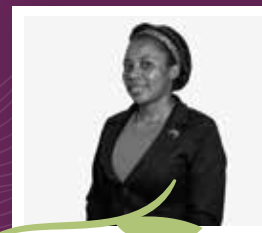
| Transportation Industry | | | |
|---|---------------------------------------|---------------------------------------|----------------|
| Other Import Duty Rates (effected during 2021/22 and will continue to be implemented in 2022/23) are as follows: | | | |
| Item | Current Rate | Proposed Rate | Scheme |
| Buses for transportation of more than 25 persons under HS Codes 8702.10.99 and 8702.20.99 imported for rapid transport project | 25% | 10% for one year | Stay |
| new pneumatic tyres of rubber, of a kind used on motorcycles under HS Code 4011.40.00 | 10% | 25% for one year | Stay |
| CKD for three-wheel motorcycle excluding chassis and its components under HS Code 8704.21.90. | 25% | 10% for one year | Duty Remission |
| Other Industry | | | |
| New Proposed Changes in the Common External Tariff (CET) | | | |
| Item | Current Rate | Proposed Rate | Scheme |
| Wigs, false beards, eyebrows and eyelashes, switches of human or animal hair or of textile materials under H 6704. | 25% | 35% | Imposed |
| Other petroleum oil products partly refined under HS Code 2710.19.10. | 25% | 10% | Imposed |
| Other Import Duty Rates (effected during 2021/22 and will continue to be implemented in 2022/23) are as follows: | | | |
| 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 one year | Stay |
| raw materials under HS code 3506.91.00 (Hot Melt Adhesive); HS Code 3920.10.90 (<i>PE film</i>); HS Code 6305.33.00 (<i>Empty bag for Baby Diapers</i>); HS Code 3926.90.90 (Plastic cask); HS Code 3906.90.00 (<i>Super Absorbent Polymer</i>); HS Code 4803.00.00 (<i>Wet strength paper</i>); HS Code 5603.11.00 (<i>Non-woven</i>); HS Code 5903.90.00 (<i>Polyethylene laminated Nonwovens</i>); HS Code 5402.44.00 (<i>Spandex</i>); and HS Code 4803.00.00 (<i>Dust free paper</i>). | 10% or 25% | 0% | Duty Remission |
| Refined Bleached Deodorized (RBD) Palm Stearin under HS Code 1511.90.40 | 10% | 0% | Duty Remission |
| 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 under HS Code 7317.00.00. | 25% | 25% or USD 350/MT whichever is higher | Stay |
| worn items of clothing, footwear and articles under HS Code 6309.00.10; 6309.00.20 and 6309.00.90 | 35% or \$ 0.40/Kg whichever is higher | 35% for one year | Stay |

Note that:

- Duty Remission – exemption of duty upon application applicable to manufactures; and
- Stay – Non-duty remission applications which are free to all importers



If you have any questions or thoughts to share. Get in touch with our dedicated team.



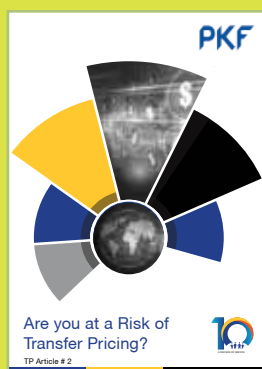
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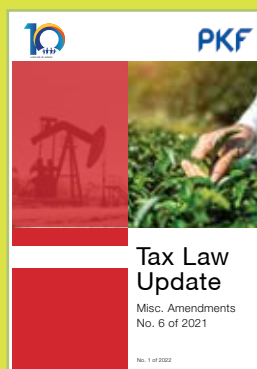
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