



United  
Republic of  
Tanzania

# BUDGET INSIGHTS

2025/26

Ministry of Finance | July  
2025



# Preface

The Ministry of Finance is proud to present the 2025/26 Budget Insight which provides highlights on macroeconomic trends, sectoral allocations, revenue performance, and strategic projects. It also outlines innovative tax measures, fiscal reforms, and governance strategies designed to strengthen Tanzania's economic foundation while ensuring equitable development.

The Government budget for 2025/26 is the fifth and final in the implementation of the Tanzania Development Vision 2025 (TDV 2025) and the Third National Five-Year Development Plan (2021/22 – 2025/26) with the theme: "Realising Competitiveness and Industrialization for Human Development". Further, the overarching theme of the 2025/26 budget, as agreed upon by the East African Community Partner States, is "Inclusive Economic Transformation through Domestic Resource Mobilization and Resilient Strategic Investment for Job Creation and Improved Livelihoods"

As we embark on this transformative journey, the Ministry of Finance reaffirms its dedication to promote transparency, accountability, and collaboration with all stakeholders.



**Minister for Finance**  
**Hon. Dr. Mwigulu L. Nchemba**  
Ministry of Finance  
July 2025

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# 2025/26 Budget

This section presents budget theme, eight years budget trend, as well as the 2025/26 budget allocation

**Minister for Finance**

Hon, Dr. Mwigulu Lameck  
Madelu Nchemba



# Budget Theme

“

Inclusive Economic Transformation through  
Domestic Resource Mobilization and Resilient  
Strategic Investment for Job Creation and  
Improved Livelihoods

”



# Budget Priorities

The 2025/26 budget aims to complete ongoing programs and projects aligned with the Third Five-Year National Development Plan (FYDP III), focusing on:



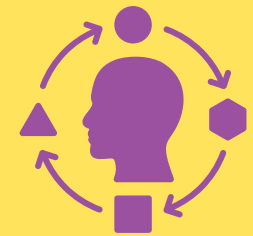
- Inclusive and competitive economic growth



- Industrialization and improved service delivery



- Investment and trade promotion



- Human capital and skills development to achieve Vision 2025

## Key Priorities



1  
Finalize flagship and strategic projects



2  
Strengthen productive sectors with high economic impact



3  
Advance education, health, and other social services



4  
Improve the investment and business climate to boost private sector involvement

## Specific Funding Areas



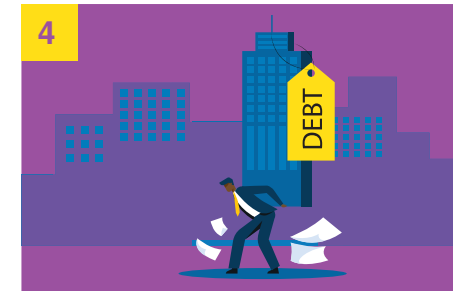
1  
Public servant wages and entitlements



2  
2025 General Elections (fully domestically funded)

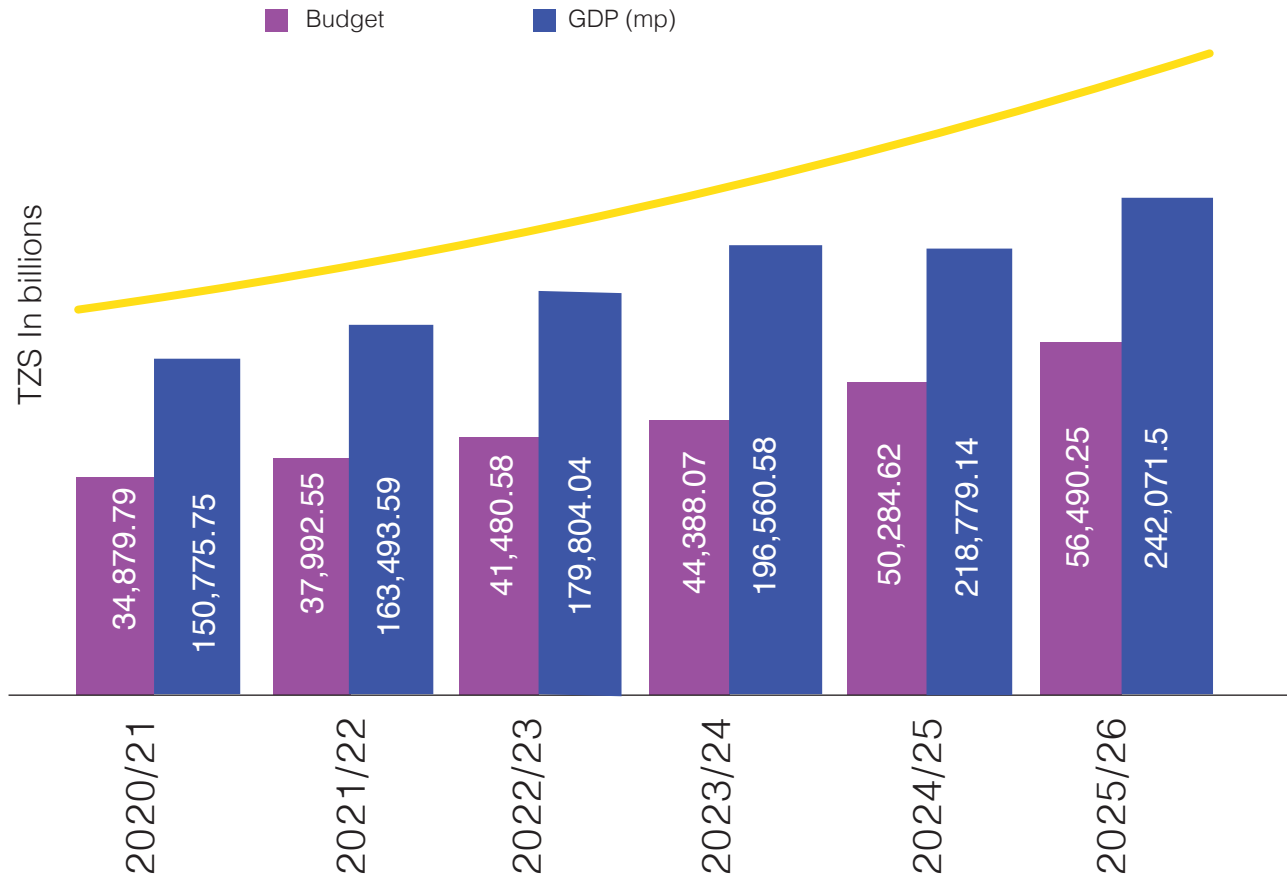


3  
AFCON 2027 preparations, including stadium construction and upgrades.



4  
Public debt servicing

## Budget Trend for 2017/18-2025/26



The budget has grown from TSh 34.9 trillion in 2020/21 to TSh 56.5 trillion in 2025/26.

70%  
a budget  
increase  
over 6  
years



# Macroeconomic Indicators

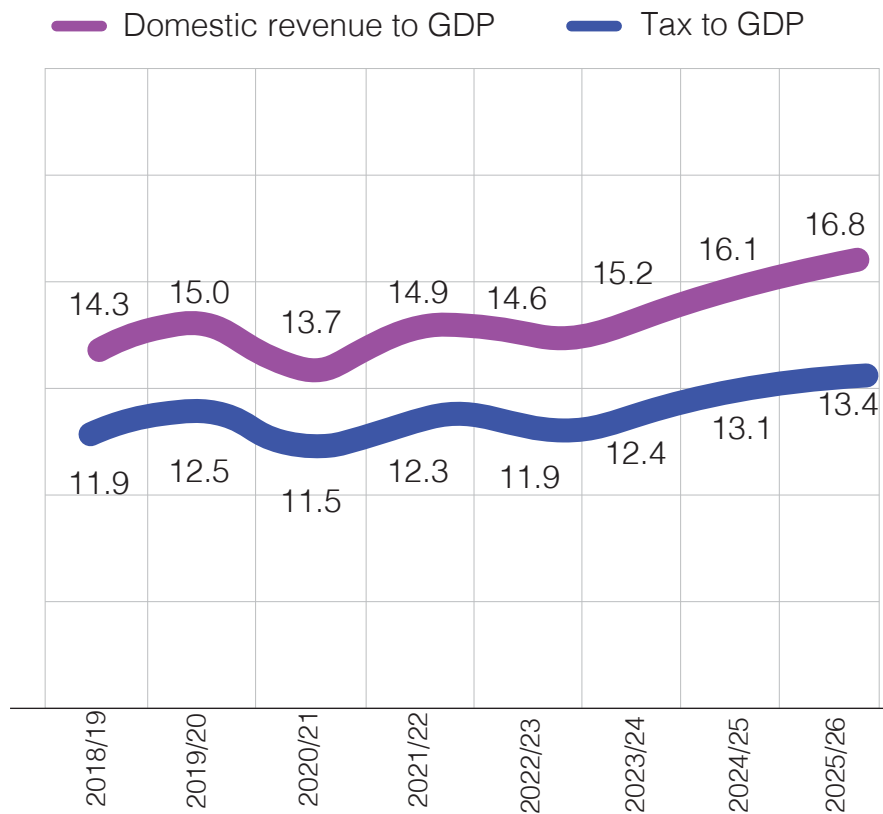
Indicators	2024/25 Performance	2025/26 Targets
Real GDP growth	5.5%	6.0%
Inflation	3.1%	3.0 - 5.0%
Domestic revenue/GDP	15.8%	16.7%
Tax revenue/GDP	12.8%	13.3%
Deficit (W/Grants)	3.4%	3.0%
Forex reserve (Months of Imports)	4.4	4.4

## Assumptions

- » Increased private sector participation in investment and business activities;
- » Continue to build resilience against the effects of disasters including drought, complex geo-politics, pandemic diseases and floods;
- » Strengthened global economy and price stability in the financial and commodity markets; improved food security; and
- » peace, security, unity and stability maintained within and in the neighboring countries.

## Domestic Revenue and Tax to GDP

- » The ratio of domestic revenue to Gross Domestic Product (GDP) increased to 15.8% in 2024/25 from 13.7% in 2020/21
- » 2.1 percentage point increase in three years indicates stronger domestic revenue mobilization, largely due to policy and administrative reforms.



# Credit Rating

In 2025 Tanzania maintained B1 (Moody's) and B+ (Fitch) ratings with stable outlooks.

Credit Rating Agency	2024	2025
Moody's	B1 Stable Outlook	B1 Stable Outlook
Fitch	B+ Stable Outlook	Not yet Published



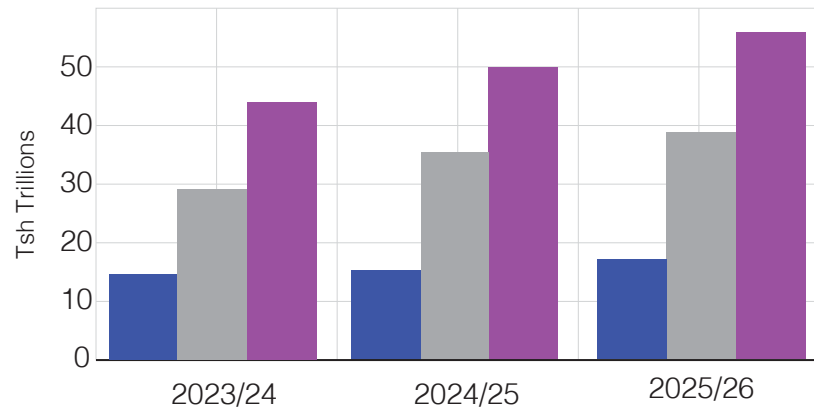
# Budget Framework

- » A budget grew from TSh 50.29 trillion in 2024/25 to TSh 56.49 trillion in 2025/26, an increase of 12.3%. Reflects the government's intention to scale up development and service delivery.
- » Domestic revenue increases from TSh 34.61 trillion to 40.47 trillion (+17%). This suggests improved tax collection, through enhanced compliance and expanded tax base.
- » Revenue to GDP ratio rises to 16.8% in 2025/26, which is a positive fiscal consolidation sign.
- » Development expenditure grows from TSh 15.35 trillion to TSh 17.49 trillion (+14%).
- » Foreign-financed development budget increases significantly by 49%, from TSh 3.58 trillion to TSh 5.38 trillion, reflecting increased external project financing to improve infrastructures.



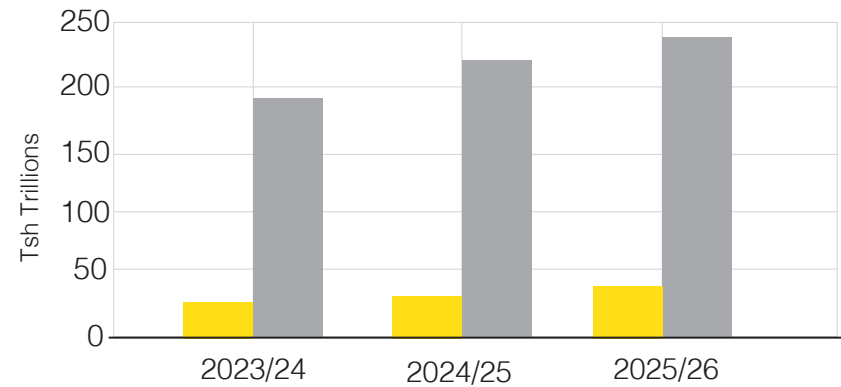
### Total Resources and Expenditure

■ Total resources ■ Recurrent expenditure ■ Development expenditure



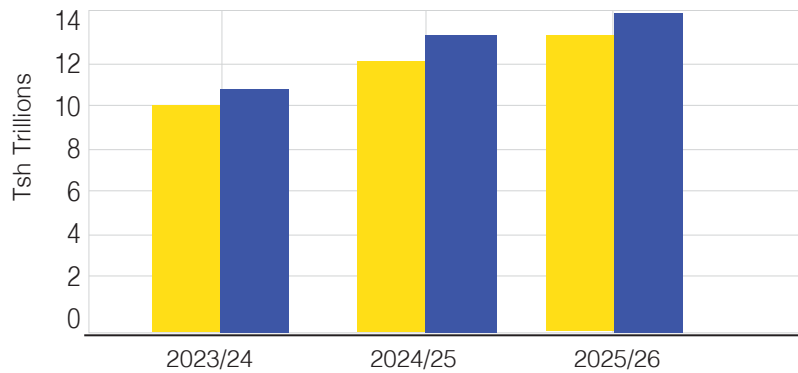
### Domestic Revenue and GDP

■ Domestic revenue ■ GDP (mp)

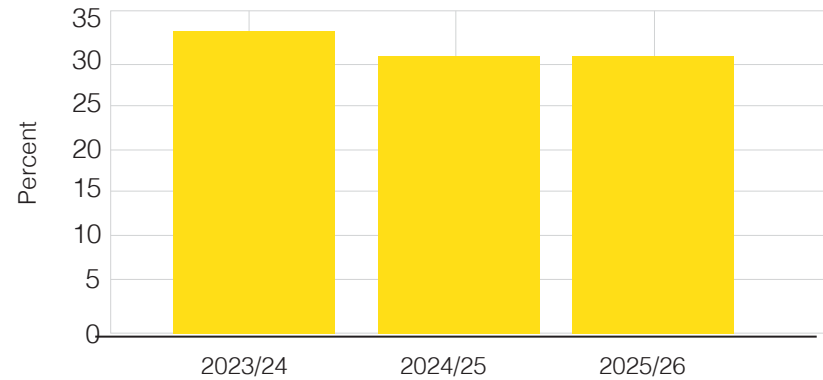


### Wages and Debt Services

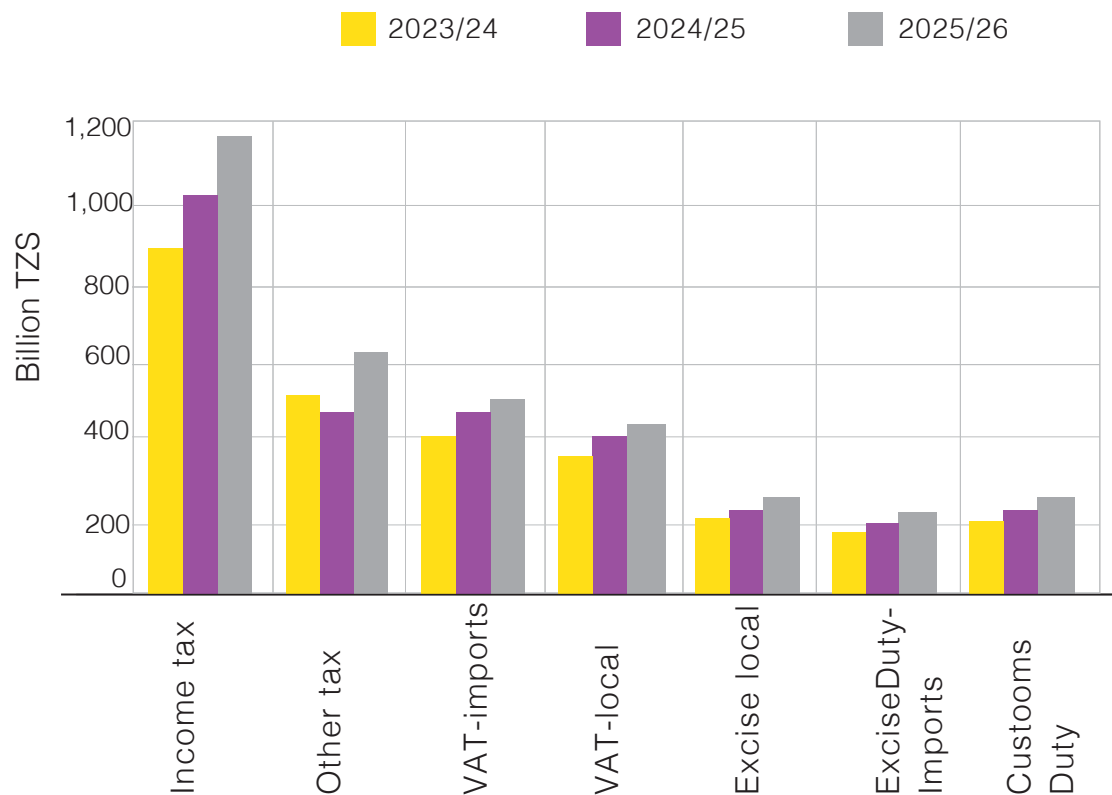
■ Wage and salaries ■ Debt service



### Development of Total expenditure as % of Total Resources



# Domestic Revenue Composition



» Income tax remains the highest and consistently growing.

- Other taxes show a major rebound in 2025/26 after a dip.
- Moderate but steady increases appear in VAT, excise duties, and customs duty

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# 2024/25 Budget Performance

This section presents revenue and expenditure performance, sector budget allocation, public debt and implementation of flagship projects

Permanent Secretary  
Ministry of Finance

Dr. Natu Mwamba

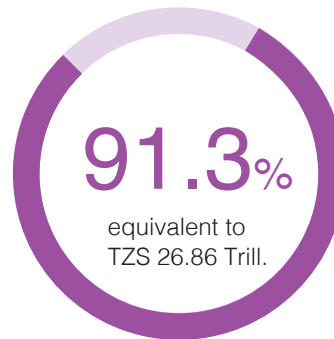


# Budget **Performance**

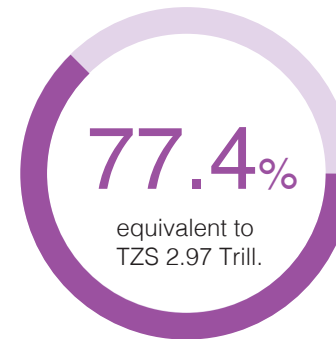
## Revenue Performance

**TZS  
45.07  
trillion**

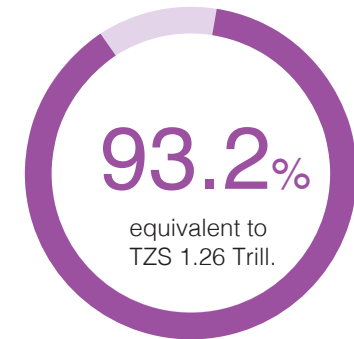
As of May 2025,  
equivalent to 89.6%  
of target



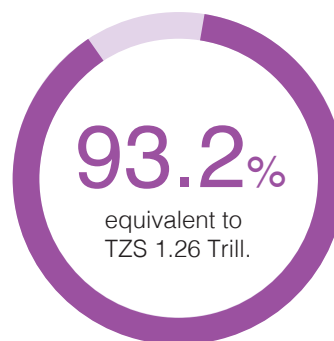
**TRA**



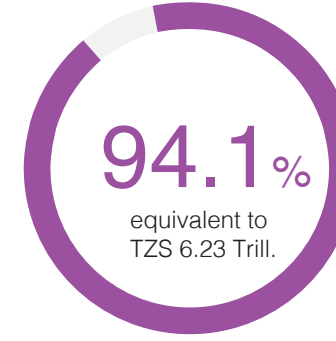
**Non-tax  
revenue**



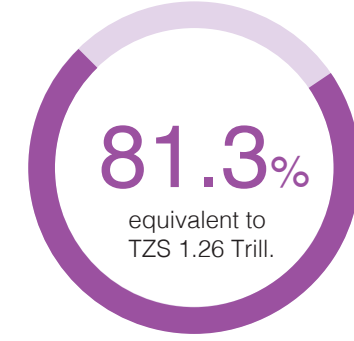
**LGAs**



**Grants &  
Loans**



**Domestic  
Borrowing**


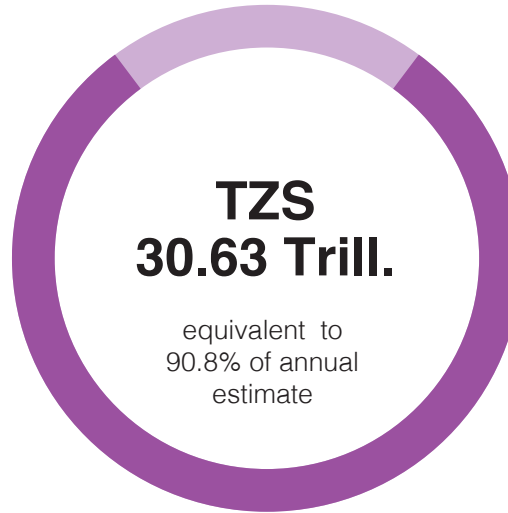


**External  
Loans**



## Expenditure Performance

**TZS  
46.38  
trillion**  
released  
equivalent 85.3% of  
annual estimate

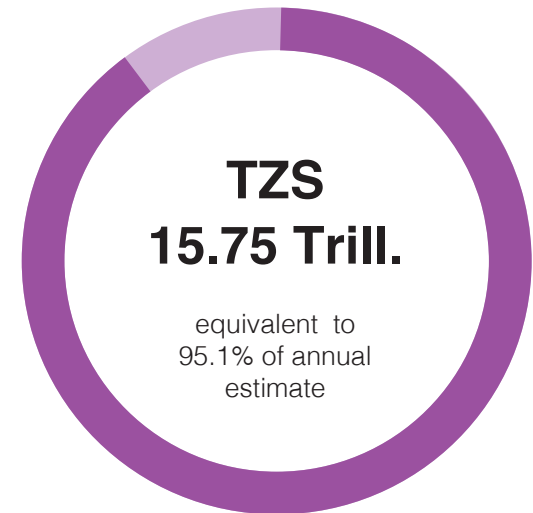



Recurrent Expenditure

»  **TZS 11.16 Trill**  
Public debt service

»  **TZS 10.27 Trill**  
Salaries

»  **TZS 741.5 Bill**  
2025 General Elections



Development Expenditure

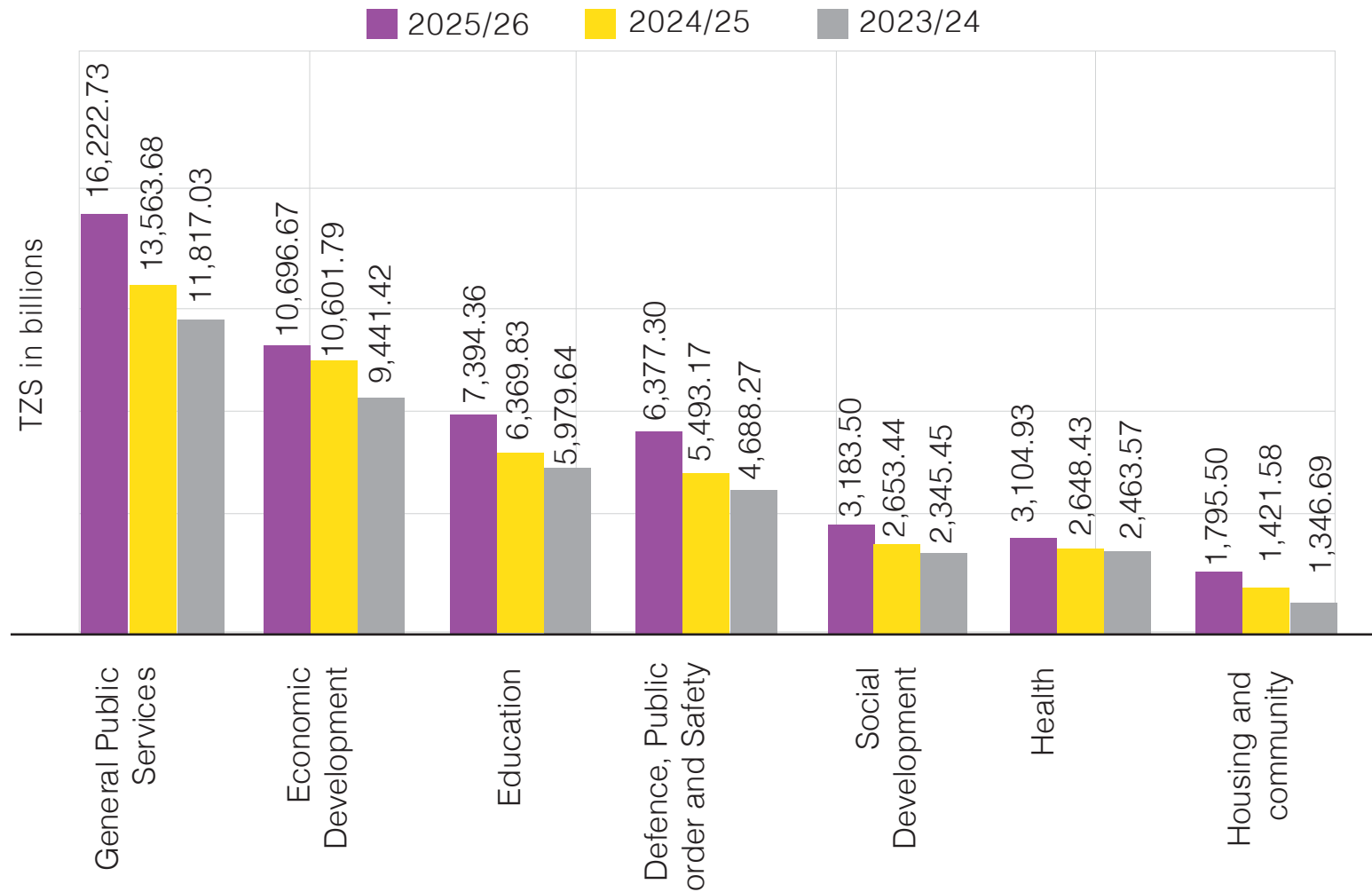


» Development Projects: Roads, Rail (SGR), Energy (JNHPP), Stadiums

## 2025/26 Expenditure Budget By Economic Classification

EXPENDITURE BUDGET BY ECONOMIC CLASSIFICATION - 2025/26	
CATEGORY	AMOUNT
	9,108,582,501,241.00
Compensation of employees	
Wages and Salaries	6,989,273,010,397.00
o/w Basic Salaries	5,313,629,535,855
Pensions and Other Employer's Social Contribution	2,119,309,490,844.00
Use of goods and services	4,956,631,235,015.00
Interest payment	6,493,715,425,000.00
To residents other than general Government- Local	3,697,288,131,000
To nonresident- Foreign	2,796,427,294,000
Subsidies	112,640,625,565.00
Grants	22,350,738,102,292.00
To International Organizations	62,134,307,625.00
To Other General Government Units	22,288,603,794,667.00
o/w Grant Transfers to Extrabudgetary Units	12,857,106,518,059.00
o/w Grant Transfers to Local Government	9,431,497,276,608.00
Social Benefits	1,002,567,052,576.00
Other Expenses	2,128,975,753,343.00
Acquisition of Non - Financial Assets	2,301,472,878,032.00
Debt Principal repayment	8,034,932,638,936.00
o/w Repayment of Domesic Debt	4,389,706,530,000.00
o/w Repayment of External Debt	3,645,226,108,936.00
<b>Total</b>	<b>56,490,256,212,000.00</b>

# Sector Budget Allocation



## Economic Development



Boost in transport infrastructure

- » Energy sector budget cut sharply in 2024/25, reflecting finalization of JNHPP

## Community Development and Culture



Elevated priority on Culture and sports

- » National youth empowerment and construction and rehabilitation of stadiums for AFCON 2027 tournaments.

## Social Services



Prioritization of human capital development.

- » Continued prioritization of human capital development — increasing investments in education, health, and social welfare.

# Flagship Projects

## Key Projects

- » Julius Nyerere Hydropower (JNHPP): 99.93% complete and operational.



- » SGR: Dar–Morogoro and Morogoro–Makutupora complete and operational; Lot 5 (Mwanza–Isaka) at 63%; other lots ongoing with PPP support.



- » Kigongo-Busisi Bridge: Completed, and inaugurated on June 2025.



- » Port Improvements: Notably Dar es Salaam Port saw increased customs revenue and reduced costs.



# Other Infrastructure

» Roads, bridges, and BRT Phases II–V under construction.



» All 12,318 villages are electrified; continued investment in LNG, oil & gas, and CNG.



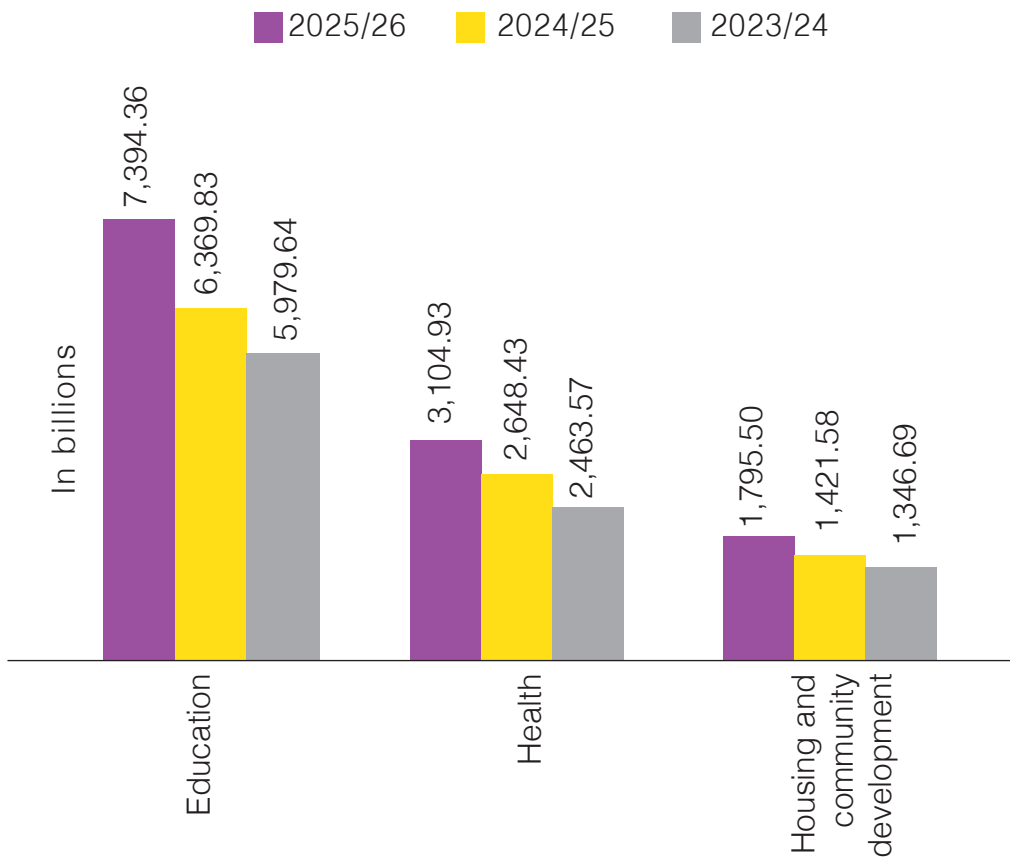
» 400 kV transmission lines completed.



» Launch of National Clean Cooking Strategy (2024–2034).



# Social Services



» Health: Health facilities increased to 9,826

- ICU and emergency units expanded; NHIF and universal coverage promoted.
- Universal Health Insurance Act passed and the government mobilized funds for implementation

» Water: Major stalled projects completed; rural water access increased to 83%.

» Education: Fee-free education budget increased from TZS 312.1Bill to TZS 1.3Trill

# Productive Services

- » Agriculture: Food production rose to 22.8M tonnes; storage and irrigation expanded



- » Livestock: New ranches and dams developed



- » Fisheries: Ports and modern boats supplied

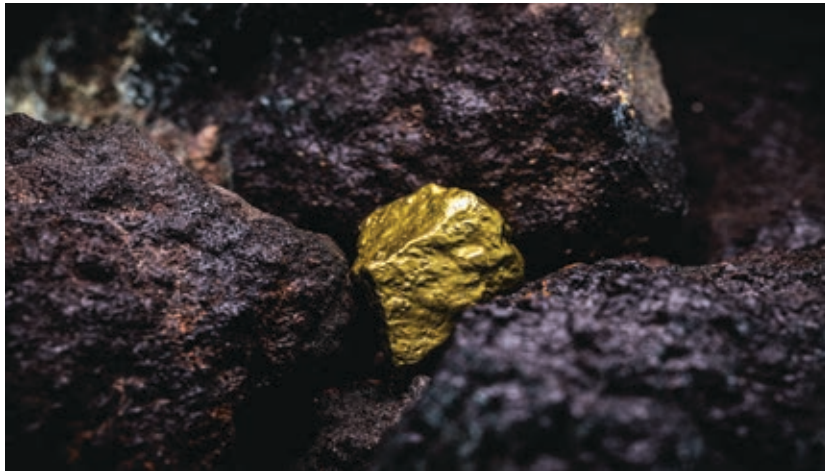


- » Industries: Regulatory reforms and promotion of import substitution

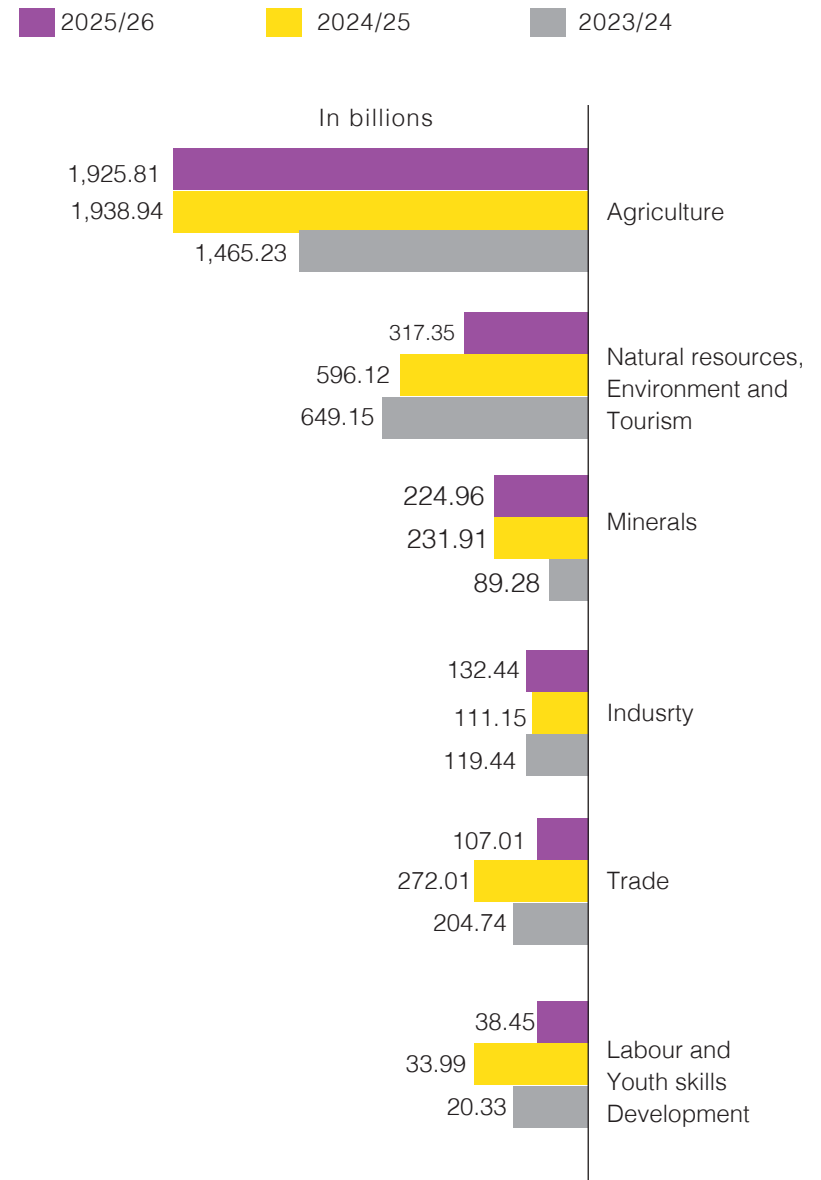




» Mining: Sector grew to 9.5% of GDP; gold reserves established.

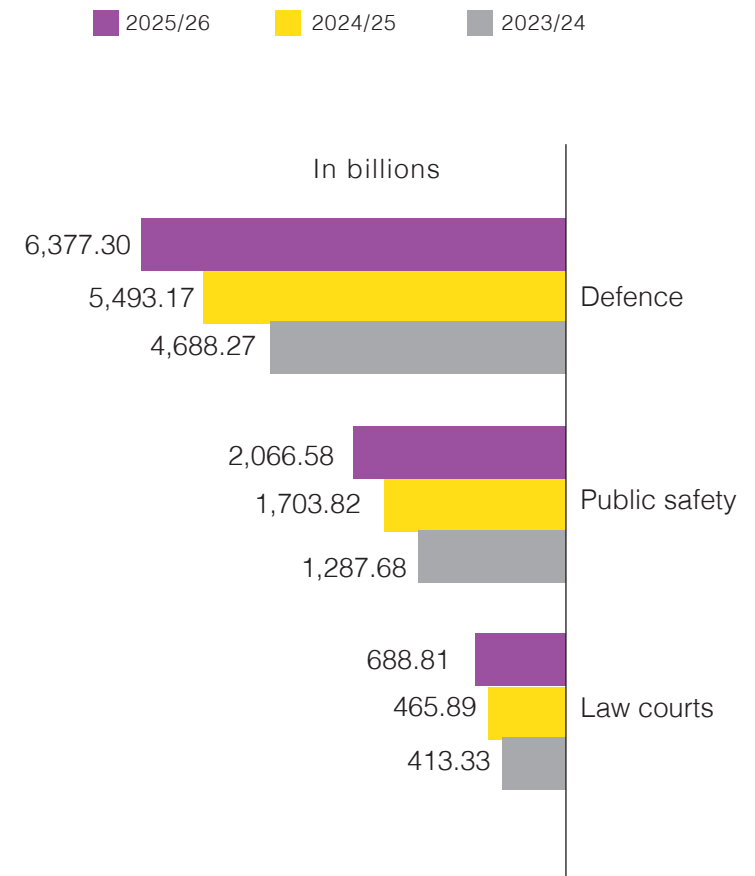


» Tourists increased by 132.1 percent from 922,692 in 2021 to 2,142,895 tourists in 2024



# Governance & Diplomacy

- » Promotion of 4Rs (Reconciliation, Resilience, Reform, Rebuild).
- » Creation of the Criminal Justice Commission.
- » Strengthened union with Zanzibar and international relations.
- » Establishment of Criminal Justice Commission and Samia Legal Aid Campaign
- » Secure employment opportunities for Tanzanians in regional and global institutions.
- » Participation in UN and regional peacekeeping missions



# Environment & Climate Change



- » Implementation of National Environmental Master Plan (2022–2032).



- » Carbon trading oversight via National Carbon Monitoring Centre.



- » Climate change-aligned spending

# Financial Sector

» Mobile transaction cost reforms

» Expanded credit access

- Private sector lending rose from TZS 20.3 Trill to 36.1 Trill.

» TADB capital increased, boosting agriculture finance.

# Civil Servants, **Employment** and Pension

## » Public servant promotions (TZS 689.9B), salary and pension increases:

- a. Minimum wage: 300,000 (2015) – 500,000 (2025)
- b. Minimum pension: From TZS 100,125.9 (2015) – 250,125.9 (2025)

» Clearance of pension arrears (TZS 2.67Trill), with strategy to clear all in 3 years.



- » Emphasis on private sector development and youth employment.
- » Continued investment in education, infrastructure, industry, and health.

### Summary wages and salaries FY 2025/26 ('000,000)

Central Government	5,336,438.43
o/w Basic salary	4,717,665.55
Local government Authorities	5,581,027.89
o/w Basic salary	5,119,528.75
Parastatals	2,256,773.68
o/w Basic salary	2,147,042.98
<b>Total</b>	<b>13,174,240.00</b>

# Gender Inclusion

## Education and Empowerment of Girls



26 girls' high schools (Form Five and Six) have been constructed across all 26 regions to improve access to education for girls.

## Loans to Higher Learning Education



The budget continues providing loans to tertiary students, particularly for priority courses, to ensure all students—including girls—access higher education

## Health Access for Women and Children



Increase in health centers offering Comprehensive Emergency Obstetric and Newborn Care from 340 in 2020 to 523 in 2024.

# 3

## Proposed Key Tax Measure

This section presents tax measures that will be taken by the Government in 2025/26 including reduction of VAT on digital transactions and mobilisation of resource for universal health insurance programme

Proposed  
measures  
include

**Manufacturing  
Sector**



# Summary of Proposed Tax Measures

## 1. Value Added Tax (VAT) Measures

**Goal:** To broaden the tax base, improve equity, and promote priority sectors.

» **Reduced VAT Rate of 16% (from 18%) on certain online B2C transactions to promote digital payments.**

» **VAT exemptions granted for:**

- Pesticides (specific HS codes)
- Reinsurance services
- Locally produced textile products from
- Domestic cotton (1 year)
- Locally produced fertilizers (3 years)
- Locally produced edible oil from local seed (1 year extension)
- Newspapers (locally published)
- Natural gas for Compressed Natural Gas (CNG) stations
- Cooking gas tanks and carbonization furnaces (to pro

» **VAT exemptions repealed for:**

- Bitumen imports (to reduce ineffective exemptions)
- Gaming supplies (to align with other taxed sectors)

» **VAT collection system reform:**

- Certain government institutions and VAT-registered taxpayers to collect 3% VAT as withholding agents.

**Estimated net revenue impact: + TZS 833.8 billion.**



## 2. Income Tax Measures

### » Presumptive tax system for

- Motorcycles, bajaji, and light cargo vehicles (e.g. “Guta”).

### » New withholding taxes introduced or increased:

- 10% on retained earnings after 6 months
- 3.5% on forest product sales
- 2% on raw salt purchases from artisanal miners
- 10% on betting ad commissions (final tax)
- 10% on insurance premiums to non-residents (was 5%)
- 10% on professional services in the extractive sector (was 5%)

### » Alternative Minimum Tax (AMT) rate

- raised from 0.5% to 1% for companies with 3+ years of losses.

### » SEZ/EPZ income tax exemptions removed

- For goods sold in the local market.

» + TZS 861.7 billion.

Estimated revenue gain: + TZS 861.7 billion.

### 3. Excise Duty Measures

- Annual inflation-indexed adjustments applied to non-petroleum products as per existing law.
- Specific details on new rates not explicitly listed in summary sections.

### 4. Industrial Development Levy

#### » Introduced or adjusted

- 10% on imported glass and ceramic tiles
- Exemptions granted for cement clinker to support local manufacturers
- Goods from EAC states now included to protect domestic industries

**Expected revenue: + TZS 277.6 billion**



## 5. Export Tax

- 30% export levy or TZS 150/kg (whichever is higher) introduced on veneer wood (HS Code 44.08) to encourage local value addition.

**Revenue impact: + TZS 82.7 billion.**

## 6. Sector-Specific Fee & Levy Reforms

### » Reduced or rationalized levies in:

- Livestock (export fees lowered)
- Fisheries (levy cuts, including fin fish imports)
- Tourism (hotel licensing fees reduced)
- BASATA, TBS, OSHA, WMA – fees amended
- Motorcycle and tricycle fees reduced (registration, licenses, presumptive taxes)
- New rules: Agencies must consult Finance Ministry before introducing new fees to avoid duplication.



## 7. Tax Administration & Governance

- Expanded digital systems, taxpayer education, and EFD usage.

» President's Task Force for Tax Reforms is reviewing stakeholder input to overhaul the tax system for fairness and compliance.



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