



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

MEDIUM-TERM REVENUE STRATEGY (MTRS)

2025/26 – 2027/28

JUNE, 2025

ABBREVIATIONS AND ACRONYM

AEO	Authorized Economic Operator
ATAF	African Tax Administration Forum
ATO	African Tax Outlook
BEPS	Base Erosion and Profit Shifting
CEO	Chief Executive Officer
CIT	Corporate Income Tax
COVID-19	Coronavirus Disease 2019
CP6	6 th Corporate Plan
CSOs	Civil Society Organizations
DPs	Development Partners
DSE	Dar es Salaam Stock Exchange
EAC	East African Community
eGA	e-Government Authority
EWURA	Energy and Water Utilities Regulatory Authority
FAD	Fiscal Affairs Department
FYDP III	Five Years Development Plan III
GDP	Gross Domestic Product
GePG	Government electronic Payment Gateway
GNI	Gross National Income
GoT	The Government of Tanzania
ICT	Information and Communication Technology
IDRAS	Integrated Domestic Revenue Administrative System
IMF	International Monetary Fund
LGAs	Local Government Authorities
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MEST	Ministry of Education, Science and Technology
MFA	Ministry of Foreign Affairs and East African Cooperation
MLHSD	Ministry of Lands, Housing and Human Settlements Development
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MTRS	Medium-Term Revenue Strategy
NSAs	Non-State Actors
OECD	Organization for Economic Co-operation and Development
OTR	Office of Treasury Registrar
PO RALG	President's Office Regional Administration and Local Government
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SOEs	State Owned Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats
TANCIS	Tanzania Customs Integrated System
TDV 2025	Tanzania Development Vision 2025
TPA	Tanzania Ports Authority
TRA	Tanzania Revenue Authority
TZS	Tanzania Shillings
UN	United Nations
USD	United State Dollars
VAT	Value Added Tax

EXECUTIVE SUMMARY

The Medium-Term Revenue Strategy (MTRS) offers a comprehensive framework to steer revenue mobilization efforts in both the short and medium-term. This strategy aims to secure the additional resources needed for the execution of the Government Development Agenda. It is designed to foster stability and transparency in the revenue policy-making process and aims to gradually diminish the government's dependence on external and domestic loans. In this regard, the strategy will create a platform for generating domestic revenue from both the public and private sector, promoting inclusive growth and poverty reduction, while building on the successful implementation of various domestic revenue mobilization efforts over the years.

The Strategy will span from 2025/26 to 2027/28 and aligned with the National Five-Year Development Plan, 2021/22-2025/26 (FYDP III), Tanzania Development Vision 2025 (TDV 2025), and the 2030 Agenda for Sustainable Development. It focuses on reforming current policy, administrative, and legal measures, while setting priority initiatives to ensure effective and efficient collection of tax and non-tax revenue. The rationale for developing this strategy lies in the need for a structured plan to raise revenue to support the implementation of national development aspirations as outlined in TDV 2025 and FYDP III. The development of the MTRS is driven by several challenges, including the mismatch between domestic revenue and expenditure, the increasing ratio of Government debt services to domestic revenue, the decrease in grants and concessional loans for budget implementation, and the presence of a large, dynamic, and unstable informal sector.

The vision of the MTRS is to develop a comprehensive framework that provides sustainable revenue generation through an effective and equitable revenue system. The MTRS will accomplish this through a medium-term, comprehensive approach to tax system reform aimed at enhancing revenue collection to support developmental and other objectives. Specifically, the MTRS aims to strengthen revenue mobilization, promote voluntary compliance, broaden the tax and non-tax revenue base, ensure the certainty of the tax system, and enhance institutional governance.

The revenue mobilization framework in the MTRS is divided into three categories: policy, administration, and legal reform measures. These measures aim to enhance domestic revenue mobilization and establishing a robust revenue system, while significantly contributing to economic development. To enhance revenue mobilization, the government, through the MTRS, will implement the following measures:

Tax policy measures

Through the MTRS, the Government will implement various tax policy measures, including:

- i. Income tax: to review the allowable loss restriction ratio from the current rate of 30 percent to 40 percent of chargeability for the individual or entity which make a loss for the four previous consecutive years of income;
- ii. Excise duty: review the current Excise Duty structure and shift its chargeability basing on content-based rather than volume, and weight for traditional products; review Excise Duty rates to align them with regional structure (alcoholic drinks, soft drinks cigarettes etc.); and review the list of inclusion and exclusion of excisable items annually;
- iii. Value added Tax (VAT): review the current VAT structure to simplify administration with a view to promoting and encouraging business growth, while safeguarding Government revenue;
- iv. Stamp duty: to review the rates by imposing ad valorem rates rather than specific rates; confer the administration of stamp duty to the Commissioner General; and restructure the disputes settlement mechanism to comply with Tax Administration Act;
- v. Exemptions: conduct a comprehensive review of the VAT exemptions in order to minimize revenue leakage; provide cost-based incentives, such as accelerated depreciation, initial allowances, or investment tax credits to encourage investments; conduct a detailed study to assess the impact of tax exemptions granted to SEZ and EPZ; introduce a 0.5 percent processing fees on the value of imported and locally exempted items granted to strategic and special strategic investors; and
- vi. Additional measures encompassing the recognition and taxation of digital assets, as well as the taxation of the insurance sector.

Non tax policy measures

To broaden non-tax base, the Government will implement different measures including: developing guideline on the imposition and management of revenue sources; reviewing fees and levies charged by MDAs and LGAs; and developing effective framework, policy, and law for domestic interagency cooperation and information sharing. The measures will encompass land rent, property tax, billboard fees, tourism levies and fees, royalties and inspections, service levies, produce cess, business licenses, dividends and contributions from parastatals and other sources.

Revenue Administrative reform measures

The administrative measures seek to improve efficiency in collecting both tax and non-tax revenues by, among other things, strengthening revenue mobilization, promoting voluntary compliance, and expanding the tax and non-tax bases. In this regard, the Government will boost its revenue collection efforts by implementing several

administrative measures, including: automating and interfacing MDA revenue management systems; strengthening Compliance Risk Management Framework; strengthening taxpayer registration; strengthening management of tax exemptions and concessions; strengthening taxation of digital economy; and enhancing taxation of the informal sector.

On the Customs front, the administrative measures seek to strengthen customs core operational functions and improve efficiency in collecting duties and taxes on imported and exported goods by, among other things, developing an enforcement strategy that aligns risk management and intelligence with operational activities, streamlining import and export processing, reviewing the Authorized Economic Operator (AEO) program, and shifting to risk-based anti-smuggling.

Legal Reform Measures

In the medium-term, the Government intends to: consolidate Tax Law Amendments annually and enact a Tax Exemption Act. In addition, the Government intends to review the Tax Administration Transfer Pricing Regulation and Guidelines to accommodate the developments that have been taking place under the OECD and UN.

Revenue Implications, Implementation, Monitoring and MTRS Risks

The revenue measures are expected to yield a total of 0.75 percent of revenue to GDP equivalent to TZS 1,810,810.89 million in the first year of implementation of the strategy. In the second year, the revenue is expected to yield a total of 1.14 percent of revenue to GDP equivalent to TZS 3,066,276.80 million. In the third year, the revenue is expected to yield 1.16 percent of revenue to GDP which is equivalent to 3,474,040.17 million.

Implementation of the MTRS will involve various stakeholders, including the Ministries, Agencies, Local Government Authorities, and Development Partners. The strategy highlights a collaborative approach to ensure cohesive execution and sustainability of revenue mobilization efforts. A robust monitoring and evaluation of MTRS measures will be established to track the progress, assess the effectiveness of the MTRS and make informed decisions to achieve revenue targets over a medium-term.

The MTRS implementation may face risks such as macro-economic shocks, natural calamities, geopolitical tensions and insufficient financial resources allocated to MTRS activities. To mitigate these risks, the Government plans to: continue prudently with sound implementation and management of monetary and fiscal policies; develop business continuity plans to mitigate the impact of external disruptions; strengthen early warning system in disaster management; and explore alternative financing options. These efforts are crucial for maintaining stability and ensuring the success of this revenue mobilization strategy.

Generally, the MTRS represents a critical step for Tanzania in achieving a more sustainable and self-sufficient economic future. Through targeted reforms and collaborative efforts, the strategy aims at creating a more equitable and efficient revenue system that supports the country's long-term developmental and economic objectives.

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CHAPTER ONE

INTRODUCTION

1.1. Background

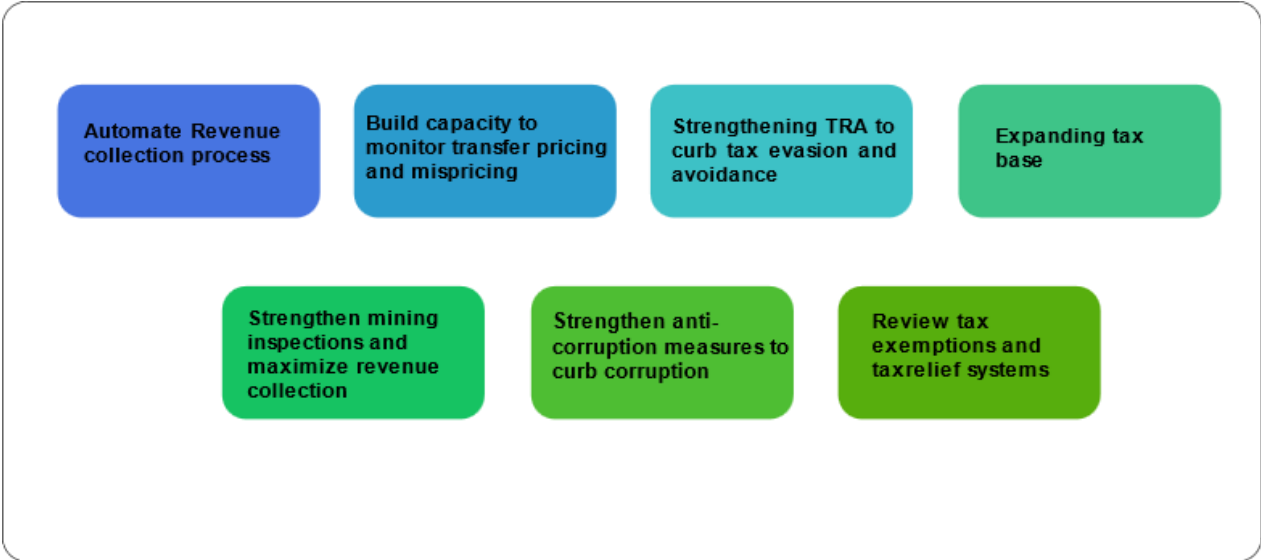
The Medium-Term Revenue Strategy (MTRS) provides a comprehensive framework to guide revenue mobilization efforts in the short to medium-term. The Strategy facilitates mobilization of additional resources necessary for the implementation of the Government Development Agenda. The Strategy aims at providing stability and transparency in revenue policy making process, as well as gradually reducing its reliance on external and domestic loans. In this connection, the Strategy provides a guidance towards harnessing domestic revenue from the public and private sector for inclusive growth and poverty reduction, as it builds on the successful implementation of various domestic revenue mobilization efforts over the years.

The Strategy covers the period of 2025/26 to 2027/28 and aligns with the National Five-Year Development Plan, 2021/22 - 2025/26 (FYDP III), the Tanzania Development Vision 2025 and the 2030 Agenda for Sustainable Development. The Strategy focuses on reforming revenue policy, administrative and legal measures. It sets priority initiatives to ensure effective and efficient collection of revenue.

The implementation of the aforesaid reform measures, will be through a country-led and whole of Government approach. The realization of the measures requires coordination of activities involving different actors for effective and efficient delivery of MTRS objectives and goals. International best practice regarding executing such national assignment has shown that the Government should develop and implement MTRS for enhancing revenue mobilization.

To enrich and achieve the Tanzania Development Vision 2025 (TDV 2025) specifically on fiscal sustainability, the focus of the Government is to continue with maintenance of stable macro-fiscal conditions to support economic growth, increase revenue collections by expanding the tax base, reduce tax expenditure and improve the tax administration system. The emphasis is to put in place a clear strategy for adequate revenue generation through effective revenue policy and administration systems. Among the areas that Strategy focuses on are shown in **Figure 1**.

Figure 1: Government Measures to improve Fiscal Sustainability under FYDP III Duration



1.1. Tanzania Economic Performance and Outlook

The economy has remained strong despite facing unfavorable global economic environment and domestic factors including foreign exchange scarcity especially during the third quarter of 2024. In the year 2024, the real GDP grew by 5.5 percent compared to 5.1 percent recorded in 2023. The economy continued its recovery path to pre-pandemic levels supported by continued investment in public infrastructure, sustained macroeconomic stability and low inflation, as well as improved business environment conducive for growth in private investment. The performance of the economy is expected to remain strong. Output growth is expected to maintain an upward trend, growing at 6.0 percent in 2025 and averaging 6.5 percent in the medium-term. The projected growth is supported by the ongoing implementation of strategic and flagship projects as identified in FYDP III. In addition, the growth is backed by ongoing initiatives to improve the investment climate as well as promoting exports particularly in agriculture, mining and industrial goods.

The rate of inflation is projected to remain within the medium-term target of 3-5 percent, on account of: adequate food supply in the country; stabilization of power supply; stability of the value of the Tanzania shilling against major currencies; improvement of transportation infrastructures; supportive and sustained prudent monetary and fiscal policies. However, upward risk to the inflation outlook remains, mostly caused by world market oil prices and geopolitical tensions.

The revenue policy, administrative and legal reforms set out in the MTRS take into account Tanzania’s situation and economic outlook in the Medium-term. They are designed to enable the Government to finance its development agenda in line with the Tanzania Development Vision 2025 aspirations implemented through the Five Years

Development Plan III. The MTRS aims at providing stability and transparency in revenue policy making process, as well as gradually reducing Government reliance on external and domestic borrowing.

1.2. Domestic Revenue Performance

Domestic revenue mobilization comprises the revenue from tax and non-tax collected by TRA, MDAs and LGAs. For the past six years, tax revenue performed at an average of 93.2 percent of budgets, non – tax revenue collected by ministries and Government institutions performed at an average of 85.6 percent and LGAs own source performed at 96.8 percent of the annual targets. In general, performance of domestic revenue was below the annual target by an average of 8.4 percent (**Table 1**). For the review period, the average contribution of domestic revenue in the total budget averaged 67 percent while, grants and borrowings from the domestic and external sources contributed an average of 33 percent.

Table 1: Performance of Domestic revenue for the period of 2018/19 - 2022/23

		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Average
Tax Revenue	Appr. Budget	17,867.30	18,955.20	20,136.00	20,288.20	22,400.40	25,197.23	20,807.39
	Actual coll.	15,387.30	17,472.10	17,317.60	20,029.20	21,411.40	24,760.80	19,396.40
	Performance	86.10%	92.20%	86.00%	98.70%	95.60%	98.27%	93.22%
Non-Tax Revenue	Appr. Budget	2,291.70	3,324.70	3,114.60	4,539.60	4,605.20	5,039.89	3,819.28
	Actual coll.	2,480.90	2,880.60	2,520.10	3,476.90	3,845.40	3,922.54	3,187.74
	Performance	108.30%	86.60%	80.90%	76.60%	83.50%	77.83%	85.62%
LGAs Own Source	Appr. Budget	735.6	765.5	815	863.9	1,012.30	1,143.88	889.36
	Actual coll.	661.4	717.2	757.1	889.5	1,021.00	1,146.55	865.46
	Performance	89.90%	93.70%	92.90%	103.00%	100.86%	100.23%	96.77%
Total Domestic Revenue	Appr. Budget	20,894.60	23,045.30	24,065.50	25,691.70	28,017.90	31,381.01	25,516.00
	Actual coll.	18,529.60	21,070.00	20,594.70	24,395.60	26,277.80	29,829.89	23,449.60
	Performance	88.70%	91.40%	85.60%	95.00%	93.79%	95.06%	91.59%
	Growth		13.70%	-2.30%	18.50%	7.72%	13.52%	10.23%
Expenditures	Appr. Budget	32,475.90	33,105.40	34,879.80	37,980.60	41,480.60	44,388.07	37,385.06
	Actual Spending.	26,632.60	29,515.10	32,274.90	36,996.80	40,853.30	42,836.59	34,851.55
	Performance	82.01%	89.15%	92.53%	97.41%	98.49%	96.50%	93.22%
	Growth		10.82%	9.35%	14.63%	10.42%	4.85%	10.01%

Source: Ministry of Finance

In terms of revenue yield, the country's Tax to GDP ratio averaged at 12.0 percent for the past five years, which is below the acceptable ratio as per the African Tax Outlook (ATO) average¹² of 15.0 percent and OECD average of 33.5 percent (**Table 2**). With exception of South Sudan, the average tax to GDP ratio for Tanzania is below that attained by all EAC countries (Table 2). In addition, the ratio is below EAC Macro-Economic convergence criteria of 25 percent. This indicates that there is a potential that

¹ Domestic revenue includes tax and non-tax revenue.

² African Tax Outlook 2022,

has not been fully harnessed and therefore more efforts are needed to enhance domestic revenue collection.

Table 2: Tax to GDP ratios for EAC Countries, OECD and ATO averages

Country	2018/19	2019/20	2020/21	2021/22	2022/23	Average
Kenya	15.5	14.6	13.7	15.0	14.2	14.6
Rwanda	16.3	16.2	16.3	15.8	15.0	15.9
Tanzania	11.9	12.5	11.5	12.3	11.9	12.0
Uganda	15.1	12.1	13.0	13.5	13.7	13.5
Burundi	15.2	16.5	17.0	17.6	18.0	16.9
South Sudan			2.1	2.7	3.6	2.8
OECD Average		33.4	33.5	33.2	34.0	33.5
ATO average	15.1	14.9	14.6	15.4		15.0

Source: EAC 2024 and ATO 2023

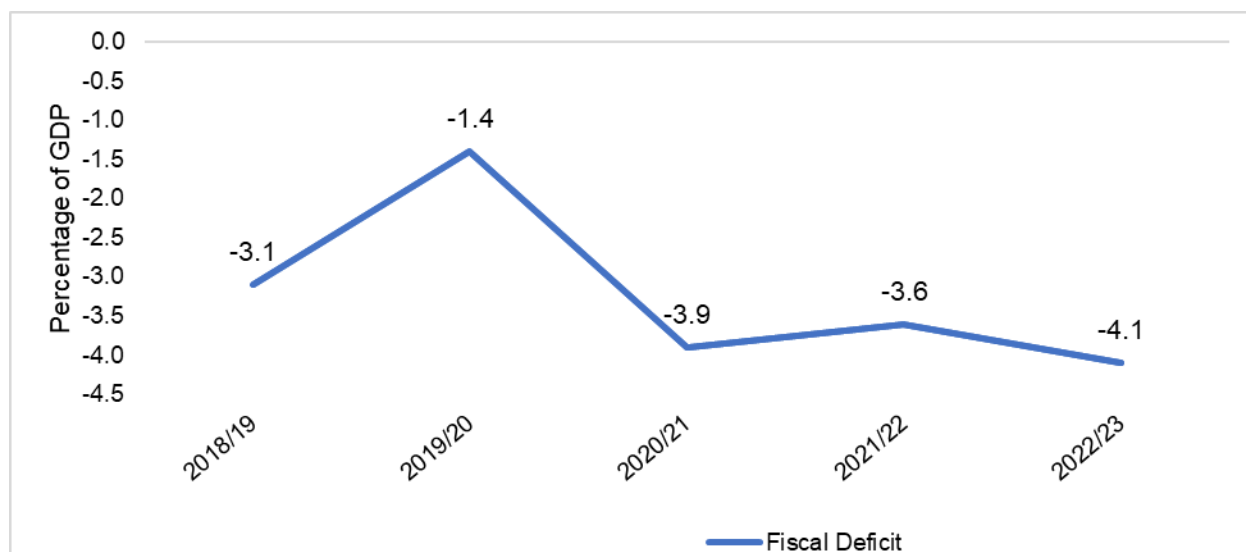
1.3. Major Reforms Undertaken for the Past Ten Years

Various reforms have been undertaken to improve revenue collection. For the last ten years (2013 – 2023), Tanzania has achieved a growing trend in performance of tax and non-tax revenue mobilization. The MTRS recognizes the previous reforms, which have been undertaken and is designed to complement such reforms in order to put impetus to the Government resource mobilization. Some of the reforms initiated and implemented over the past decade are presented in **annex 1**.

1.4. Fiscal Deficit

Tanzania, like many other developing countries, operates the budget under a fiscal deficit. Fiscal deficit is among the key challenges facing the Government during implementation of the budget. Domestic revenue accounted for an average of 67 percent of overall budget between 2018/19 and 2022/23. The rising demand for the implementation of mega projects (e.g. Construction of SGR and Mwalimu Nyerere Hydropower project) and the provision of social services have rendered such resources insufficient to fund the attainment of Government goals. Over the past five years fiscal deficit, as a percentage of GDP, has averaged 3.2 percent contrary to EAC and SADC macroeconomic convergence criterion, which requires fiscal deficit after grants for all member states not to exceed 3.0 percent of GDP (**Figure 2**).

Figure 2: Tanzania Trend of Fiscal Deficit



1.5. The Need for Medium-Term Revenue Strategy

1.5.1. Rationale

Tanzania has experienced significant economic growth, which is expected to remain robust for the medium-term. This steady growth enabled the country to graduate to a lower middle-income status in 2020, and was coupled with investment in social services such as health, education and infrastructure. The persistent growth in economic activities and service provision has necessitated the increase in Government expenditure on public goods and services. Therefore, the need to enhance efficiency in tax and non-tax revenue collection and administration is not only a concern at global or regional level but forms a key aspect and is reflected in the Tanzania national development agenda. The rationale behind the development of a comprehensive MTRS is predominantly entrenched in the need to have a structured plan to raise revenue to facilitate implementation of the national development aspirations reflected in the FYDP III.

At the global level, revenue mobilization is reflected in the Sustainable Development Goals (SDGs) as a key agenda for enabling countries achieve desired development goals by utilizing domestic revenue sources. Other international development agenda which calls for enhancing countries' domestic revenue sources include: the 2002 Monterrey Consensus on Financing for Development; and the African Union's Agenda 2063. Further, strategic policy directions as envisaged in the TDV 2025 and the FYDP III stress the need for an enhanced capacity for revenue mobilization.

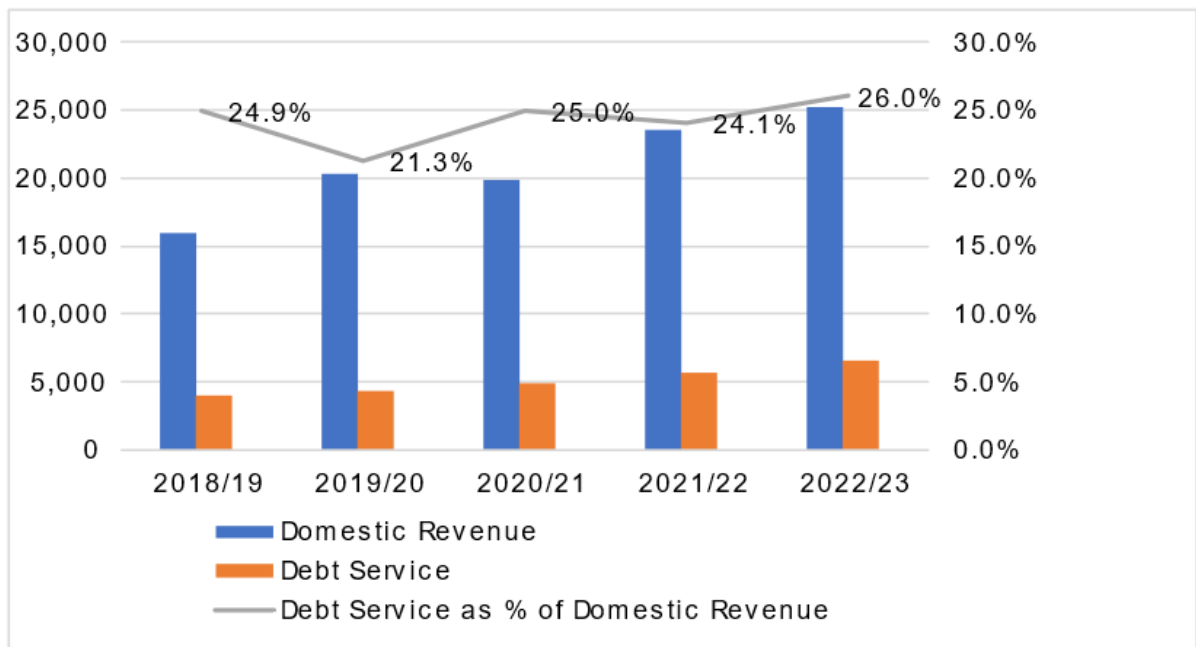
The development of MTRS is driven by the following challenges:

- i. Fiscal Deficit: Actual Government expenditure rose from TZS 26.6 trillion in 2018/19 to TZS 40.9 trillion in 2022/23, while domestic revenue increased from TZS 18.5 trillion to TZS 26.3 trillion the same period. The annual average growth

of domestic revenue during that period was 9.4 percent, while expenditure increased by an average of 11.3 percent (**Table 1**). Thus, domestic revenue mobilization has not been able to keep pace with the increase in Government expenditure;

- ii. The ratio of government debt services excluding principal payments of domestic borrowing to domestic revenue has increased to 26.0 percent in 2022/23 compared to 21.3 percent in 2019/20, thus reducing the Government's ability to cover other expenses using domestic revenue. In general, the public debt service for the past five years shows an increasing trend for both external and domestic debt. **Figure 3** shows a growing trend of debt service as a percentage of domestic revenue for the past five years;

Figure 3: Ratio of Debt Services as Percentage of Domestic Revenue



- iii. Contractors and suppliers' debt arrears have been increasing due to non-attainment of annual domestic revenue collection targets. As of end March 2024, stock of contractors and suppliers' debt arrears was TZS 1,544 billion. Accumulation of these arrears affect the implementation of Government priorities negatively. In addition, they reduce contractors' and suppliers' capital that could have been reinvested to support economic growth;
- iv. Grants and concessional loans for implementation of the budget have been decreasing. In the period from 2019/20 to 2022/23, grants have decreased from TZS 1,044.0 billion to TZS 596.4 billion, equivalent to a decrease of 42.9 percent. This decrease forces the Government to borrow on commercial terms, calling for efforts to boost domestic revenue collection; and

- v. The informal sector in Tanzania is large, dynamic and unstable. The sector is mainly dominated by small and medium traders, food vendors, farmers, fishers, small manufacturers, constructors, transporters, and small miners. The informal sector poses tax collection challenges due to noncompliance with the laws. Therefore, initiatives should be taken to formalize the sector and make it compliant to enhance revenue collection.

1.6. Approach to MTRS Formulation

Decisive action to develop the MTRS was reached between the Government and key stakeholders including development partners. The Government, through IMF technical assistance, set out to develop this MTRS to provide a comprehensive framework to guide domestic revenue mobilization efforts in the short and medium term. Its formulation, therefore, entailed policy, legal and administrative components of a tax system collaboratively and holistically.

Development of this MTRS involved reviewing various documents, discussions and analysis on a set of data across economic sectors. The process was participatory during the synthesis and analysis of the gathered information. The development of MTRS recognized previous works done in this area. Efforts were made to access and make references to recent documents and reports, while analyzing strengths, weaknesses, opportunities and threats with regard to domestic revenue mobilization in Tanzania.

1.7. The Scope of MTRS

The MTRS is spread over a period of three years, 2025/26 - 2027/28 with specific revenue mobilization objective of raising revenue to GDP ratio from an average of 14.2 percent in 2024/25 to 17.25 percent by 2027/28. Several tax and non-tax reform initiatives are mapped in a single comprehensive plan divided into policy, administration, and legal components. As part of a national effort, multiple stakeholders were engaged and aligned to ensure sustainable commitment. Therefore, the MTRS involved a broad spectrum of stakeholders from both public and private sector underpinned by clear accountabilities among them. The measures focus on enhancing policy, legal and administrative reforms and setting out priority areas to ensure effective and efficient collection of tax and non-tax revenue.

CHAPTER TWO

MTRS VISION, GOALS AND OBJECTIVES

2.1. Vision

“Stable and predictable revenue policies for socio-economic development”

2.2. Goals and Objectives.

The goal of the MTRS is to provide a clear vision for a future revenue mobilization system for attaining long-term and meaningful revenue system reforms to meet the fiscal needs, including spending needs to achieve the TDV 2025. The MTRS will enable Tanzania to reach this objective by providing a medium-term comprehensive and holistic approach to the tax system reform to improve revenues to accomplish developmental and other goals. The focus is to align the revenue goals with the country’s spending and development needs, and then design tax policy, revenue administration, and legal reforms around a coherent national development plan. Further, MTRS aims at increased domestic revenue collection to enable the Government to strategically use resources to achieve the goals of the TDV 2025.

The MTRS has a high-level political backing along with the whole-of-government and other stakeholders’ support. It provides a modality to align the reform measures. Specifically, the MTRS seek to do the following:

- i. Promote voluntary compliance;
- ii. Broaden tax and non - tax base;
- iii. Promote certainty of revenue system; and
- iv. Strengthen institutional governance.

2.3. Guiding Principle for Revenue Mobilization

The following are the guiding principles for the revenue mobilization:

- i. The tax policy will seek to promote horizontal and vertical equity in taxation matters;
- ii. The Government will seek to ensure that tax policies facilitate efficiency and economic growth;
- iii. The Government will endeavor to structure its tax and non-tax laws in a manner that promotes compliance;
- iv. The Government will ensure tax laws are simple and neutral during administration; and
- v. The Government will seek to have tax revenue and non-tax laws that are predictable, stable and reliable.

CHAPTER THREE

REFORM MEASURES

3.1 Overview

The Government of Tanzania's revenue streams consist of tax and non-tax revenue, loans (domestic and foreign), and grants. The tax revenue stream comprises direct and indirect taxes. The direct tax includes income tax, while indirect tax comprises Value Added Tax (VAT), Import Duty, Excise Duty, and other taxes. Each tax has its base and rate depending on the type, nature, and policy objectives. Non-tax revenue includes levies, fees, royalties, charges, dividends, and contributions. The mandate to collect tax and non-tax revenues is governed by different laws enacted by the Parliament of Tanzania. Tax and non-tax revenue policies formulation in Tanzania are in the ambit of the Ministry of Finance. Administration of taxes and non-taxes is mandated to the Tanzania Revenue Authority, MDAs, and LGAs. Details regarding tax types are in **Annex 4**.

The MTRS provides reform measures to enhance domestic revenue mobilization framework by reviewing policy, administration and legal issues that affects revenue collection.

3.2 TAX POLICY REFORM MEASURES

The Government, through the Ministry of Finance, implements tax policy reforms to address revenue needs and administrative challenges. The reforms involving different revenue laws are reflected in the Finance Act and the practice has always been re-defining tax bases, changing rates or simplifying and strengthening tax administration. Regarding policy reform measures, the Government, through this MTRS plans to put in place measures to increase dialogue and transparency on tax matters for creating a culture of trust and compliance, enhancing revenue collection, and minimizing political conflict. When tax reform is undertaken in a way that promotes transparency and accountability, this can contribute to stronger government–society relationships. Through the MTRS, the public will participate in a wider range of public tax debates while motivating political leaders to drive change in domestic revenue mobilization in Tanzania.

The revenue policy reforms set out in the MTRS take into account Tanzania's circumstances and economic outlook in the Medium-term. The measures indicate commitment and cooperation to create stability and transparency in the revenue policy making process. In the area of improving revenue policy the following strategies will be implemented:

3.2.1 Income Tax

3.2.1.1 Perpetual Unrelieved Loss

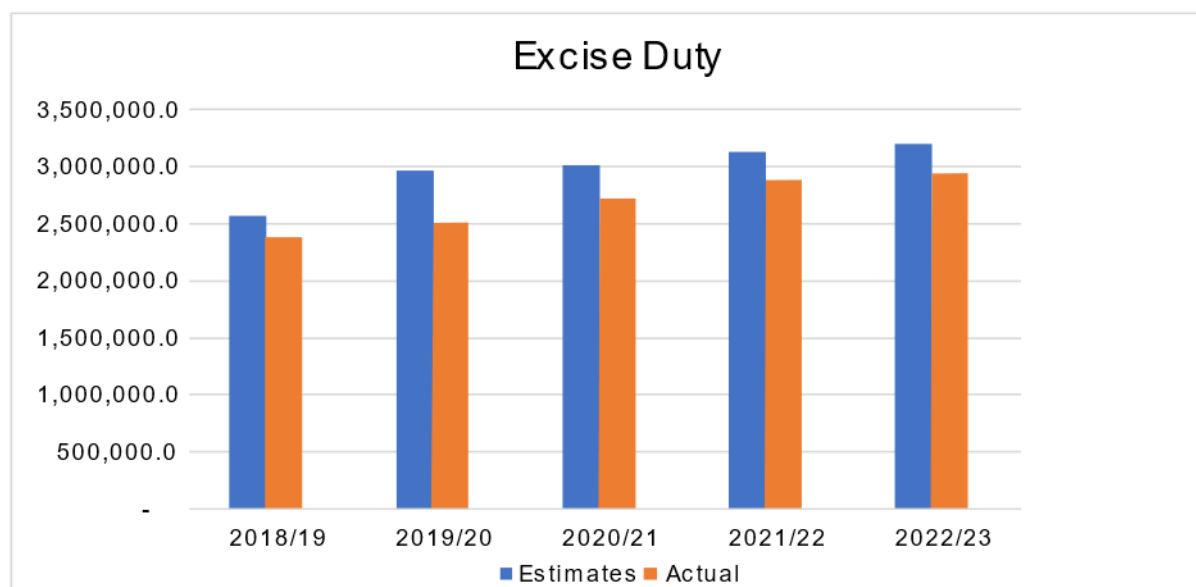
The income of a corporation with perpetual unrelieved loss for three consecutive years in Tanzania is subjected to an alternative minimum tax (AMT) at the rate of 0.5 percent of the turnover of the third year of perpetual unrelieved loss except for corporations engaged in agriculture, health, and education sectors. This was introduced to ensure loss making corporations contribute certain amount to Government revenue. This was also to curb the problem arising from constant loss declaration without any taxable income, the action attracts aggressive tax planning in which corporations end up generating very small profits rather than losses in the third year of conducting business or investment and pay a small amount of tax. It is, thus, recommended to:

Review the allowable loss restriction ratio from the current rate of 30 percent to 40 percent of chargeability for the individual or entity which make a loss for the four previous consecutive years of income.

3.2.2 Excise Duty

Harmonization of Excise Duty regime among the EAC partner countries is one of the issues being discussed by the member states. The objective of these discussions is to remove economic distortions and promote trade. According to the IMF Study of 2022, Tanzania has lowest Excise Duty rates among the EAC countries. The study recommended adjustment of the rates to align them with those of other countries in the region and imposition of the duty based on content instead of the current system that bases on volume for alcoholic and soft drinks and for filter or without filter on cigarettes. Figure 4 shows the performance trends of excise duty from 2018/19 to 2022/23.

Figure 4: Trend of the performance of excise duty from 2018/19 to 2022/23



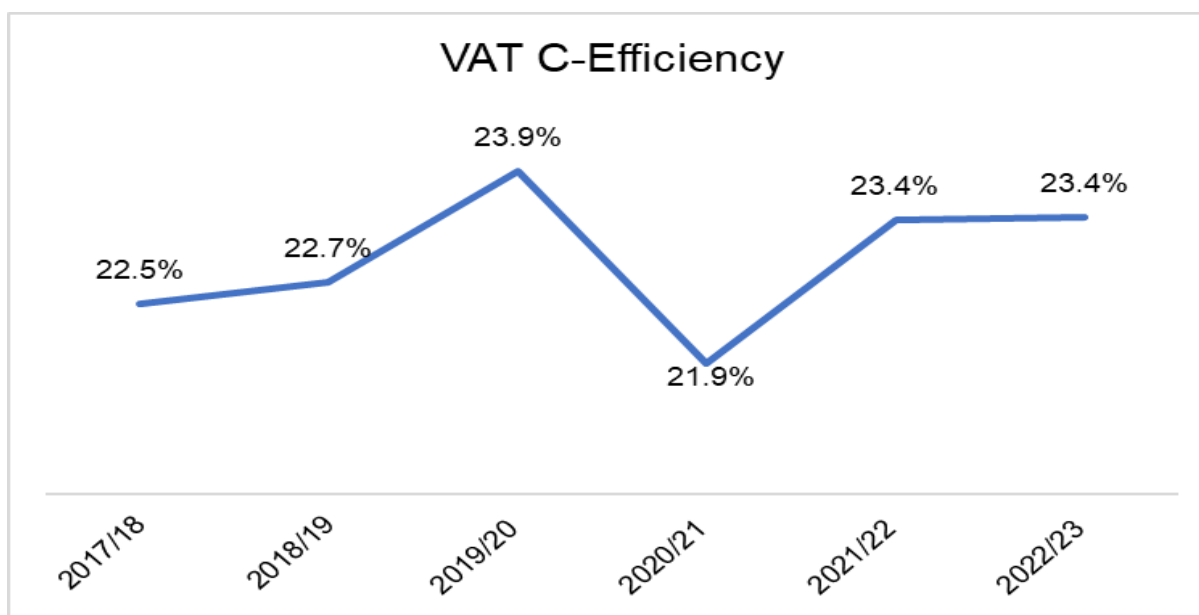
Through MTRS, the Government intends to implement the following reform policy measures:

- i. *Review the current domestic and regional Excise Duty structure and consider shifting its chargeability to content-based rather than volume, and weight for traditional excisable products; and*
- ii. *Review list of inclusion and exclusion of excisable items annually.*

3.2.3 Value Added Tax

The VAT in Tanzania is charged on imports and on domestic goods, services and immovable properties. VAT collection relative to GDP is fairly low due to number of challenges that have hindered Government ability to collect VAT revenue at its optimal. The VAT collection compared to its potential averaged 23.1 percent. Figure 5 shows the trend of VAT C– efficiency³ from 2017/18 to 2022/23.

Figure 5: Trend of VAT C – Efficiency from 2017/18 to 2022/23



Challenges pertaining to low VAT collection include: limited administrative capacity, excessive VAT expenditures, credit claimed for VAT on purchases that are not creditable, traders who are liable to register for VAT but do not register, credit claimed for invoices from unregistered suppliers, abuse of Electronic Fiscal Devices, goods imported illegally and sold with VAT added but not remitted to the tax authority, domestic sales disguised as exports, inflated refund claims, fictitious traders and informal sector. In order to redress the above challenges, the Government intends to:

Review the current VAT structure to simplify administration with the view to promoting and encouraging business growth, while safeguarding Government revenue.

³ Is the ratio of VAT actual collection to potential VAT. It is calculated as $VAT\ C\ efficiency = \frac{VAT\ collection}{(Standard\ rate * consumption\ as\ per\ GDP)}$

3.2.4 Stamp Duty

The Stamp Duty Act, 1972 came into operation on July 1, 1972. It repealed the Stamps Ordinance. Its objectives were designed to consolidate and amend the law relating to stamp duty, by introducing minor amendments, most of which were of procedural nature. Stamp duty needs policy reforms in its structure, rates, administration, and coverage. Currently, there are only two stamping approaches - impressed or adhesive stamps. However, development in technology has introduced the electronic execution of instruments that are not covered under the existing practice and administration. In addition, the rates imposed under the Stamp Duty Act are not realistic. The Government intends to:

- i. To review the rates by imposing ad valorem rates with the maximum cap on stamp duty rather than specific rates on all scheduled instruments for revenue mobilization and revise the schedule of stamp duties;*
- ii. To confer the administration of stamp duty to the Commissioner General, TRA as per section 5 and the schedule of the Tanzania Revenue Authority Act, unlike the current practice in which stamp duty is collected by several Government institutions including MDAs and LGAs; and*
- iii. To restructure the disputes settlement mechanism to comply with Tax Administration Act.*

3.2.5 Recognition and Taxing Digital Assets

Digital assets have become one among the most adopted means of exchange globally. The most common digital assets (cryptocurrency) are Bitcoin, which has coverage of 40 percent of cryptocurrencies in global market. Countries like Nigeria, Kenya, Togo, Ghana and South Africa are ranked high in the digital asset adoption list. Since 2021, it has been reported that Tanzanians are among the top users of digital asset globally the country was ranked in top 20. A study carried out in 2022 by Triple A Indonesia revealed that, out of the 60 million Tanzanian, about 1,421,418 equivalents to 2.3 percent of the population owned digital asset and used it for different purposes including online-payment, buying and selling of goods and services, investments and as asset/inventory. In this area, the Government intends to:

- i. Comprehensive research on digital assets; and*
- ii. Impose withholding tax on income derived from Transfer or Exchange of Digital Asset.*

3.2.6 Insurance Sector Taxation

Insurers are important financial intermediaries. They play a significant role in the financial system as vehicles for savings and risk pooling. However, due to the complexity of insurance sector its contribution in the taxation has been considerably low taking into the consideration that insurance agency and brokerage do not fall under the scope of withholding tax. In addition, the commission paid to agent or broker in respect

to life and health insurance by the insurer are not subjected to VAT. Therefore, the Government intends to:

- i. Extend the definition of professional services under Income Tax Act to include insurance agency and brokerage;*
- ii. Review the imposition of VAT in insurance sector on commission paid to agent or broker;*
- iii. Increase withholding tax to 10 percent from the current rate of 5 percent on insurance premium that is paid to non-resident;*
- iv. Introduce evidence-based rules on income tax deduction in insurance and reinsurance contracts that do not transfer insurance risk; and*
- v. Conduct a detailed study on insurance sector for tax purpose.*

3.2.7 Exemptions

The government provides exemptions for specific reasons. It was observed that, once the exemption is granted by the Government there is no regular review, resulting in unjustifiable and multiple exemptions.

3.2.7.1 Value Added Tax (VAT)

The government intends to conduct a comprehensive review of the VAT exemptions in order to minimize revenue leakage.

3.2.7.2 Income Tax Exemptions

Investors under the Tanzania Investment Centre, Export Processing Zone, and Special Economic Zone reap the benefit of the tax holidays established under the investment promotion schemes. Such preferential treatments on income tax include corporate income tax and withholding tax on dividends and interest holidays for an initial period of ten years. The Government intends:

- i. To provide cost-based incentives rather than profit-based incentives, such as accelerated depreciation, initial allowances, or investment tax credits to encourage investments; and*
- ii. To conduct a detailed study to assess the impact of tax exemptions granted to SEZ and EPZ with a view to minimizing revenue leakage.*

3.2.7.3 Exemption Processing Fee

Granting exemptions has been costing the government in respect of the time and resources used to process exemptions. The proposed exemption processing fees will help to expedite the processing of the exemptions since it will assure availability of the required resources. To this effect it is recommended to: introduce a 0.5 percent processing fees on the value of imported and locally exempted items granted to strategic and special strategic investors.

3.3 NON-TAX REVENUE POLICY REFORMS

Non-tax revenue consists of Government revenue received from land rent, property tax, billboard fees, tourism levies and fees, royalty and inspections, service levy, business license, dividends and contribution from parastatals and other sources. Non-tax revenue contributes an average of 1.5 percent of GDP per annum. In the past five years, non-tax revenue as a share of GDP has broadly remained constant indicating the need to boost those revenues through sectoral reforms and implement measures for each targeted source as described below.

3.3.1 Royalty and Inspection Fees in Mining Sector

Royalty and inspection fees in mining sector are administered and regulated by the Mining Act, Cap. 123 whereby, royalty rate varies according to mineral type, while clearance or inspection fee is fixed at one percent on gross value of the minerals produced or sold and are imposed on the mineral right holders for mining activities. This revenue stream accounts for more than 90 percent of the non-tax revenue collected in the mining sector. However, collection of the royalty fee is affected by various challenges including: presence of smuggling and illegal business of minerals; delayed implementation of projects due to unfulfilled procedures and lack of supportive infrastructures around the planned projects; weak monitoring of export markets which leads to undervaluation of minerals; lack of competition in mineral trade for gemstones, where buyers and sellers can determine the prices that can undermine Government stakes. The contribution from royalties and fees from artisanal and small-scale miners is around 40 percent but still practice traditional methods of mining which is inefficient in terms of productivity and profitability. Moreover, despite interesting geology and mineral resources potential, large part of the country is still not much explored. High-resolution geophysical survey has covered only 16.0 percent of the country.

The Government intends to address these challenges by:

- i. Strengthening mineral post sales audit and establishing daily benchmark prices for gold sold in foreign markets;*
- ii. Providing incentives to investors in mineral refineries and processing of minerals within the country;*
- iii. Creating conducive environment to small and larger scale miners to sell their minerals to the local refineries;*
- iv. Conducting ethical awareness campaigns to general public and staff and strengthening supervision and patrols to manage illegal mineral trade and transport in order to fight mineral smuggling and illegal businesses;*
- v. Introducing packages for informants and whistle-blowers on most risk areas along country borders and in large mineral production areas for ensuring all minerals are traded in the designated markets;*

- vi. *Establishing an online permit application for quick export permits issuance for reducing human interventions in the process;*
- vii. *Introducing gemstones auction and mineral trade fair for both internal and external dealers;*
- viii. *Building capacity among artisanal and small-scale miners to increase efficiency in mineral production; and*
- ix. *Conducting high-resolution geophysical survey in order to increase the surveyed area from 16 percent to at least 50 percent.*

3.3.2 Land Rent

The Land Act, Cap 113 and its Regulation of year 2015 prescribes procedures for the imposition and administration of land rent. Currently, collection of land rent is administered by the Ministry of Land, Housing and Human Settlement Development in collaboration with the President Office – Regional Administration and Local Government Authority (PO-RALG). Land rent is one of the potential sources of non-tax revenue but for the past three years it contributed an average of 3.7 percent of total non-tax revenue of an average of TZS 2,477.9 billion. Low performance in land rent collection is caused by various challenges including: inefficient land administration; existence of multiple land administration systems which are not integrated leading to long process of issuance of title deeds; and inadequate land use planning, surveying and registration in both urban and rural areas.

To improve situation, the Government intends to:

- i. *Increasing the pace of land planning, surveying and formalization by utilizing new technology (such as satellite and drones);*
- ii. *Expediting the improvement of Land Administration System and maintain a single system;*
- iii. *Enhancing self-service of land rent payment to discourage physical invoicing and payment of the land rent;*
- iv. *Enhancing issuance of control number through simplified channels such as SMS and emails together with reminder messages for easiness of rent payment to encourage compliance;*
- v. *Enhancing land rent collection clinics; and*
- vi. *Expediting clean-up and updating of the land rent database.*

3.3.3 Tourism Charges, Fees and Levies

Tourism sector is one of the key sectors with potential in Tanzania to drive the economy due to the wide range of tourist attractions including national parks, wildlife, conservation areas and beaches. In 2022/23, tourism sector has contributed to around 17 percent of non-tax revenue. Despite this potential, the tourism sector has not

generated enough revenue. Some of the challenges impairing revenue collection from this sector are: failure to capture tourists cost package; high cost of landing and mismatch of information between Ministry of Tourism and Tanzania Immigration Department. Presence of the correct and reliable information will increase contribution of the sector to GDP. The Government intends to:

- i. Develop an information-management system that consolidates data related to tourism sector including collection of vital information such as booked hotel, Sites to visit, agent company and package pledged;*
- ii. Expedite the establishment of One Stop Centre for Tourism;*
- iii. Review revenue collection mechanisms in tourism sector;*
- iv. Review fees and charges on airlines operations in Tanzania airports; and*
- v. Cooperate with Tour operators to determine the tourist package on arrival for taxation purpose.*

3.3.4 Dividend and Contributions from SOEs

State Owned Enterprises (SOEs) are the largest source of non-tax revenue. The office of the Treasury Registrar is mandated to supervise and monitor all public enterprises with Government interests. Over the past three years, the contribution of SOEs indicates growth but some of the enterprises have recorded slow growth hence low contribution to the Government revenue due to status of their operations and increased dependence on Government subventions.

In 2023, the Office of Treasury Registrar (OTR) undertook major reforms, which included repossession of some enterprises, review of Shareholder Agreements, introduction of the Mining (State Participation) Regulation 2020, use of Office of Treasury Registrar Management Information System (OTRMIS), and merging of some enterprises entities, while abolishing unprofitable enterprises. All these measures aimed at restructuring the SOEs to make them efficient and effective. The Government intends to implement revenue measures to ensure that the remaining SOEs contribute substantially to Government revenue.

Dividend Policy is an important instrument setting the proportion of profit after tax to be invested or distributed to shareholders. Absence of Dividend Policy creates loop holes for Board/Management to decide on amount to be paid as dividend regardless of the amount of profit obtained. Under this MTRS, the Government intends to:

- i. Design guidelines for surveillance among the government agencies in managing investment cost for companies where government has stake;*
- ii. Ensure that there is a government dividend policy that will govern all SOEs dividend policies to streamline payment of dividends and unutilized balances to the Government;*

- iii. *Review Shareholder Agreements of all Government joint venture companies by removing unfavorable terms to maximize contribution to Government; and*
- iv. *Review SOEs contribution and establish cluster remittance based on the amount of revenue collection.*

3.3.5 Service Levy

Service levy is imposed in accordance with section 6(U) and 7(Z) of the Local Government Finance Act, Cap 290. It is the largest revenue sources of LGAs as it contributes an average of 25 percent of the total LGAs own source and is charged at the rate of not more than 0.3 percent of turnover excluding excise duty and VAT. As specified in the Local Government Finance Act, service levy is charged to any company or personal with a business license that carries out its activities in the relevant Council Authorities. Despite that performance, service levy faces some challenges such as: incomplete or outdated taxpayers' database, which results in some of the data not being captured effectively and efficiently; and existence of different rates among LGAs. However, for non-financial report keepers, the levy is charged using different tax bands depending on the size and type of the business in each LGA. This brings inequality of payment to different taxpayers; and lack of reliable turnover information.

Therefore, the Government intends to:

- i. *Develop automated taxpayer's database through the use of Geographical Information System to capture all business owners in a particular area/building;*
- ii. *Review the imposition of service levy by introducing a fixed rate of 0.25 percent of turnover excluding excise duty and VAT to ensure equality across LGAs;*
- iii. *Review service levy bands for non-financial report keepers that will be used for all LGAs to ensure equality; and*
- iv. *Enhance collaboration with TRA in sharing taxpayers' turnover information.*

3.3.6 Produce Cess

The produce cess is administered under the Local Government Finance Act, Cap. 290. This constitutes one of the major sources of revenue for many LGAs, especially rural ones. Produce Cess⁴ contributes an average of 14 percent of the total LGAS own source. It is charged to the buyer at the rate of not exceeding 3 percent of farm gate market price. Moreover, for some crops the LGAs are allowed to charge on bands bases for high value crops, which are difficult to measure in tons such as onions and ginger. The main challenge that is associated with the collection of produce cess is the variation of rates across the LGAs within the same region and under declaration and discrepancy of information between cargo transport permit and the actual amount of cargo transported.

In this regard, the Government intends to:

⁴ Turnover tax on agricultural output, charged by LGAs at a given rate of the farm-gate price

- i. Develop uniformity of revenue assessment and collection methods for produce cess at a regional level;*
- ii. Enhance verification of information on cargos transported; and*
- iii. Enhance awareness creation to produce cess collectors and traders.*

3.3.7 Property Tax

Property tax is an annual tax payable by ratable property owners with respect to the properties. The tax is governed by the Local Government Finance Act, Cap. 290 and the Local Government Authorities (Rating) Act, Cap. 289. This is regarded as one of the non-tax high revenue potential sources. However, the collection from this source was TZS 43.5 billion in 2022/23, which is below the estimated potential of TZS 185.4 billion. Since 2017/18, the tax is charged at flat rates contrary to its principles of wealth, which can be achieved only by charging based on property valuation. Moreover, the tax is collected through TANESCO for properties with LUKU meters and by using control numbers for non LUKU properties. However, there are still many properties which are not reached by PO-RALG especially those with no LUKU meters.

To increase efficiency of collection of this source, the government intends to:

- i. Enhance the improvement of Local Government revenue Collection System (TAUSI) to enable reaching all retable property;*
- ii. Develop valuation database by conducting Mass Valuation of properties throughout the country;*
- iii. Enhance the use of Geographic Information System (GIS) in data collection to enable capturing of all retable properties including number of floors; and*
- iv. Review tax rate structure of property tax.*

3.3.8 Billboard Fee

These are fees for the large and small outdoor advertising posters. The amount payable is determined with respect to size, nature and visual design of the billboard. Development in ICT has triggered online business and advertisement that give opportunity for the Government to collect revenue. The following policy measures aimed at widening the base of collecting billboard revenue by inclusion of online business posters and review the billboards' rate's structure. To increase revenue collected from this source, the Government intends to:

- i. Introducing fees for online posters; and*
- ii. Collaborating with other sectors in recognition and registration of online business and posters for charge.*

3.3.9 Business License Fees

Issuance of business license are governed by the Business Licensing Act, Cap. 208, but offered by different institutions in the country. However, the law did not cover online

businesses, hence create a loophole for online traders. To ensure that, the Government keeps up with global advancements in business technology, it is recommended to review the Business Licensing Act, Cap. 208 to include online business.

3.3.10 Other Measures of Non-tax Revenue

Imposition of fees and levies is prescribed in various legislation administered by various entities, so there are no standardized criteria for imposition and review of these fees and levies. In this regard, the Government intends to:

- i. Developing guidelines on the imposition and management of non-tax revenue sources;*
- ii. Reviewing the fees and levies charged by MDAs and LGAs; and*
- iii. Developing effective framework, policy, and law for domestic interagency cooperation and information sharing.*

3.3.11 Promoting Cashless Economy

Cashless economy is an economic system in which transactions are made without the use of physical currency, such as banknotes and coins. Instead, electronic payment methods such as debit cards, credit cards, mobile payments, and online banking are used. To take the opportunities coming with a cashless economy, the Government intends to:

- i. Developing a policy/strategy to stimulate the cashless economy; and*
- ii. Reducing transaction costs on electronic transactions.*

3.4 ADMINISTRATIVE REFORM MEASURES

3.4.1 Overview

In the medium-term, the Government through MTRS will implement revenue administrative measures to enhance efficiency in tax and non-tax revenue collections. These measures aim at strengthening revenue mobilization, promoting voluntary compliance, and broadening tax and non-tax bases. In this regard, the Government will boost its revenue collection efforts through the following administrative measures:

3.4.2 Formulation of National Tax Policy

In Tanzania, there is a need to develop documented National Tax Policy that guides formulation and implementation of revenue mobilization initiatives. The policy will provide guidelines that regulate taxation and form the basis for tax legislation, review, development, and administration.

3.4.3 Automate and Interface Revenue Management Systems

The Government has undertaken several initiatives to incorporate the use of ICT in the collection and management of revenue. One of the key initiatives is the development and usage of GePG, which facilitates the collection of Government revenue electronically. To enhance automation and integration of revenue collection systems, the Government intends to:

- i. Harmonizing and interfacing tax and non-tax revenue collection agency systems;*
- ii. Developing a universal billing system;*
- iii. Expediting the use of single control numbers by MDAs and LGAs that provide related services;*
- iv. Expediting the integration of IDRAS and TANCIS;*
- v. Conducting regular data matching exercises using the Data Ware-House Enterprise Resource Plan;*
- vi. Integrating MUSE and iTAX (IDRAS) and TAUSI system for taxing purpose;*
- vii. Developing capacity-building programs on emerging areas in the digital economy;*
- viii. Develop simplified tax return and filing system/modules/templates including developing an application suitable for small taxpayers;*
- ix. Automating management of non-filers and late payers to generate reminders automatically; and*
- x. Developing individual skills in analytics of large data sets, either through training of internal staff, hiring individuals, or through external support.*

3.4.4 Strengthen Compliance Risk Management Framework

Risk management is an integral part of modern revenue administrations. Performance improves when risks to revenue administration operations are identified and

systematically managed. Compliance risk management tools should be enhanced and modernized to meet the emerging needs of modern revenue administration. The following are measures to be implemented to strengthen compliance risk management:

- i. Improve the monitoring of tax and non-tax revenue collection risk assessment;*
- ii. Develop control mechanisms to detect and prevent risk in revenue collection using large integrated data sets and focused compliance activities;*
- iii. Review the existing VAT minimum standards for the registration and deregistration of taxable persons;*
- iv. Develop a risk management tools on registration, filling and payment to combat fraud schemes;*
- v. Develop a multi-year compliance improvement plans for taxpayer; and*
- vi. Introduce new reverse-charge mechanisms to counter VAT fraud.*

3.4.5 Strengthen Taxpayer Registration

The key functions of any tax administration among others includes registration of taxpayers, tax assessment, and accounting for assessed taxes.

Taxpayer registration is a crucial first step in tax administration without which, other tasks cannot be completed. The willingness of businesses to register for taxes and the presence of a reliable database of registered taxpayers are key factors that determine the effectiveness of tax administration. The existing challenges in this area include: credibility of the taxpayers' register, effectiveness of the block management system, remoteness of some taxpayers which poses difficulties in reaching them for assessment, existence of large informal sector, lack of compliance of local staff employed in diplomatic mission, change of taxpayers' information without notifying TRA, inability to access the taxpayers' information system directly during physical surveys, invalid taxpayer contacts and low level of taxpayer education.

To enhance registration, the Government intends to:

- i. Establish more tax centers in areas with growing economic activities;*
- ii. Identify and register local staff employed by diplomatic missions and international organizations in Tanzania for taxation purposes;*
- iii. Update and clean taxpayer register regularly;*
- iv. Establish an integrated system that will be connected with all Government institutions revenue system and utilize third party data to identify unregistered taxpayers and validate taxpayers information; and*
- v. Synchronize efforts on registration of informal sectors and taxpayers' identification amongst government institutions.*

3.4.6 Strengthening Management of Tax Exemptions and Concessions

In Tanzania, there are significant levels of tax exemptions and reductions. Despite efforts to decrease the number of exemptions, new ones are consistently introduced each year. These tax exemptions serve various purposes, are granted by different institutions, and are based on different legal grounds. They include exemptions aimed at attracting investments to stimulate growth and job creation—generally or in specific sectors. Other reasons for providing exemptions include: promotion of certain social service delivery, enhancing food security, honouring international commitments and promoting investment in other strategic areas.

There is insufficient data regarding the number of beneficiaries, value of granted exemptions, number of jobs created, as well as the costs in terms of revenue losses and potential benefits realised from the exemptions. In addition, there is not enough information about the processes and transparency of exemption granted. The legal framework supporting tax exemptions also requires assessment to identify potential loopholes. The government intends to:

- i. Undertake a study to establish a benchmark for an optimum level of tax system in Tanzania;*
- ii. Develop a comprehensive tax expenditure database and models for effective tax expenditure management (forecasting, reporting, monitoring, and evaluation); and*
- iii. Enhance the capacity to manage, analyze, monitor, and evaluate the effectiveness of exemptions and concessions.*

3.4.7 VAT Refund Process Enhancement

The government has improved the efficiency of the VAT refund payment process to reduce the stock of outstanding refunds. The initiatives undertaken include; the introduction of e-filing for VAT returns making it easy for taxpayers to submit refund claims online; monitoring the stock of outstanding refunds and mounting a leveraged effort to reduce the balance of unpaid refunds. Despite the aforementioned initiatives, still there are some challenges associated with the verification process of refund claims including forged receipts. To improve efficiency in the refund process, the Government intends to:

- i. Enhance the pre-refund audit to high-risk refund claims and post refund audits for claims of lesser perceived risks refund claims;*
- ii. Enhance the channels of communication in order to provide clear information to taxpayers on their rights and obligations for making a refund claim;*
- iii. Develop a standard to demarcation for high-risk and low risk refund claimers;and*
- iv. Develop and apply an electronic tax invoice management system to enable real-time monitoring of transactions to facilitate the refund claims process.*

3.4.8 Strengthen Taxation of the Digital Economy

Businesses are changing their operating models to embrace modern technology and pursuing initiatives to create new business opportunities. This brings about both challenges and opportunities to revenue administration as technological advancement opens up new opportunities to deliver goods and services online. The Government intends to implement the following to enhance revenue collection from the digital economy:

- i. Identify and register eligible resident and non-resident electronic service providers operating digital businesses;*
- ii. Design and introduce a system for monitoring and enforcing tax and non-tax compliance with digital business;*
- iv. Establish a coordination center for digital economy;*
- v. Develop strategy to enhance financial system integration. The strategy among others should facilitate access and exchange of information between Government institutions and financial institutions to ensure availability of third-party information;*
- vi. Introduce the link between BOT and TRA through a swift system to capture the online transactions that are not easily traced such as Air BnB transactions and some of the transactions on Transfer pricing;*
- vii. Enhance training in the use of modern digital tools to TRA, MDAs and LGAs staff responsible for assessment and revenue collection; and*
- viii. Conduct economic impact assessment and research on implications of OECD's two pillar solution and Digital Service Tax (DST), and suggest policy reforms.*

3.4.9 Strengthen Customs Administration

Revenue collection and a balance between facilitation and enforcement of international trade are among the core functions of the customs administration in supporting the Government budget. International trade operations are highly affected by smuggling, dumping practices, misclassification, and under-declaration of goods. All these pose challenges to balance between facilitating legitimate trade and enforcement activities. To address these challenges, the Government intends to implement various initiatives to boost revenue collection including:

- i. Modernization of customs processes (TANCIS modules, auto-valuation of goods);*
- ii. Conduct an end-to-end review of custom processes and identify synergies between border agencies;*

- iii. Develop enforcement strategy that integrates anti-smuggling, Post Clearance Audit and investigation activities focusing on higher-risk commodities, and known non-compliant traders, importers and their agents;*
- iv. Improve international cooperation and collaboration, especially in sharing of information for taxation purposes;*
- v. Conduct capacity development for border control agencies;*
- vi. Review the Post Clearance Audit (PCA) case selection process and ensure it highlights a clear distinction between the different types of audits to be performed and includes guidelines for dealing with non-compliance;*
- vii. Review and amend the AEO Program to improve its operationalization;*
- viii. Establishing a customs laboratory; and*
- ix. Improve the monitoring control center (dashboard).*

3.4.10 Strengthening Tax Awareness

Tax awareness has significant impact to taxpayer's compliance. In order to increase level of tax compliance, tax knowledge plays the important role. Therefore, taxpayer education is an area identified under the MTRS that should be enhanced in order to increase tax compliance.

Among the challenges facing taxpayers are low level of understanding of tax related issues, such as tax laws and regulations to facilitate voluntary tax payment. To address these challenges, the Government intends to implement various initiatives to boost revenue, including;

- i. Ensuring availability of detail tax programs that suits taxpayers of all levels;*
- ii. Enhancing taxpayer outreach programs to cater for their needs;*
- iii. Conducting tax awareness to high and mid- level public officials;*
- iv. Introducing tax studies in primary and secondary school's curricula;*
- v. Improving communication on tax matters including obtaining regular and effective feedback; and*
- vi. Conducting zonal and national tax forums.*

3.4.11 Strengthen Tax Audit

Tax audits is crucial for revenue purposes as it ensure compliance with tax laws, detect and deter tax evasion. It helps to identify discrepancies and enforce accurate reporting, which in turn increases tax revenue collection. Moreover, effective tax audits can uncover systemic issues and inefficiencies, guiding policy adjustments to further improve revenue mobilization. Presence of weakness in tax audit, lead to the challenges of rampant tax evasion and underreporting, which lead to substantial revenue losses. The lack of rigorous auditing undermines the credibility of the tax system, reducing voluntary compliance as taxpayers perceive a low risk of detection. To enhance the tax auditing process, the Government intends to:

- i. *Build capacity of tax auditors to enable them to audit the financial reports of both national and multinational taxpayers;*
- ii. *Strengthen monitoring of the audit program and regularly assess the impact of audit programs on compliance; and*
- iii. *Strengthen the mechanisms to follow up on issues raised in audit reports.*

3.4.12 Create a strong positive image and perception

Recognizing the importance of revenue collection agencies in economic development and fiscal sustainability, it is crucial to foster a positive image and perception of these agencies. Currently, the public's low knowledge of tax and non-tax laws leads to negative perceptions, viewing these agencies as corrupt⁵, forceful⁶, unfriendly, lacking transparency on procedures and how the revenue is spent. To address this, the MTRS aims to improve client service and form strategic partnerships with stakeholders to enhance public understanding and support. the Government intends to:

- i. *Enhancing good governance and transparency of revenue collection agencies;*
- ii. *Conducting regular perception survey to obtain taxpayers feedback;*
- iii. *Developing and implementing rebranding strategy for all revenue collecting agencies including:*
 - a) *Publishing tax law reports for public consumption; and*
 - b) *Improving the communication strategy.*

3.4.13 Implement Anti-Corruption Strategies and Action Plan

The Government developed the National Anti-corruption strategy which includes specific action plans for all MDAs and LGAs to fight corruption in the given national context. In continuing to implement anti-corruption strategies, the Government intends to conduct ethical awareness campaigns to staff and take appropriate actions against unethical behavior.

3.4.14 Enhance Taxation of the Informal Sector

The informal sector produces more than half of Tanzania total economic output and accounts for 75 percent of the total employment.⁷ In particular, it provides a major source of employment for youth and women since entry into this sector is generally easy. The sector is categorized by high level of under-regulated businesses

⁵ Fjeldstad, O, et al (2009), *"Maybe we should pay tax after all? Citizens' views on taxation in Tanzania"*

⁶ Kiunsi, H. B (2022), *"Watching the Watcher: Evaluating the Tanzania Revenue Authority in Its Administration of Tax"* (page 67)

⁷ Informal Sector Survey, 2019 key findings Dar es Salaam Region, NBS

characterized by cash transactions and inadequate record keeping. The informal sector tax challenges entail noncompliance with the law that makes it difficult for taxing the income generated by the sector. However, the informal sector partly consists of thriving enterprises that is intentionally dodging compliance of tax and non-tax laws including commercial farms who operate informally.

Basing on the survey conducted by National Bureau of Statistics in 2019 (NBS) it is revealed that Dar es Salaam region hosts more than 1,023,520 informal sector operators. Analysis of the distribution of informal sector by industry indicates that wholesale and retail trade; repair of motor vehicles and motorcycles has the highest proportion (47.6 percent) of the total informal sector operators. Administrative and support services activities account for the smallest proportions of informal sector operators (0.1 percent).

Furthermore, it is revealed that the current capital investment in the informal sector by informal operators located in Dar es Salaam amounted to TZS 901.5 billion. Industries with the largest current capital investment were: - whole sale and retail trade, repair of motor vehicles and motorcycles (TZS 346.6 billion), agriculture, forestry and fishing (TZS 188.7 billion) and accommodation and food services activities (TZS 81.1 billion). The average current capital investment per informal sector operator was TZS 880,830.

Informal sector in Tanzania amounts about half of the total output productivity and capital formation. The total annual value added in goods and services produced in informal sector in Dar es Salaam was TZS 6.2 trillion. The largest proportion of value added are in wholesale and retail trade, repair of motor vehicles and motorcycles (48.1 percent) followed by agriculture, forestry and fishing with 9.9 percent.

The Tanzania informal sector is reflected in the many small and micro-businesses that thrive in cities and villages. Notwithstanding the push for a significant increase in taxpayer registrations, some of the potential taxpayers are outside the scope of the tax system and regulatory frameworks which affects the benefits that come from operating in the formal economy. The analysis made for Dar es salaam region is evidence that the informal sector poses as a potential economic sector and if well managed can contribute substantially to Government revenue. It is therefore recommended for the Government to institute policy and administrative measures to include the informal sector in the tax base. The Government intends to:

- i. Enhance identification, registration, and regulate small enterprises/traders for taxation purposes;*
- ii. Improve collaboration and sharing of information between Government institutions and the private sector;*
- iii. Review and improve Block Management System;*
- iv. Develop a strategy for identifying, registering, and taxing commercial farms;*
- v. Incentivize operators in the informal sector through soft loans to attract them and formalize their business and properties;*

- vi. *Build taxpaying culture and tax compliance through awareness campaigns; and*
- vii. *Conduct a comprehensive survey of the informal sector so as to identify and categorize the sector, developing a tailored tax structure that acknowledges their unique circumstances.*

3.4.15 Enhance Local Content in Public Procurement

It is provided in the Law of Public Procurement Act, Act No 10 of 2023 that the procuring entity clearly state in the tender document that Tanzania contractors or consultants shall be eligible to be granted a margin of preference under certain conditions prescribed by the Law. This local content requirement has not been complied with by several Government institutions, so there is need to strengthen the implementation of the law to enable the Government and Tanzanian to benefit from public sector procurements. To enhance the tax base, the Government intends to emphasize:

- i. *Enforce the law on the margin of preference for the public procurement; and*
- ii. *Capacitate individuals and firms to acquire local tenders.*

3.4.16 Strengthen Monitoring of Consolidators

The process of importing goods into the country by sharing container (consolidation and de-consolidation) is in accordance with the Tanzania Shipping Agency (TASAC) (cargo Consolidator and De-Consolidator Regulation), GN No. 337 of 2018. The procedure existed for many years and recognized by the World Customs Organization (WCO) and The World Trade Organization (WTO) with the main goal of facilitating small and medium traders who normally import cargo in small quantities and share the container. The process of sharing container is facilitated and coordinated by consolidators. It is noted that, the process has led to Government revenue loss due to deliberate non deconsolidation of the cargo upon arrival of the container. This causes the owners of the cargo to deny issuance of EFD receipt on their sales because they don't have proof of importing cargo. As the result, they don't have receipts to claim back the VAT paid. The Government intends to:

- i. *Expediate the interface between IDRAS and TANCIS to enable inventory tracking; and*
- ii. *Enforce custom law to ensure consolidators and de-consolidators clear cargos of their clients using the TIN of the cargo owners instead of consolidators TIN.*

3.4.17 Improvement of Voluntary Tax Compliance

The task of motivating taxpayers to pay taxes voluntarily is difficult and yet important aspect that needs to be addressed in the preparation of this MTRS. The low response of the taxpayers to demand and issue the right receipts causes a burden to the community and inability of the Government to finance the Government expenditure. Despite of the Government efforts to conduct tax education and door to door outreach,

compliance has not shown a corresponding increase. The Government intends to implement the following incentives to increase voluntary compliance:

- i. Patriotism award through lottery system;*
- ii. Patriotism award through Tuzo point; and*
- iii. Review the presumptive tax system by developing simplified form/template to enable record keeping.*

3.4.18 Strengthening Non-Tax Collection in Major Economic Activities

3.4.18.1 Fisheries Sub-Sector

The fishery industry is among the most important economic sub sectors in Tanzania and it remains a key source of employment, food security, and revenue for the Government. The contribution of the sector to Gross Domestic Product (GDP) for the past five years has been fluctuating between 1.6 and 1.8 percent, which is still low compared to the available fisheries resource potential (Ministry of Livestock and Fisheries, 2021). The growth of the sector is not reflected in the increase in revenue collection. The fishery subsector faces various challenges including: majority of fishers and vessels are not registered for taxation purposes; low investment in deep sea fishing; illegal fishing and illegal trade of fishery products.

Thus, concerted efforts are needed to capture all the revenue streams generated from this sector. To strengthen collection of revenue from this sector, the Government intends to:

- i. Ensure all fish markets and landing sites are registered for monitoring;*
- ii. Implement the law by establishing beach management community;*
- iii. Attract access to finance in fishing sub-sector through PPP;*
- iv. All licenses and permits applications should be accessible and performed through the online application;*
- v. Fast track registration of fishers and vessels in cooperation with Government agencies;*
- vi. Establish mechanism to tax international companies fishing in Tanzania deep sea zones; and*
- vii. All pre-approval licenses, permits and forms should be abolished in order to facilitate investment and trade in the fisheries sub-sector.*

3.4.18.2 The Forestry Sub-Sector

At the national level, the contribution of forests to GDP is estimated at 2.7 percent. The sector is estimated to provide about 3 million people-years of employment. There is growing trend for exports of logs to convert them into timber sheet in order to avoid compliance of the law than ban or prohibit export of logs. To enhance revenue and strengthening forestry sector, the Government intends to:

- i. Impose export levy of 10 percent on export of timber sheet and wood powder;*
- ii. Introduce online auctioning of the forest products and the application of the permit and charging of fees through online platforms;*
- iii. Introduce QR code stickers on timbers and logs; and*
- iv. Introduce withholding tax of 2 percent on timber.*

3.4.18.3 Livestock Sub-Sector

Livestock contribution to GDP is about 6.7 percent in 2022 with annual growth rate of 5.0 percent. The objective of livestock policy is to produce and supply raw materials including, livestock by-products and residues for local industries. Communities often practice traditional methods of cattle farming which can be inefficient in terms of productivity and profitability. In addition, the existing meat processing plant in the country are operating below the established capacity (less than 30 percent) due to lack of sufficient raw materials and poor quality of livestock. Other challenges include weak monitoring and tracking of trade in livestock products including hides and skins, milk and milk products and importers and exporters of livestock products. To increase revenue from this sector, the Government intends to:

- i. Enable information sharing for registered meat stores between Tanzania Meat Board and TRA for taxation purposes;*
- ii. Enable information sharing for registered milk processors and traders between Tanzania Dairy Board and TRA for taxation purposes;*
- iii. Develop a strategy for improving commercialization of livestock subsector;*
- iv. Enhance monitoring and control of hides and skin trade; and*
- v. Conduct awareness campaign, improve control of smuggling and black market of livestock.*

3.5 LEGAL REFORM MEASURES

3.5.1 Consolidation of Tax Law Amendments

The Government undertakes amendments of revenue laws in every financial year through the Finance Act. The amendments undertaken are not incorporated in the principal act immediately after enactment of the respective Finance Act. The last revision of tax laws was conducted in 2019. Consequently, there are difficulties in cross-referencing tax laws.

The Government will consolidate revenue laws amendments and regulations by the end of August in every financial year. The consolidation of revenue laws will simplify and reduce administration costs.

3.5.2 Enactment of Tax Exemption Act

The Government is granting tax exemption to entities and individuals under several tax laws. There is a need to enact tax exemption law to simplify the administration and

monitoring of exemptions and hence minimize revenue leakages. The current system has provided room for one entity to enjoy multiple exemptions granted through various tax laws. To address the aforementioned challenge, the Government intends to harmonize and enact a law that grants and administers tax exemptions.

3.5.3 Transfer Pricing

Following the developments in international taxation including revised guidance on the application of the transactional profit method approved by the Inclusive Framework on BEPS in 2018, the guidance for tax administrations on the application of the approach to hard-to-value intangibles agreed in 2018, as well as the new transfer pricing guidance on financial transactions approved in 2020. It is recommended to review the Tax Administration Transfer Pricing Regulation and Guidelines to accommodate the developments that have been taking place under the OECD and UN.

3.6 REVENUE IMPLICATIONS FOR THE PROPOSED MEASURES

The revenue implications stemming from tax and non-tax measures for the MTRS is pivotal in comprehending the multidimension approach to fiscal management and resource mobilization. The revenue measures are expected to yield a total of 0.75 percent of revenue to GDP equivalent to TZS 1,810,810.89 million in the first year of implementation of the strategy. In the second year, the revenue is expected to yield a total of 1.14 percent of revenue to GDP equivalent to TZS 3,066,276.80 million. In the third year, the revenue is expected to yield 1.16 percent of revenue to GDP which is equivalent to 3,474,040.17 million. **Table No. 3.1** and **Table No. 3.2** shows a comprehensive breakdown of projected revenue.

Table No 3.1: Revenue Impact on Tax and Non-Tax Policy Measures

						Million TZS	
S/N	Revenue Stream	Specific Policy Measure	2024/25 Baseline	2025/26	2026/27	2027/28	
Tax Measures							
1	Presumptive Tax	Review the presumptive tax system by developing simplified form/template to enable record keeping. <i>Note: Shift to administrative measures</i>	N/A	N/A	143,198.15	157,091.92	
2	Withholding Tax	Introduce a digital asset tax (withholding tax) of 3% on business transaction of Cryptocurrency/ NFT	N/A	N/A	N/A	759.13	
3	Processing fee	Introduce Processing fee levy of 0.5% on the customs value of the exemption being provided to investors under TIC	N/A	N/A	60,781.43	70,592.54	
4	Export Duty	Export duty levy on Veneer sheets	N/A	N/A	18,519.87	20,960.38	
5	Value Added Tax	- Review VAT exemptions and relief regime.	N/A	N/A	741,770.98	831,206.50	
Sub Total			-	-	964,270.43	1,080,610.47	
Non-Tax Measures							
6	Land Rent	- Conduct proper management of land records through system; and - Effectively automate assessment and payment of land rent and discourage physical assessment.	106,300.00	115,730.00	125,160.00	143,327.50	
7	Service Levy	- Enhance the use of Geographical Information System to capture all information related to tax payers; - Impose a fixed service levy rate of 0.25 percent across the country ; and	114,753.54	125,891.20	135,024.96	138,335.39	
8	Produce cess	- Develop uniformity of revenue assessment and collection methods for produce cess at a regional level - Enhance verification of information on cargos transported - Enhance awareness creation to produce cess collectors and traders.	23,791.48	26,840.88	29,890.28	32,939.68	
9	Property tax	- Improving TAUSI system to capture collection of property tax. - Conduct mass valuation of properties throughout the country. - Enhance the use of GIS in data collection to enable capturing	80,433.96	100,166.24	115,498.01	228,585.03	
10	Bill Board Fee	Widening the base of collecting billboard by inclusion of online business posters	N/A	N/A	1,709.72	1,819.00	
11	Royalty and Inspection Fees in Mining Sector	- Strengthening post audit and establish daily benchmark prices for gold sold in foreign markets; - To conduct High Resolution Geophysical Survey to increase surveyed area from 16% to at least 50% - Capacitation of artisanal small-scale miners in order to comply with mineral acts and regulations that exist. - Strengthen supervision and patrols to manage illegal mineral trade and transport; - Enhance mineral trade transparency and revenue by introduce gemstones auction and mineral trade fair for both internal and external dealers	N/A	N/A	87,985.70	97,899.13	
12	Tourism Charges, Fees and Levies	To review tourism business process for taxation purpose	451,007.27	553,730.39	623,348.09	652,413.58	
13	Dividend and Contributions from SOEs	- Design guidelines for surveillance among the government agencies in managing investment cost for companies where government has stake. - Government dividend policy that will govern all SOEs; - Review Shareholder Agreements of all Government joint venture companies by removing unfavorable terms to maximize contribution to Government; - Review SOEs contribution and establish cluster remittance based on the amount of revenue collection.	108,505.64	120,794.08	123,966.24	133,767.38	
14	Other measures of non-tax revenue	- Develop guideline on the imposition and management of revenue sources; - Review of fees and levies charged by MDAs, - Develop effective framework, policy, and law for domestic interagency cooperation and information sharing.	95,733.25	105,889.19	115,098.18	124,450.21	
Sub Total			980,525.14	1,149,041.97	1,357,681.19	1,553,536.89	
Administrative Measures			553,031.23	661,768.92	744,325.19	839,892.81	
Grand Total			1,533,556.38	1,810,810.89	3,066,276.80	3,474,040.17	
<i>GDP(mp)</i>			<i>217,007,794.00</i>	<i>240,730,720.00</i>	<i>268,122,166.00</i>	<i>299,710,027.00</i>	

Table No 3.2: Revenue Impact on Tax and Non-Tax Policy Measures as a percentage

S/N	Revenue Stream	Specific Policy Measure	As a % of GDP			
			2024/25 Baseline	2025/26	2026/27	2027/28
Tax Measures						
1	Presumptive Tax	Review the presumptive tax system and introduce payment of tax on net income by all non-corporate businesses, using standard personal income tax brackets and rates, based on either actual or estimated net income, and repeal the existing presumptive tax scheme.	N/A	N/A	0.05%	0.05%
2	Withholding Tax	Introduce a digital asset tax (withholding tax) of 3% on business transaction of Cryptocurrency/ NFT	N/A	N/A	N/A	0.00%
3	Processing fee	Introduce Processing fee levy of 5% on the customs value of the exemption being provided to investors under TIC	N/A	N/A	0.02%	0.02%
4	Export Duty	Export duty levy on Veneer sheets	N/A	N/A	0.01%	0.01%
5	Value Added Tax	- Review VAT exemptions and relief regime.	N/A	N/A	0.28%	0.28%
Sub Total			0.00%	0.00%	0.36%	0.36%
Non-Tax Measures						
6	Land Rent	- Conduct proper management of land records through system; and - Effectively automate assessment and payment of land rent and discourage physical assessment.	N/A	N/A	0.05%	0.05%
7	Service Levy	- Enhance the use of Geographical Information System to capture all information related to tax payers; - Impose a fixed service levy rate of 2.5 percent across the country;	0.05%	0.05%	0.05%	0.05%
8	Produce cess	- Develop uniformity of revenue assessment and collection methods for produce cess at a regional level - Enhance verification of information on cargos transported - Enhance awareness creation to produce cess collectors and traders.	0.01%	0.01%	0.01%	0.01%
9	Property tax	- Improving TAUSI system to capture collection of property tax. - Conduct mass valuation of properties throughout the country. - Enhance the use of GIS in data collection to enable capturing of all retable properties including number of floors; and - Review property tax structure.	0.04%	0.04%	0.04%	0.08%
10	Bill Board Fee	Widening the base of collecting billboard by inclusion of online business posters	N/A	N/A	0.00%	0.00%
11	Royalty and Inspection Fees in Mining Sector	- Strengthening post audit and establish daily benchmark prices for gold sold in foreign markets; - To conduct High Resolution Geophysical Survey to increase surveyed area from 16% to at least 50% - Capacitation of artisanal small-scale miners in order to comply with mineral acts and regulations that exist. - Strengthen supervision and patrols to manage illegal mineral trade and transport; - Enhance mineral trade transparency and revenue by introduce gemstones auction and mineral trade fair for both internal and external dealers	N/A	N/A	0.03%	0.03%
12	Tourism Charges, Fees and Levies	To review tourism business process for taxation purpose	0.21%	0.23%	0.23%	0.22%
13	Dividend and Contributions from SOEs	- Design guidelines for surveillance among the government agencies in managing investment cost for companies where government has stake. - Government dividend policy that will govern all SOEs; - Review Shareholder Agreements of all Government joint venture companies by removing unfavorable terms to maximize contribution to Government; - Review SOEs contribution and establish cluster remittance based on the amount of revenue collection.	0.05%	0.05%	0.05%	0.04%
14	Other measures of non-tax revenue	- Develop guideline on the imposition and management of revenue sources; - Review of fees and levies charged by MDAs, - Develop effective framework, policy, and law for domestic interagency cooperation and information sharing.	0.04%	0.04%	0.04%	0.04%
Sub Total			0.45%	0.48%	0.51%	0.52%
Administrative Measures			0.25%	0.27%	0.28%	0.28%
Grand Total			0.71%	0.75%	1.14%	1.16%

CHAPTER FOUR

IMPLEMENTATION AND INSTITUTIONAL ARRANGEMENT OF THE MTRS

4.1 Implementation of the MTRS

Implementation of the initiatives outlined in the MTRS is expected to significantly increase revenue mobilization. This will be done through execution of initiatives which fall under three categories of policy, legal and administration. The aforementioned initiatives will be implemented by the Government in collaboration with key stakeholders including private sector and development partners. The modality for implementation will be collaborative and consultative in order to increase effectiveness, efficiency, accountability and transparency.

The budget for implementing MTRS is divided in every financial year of implementation of revenue mobilization measures. The budget for implementation of the measures in the first year is projected to 22,892,500,000 shillings; second year is 20,066,250,000 shillings and the final year of implementation is 11,285,700,000 shillings. Implementation of strategy will be through allocated budget of Government Institution in their revenue mobilization strategies. The implementation matrix is attached as **Annex 2**.

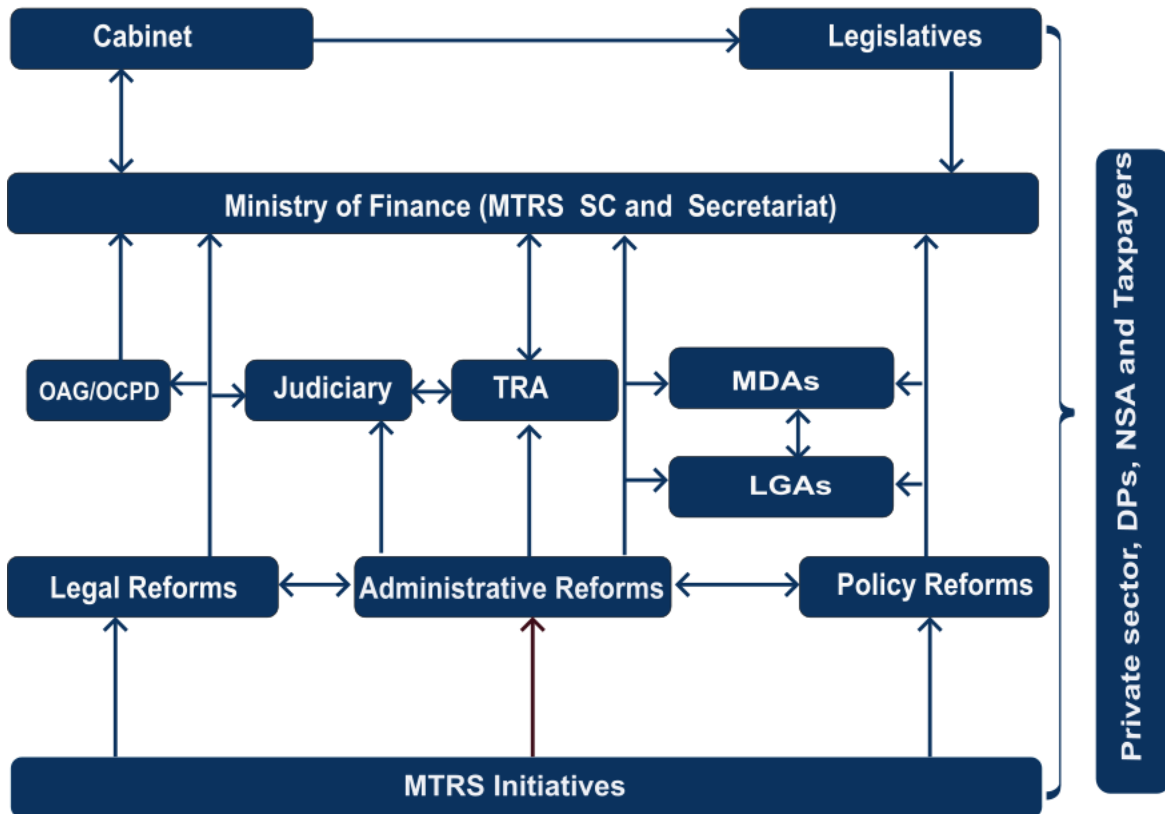
The following are important assumptions for implementing MTRS:

- i. Macroeconomic resilience;
- ii. Strong collaboration exists among tax collection agencies;
- iii. Active engagement and buy-in from key stakeholders, including policymakers, revenue collecting agencies, DPs and taxpayers;
- iv. Adequate resources, including funding, staff, and technology;
- v. Reliable and timely data available for monitoring and evaluation;
- vi. Strong fiscal discipline throughout implementation of MTRS;
- vii. Accuracy of data for effective implementation and monitoring of MTRS;
- viii. Sufficient capacity within the revenue agencies and other relevant institutions to implement and monitor MTRS;
- ix. Strong political will to implement interventions embedded in the MTRS;
- x. There is a mechanism in place to identify and manage risks that may affect the implementation of MTRS;
- xi. Limited disruptions in civil, political, or social spheres that hinder implementation; and
- xii. Limited disruptions caused by emergencies or natural disasters.

4.2 Institutional Arrangement

The institutional arrangement refers to administration and coordination of stakeholders participating in the implementation of MTRS. The key stakeholders include Sector Ministries, Independent Departments, Government Agencies, Regional Secretariats, Local Government Authorities, Development Partners (DPs), Private Sector and Non-State Actors (NSA) (Figure 4.1). These stakeholders will be responsible for the implementation of MTRS through their strategic plans. Besides, the Ministry of Finance will be responsible for coordinating MTRS implementation through the Steering committee, Technical Committee and MTRS Secretariat (Annex 3).

Figure 4.1: Proposed Institutional Framework for MTRS



4.3 Roles and Responsibilities of MTRS Actors

4.3.1 Ministry of Finance

- i. Mobilization of resources for MTRS implementation.
- ii. Coordinate all key stakeholders involved in implementation of the MTRS and lead the review of reforms related to MTRS;
- iii. Work with the Office of the Attorney General and the Office of the Chief Parliamentary Draftsman to make all required legal changes to facilitate implementation;
- iv. Lead sensitization of stakeholders on the MTRS;
- v. Monitoring and Evaluation of MTRS implementation;
- vi. Provide annual progress reports on implementation of MTRS; and

- vii. Integrate non tax revenue systems from MDAs and LGAs to access data and necessary information for proper implementation of MTRS.

4.3.2 Tanzania Revenue Authority

- i. Administration and enforcement of tax laws which are in line with MTRS;
- ii. Conduct taxpayers' education and awareness on tax changes emanating from the implementation of MTRS;
- iii. Provide necessary information and data for proper implementation of MTRS;
- iv. Ensure requisite staff capacity for effective tax administration;
- v. Advise the Ministry of Finance (Steering Committee) on matters relating to the administration and mobilization of revenue;
- vi. Perform functions related to revenue mobilization/collection as required by the law; and
- vii. Collaboration with other stakeholders including Government agencies and private sector.

4.3.3 Ministries, Departments and Agencies (MDAs), and Local Government Authorities (LGAs)

- i. Implement the MTRS initiatives in collaboration with Ministry of Finance and other key stakeholders;
- ii. Administration and enforcement of non - tax revenue measures in line with MTRS;
- iii. Provide data and necessary information for proper implementation of MTRS; and
- iv. Advise the Ministry of Finance (Steering Committee) on matters relating to the administration and mobilization of non-tax revenue.

4.3.4 Judiciary

- i. Interpretation of tax and non – tax laws and regulations;
- ii. Ensure tax and non - tax decided cases are publicly available through the website of Judiciary; and
- iii. Ensure resolutions of tax and non - tax disputes.

4.3.5 Legislative

Enacting the laws and vetting the regulations required for implementation of MTRS.

4.3.6 Private Sector and Other Non – State Actors

- i. Providing opinions and advice during the review of laws and policies for implementation of MTRS;
- ii. Providing opinions and recommendations for effective implementation of MTRS; and
- iii. Complying with tax laws and pay due taxes.

4.3.7 Office of the Attorney General (OAG)

- i. Providing legal opinions on provision of various laws and court rulings; and
- ii. Providing legal clearance on various MoUs and agreements relating to revenue matters.

4.3.8 Office of the Chief Parliamentary Draftsman (OCPD)

- i. Collaborating with key stakeholders on legislative drafting during the amendment of various tax and non - tax laws associated with MTRS;
- ii. Facilitating the submission of legislation related to revenue strategies to the National Assembly; and
- iii. Collaborating with key stakeholders to translate, revise and scrutinize legislation related to MTRS.

4.3.9 Development Partners

- i. Providing additional financial and technical support during the implementation of the MTRS;
- ii. Facilitating capacity building initiatives within the MTRS as well as participating in monitoring and evaluation; and
- iii. Providing opinions and recommendations for effective implementation of MTRS.

4.3.10 Academic and Research Institutions

- i. Cooperating with Ministry of Finance (Steering Committee) in research activities specifically on sources of revenues;
- ii. Providing opinions and recommendations for effective implementation of MTRS; and
- iii. Providing training and consultancy on the MTRS implementation.

4.3.11 Media

- i. Advocating public awareness and facilitate tax and non-tax education relating to MTRS.

4.4 Financial resources for the MTRS

One of the key pre-requisites for successful and sustainable implementation of the MTRS is availability of reliable, predictable and steady financial resources. Thus, the capacity to sustainably mobilize resources is critical for effective implementation of MTRS. The implementation of the MTRS will be financed by the Government through the annual budget.

The support of Development Partners may be required to compliment Government MTRS implementation efforts particularly where gap exists on financial and capacity

building needs. Therefore, successful implementation of the MTRS partly will depend on coordination and alignment with DPs support.

To facilitate securing DP commitments for providing such required resources to finance MTRS initiative, it is recommended to form a government-led technical working groups that will include donors to guide and coordinate donor support in the implementation of MTRS.

CHAPTER FIVE

MONITORING AND EVALUATION OF THE MTRS

5.1 Overview

Monitoring and evaluation (M&E) of the MTRS is vital for tracking progress, assessing the effectiveness of the strategy, and making informed decisions to achieve revenue targets over a medium-term. The M&E will track the progress of key activities such as tax/non-tax broadening efforts, tax compliance measures, taxpayer education campaigns, audit plans, and enforcement actions. It will entail inter alia regular data collection and analysis on tax revenue, compliance rates, audit outcomes, and tax base expansion.

5.2 Objectives of the MTRS Monitoring and Evaluation

The M&E will be conducted to fulfill the information needs of various tax and non-tax stakeholders, such as policymakers, development partners, and the general public. The specific objectives of the M&E are:

- i. Coordinating and facilitating revenue collection agencies and other tax and non-tax stakeholders to regularly and systematically track progress of the implementation of priority interventions of MTRS;
- ii. To track the progress and assess the performance based on the targets and performance indicators;
- iii. To analyze data and disseminate the M&E findings to tax and non-tax stakeholders; and
- iv. To promote evidence-based decision making to achieve revenue targets over a medium-term period.

5.3 Implementation Mechanism of MTRS Monitoring and Evaluation

The M&E for the MTRS will be implemented by regular follow-ups, capturing of routine administrative data, conducting research, analysis, and report findings as directed by the MTRS Steering Committee. A set of deliverables, including quarterly and annual progress reports, will be developed over time by the Technical Committee. To maximize its impact, verifiable indicators and dashboard for monitoring and evaluation will be developed during the implementation of MTRS. The M&E framework will be strategically linked with other monitoring systems to ensure coherence and data-driven decision-making.

5.3.1 Monitoring of the MTRS

The monitoring of the MTRS will be conducted regularly, in tandem with production of quarterly and annual progress reports. Quarterly progress reports will aim at providing regular insights into the progress being made and identify any immediate issues or adjustments needed. Additionally, annual progress reports will provide comprehensive

overview of the year's performance, including cumulative data, major milestones achieved, challenges faced, and corrective actions taken. These monitoring reports will provide recommendations to ensure that the MTRS implementation is on the right track.

5.3.2 Evaluation of the MTRS

During the implementation of the MTRS, midline and endline evaluations will be undertaken.

- i. The midline evaluation will be conducted after one and a half years of MTRS implementation. This evaluation will provide a thorough review of performance against intended objectives and targets, and allows for potential mid-course corrections to ensure the MTRS remains effective.
- ii. The endline evaluation will entail comprehensive assessment of the entire period of MTRS implementation including the final revenue figures and success rates of different initiatives. Informed by quarterly and annual progress reports produced in consultation with key stakeholders and the midline evaluation, it will be conducted at the end of MTRS implementation and provide recommendations to inform the succeeding MTRS.

To ensure that the evaluation is objective, credible, transparent and free from internal biases or conflicts of interest, the midline and endline evaluations will be conducted by external evaluator. The Ministry of Finance will play a supportive and facilitative role during these evaluations, ensuring that the external evaluator has the necessary resources, data, information, and cooperation to conduct a thorough and objective evaluation of the strategy.

CHAPTER SIX

RISK MANAGEMENT IN THE IMPLEMENTATION OF MTRS

6.1 Overview

This section provides an overview of the risks that may affect the MTRS implementation. The management of risk in Ministries, Independent Departments, Regional Secretariats, Local Government Authorities, Public Corporations and Institutions should support the organization in setting and achieving strategic objectives.

6.2 Risks In the Implementation of MTRS

Implementation of MTRS may face various risks which can be managed through proper strategy and mitigation measures. Major risks that may be encountered during the implementation of MTRS and proposed mitigation measures are shown in **Table No. 6.1**.

Table No 6.1: Risks and Proposed Mitigation Measures

Risks	Mitigation Measures
Climate change and natural disasters	<ul style="list-style-type: none">❖ Strengthen early warning system in disaster management;❖ Enhance disaster funding; and❖ Develop business continuity plans to mitigate the impact of external disruptions.
Insufficient financial resources allocated to MTRS activities	<ul style="list-style-type: none">❖ Explore alternative financing options such as partnerships with DPs; and❖ Develop robust financial planning and budgeting processes.
Insufficient technical capacity	<ul style="list-style-type: none">❖ Conduct capacity development program; and❖ Engage DPs and academic institutions in provision of technical assistance.
Macro-economic shocks	<ul style="list-style-type: none">❖ Continue with sound and prudent implementation and management of monetary and fiscal policies in line with macroeconomic objectives and targets
Cybersecurity threats	<ul style="list-style-type: none">❖ Implement robust cybersecurity measures, including firewalls, encryption, and regular security audits; and❖ Continue to educate employees about cybersecurity best practices
Interaction in the trade flows	<ul style="list-style-type: none">❖ Diversification of the market❖ Boost domestic production through value addition

ANNEXES

ANNEX 1: LIST OF PREVIOUS REFORMS (2013 – 2023)

No.	Revenue Reform	Status
1	Implementation of Electronic Tax Stamps (ETS)	In operation
2	Implementation of Block Management System (BMS);	In operation
3	Electronic Fiscal Devices (ED) and Enhanced EFDMS;	In operation
4	Implementation of electronic services (e-filing, e-registration, e-payments, mobile payment);	In operation
5	One Stop Border Post (OSBP);	In operation
6	Single Customs Territory (SCT);	In operation
7	Electronic Cargo Trucking System (ECTS);	In operation
8	Implementation of the Tanzania Electronic Single Window System (TeSWS);	In operation
9	Development and Rollout of Tanzania Customs Integrated System (TANCIS);	In operation
10	Registration of non-resident electronic service providers.	In operation
11	Introduction of virtual EFDs;	In operation
12	Review of the Income Tax Act and the introduction of transfer pricing regulations;	In operation
13	Introduction of new taxes such as taxes on financial transactions.	In operation
14	Introduction of gaming tax imposed on the amount or value of the winnings in connection with operation of the gaming activities.	In operation
15	Introduction of Railways development levy	In operation
16	A public or statutory corporation shall be required to submit seventy percent of the balance obtained after deducting the operating expenses permissible in subsection (1) to the Consolidated Fund in the manner to be prescribed in regulations.	In operation

No.	Revenue Reform	Status
17	Require each executive agency, public corporation, public or public institution to remit fifteen percent of its gross revenue to the consolidated Fund in accordance with the Public Finance Act	In operation
18	Introduction of Advertising fee for billboards, poster and hoarding	In operation
19	Introduction of GePG as a means of collecting all public moneys	In operation
20	Review of property tax rates	In operation
21	Establishment of Tax Ombudsman Service responsible for reviewing and addressing any complaints by a taxpayer	In operation
22	Registration and issuance of Taxpayer Identification Number to every Tanzanian citizen who has been registered and issued with a National Identification Number	In operation
23	Introduction of the requirement for Every taxpayer to file return electronically on or before the due date	In operation

ANNEX 2: IMPLEMENTATION PLAN

POLICY REORMS							
	Measures	Detailed Activity	Responsible		Planned Start Date	Planned End date	Overall (Millions)
Income tax			Main	Other			FY3
Perpetual Unrelieved Loss	Review the allowable loss restriction ratio from the current rate of 30 percent to 40 percent of chargeability for the individual or entity which make a loss for the four previous consecutive years of income.	Ammendment of ITA to incorporate the proposed measure	MOF	TIC/POPI/TRA	March, 2024	June, 2024	
Excise Duty	Review the current Excise Duty structure and shift its chargeability basing on content-based rather than volume, and weight for traditional excisable products.	Review current excise duty structure and shift its chargeability	MOF	TRA	July, 2026	June, 2027	
	Review list of inclusion and exclusion of excisable items annually	Amend excise duty Act to incorporate the additional items	MOF	TRA	July, 2026	June, 2027	
Value Added Tax	Review the current VAT structure to simplify administration with the view to promoting and encouraging business growth, while safeguarding Government revenue	Develop concept Note	MOF		July, 2025	September, 2025	
		To conduct a review studies	MOF	TRA	July, 2025	September, 2025	262,500,000
		Ammendment of VAT Act to incorporate the proposed changes	MOF	TRA/OAG/OCPD	March, 2026	September, 2028	105,000,000
Stamp Duty	To review the rates by imposing ad valorem rates rather than specific rates on all scheduled instruments for revenue mobilization and revise the schedule of stamp duties;	Ammendment of stamp duty Act to incorporate the proposed measures	MOF	TRA/OAG/OCPD	March, 2026	June, 2026	
	To confer the administration of stamp duty to the Commissioner General, TRA as per section 5 and the schedule of the Tanzania Revenue Authority Act, unlike the current practice in which stamp duty is collected by several Government institutions including MDAs and LGAs.						
	Restructure the disputes settlement mechanism to comply with Tax Administration Act	Restructure the stamp duty dispute settlement mechanism	TRA	MOF	March, 2026	June, 2026	
Recognition and taxing digital assets	Recognize the use of digital assets	Conduct research on digital assets	BOT	TRA	July, 2025	December, 2025	
	Introduction of withholding tax on income derived from Transfer or Exchange of Digital Asset	Amend the ITA	MOF	TRA	March, 2026	June, 2026	

Insurance sector Taxation	Extend the definition of professional services under Income Tax Act to make a coverage of insurance agency and brokerage	Review and amend the ITA on insurance	TRA	MOF	July, 2025	December, 2025	
	Impose VAT on commission paid to agent or broker that are paid in respect to life and health insurance	Review and amend the VAT Act	TRA	MOF	July, 2025	December, 2025	
	Introduce insurance levy on the turnover of insurance	Conduct a study on imposing levy on the insurance turnover	TRA	TIRA/MOF	July, 2025	December, 2025	
		Amend the Act	MOF	TRA	July, 2025	December, 2025	
	Increase withholding tax to 10% from the current rate of 5% on insurance premium that is paid to non-resident	Amend the ITA	MOF	TRA	January, 2026	June, 2026	94,500,000
	Introduce rules which do not recognize, for deductibility purposes, reinsurance contracts that do not transfer insurance risk	Review and implement	TRA	MOF/TIRA	July, 2026	December, 2026	
	Conduct a detailed study on insurance sector for tax purpose	Develop Concept note	MOF	TRA	July, 2025	August, 2025	52,500,000
		Stakeholders consultation	MOF	TRA/TIC/EPZ/SEZ	August, 2025	August, 2025	
Conduct a research		MOF	TRA/TIC/EPZ/SEZ	September, 2025	March, 2026		
Amendment of VAT Act to incorporate the proposed changes		MOF	TRA/OAG/OCPCD	March, 2026	September, 2028		
Tax Exemption	A. Value Added Tax						
Review VAT exemptions and relief regime list	Develop Concept note	MOF	TRA	July, 2025	August, 2025		
	Stakeholders consultation	MOF	TRA/TIC/EPZ/SEZ	August, 2025	August, 2025		
	Develop the guideline for conducting review	MOF	TRA/TIC/EPZ/SEZ	July, 2025	September, 2025		
	Review of the exemptions and relief regime list	TRA/MOF	TIC/SEZ/EPZ/MDAs	October, 2025	September, 2026		
B. Income tax Exemption							
To provide cost-based incentives, such as accelerated depreciation, initial allowances, or investment tax credits to encourage investments	Review of cost-based incentives and its application in the context of Tanzania	MOF	TIC/SEZ/EPZ/MDAs	July, 2025	June, 2026		
	Presentation of findings	MOF	TRA/OAG/OCPCD	March, 2026	June, 2026		
	Amendment of ITA Act to incorporate the proposed changes	MOF	TRA/OAG/OCPCD	March, 2026	June, 2027		
To conduct a detailed study to assess the impact of tax exemptions granted to SEZ and EPZ with a view to minimizing revenue leakage	Develop Concept note	MOF	TRA/TIC/EPZ	September, 2024	June, 2025		
	Conduct stakeholders consultation	MOF	TRA/TIC/EPZ	September, 2024	June, 2025		
	conduct in depth analysis on impact of tax exemptions granted to SEZ and EPZ	MOF	TRA/ OAG/OCPCD	March, 2026	June, 2027		
C. Exemption Processing Fee							
Introduce a 0.5 percent processing of exemption granted to investors who has certificate of investors under TIC	Develop Concept note	MOF		September, 2025	December, 2025		
	Conduct review on the cost and benefit	MOF	TRA	December, 2025	March, 2026		
	Amend the Act	MOF	TRA	April, 2026	June, 2026		

Non-tax measures	A. Royalty and Inspection Fees						
Strengthening post audit and establish daily benchmark prices for gold sold in foreign markets	Review mining act Cap 123	MOM	MC/MOF/TRA	November, 2025	January, 2026		
	amend the benchmark price	MOM	MC/MOF/TRA	February, 2026	June, 2026		
Conduct ethical awareness campaigns to general public and staff and strengthen supervision and patrols to manage illegal mineral trade and transport in order to fight mineral smuggling and illegal businesses	Awareness campaign on mineral smuggling	MOM	MC	July, 2025	June, 2028		110,750,000
Introduce packages for informants and whistle-blowers on most risk areas along country borders and at large mineral production areas for ensuring all minerals are traded in the designated markets	Prepare packages for informants and whistle blowers	MOM	MC	July, 2025	June, 2028		135,000,000
Establishing an online permit application for quick export permits issuance for reducing human interventions in the process	Prepare business process requirements for online permit application	MOM	MC	November, 2025	February, 2026		
	Develop and testing system for online permit application	MOM	MC	March, 2026	June, 2026		
Introduce gemstones auction and mineral trade fair for both internal and external dealers	Develop framework for conducting auction	MOM	MC	July, 2026	December, 2026		
Capacitation of artisanal and small-scale miners to increase efficiency in mineral production	Conduct capacity building	MOM	MC	July, 2025	June, 2028		236,750,000
Conduct high-resolution geophysical survey in order to increase the surveyed area from 16 percent to at least 50 percent.	Develop concept note	MOM		July, 2026	September, 2026		44,100,000
	Conduct survey	MOM	MC	December, 2026	June, 2028		174,350,000
B. Land Rent							
Increase the pace of land planning, surveying and formalization by utilizing new technology (such as satellite and drones);	Introduce dedicated team with target on land planning, surveying and formalization in LGAs	MLHSSD	PO-RALG	July, 2025	June, 2026		
	Procurement of land surveying equipment	MLHSSD		July, 2025	June, 2027		600,000,000
Expedite the improvement of Land Administration System and maintain a single system	Roll out of the Improved ILMIS	MLHSSD	PO-RALG	July, 2025	June, 2028		493,300,000
Enhance self-service of land rent payment to discourage physical invoicing and payment of the land rent	Improve the system to accommodate application for easy assessment and payment of land rent	MLHSSD		July, 2025	June, 2028		
Enhance issuance of control number through simplified channels such as SMS and emails together with reminder messages for easiness of rent payment to encourage compliance	Develop the system to accommodate remainder of payment of land rent through SMS and emails	MLHSSD	PO-RALG	July, 2025	June, 2028		
Enhance land rent collection clinics	Conduct land rent collection throughout the country twice per annual	MLHSSD	PO-RALG	July, 2025	June, 2028		857,300,000
Expedite clean-up and update land rent database	Fast tracking the process of cleaning the database through system	MLHSSD		July, 2025	June, 2028		543,300,000
C. Tourism Charges, Fees and Levies							
Develop an information-management system that consolidates data related to tourism sector including collection of vital information such as booked hotel, Sites to visit, agent company and package pledged	Develop the system	MNRT	MOF	July, 2025	June, 2027		
Expedite the establishment of One Stop Centre for Tourism	Develop concept note	MNRT	MOF/TRA	January, 2025	June, 2025		
	Stakeholders consultation	MNRT		August, 2025	October, 2025		
	Establish centre for tourism in Tanzania	MNRT		October, 2025	June, 2028		
Review fees and charges on landing	Develop concept note	MOF		January, 2026	February, 2026		
Review revenue collection mechanisms in tourism sector	Develop concept note	MOF		January, 2026	February, 2026		
	Conduct stakeholders meeting	MOF	MNRT/TRA/TCAA	March, 2026	June, 2026		
	Review the mechanism for tourism tax collection	MOF	MNRT/TRA/TCAA	March, 2026	June, 2026		
Review fees and charges on airlines operations in Tanzania airports;	Develop concept note	MOF		January, 2026	February, 2026		
	Conduct stakeholders meeting	MOF	MNRT/TRA/TCAA	March, 2026	June, 2026		
	Review the mechanism for tourism tax collection	MOF	MNRT/TRA/TCAA	March, 2026	June, 2028		
V. Cooperate with Tour operators to determine the tourist package on arrival for taxation purpose							
D. Dividend and Contributions from SOEs							
Design guidelines for surveillance among the government agencies in managing investment cost for companies where government has stake.	Develop guideline	OTR	MOF	September, 2025	January, 2027		
Ensure that there is a government dividend policy that will govern all SOEs with Government interest dividend policies to streamline payment of dividends and unutilized balances to the Government;	Review all SOEs dividend policy	OTR	MOF	January, 2026	June, 2027		
	Develop the Government dividend policy	OTR	MOF	January, 2026	June, 2027		
Review Shareholder Agreements of all Government joint venture companies by removing unfavorable terms to maximize contribution to Government.	Review shareholder agreement	OTR	MOF	July, 2026	December, 2026		
Review SOEs contribution and establish cluster remittance based on the amount of revenue collection.	Review SOEs contribution rate	OTR	MOF	July, 2025	December, 2025		
	Set automatic deduction of contributions	MOF	OTR	July, 2025	December, 2025		

Non-tax measures	E. Service Levy						
	Develop automated taxpayer's database through the use of Geographical Information System to capture all business owners in a particular area/building	Develop concept note	PO-RALG	MOF/TRA	June, 2026	September, 2026	
		Conduct study on the use of GIS equivalent with the revenue collection process in Tanzania	PO-RALG	MOF/TRA	November, 2026	February, 2027	
		Stakeholders consultation	PO-RALG	MOF/TRA	March, 2027	April, 2027	
		Amend the Act	MOF	PO-RALG	April, 2027	June, 2027	
	Review the imposition of service levy by introducing a fixed rate of 0.25 percent of turnover excluding excise duty and VAT to ensure equality across LGAs;	Develop concept note	PO-RALG	MOF/TRA	June, 2025	September, 2025	
		Stakeholders consultation	PO-RALG	MOF/TRA	March, 2026	April, 2026	
		Amend the Act	MOF	PO-RALG	April, 2026	June, 2026	
	Review the imposition of service levy by introducing a fixed rate of 0.25 percent of turnover excluding excise duty and VAT to ensure equality across LGAs	Review the levy and its structure	PO-RALG	MoF	July, 2024	June, 2025	
	Review service levy bands for non-financial reports' keeper that will be used for all LGAs to ensure equality	Conduct study on service levy bands	PO-RALG	MOF	July, 2025	September, 2025	
		Amend the Act.	MOF	PO-RALG	September, 2025	June, 2026	
	Enhance collaboration with TRA in sharing taxpayers' turnover information	Develop guideline for information sharing	MOF	TRA/PO-RALG	December, 2026	June, 2027	
	F. Produce Cess						
	Develop uniformity of revenue assessment and collection methods for produce cess at a regional level	Review the practice and propose the best way of collecting produce cess	PO-RALG		July, 2025	June, 2026	
	Enhance verification of information on cargos transported	Review the process of verification	PO-RALG		July, 2025	June, 2026	
	Enhance awareness creation to produce cess collectors and traders	Conduct awareness	PO-RALG		July, 2025	June, 2028	224,200,000
	G. Property tax						
	Enhance the improvement of Local Government revenue Collection System (TAUSI) to enable reaching all retable properties	Improve TAUSI to collect property tax through the country	PO-RALG		July, 2025	November, 2027	
		Develop TAUSI to sent Bill to customer during payment time without physical contact	PO-RALG		September, 2025	December, 2026	
	Develop valuation database by conducting Mass Valuation of properties throughout the country	Establish method of valuation to collect property tax	PO-RALG		July, 2025	December, 2026	
		Improve TAUSI to accommodate new method of valuation	PO-RALG		July, 2025	December, 2026	
	Enhance the use of GIS in data collection to enable capturing of all retable properties including number of floors	Conduct study on the use of GIS equivalent with the revenue collection process in Tanzania			January, 2027	June, 2027	251,200,000
	Review tax rate structure of property tax	Develop concept note	MOF		July, 2026	August, 2026	52,500,000
		Conduct review	MOF	PO-RALG	September, 2026	January, 2027	224,200,000
		Stakeholders consultation	MOF	PO-RALG	January, 2027	February, 2027	117,600,000
		Amend the Act	MOF		April, 2027	June, 2027	52,500,000
H. Bill Board Fee							
Introducing fees for online posters	Develop TAUSI system to capture online business posters	PO-RALG	MOF	July, 2025	December, 2025		
	Review rate to accommodate online posters	PO-RALG	MOF/TRA	January, 2026	June, 2026	224,200,000	
Collaborate with other sectors in recognition and registration of online business and posters for charge	Develop guideline for collaboration	PO-RALG	MOF	July, 2026	December, 2026		
I. Business Licenses Fees							
Review the Business Licensing Act, Cap. 208 to include online business	Review and Amend the Act	PO-RALG	MOF	July, 2026	June, 2027		
Other measures of non-tax revenue							
Develop guideline on the imposition and management of revenue sources;	Develop guideline	MOF		July, 2024	December, 2025		
Review of fees and levies charged by MDAs,	Develop concept note	MOF		July, 2025	November, 2025		
	Review laws establish source of non tax revenues	MOF		November, 2025	December, 2025		
	Review rates			January, 2026	March, 2026		
	Amend the Act			April, 2026	June, 2026		
Develop effective framework, policy, and law for domestic interagency cooperation and information sharing.	Review the process of domestic interagency cooperation and information sharing to establish gap	MOF		July, 2025	June, 2027		
	Develop framework	MOF					

Promoting cashless economy	Develop a policy/strategy to stimulate the cashless economy	Conduct situational analysis	MOF	TCRA/BOT/MICIT	July, 2024	December 2024	
		Stakeholders consultation	MOF	TCRA/BOT/MICIT	January, 2025	April, 2025	
		Draft the policy/strategy	MOF	TCRA/BOT/MICIT	July, 2025	November, 2025	
		Validation of the policy/validate	MOF	TCRA/BOT/MICIT	January, 2026	Mrch, 2026	
	Reduce transaction costs on electronic transactions	Review the transaction cost on electronic transactions	MOF	TCRA/BOT/MICIT	July, 2026	Dicember 2026	94,500,000
		Stakeholders consultation	MOF	TCRA/BOT/MICIT	December, 2026	February, 2027	45,000,000
Negotiation with the electronic transaction service providers		MOF	TCRA/BOT/MICIT	March, 2027	May, 2027	117,600,000	
	Reduce the rates	MOF	TCRA/BOT/MICIT	May, 2027	June, 2027	52,500,000	
LEGAL REFORMS							
A. Consolidation of Tax Law Amendments	The Government consolidate revenue laws amendments and regulations in every financial year.	Consolidate the revenue laws	OCPD	TRA	July, 2025	June, 2028	90,000,000
		Consolidate the revenue regulations	OCPD	TRA	July, 2025	June, 2028	90,000,000
B. Enactment of Tax Exemption Act	Harmonize and enact a law that grants and administers tax exemptions	review all exemptions procedures	MOF/OCPD	TRA	July, 2025	October, 2025	
		review all laws that grant exemptions	MOF/OCPD	TRA	January, 2026	February, 2026	
		Draft new tax exemption law that incorporate all type of exemptions	MOF/OCPD	TRA	February, 2026	May, 2026	
C. Transfer Pricing	Review the Tax Administration of Transfer Pricing Regulation and Guidelines to accommodate the developments that have been taking place under the OECD and UN	Review the tax administration of transfer pricing regulations			July, 2025	December, 2025	
			TRA	MOF			
		Review the tax administration of transfer pricing guideline	TRA	MOF	July, 2025	September, 2025	
ADMINISTRATIVE REFORMS							
Formulation of Tax Policy	Develop Tax Policy to guide revenue mobilization in Tanzania.	Conduct situational analysis	MOF	TRA	September, 2025	June, 2026	
		Stakeholders consultation	MOF	TRA	July, 2025	September, 2026	
		Draft tax policy	MOF	TRA	October, 2026	January, 2027	
		Validation of the tax policy	MOF	TRA	February, 2027	April, 2027	

Automate and interface MDA revenue management systems	Harmonize and interface tax and non-tax revenue collection agency systems;	Identify the tax and non-tax revenue collection agency systems	TRA	MDAs/LGAs	August, 2025	December, 2025	
		Stakeholders consultation	TRA	MDAs/LGAs	January, 2025	February, 2025	
		Review the tax and non-tax revenue collection agency systems	TRA	MDAs/LGAs	March, 2025	May, 2025	
		Develop a business process for harmonize and interface the systems	TRA	MDAs/LGAs	March, 2025	May, 2025	
		Hamonize and interface the systems	TRA	MDAs/LGAs	July, 2025	July, 2027	
	Develop a universal billing system;	Review the billing systems of all revenue mobilization agencies	MOF	MDAs/LGAs	July, 2024	December, 2024	
		Stakeholders consultation	MOF	MDAs/LGAs	January, 2025	February, 2025	
		develop a business process for developing universal billing system	MOF	MDAs/LGAs	February, 2025	December, 2025	
		Develop and pilot universal billing system	MOF	MDAs/LGAs	April, 2026	December, 2026	
		Amendment of the Act			April, 2026	June, 2026	
	Expedite the use of single control numbers by MDAs and LGAs that charge levies and fees for the same source;	Establish a standardized process for issuing single control numbers for levies and fees across all MDAs and LGAs that charge levies and fees for the same source;	MOF	MDAs/LGAs	July,2025	July, 2028	
		Issuing circular to MDAs and LGAs	MOF	MDAs/LGAs	July,2025	July, 2028	
		Provide training and capacity building programs for staff members of MDAs and LGAs on how to use single control numbers effectively	MOF	MDAs/LGAs	July,2025	February, 2028	
		Foster collaboration and communication between MDAs, LGAs, and relevant stakeholders to ensure a smooth transition to using single control numbers	MOF	MDAs/LGAs	July,2025	April,2028	
	Expedite the integration of IDRAS and TANCIS;	Intergate IDRAS and TANCIS	TRA	MOF	July, 2025	May, 2028	
	Conduct Regular data matching exercises using the Data Warehouse Enterprise Resource Plan;	Identify the specific data elements that need to be matched within the ERP system	TRA	MOF	June, 2026	September, 2026	
		Develop rules and algorithms for comparing and matching data within the ERP system	TRA	MOF	September, 2026	February, 2027	
		Set up a schedule for conducting data matching exercises on a regular basis	TRA	MOF	March, 2027	April,2027	
		Utilize data matching tools and functionalities within the ERP system to automate the process	MICIT	MDAs/LGAs	May,2027	June, 2027	
		Analyze the results of the data matching exercises and identify any discrepancies or errors	MICIT	MDAs/LGAs	July, 2027	August, 2027	63,000,000
		Document the results of the data matching exercises and any actions taken to address data discrepancies	MICIT	MDAs/LGAs	August, 2027	September, 2027	52,500,000
	Develop capacity-building programs on emerging areas in the digital economy;	Identify areas that need capacity building on digital economy	MICIT	MDAs/LGAs	July, 2025	September,2025	
		Prepare capacity building training programs	MICIT	MDAs/LGAs	October, 2025	January, 2026	
		Conduct capacity building training on digital economy	MICIT	MDAs/LGAs	February, 2026	June, 2028	90,000,000
	Automate management of non-filers and late payers to generate reminders automatically; and	Set Up Automated Reminder System	TRA	MDAs/LGAs	October, 2025	Dicember,2025	
		Establish triggers that will prompt the automated system to send reminders	TRA	MDAs/LGAs	January, 2026	February, 2026	
Create customizable reminder templates that can be automatically populated with relevant information such as the customer's name, outstanding amount, due date, etc.		TRA	MDAs/LGAs	March, 2026	April, 2026		
Set up a schedule for when reminders should be sent out		TRA	MDAs/LGAs	April, 2026	May, 2026		
Develop individual skills in analytics of large data sets, either through training of internal staff, hiring individuals, or through external support.	Training internal staff on analytics of large data sets	TRA	MOF	July, 2025	June,2028	251,200,000	

Strengthen Compliance Risk Management Framework	Improve monitoring of tax and non-tax revenue collection risk assessment;	Develop tax and non-tax revenue collection risk assessment tools	TRA	MDAs/LGAs	July, 2025	August,2025	
		Use risk assessment tools to monitor risks	TRA	MDAs/LGAs	September, 2025	June, 2027	52,500,000
	Develop control mechanisms to detect and prevent risk in revenue collection using large integrated data sets and focused compliance activities; and	Identify Potential Risks	TRA	MDAs/LGAs	July, 2025	September, 2025	
		Use data analytics tools and techniques to analyze large data sets for patterns, anomalies, and potential risks	TRA	MDAs/LGAs	September, 2025	June, 2027	45,000,000
		Implement control mechanisms such as automated alerts, validation checks, and monitoring systems to detect and prevent risks in real-time.	TRA	MDAs/LGAs	September, 2025	June, 2027	75,600,000
	Review the existing VAT minimum standards for the registration and deregistration of taxable persons	Develop a concept note	TRA	MDAs/LGAs	July, 2025	September, 2025	
		Stakeholder engagement	TRA	MDAs/LGAs	September, 2025	June, 2027	45,000,000
		review the existing VaT minimum standards	TRA	MDAs/LGAs	September, 2025	June, 2027	75,600,000
	Develop a risk management tools on registration, filling and payment to combat fraud schemes	Develop risk management tools	TRA	MDAs/LGAs	July, 2025	June, 2027	
	Develop a multi-year compliance improvement plans for taxpayer	Development a multi-year development plan for taxpayer	TRA	MDAs/LGAs	July, 2025	June, 2027	
Introduce new reverse-charge mechanisms to counter VAT fraud	Develop a Concept note	TRA	MDAs/LGAs	July, 2025	September, 2025		
	Stakeholders consultation	TRA	MDAs/LGAs	September, 2025	June, 2027	45,000,000	
	Reverse charge mechanisms to VAT fraud	TRA	MDAs/LGAs	September, 2025	June, 2027	75,600,000	
Strengthen taxpayer registration	Establish additional tax centers in areas with growing economic activities;	Identify areas with growing economic activities	TRA	MOF	July, 2025	September, 2025	
		Establish tax centers in identified areas with growing economic activities	TRA	MOF	September, 2025	June, 2028	251,200,000
	Identify and register local staff employed by diplomatic missions and international organizations in Tanzania for taxation purposes;	Identification of local staff employed by diplomatic missions and international organizations in Tanzania	TRA	MOF	July, 2025	September, 2025	
		Consultation with diplomatic missions and international organizations in Tanzania	TRA	MOF	September, 2025	November, 2025	
		registration of local staff employed by diplomatic missions and international organizations in Tanzania	TRA	MOF	January, 2026	June, 2028	45,000,000
	Update and clean taxpayer register regularly;	Define clear data quality standards for the taxpayer register, including accuracy, completeness, consistency, and timeliness	TRA	MOF	July, 2025	June, 2028	30,000,000
		Schedule regular audits of the taxpayer register to identify outdated, duplicate, or inaccurate records	TRA	MOF	July, 2025	June, 2028	40,500,000
		Set up data validation processes to verify the accuracy and completeness of taxpayer information before it is entered into the register	TRA	MOF	July, 2025	June, 2028	30,000,000
		Provide taxpayers with the option to update their information online through self-service portals	TRA	MOF	July, 2025	June, 2028	
		Use data matching tools and software to compare taxpayer information with external databases or sources	TRA	MOF	July, 2025	June, 2028	40,500,000
		Send out reminders or notifications to taxpayers to verify and update their information regularly	TRA	MOF	July, 2025	June, 2028	45,000,000
	Develop simplified tax return and filing system/modules/templates including developing an application suitable for small taxpayers; and	Review the existing tax return and filing/modules/templates	TRA	MOF	July, 2025	December, 2025	
		Develop simplified tax return and filing system/modules/templates	TRA	MOF	January, 2026	June, 2026	
		Develop an application for small taxpayers	TRA	MOF	January, 2026	June, 2026	
	Synchronize efforts on registration of informal sectors and taxpayers' identification amongst government institutions.	Establish a centralized database	TRA	MOF	July, 2025	April, 2026	
Develop standardized procedures and guidelines for registering informal sectors and identifying taxpayers		TRA	MOF	July, 2025	September, 2025		
Regular meetings between departments responsible for registration and taxpayer identification.		TRA	MOF	July, 2025	June, 2028	52,500,000	
Provide training and capacity building programs for staff involved in registration and taxpayer identification		TRA	MOF	July, 2025	June, 2028	63,000,000	
Conduct public awareness campaigns to inform informal sector businesses and taxpayers about the registration process and the importance of compliance		TRA	MOF	July, 2025	June, 2028	117,600,000	
Establish an integrated system that will be connected with all Government institutions revenue system	Develop database system for taxpayers informations	TRA	MOF/PO-RALG	July, 2026	June, 2027		

Strengthening management of tax exemptions and concessions	Undertake a study to establish a benchmark for granting tax exemption in Tanzania;	Review literature and studies on national and international experience on tax exemptions	MOF	TRA	July, 2025	September, 2025	
		Collect comprehensive data on the current tax exemptions	MOF	TRA	September, 2025	October, 2025	
		Analyze the economic impact of existing tax exemptions on revenue, investment and economic growth	MOF	TRA	January, 2026	February, 2026	
		Conduct a comparative study of tax exemption benchmarks and practices in other countries with similar economic conditions	MOF	TRA	February, 2026	April, 2026	
		Organize consultation with key stakeholders	MOF	TRA	April, 2026	May, 2026	
		Develop criteria benchmarks that align with Tanzania economic goals	MOF	TRA	July, 2026	December, 2026	
	Develop a comprehensive tax expenditure database and models for effective tax expenditure management (forecasting, reporting, monitoring, and evaluation); and	Develop a centralized and secure digital platform to store and manage tax expenditure data	TRA	MOF	July, 2025	September, 2025	
		Develop models to project future tax expenditures based on historical data, economic indicators and policy changes	TRA	MOF	October, 2025	December 2025	
		Create tools to generate regular and ad-hoc reports on tax expenditures, highlighting trends, variances, and compliance with budgetary provisions.	TRA	MOF	January, 2026	May, 2026	
		Build models to assess the effectiveness and efficiency of tax expenditures, including cost-benefit analyses and impact assessments on economic and social outcomes.	TRA	MOF	June, 2026	February, 2027	
		Test the database and models to ensure they are functioning correctly and producing accurate results	TRA	MOF	June, 2027	July, 2027	30,000,000
	Enhance the capacity to analyze, monitor, and evaluate the effectiveness of exemptions and concessions.	Develop the concept note	MOF	TRA	July, 2025	August, 2025	
		Conduct training on analysis, monitoring and evaluation of exemptions and concessions	MOF	TRA	September, 2025	June, 2028	63,000,000
Develop Robust Data Collection Mechanisms		MOF	TRA	September, 2025	May, 2026		
Use analytical tools and techniques to analyze the data collected on exemptions and concessions		MOF	TRA	May, 2026	June, 2028	53,550,000	
Set up monitoring systems to track the implementation and impact of exemptions and concessions over time		MOF	TRA	May, 2026	June, 2027		
Conduct regular evaluations of exemptions and concessions to assess their effectiveness and impact		MOF	TRA	July, 2025	June, 2028	90,000,000	
Engage with stakeholders, including taxpayers, government agencies, and experts, to gather feedback and insights on exemptions and concessions		MOF	TRA	July, 2025	June, 2028	52,500,000	
VAT Refund Process Enhancements	Enhance the pre-refund audit to high-risk refund claims and post refund audits for claims of lesser perceived risks refund claims;	Create a robust risk assessment framework that categorizes refund claims into high-risk and low-risk categories	TRA		July, 2025	December, 2025	
		Implement data analytics and machine learning tools to analyze historical data and identify patterns indicative of high-risk claims	TRA		July, 2025	December, 2025	
	Enhance the channels of communication in order to provide clear information to taxpayers on their rights and obligations for making a refund claim	Conduct interactive workshops and seminars to educate taxpayers on their rights and obligations for making a refund claim	TRA		January, 2026	June, 2026	
		Create an online portal or dedicated section on the TRA's website that provides comprehensive information, guidelines, and FAQs related to refund claims.	TRA		January, 2026	June, 2026	
	Develop and apply an electronic tax invoice management system to enable real-time monitoring of transactions to facilitate the refund claims process; and	Develop the electronic tax invoice management system (ETIMS) with capabilities for real-time transaction monitoring and data analysis.	TRA		July, 2025	December, 2025	
Conduct a pilot program for selected group of businesses to test the system's functionality and effectiveness		TRA					
Conduct training sessions for businesses, tax officials, and other stakeholders on how to use the ETIMS		TRA		January, 2026	June, 2026		

Strengthen taxation of the digital economy	Identify and register eligible resident and non-resident electronic service providers operating digital businesses	Identify resident and non-resident operating digital businesses	TRA	MICIT/TCRA	July, 2024	June, 2028	
		Develop and enact laws and regulations requiring the registration of all digital businesses operating within the jurisdiction	TRA	MICIT/TCRA	July, 2026	December, 2026	
		Launch a public awareness campaign through various media channels (social media, websites, TV, radio) to reach both resident and non-resident service providers.	TRA	MICIT/TCRA	January, 2026	March, 2026	
		Register eligible resident and non-resident electronic service providers operating digital businesses	TRA	MICIT/TCRA	April, 2026	June, 2026	
	Design and introduce a system for monitoring and enforcing compliance with digital business	Create a comprehensive digital monitoring system that integrates with existing systems including payment gateways	TRA	MOF	July, 2026	September, 2026	
		Formulate and disseminate clear regulatory guidelines and compliance standards for digital businesses	TRA	MOF	November, 2026	December, 2026	
		Conduct training sessions and awareness campaigns to educate digital business owners and operators about the system and compliance requirements	TRA	MOF	January, 2027	June, 2027	
	Establish a coordination centre for digital economy;	Conducting analysis of the current digital economy landscape in the country	MITC	MOF	July, 2025	March, 2026	
		Stakeholders mapping	MITC	MOF	September, 2025	March, 2026	
		Develop a strategic plan outlining the vision, mission, goals, and objectives of the coordination center.	MITC	MOF	March, 2026	June, 2026	
		Establish the legal framework for the coordination center, including its mandate, governance structure, funding mechanisms, and operational guidelines	MITC	MOF	July, 2026	December, 2026	
		Set up the physical infrastructure, IT systems, and communication channels needed for the coordination center to function effectively.	MITC	MOF	July, 2027	June, 2028	300,000,000
		Develop policies, guidelines, and frameworks to support the growth and regulation of the digital economy	MITC	MOF	July, 2026	December, 2026	
	Enhance training in the use of digital tools to TRA staff and other stakeholders	Conduct regular assessments to evaluate the proficiency of staff and stakeholders and offer refresher courses to keep their skills up-to-date with any advancements in the digital tools.	TRA		July, 2025	June, 2028	120,000,000
		Organize regular workshops and seminars led by experts in digital tools	TRA		July, 2025	June, 2028	120,000,000
	Develop special strategy to enhance financial system integration.	Conduct situationa analysis of the financial system intergartion	MOF	MDAs, LGAs	December, 2025	March, 2026	
		Stakeholders egagement	MOF	MDAs, LGAs	March, 2026	June, 2026	
		develop strategy for financial system intergration	MOF	MDAs, LGAs	July, 2026	December, 2026	
		approval and validation of the stategy	MOF	MDAs, LGAs	December, 2026	February, 2027	
	Introduce the link between BOT and TRA through a swift system to capture the online transactions that are not easily to be traced such as Air BnB transactions and some of the transactions on Transfer pricing;	Conduct needs Assessment	BOT	TRA, MOF	July, 2025	September, 2025	
		Stakeholder Engagement	BOT	TRA, MOF	October, 2025	December, 2025	
		Develop a plan to integrate data from various sources, including financial institutions, online platforms like AirBnB, and other relevant sources, into a centralized system for analysis	BOT	TRA, MOF	September, 2025	December,2025	
		Establish a legal framework that outlines the responsibilities, data sharing agreements, and privacy protections for the information collected through the swift system	BOT	TRA, MOF	December, 2025	March, 2025	
	Conduct economic impact assessment and research on implications of OECD's two pillar solution and Digital Service Tax (DST), and suggest policy reforms	Develop the swift system that links BOT and TRA to capture and analyze online transactions in real-time	BOT	TRA, MOF	April, 2025	July, 2026	
		Engage with key stakeholders, including government officials, tax experts, industry representatives, and multinational companies, to gather insights and perspectives	MOF	TRA	July, 2025	December, 2025	
		Study the experiences of other countries that have implemented DST or similar measures to identify potential challenges and best practices	MOF	TRA	January, 2026	June, 2026	
		Analyze current tax laws and regulations to identify gaps and inconsistencies with the OECD's two-pillar solution and DST requirements	MOF	TRA	July, 2026	December, 2026	70,000,000

Customs Administration	Modernization of customs processes (TANCIS modules, auto-valuation of goods);	Design and develop the necessary modules for TANCIS and auto-valuation.	TRA	TPA/MOF	July,2025	December, 2025	
		Organize comprehensive training sessions for customs officers, covering the functionalities and operations of TANCIS modules and the auto-valuation system	TRA	TPA/MOF	July,2025	December, 2025	
Develop enforcement strategy that integrates anti-smuggling, Post Clearance Audit and investigation activities focusing on higher-risk commodities	Conduct comprehensive risk assessments to identify high-risk commodities based on historical data, trends, and intelligence reports	Train and deploy specialized PCA teams to conduct thorough audits on importers dealing with higher-risk commodities	TRA	TPF/Immigration	July, 2025	June, 2026	
		Implement advanced data analytics tools to identify anomalies and discrepancies in import data, enabling targeted audits	TRA	TPF/Immigration	July,2026	June, 2028	100,000,000
			TRA	TPF/Immigration	July,2026	June, 2028	70,000,000
Improve international cooperation and collaboration, especially in sharing of information for taxation purposes	Develop and sign multilateral agreements such as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters	Organize regular joint training sessions, workshops, and seminars for tax officials from different countries.	MOF	TRA/PO-RALG	July, 2025	June, 2028	117,600,000
			MOF	TRA/PO-RALG	July, 2025	June, 2028	100,000,000
Conduct capacity development for border control agencies;	Organize training sessions and workshops for border control agencies	TRA	MOF	July, 2025	June, 2028	110,250,000	
Review the PCA case selection process and ensure it highlights a clear distinction between the different types of audits to be performed and includes guidelines for dealing with non-compliance;	Perform a detailed review of the existing PCA case selection process, including data analysis of past audits, to identify strengths, weaknesses, and areas for improvement	Define and document the different types of audits (e.g., compliance audits, risk-based audits, random audits) and establish clear guidelines for each, including criteria for case selection and procedures for handling non-compliance	TRA		January, 2026	June, 2026	
			TRA		January, 2026	June, 2026	
Review and amend the Authorized Economic Operators (AEO) Program and implement strong sanctions and penalties for non-compliance;	Conduct a thorough review of the existing AEO program policies, regulations, and guidelines.	Develop and implement advanced risk management systems to monitor AEO participants more effectively	TRA		July, 2025	September, 2025	
		Define clear and proportional sanctions and penalties for non-compliance with the AEO program.	TRA		November, 2025	January, 2026	
			TRA		January, 2026	June, 2026	
Establishing a Customs laboratory; and	Identify a suitable location for the customs laboratory, considering factors such as accessibility, security, and proximity to major customs offices or points of entry. Acquire advanced laboratory equipment necessary for testing and analyzing various goods.	Install and calibrate the equipment, ensuring that all instruments are fully operational and meet international standards	TRA		July, 2025	June, 2028	
		Hire qualified personnel, including chemists, lab technicians, and customs officers with expertise in laboratory operations and analytical techniques.	TRA		July, 2025	June, 2028	
		Implement continuous development programs to keep the staff updated on the latest advancements in laboratory techniques	TRA		July, 2025	June, 2028	300,000,000
			TRA		July, 2025	June, 2028	
			TRA		July, 2025	June, 2028	
To improve the monitoring control center (dashboard).	Conduct a thorough assessment of the existing monitoring control center to understand its strengths, weaknesses, and areas for improvement.	Engage with key stakeholders (including users, IT staff, and management) to gather requirements and understand their needs and expectations from the improved dashboard.	TRA	MOF	July, 2025	December, 2025	
		Research and analyze industry best practices and benchmarks to identify features and functionalities that can enhance the monitoring control center	TRA	MOF	January, 2026	June, 2026	
		Develop a user-friendly and intuitive interface for the dashboard, focusing on ease of use and accessibility.	TRA	MOF	July, 2026	December, 2026	
		Integrate the dashboard with existing systems and data sources to ensure real-time data collection and reporting	TRA	MOF	July, 2026	December, 2026	
			TRA	MOF	January, 2026	June, 2027	117,600,000
Improve tax awareness	Conducting tax awareness to high and mid-level public officials;	Prepare awareness programs to the public on tax matters	TRA	MOF	July, 2025	September, 2025	
Introducing tax studies in primary and secondary schools' curricula;	Review primary and Secondary school curricula	Conduct awareness campaign to high and level officials	TRA	MOF	September, 2025	June, 2028	90,000,000
		Introduce tax studies on primary and secondary school curricula	MoEST/MOF	TRA	July, 2025	September, 2025	
Improve communication on tax matters including effective feedback;	Expedite communication Strategy to taxpayers		MoEST	TRA	January, 2026	June, 2028	117,600,000
			TRA	MOF	September, 2025	June, 2028	90,000,000
Conducting zonal and national tax forums.	Implement stakeholders engaging through National Task Force		MOF	TRA	September, 2025	June, 2028	300,000,000
Ensure availability of detail tax programs that suits taxpayers of all levels	Conduct research on the diverse needs and requirements of taxpayers at different levels	Develop a range of tax programs that are tailored to meet the specific needs of various taxpayer groups is essential	TRA	MOF	July, 2025	September, 2025	
		Provide educational resources and support to help taxpayers understand and navigate the tax system	TRA	MOF	September, 2025	December, 2025	
			TRA	MOF	December, 2025	June,2028	40,000,000
To build capacity of tax auditors to enable them to audit the financial reports of both national and multinational taxpayers;	Prepare capacity building program for tax auditors	Conduct capacity building to tax auditors	TRA	MOF	July, 2025	September, 2025	
		Develop monitoring tools for assessing the impact of audit programs on compliance	TRA	MOF	September, 2025	June, 2028	90,000,000
			TRA	MOF	September, 2025	June, 2028	90,000,000

Create a strong positive image and perception through enhanced client service and partnerships	Enhancing good governance and transparency of revenue collection agencies;	Publishing revenue collection report								
		Publish budget Implementation report annually	TRA	MOF	July, 2025	June, 2028	52,500,000			
			MOF		July, 2025	June, 2028	90,000,000			
	Publish tax law reports for public consumption; and	Implement publishing tax law reports	TRA	MOF	September, 2025	June, 2027	52,500,000			
	Improve communication strategy.	Expedite ommunication Strategy to stakeholders	TRA/PO-RALG	MOF	September, 2025	June, 2026				
Implement Anti-Corruption Strategies and Action Plan	To conduct ethical awareness campaigns to staff and take appropriate actions against unethical behavior.	Expedite ethical awareness programs compaign to staff	TRA/PO-RALG	MOF	September, 2025	June, 2028	52,500,000			
Enhance taxation of the informal sector	Enhance identification, registration, and regulate small enterprises/traders for taxation purposes	Prepare mechanism to Implemen the measure	TRA/PO-RALG	MOF	September, 2025	June, 2027	90,000,000			
	Improve collaboration and sharing of information between government institutions	Develop guideline for collaboration on information sharing	TRA/PO-RALG	MOF	September, 2025	June, 2027	52,500,000			
	Review and improve Block Management System;	Review block management system	TRA	MOF	July, 2026	December, 2026				
	Build taxpaying culture and tax compliance through awareness campaign		Create a clear and engaging message that highlights the importance of taxes in funding public services and infrastructure	TRA	MOF, PC	July, 2025	September, 2025			
			Make tax-related information easily available to the public through user-friendly guides, FAQs, and online resources	TRA	MOF	July, 2025	September, 2026			
			Offer incentives for compliance	TRA	MOF	July, 2025	June,2028	150,000,000		
			Conduct outreach and educational programs	TRA	MOF					
	Work with government agencies, tax professionals, community organizations, and other stakeholders to amplify the message of tax compliance and build a culture of transparency and accountability			TRA	MOF	July, 2025	June,2028	40,000,000		
	Incentivize operators in the informal sector through soft loans to attract them formalize business and properties		Develop a targeted loan program	MCDGWWSG	MOF/PO-RALG/TRA	January, 2025	June, 2025			
					MCDGWWSG	BOT/MOF	January, 2025	June, 2025		
					MCDGWWSG	BOT/MOF	January, 2025	June, 2025		
Develop a strategy for identifying, registering, and taxing commercial farms.	Prepare mechanism to identify and register commercial farms	LGAs	MOF/PO-RALG	July,2024	June, 2027	141,750,000				
Incentivize operators in the informal sector through soft loans to attract them and formalize their business and properties		Develop a concept note stakeholders engagement conduct indepth analysis	MoF	TRA, PO RALG	July,2025	June, 2028				
				MoF	TRA, PO RALG	July,2025	June, 2026			
				MoF	TRA, PO RALG	July,2025	June, 2026			
Public Procurements on International and National	Enforcement of the provision of the law on the margin of preference for the public procurement	creating awareness among relevant stakeholders, such as government agencies, procurement officers, and suppliers, about the provision of the law on the margin of preference	PPRA	MDA and LGAs	July, 2025	June, 2027	40,000,000			
		Develop clear guidelines on how the margin of preference will be implemented in public procurement processes	PPRA	MDA and LGAs	Ju,ly, 2025	December, 2025				
		Identify opportunities where the margin of preference can be applied to support local suppliers or promote certain industries	PPRA	MDA and LGAs	July, 2025	December, 2025				
		Consider the margin of preference for eligible suppliers during Bids evaluation	PPRA	MDA and LGAs	July, 2025	June, 2027	-			
	Capacitate individuals and firms to compete with multination companies		Conduct situational analysis	PPRA	MDA and LGAs	July, 2024	December,2024			
					PPRA	MDA and LGAs	July, 2024	June, 2027	80,000,000	
		Establish window for capacitate the individuals and firms	PPRA	MDA and LGAs	July, 2024	June, 2027	40,000,000			

Improvement of Voluntary Tax Compliance	Patriotism award through lottery system;	Develop an utomated system	MoF	TRA	July, 2024	June, 2026	
		Stakeholders engagement	MoF	TRA	July, 2024	June, 2026	
	Review the presumptive tax system by developing simplified form/template to enable record keeping	develop the business process	MoF	TRA	July, 2025	June, 2026	
		develop the simplified tax system	MoF	TRA	July, 2025	June, 2026	
		stakeholders engagement	MoF	TRA	July, 2025	June, 2026	
	Patriotism award through Tuzo point	Develop an utomated system	MoF	TRA	July, 2025	June, 2026	
		Stakeholders engagement	MoF	TRA	July, 2025	June, 2026	
Strengthen monitoring of Consolidators	Expediate the interface between IDRAS and TANCIS to enable inventory tracking	assessing the current systems of IDRAS and TANCIS to understand their functionalities and data requirements	TRA	TPA, MOF, eGA	July, 2025	December, 2026	
		Establish a seamless link between IDRAS and TANCIS	TRA	TPA, MOF, eGA	July, 2025	December, 2027	
		Data Mapping and Standardization	TRA	TPA, MOF, eGA	July, 2025	December, 2027	
		Development of Inventory Tracking System	TRA	TPA, MOF, eGA	December, 2025	March, 2027	
		Implementation and Testing	TRA	TPA, MOF, eGA	March, 2026	June, 2027	
		Training and Capacity Building	TRA	TPA, MOF, eGA	June, 2026	December, 2027	
	Enforce custom law to ensure consolidators and de-consolidators clear cargos of their clients using the TIN of the cargo owners instead of consolidators TIN	Assess the current situation	TRA	TPA, MOF	July, 2024	December, 2025	
		Issue the circular to address the measure	TRA	MOF	December, 2024	December, 2025	-

Strengthening non tax collection in major economic activities						
A. Fisheries Sub sector						
All fish markets and landing sites should be registered for monitoring	Identification of fish markets and landing sites	TRA	MOF, MOLF	July, 2025	December, 2025	
	registration of fish markets and landing sites	TRA	MOF, MOLF	July, 2025	December, 2025	
Implement the law by establishing beach management community	Identification of existed beach	TRA	MOF, MOLF	July, 2025	December, 2025	
	establishment of beach community groups	TRA	MOF, MOLF	July, 2025	June, 2028	20,000,000
Attract access to finance in fishing sub-sector through PPP	Develop the guideline on how to cooperate with private sector through PPP in fisheries sub sector	MLS	PPP UNIT	July, 2026	June, 2028	
All licenses and permits applications should be accessible and performed through the online application	Identify all licenses and permits	TRA	MOF, MOLF	July, 2025	December, 2025	
	Develop the online system for licenses and permits application	TRA	MOF, MOLF	December, 2025	March, 2026	
	automate licenses and permit application	TRA	MOF, MOLF	March, 2026	June, 2026	
Fast track registering of fishers and vessels in cooperation with government agencies	Initiate discussions and establish partnerships with relevant government agencies responsible for fisheries and maritime affairs	TRA	MOF, MOLF	July, 2025	December, 2025	
	Simplify Registration Procedures	TRA	MOF, MOLF	December, 2025	March, 2026	
	Implement a digital registration system that allows fishers and vessel owners to register online	TRA	MOF, MOLF	June, 2026	June, 2028	10,000,000
	Set up mobile registration units in key fishing communities or ports to facilitate on-the-spot registration of fishers and vessels	TRA	MOF, MOLF	June, 2026	June, 2028	100,000,000
	Provide training and capacity building programs for fishers, vessel owners, and government officials involved in the registration process	TRA	MOF, MOLF	July, 2025	June, 2028	80,000,000
Establish mechanism to tax international companies fishing in Tanzania deep sea zones	Develop a clear policy framework outlining the taxation requirements for international companies fishing in Tanzania's deep sea zones	TRA	MOF, MOLF	July, 2025	December, 2025	
	Define the taxation structure, including the types of taxes to be levied on international fishing companies, such as licensing fees, catch fees, or revenue-based taxes	TRA	MOF, MOLF	July, 2025	December, 2025	
	Establish robust enforcement mechanisms to ensure compliance with the taxation requirements	TRA	MOF, MOLF	December, 2025	March, 2026	
	Develop a registration process for international fishing companies seeking to operate in Tanzania's deep sea zones	TRA	MOF, MOLF	March, 2026	June, 2026	
	Implement a system for collecting taxes from international fishing companies, which may involve setting up payment channels, issuing invoices, and tracking tax payments	TRA	MOF, MOLF	June, 2026	June, 2028	80,000,000
All pre-approval licences, permits and forms should be abolished in order to facilitate investment and trade in the fisheries sub - sector	conduct situation analysis	MoLF		July, 2025	December, 2025	
	Issue the announcement to abolish pre-approval licences, permits and forms	MoLF		December, 2025	December, 2026	
B. Forestry sub sector						
Impose export levy of 10 percent on export of timber sheet and wood powder	conduct situation analysis					
	Review the export levy on timbe and wood powder	MOF	TRA, MTNR	July, 2025	December, 2025	
	impose the new rate	MOF	TRA, MTNR	March, 2026	June, 2026	
Introduce online auctioning of the forest products and the application of the permit and charging of fees through online platforms	Conduct a study to assess the technical, legal, and operational aspects of introducing online auctioning and permit application systems for forest products	MTNR		July, 2025	December, 2025	
	Evaluate existing online auctioning and permit application platforms to determine the most suitable technology for the forest products sector	MTNR	eGA	July, 2025	December, 2025	
	Develop regulations governing online auctioning, permit application, and fee charging processes for forest products	MTNR	eGA	December, 2025	March, 2026	
	Develop customized online platforms for auctioning forest products, applying for permits, and paying fees	MTNR	eGA	December, 2025	June, 2026	
Introduce withholding tax of 2% on timber	conduct situation analysis	MOF	TRA, MTNR	July, 2025	December, 2025	
	Review the withholding tax law	MOF	TRA, MTNR	December, 2025	June, 2026	
	impose the new rate	MOF	TRA, MTNR	July, 2025	June, 2027	
Introduce QR code stickers on timbers and logs	Improve the system to accommodate	TFS	MNRT	January, 2026	June, 2026	
C. Livestock sub sector						
The data of the registered meat stores should be shared with the Tanzania Revenue Authority (TRA) for the taxation	Stakeholders engagement	TRA	MOF, MOLF	July, 2025	December, 2025	
	Establish mechanism for sharing information	TRA	MOF, MOLF	December, 2025	March, 2026	
Develop a strategy for improving commercialization of livestock subsector	Develop concept Note	MLS		July, 2026	December, 2026	94,500,000
	Develop strategy	MLS	PO-RALG	December, 2026	June, 2028	251,200,000
Enhance monitoring and control of hides and skin trade	Monitoring of the trade annually	MLS	PO-RALG	June, 2025	June, 2028	94,500,000
Conduct awareness campaign, improve control of smuggling and black market of livestock	Develop compelling and informative messages that highlight the negative impacts of smuggling and the black market of livestock	MOLF	MOHA	July, 2025	September, 2025	
	Collaborate with relevant authorities, law enforcement agencies, and local communities to gather support and resources for the campaign	MOLF	MOHA	July, 2025	June, 2028	10,000,000
	Provide education and training programs for livestock owners, traders, and the general public on the importance of legal trade practices and the consequences of engaging in illegal activities.	MOLF	MOHA	September, 2025	June, 2028	100,000,000
TOTAL						11,285,700,000

ANNEX 3: THE MTRS COMMITTEES

The MTRS Steering Committee

The MTRS Steering Committee shall be chaired by Permanent Secretary - Treasury and Paymaster General. Its membership shall include:

1. The Permanent Secretary for President's Office, Investment and Planning;
2. The Permanent Secretary for President's Office Finance and Planning;
3. The Permanent Secretary for President's Office, Regional Administration and Local Government;
4. The Permanent Secretary for Ministry of Minerals;
5. The Permanent Secretary for Ministry of Land, Housing and Human Settlement Development;
6. The Permanent Secretary for Ministry of Natural Resources and Tourism;
7. The Permanent Secretary for Ministry of Information, Communication and Information Technology;
8. The Governor, Central Bank of Tanzania;
9. The Commissioner General, Tanzania Revenue Authority;
10. Treasury Registrar;
11. Executive Secretary, Planning Commission;
12. The President, Tanzania Chambers of Commerce Industry and Agriculture;
13. Chairman of Tanzania Private Sector Foundation; and
14. Deputy Permanent Secretary, Economic Management – Ministry of Finance who shall be the Secretary of the Committee.

The Chair will adopt other members into the Steering Committee as and when required.

Steering Committee Meetings

The Committee will meet Quarterly. A set day for the meetings will be established at the beginning of each financial year. Meetings should include update on progress from the Technical Committee and Secretariat.

Roles of the MTRS Steering Committee

The MTRS Steering Committee shall perform the following roles:

- i. Oversees the overall implementation of the MTRS;
- ii. Provide directives to the technical committee;
- iii. Consider and approve MTRS progress reports;
- iv. Consider and resolves any major issues that may arise during implementation;

- v. Ensures that the implementation of the MRTS 2023-2027 is aligned with Government overall strategy; and
- vi. Ensure MTRS initiatives are implemented by respective institutions or agencies as per implementation plan.

The MTRS Technical Committee

The MTRS Technical Committee shall be chaired by Deputy Permanent Secretary, Economic Management – Ministry of Finance and its membership shall include:

1. The Director of Policy and Planning, Ministry of Minerals
2. The Director of Local Government - President's Office, Regional Administration and Local Government;
3. The Director of Policy and Planning - Ministry of Land, Housing and Human Settlement Development;
4. The Director of Policy and Planning - Ministry of Natural Resources and Tourism;
5. The Director of Policy and Planning - Ministry of Information, Communication and Information Technology;
6. Director of Legal Services – Ministry of Finance;
7. Director of Legal Services – Tanzania Revenue Authority
8. The Director of Research and Planning - Central Bank of Tanzania;
9. The Director of Research and Planning -Tanzania Revenue Authority;
10. Director of Information, Financial Management Systems – Ministry of Finance;
11. Commissioner for Domestic Revenue – Tanzania Revenue Authority;
12. Commissioner for Customs and Excise – Tanzania Revenue Authority;
13. Commissioner for Large Taxpayers – Tanzania Revenue Authority;
14. Director of Information and Communication Technology - Tanzania Revenue Authority;
15. The Director of Research and Planning – Office of Treasury Registrar;
16. The Director of National Planning - Planning Commission;
17. Representative from Tanzania Chambers of Commerce, Industry and Agriculture;
18. Representative from Tanzania Private Sector Foundation; and
19. Commissioner for Policy Analysis Division – Ministry of Finance who will also be a Secretary of the Committee.

The Chair of the Technical Committee will coopt other members as and when required.

Meetings of Technical Committee

The Technical Committee will meet quarterly, or more frequently as agreed. A set day for the meetings will be established at the beginning of each financial year. Meetings will include an update from the Secretariat.

Roles of the MTRS Technical Committee

The Technical Committee shall perform the following roles:

- i. Ensure timely preparation of implementation reports;
- ii. Review and recommend on approving annual MTRS progress reports;
- iii. Ensuring that the data collected are reliable and valid;
- iv. Regularly monitor the implementation of MTRS and related workplans;
- v. Review monitoring tools and methodologies for accuracy and ensure their alignment with best practices and standards;
- vi. Deciding on the technical assistances needed to build capacity for MTRS monitoring; and
- vii. Providing recommendations to improve the implementation of MTRS.

MTRS Secretariat

MTRS Secretariat shall be led by Commissioner for Policy Analysis - Ministry of Finance and shall decide the composition of members of Secretariat. The Secretariat will meet every month, or more frequently as agreed. The roles of MTRS secretariat shall be as follows:

- i. Provides administrative and logistical support to the Steering Committee and Technical Committee;
- ii. Organize and coordinate meetings, seminars, and workshops;
- iii. Facilitates communication and collaboration among different stakeholders involved in the MTRS implementation, and monitoring and evaluation process; and
- iv. Ensure that progress reports and work plans are produced timely.

ANNEX 4: COMPOSITION OF DOMESTIC REVENUE

The Government derives its domestic revenue from tax and non-tax sources. In addition, Direct taxes are levied on incomes, wealth and property of individuals and entities, while indirect taxes are levied on consumption. Major direct taxes include corporate tax, PAYE, individual taxes, rental income taxes, withholding tax, capital gains tax, Skills Development Levy (SDL) and gaming tax. Indirect taxes are levied on consumption of goods and services at two levels: domestic consumption; and international trade transactions (imports and export) of goods and services. The indirect taxes on domestic consumption are VAT, excise duty, motor vehicle registration tax, stamp duty and other indirect taxes.

Non-tax revenue consists of Government revenue received from all other sources excluding taxes such as Land rent, Property rate, Billboard fee, Tourism fee, Royalty and inspections, Service levy, Business license, dividends and contribution from parastatals and other sources.

STRUCTURE OF DIRECT AND INDIRECT TAXES

DIRECT TAXES

a) Corporate income tax

The Corporate Income Tax (CIT) is imposed on entity profit. Generally, Tanzania offers generous tax incentives for companies engaged in the extractive industries, special economic zones (SEZs) export processing zones (EPZs) including 10-year tax holidays from income tax, withholding taxes, property tax and other local Government taxes and levies. Table No. 1 shows the structure of corporate income tax.

Table 1: The structure of corporate income Tax

SOURCE	BASE (S)	RATE	
		Resident	Non-resident
Corporate tax	Tax rate on total income of a corporation	30%	30%
	Corporations with perpetual unrelieved losses for 3 consecutive years excluding corporation conducting agricultural business, provision of health or education	0.5% of annual turnover	N/A
	Newly listed corporation to the Dar es Salaam Stock Exchange, with at least 30% of its equity ownership issued to the public for three consecutive years from the date of listing	25%	25%
	A corporation with a newly established plant for assembling motor vehicles, tractors, fishing boat or out boat engine and having a performance agreement with a Government of URT for the first five years from commencement of production.	10%	N/A
	A newly established entity dealing in manufacture of pharmaceuticals or leather products and having a performance agreement with the Government of the URT shall be taxed at reduced corporate rate for five consecutive years from the year of commencement of production.	20%	N/A
	Total income of a Domestic Permanent Establishment	N/A	30%
	Repatriated income of a domestic permanent establishment	N/A	10%
	Digital Service Tax (DST)	N/A	2%

	Payments received by a non-resident person who renders electronic services consumed in the URT		
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b) Individual income tax

PAYE

PAYE is a tax on employees’ remuneration. The tax is withheld by the employer who remits it to TRA. The marginal tax rates for employees’ remuneration range from 8 to 30 percent, based on graduation in income to a higher level, with effective tax rate capped at 30 percent of the individual’s income in any year. The rates are progressive based on different income brackets (Table 2).

For income tax purposes, the tax system in Tanzania classifies individuals’ income into two groups: individuals earning income from trading but not required to maintain audited accounts and individuals earning income from trading but maintaining audited accounts. While the former group is taxed under the presumptive tax system, the latter is taxed based on annual profit determined from the audited accounts.

The tax base for individuals who do not keep records, subject to meeting other conditions, is the annual turnover that does not exceed 100 million shillings. This group of taxpayers pays a specific tax amount based on the pre-defined income brackets as presented in (Table 2). The tax base of the other group is taxable profits which is determined based on the audited accounts and grouped into income brackets, (Table 2). In practice, this group includes self-employed (professional) individuals such as consultants and other high-value service providers. The tax rates applied to profits are both flat rate and graduated (progressive) rates, as indicated in (Table 2).

Table 2: Tax Structure of Individual Income Taxes and Individual Presumptive Tax

SOURCE	BASE (S)	RATE	
		Compliance with section 35 of Tax Administration Act, Cap 438 (Record keeping)	Not complied
Individual Presumptive Tax	Where turnover does not exceed TZS 4,000,000/=	NIL	NIL
	Where turnover is between TZS 4,000,000/= and TZS 7,000,000/=	TZS 100,000/=	3% of the turnover in excess of TZS 4,000,000/=
	Where turnover is between TZS 7,000,000/= and TZS 11,000,0000/=	TZS 250,000/=	TZS 90,000/= plus 3% of the turnover in excess of TZS 7,000,000/=
	Where turnover is between Tshs 11,000,001/= and Tshs 100,000,000/=		3.5% of turnover
Individual Income Tax	Where the total income does not exceed TZS 270,000/= per month	N/A	
	Where the total income exceeds TZS 270,000/= but does not exceed TZS 520,000/=	8% of the amount in excess of TZS 270,000/=	
	Where the total income exceeds TZS 520,000/= but does not exceed TZS	TZS 20,000/= plus 20% of the amount in excess of TZS 520,000/=	

	760,000/=	
	Where the total income exceeds TZS 760,000/= but does not exceed TZS 1,000,000/=	TZS 68,000/= plus 25% of the amount in excess of TZS 760,000/=
	Where the total income exceeds TZS 1,000,000/=	TZS 128,000/= plus 30% of the amount in excess of TZS 1,000,000/=

c) Withholding Taxes

Withholding tax on income is a tax imposed at the source of income where a third party (withholding agent) is charged with deducting the tax from certain kinds of payments and remitting the same to TRA. In practice, withholding tax are commonly used for passive incomes such as dividends, interest, royalties and similar tax payments. The chargeable income is a result of supplies of goods or services. The withholding taxes rates range, from 2 percent to 15 percent, depending on the taxpayer's status – resident or non-resident (Table 3).

Table 3: The Structure of Withholding Tax

2.0	Withholding tax on:	RESIDENT	NON-RESIDENT
(a)	(i) Dividends payments made by corporations listed in the Dar es salaam Stock Exchange	5%	5%
	(ii) Dividend payments made by resident corporation to another resident corporation where the corporation receiving the dividend holds 25% or more of the shares	5%	N/A
(b)	Dividends payments made by other corporations	10%	10%
(c)	Commission payments on money transfer through mobile phones	10%	N/A
(d)	Commission, fees or other charges paid by commercial bank and digital services agents	10%	N/A
(e)	i) Interest payment	10%	10%
(f)	i) Royalty payment	15%	15%
	ii) Royalty payments applicable to the film industry.	10%	10%
(g)	Payment of Management and Technical services fees and respect of mining, oil and gas.	5%	15%

(h)	Payment in respect of transport services to non-resident operator or charterer without permanent establishment. It is exempted on Payment received in respect of carriage of fish or horticulture products by a foreign aircraft	NA	5%
(i)	i) Rental payments on land and buildings	10%	20%
	ii) Aircraft lease payments	10%	15%
	iii) other assets	N/A	15%
(k)	Insurance Premium Payments	N/A	5%
(l)	Natural Resources Payments	15%	15%
(m)	Professional and other Services Payment	5%	15%
(n)	Payment of Directors' Fee (Non-full time Directors)	15%	15%
(o)	Payments in respect of goods supplied by a resident person to the Government or any other institution substantially financed by the Government	2%	N/A
(p)	Payment made in respect of buying precious metals, gemstones and other precious stones supplied by the holder of a primary mining licence or artisanal miner	2%	N/A
(q)	Payment made to a resident person in respect of verified carbon emission reduction	10%	N/A

d) Skills Development Levy (SDL)

SDL is charged at a rate of 3.5 percent of the gross monthly emoluments (wage bill) payable to all employees each month. It includes salaries, wages, payments instead of leave, fees, commissions, bonuses, gratuity, any subsistence traveling, entertainment, or other allowance received by the employee on employment or service rendered. The levy is borne by the employer who employs ten or more employees – employers with less than ten employees are exempted. Other exempted entities include the Government department, public institutions, Diplomatic Missions, United Nations, and organizations dealing with aid or technical assistance. Others are religious institutions, registered educational institutions, Local Government Authorities, and farm employers whose employees are directly and solely engaged in farming.

e) Gaming Tax

Gaming tax is levied from gaming activities and gains resulting from such activities which include casinos, sports betting, SMS lottery, National Lottery, Slots (Route) operations and Forty Machines Site (Table 4). Taxable gains from gaming activities are revenues from winnings.

The tax base for gaming tax varies depending on the nature of the transaction and activity. On the one hand, the tax base is the gross gaming revenue and net winnings for some gaming activities. On the other hand, the tax base is based on slots/routes on a machine (**Table 4**). Similarly, tax rates vary depending on the base and gaming activity.

Table 4: The structure of gaming tax

A: Gaming Tax		
1. Casino	Rate Applicable	Due Date
i) Casino Operation	18% of the Gross Gaming Revenue (GGR)	7th Day of the following Month
ii) Internet Casino	25% of GGR	7th Day of the following Month
Winners Tax		
Gaming tax on Casino	12% on value of winning	7th Day of the following Month
Gaming tax	15% on value of winning	7th Day of the following Month
B: Types of Other Gaming tax		
i) Sporting betting	10% of GGR	7th Day of the following Month
SMS Lotteries	25% of GGR	7th Day of the following Month
ii) Slot Machines per machine	TZS 7th Day of the following Month	100,000
iii) National Lotteries	20% of GGR	7th Day of the following Month
iv) Forty. Machines Sites	25% of GGR	7th Day of the following Month
v) Other Gaming Products Licensed under Section 51	10% of GGR	7th Day of the following Month

Source: Tanzania Revenue Authority

f) Other income taxes

The phrase 'other income taxes' used by TRA for data classification and presentation comprises tax revenue collected from natural resource payment, billboards, capital gains, shipping transport, treasury bills, treasury bonds and the bed night levy. The key reason for reporting these sources together is because TRA has to administer and account for them centrally, and they are not separate major revenue contributors. Therefore, while they are reported as one group, their tax base and tax rates vary depending on activity and transaction.

INDIRECT TAXES

(a) Excise duty

Excise duty is imposed on goods and services specified in the fourth schedule under section 124 (1) of the excise duty law. Excisable goods include locally produced and imported tobacco products, alcoholic and non-alcoholic beverages (wines and spirits, beer, Konyagi, soft drinks, fruit juices & bottled water), non-utility motor vehicles, petroleum products, cosmetics, perfumes and toilet waters, recorded DVD, VCD, CD and audiotapes, mobile phones and imported furniture, firearms and ammunition. In contrast, excisable services cover digital satellite Television, electronic telecommunication services and money transfers.

The excise duty rate structure in Tanzania comprises both specific and *ad-valorem* rates. The excise duty law imposes specific and *ad valorem* excise duty rates at different rates as provided in the fifth column of the Fourth Schedule. Most excise duty rates are specific, except for duty rates charged on motor vehicles, electronic communication services, digital satellite television, money transfer, cosmetics, furniture and cigars. Preference in using specific duty rates is due to the inherent weakness in applying *ad valorem* taxation which generates loopholes for tax evasion through under-declaration and misclassification.

Ad valorem rates are applied to high-value products, products with varying properties associated with value. The advantage of *ad valorem* is that it adjusts itself for inflation. In contrast, specific rates have to be adjusted for inflation from time to time to maintain the real value of excise revenue collections.

The excise law exempts some goods for domestic consumption and export. Exemptions from domestic consumption include petroleum products, furniture, motor vehicles and supply of beer, wine and manufactured tobacco to Defence Forces. Others are exported excisable goods, in-transit goods, exports or articles used in aircraft or vessels stores based.

For administration purposes, excise duty is paid by manufacturers or importers of excisable goods at the initial stage of the value chain, such as at the manufacturing or importation point.

(b) The Value Added Tax (VAT)

The VAT is imposed on the taxable supply of goods and services at each stage of production and distribution. The destination principle requires that goods and services are taxed within the jurisdiction of consumption, and as such VAT is also levied on imports. Importation of taxable goods and services from outside Mainland Tanzania is charged VAT using value of such goods as established through Customs laws.

The tax base of VAT is the turnover of VAT registered traders. The registration criteria are annual business turnover. Currently, the threshold for VAT registration is the annual turnover of TZS 200,000,000 for the mainland Tanzania. Section 30(1) of the VAT Act requires a person to apply for VAT registration within thirty days from the date prescribed by the Commissioner General.

There are two types of VAT rates applicable in Tanzania based on the nature of the supplies; a standard rate and zero rate. The standard statutory rate for VAT is 18 percent in Mainland Tanzania. The zero-rated applies where the supply of goods and services is for export of goods and services for consumption outside Mainland Tanzania.

Some institutions and persons are relieved from VAT payment on supplies or on importation of taxable goods and services as long as they are entitled. These persons and institutions enjoy VAT exemption on their purchases and/or importation of taxable goods and/or services as long as they fulfill the conditions laid down for each respective group. The Act also provides relief on goods imported by licensed exploring and prospecting minerals, oil and gas entities and mining companies are limited to goods that would qualify for import duty relief under the East Africa Customs Management Act 2004. In addition, the VAT relief is granted to an investor licensed under either the Export Processing Zone Act or the Special Economic Zone Act.

In addition, VAT exemption on imported goods is granted directly upon customs clearance. For locally procured supplies, those who qualify for exemption are required to submit an application to TRA for obtaining an exemption. In the case of imported goods, import of baggage or personal effects, import of goods by the religious organization for the provision of health or education services, import of goods by a non-profit organization for emergency and disaster relief are examples of exempted imports. Furthermore, the Act provides exemption on goods and services imported by or supplied to a government entity to implement Government projects.

(c) Import duty

The tax base for import duty is the customs value of imported goods, which is cost, insurance, and freight (CIF). Import duty rates range from 0 to 35 percent. The raw materials rate is 0, the industrial imported goods rate is 10 percent, and the consumer goods rate is 25 percent. However, sensitive goods are charged at higher rates than 35 percent with the aim of protecting local industries.

Import duty is charged in both specific and *ad valorem* rates. The *ad valorem* rate is usually calculated on C.I.F value of goods imported into the country and is collected before goods leave the entry point into the country and/or bonded warehouses.

Although all imported goods are taxable, import duty exemptions are granted based on bilateral and multilateral trade agreements, investment incentive packages and social policy considerations.

(d) Export duty

The tax base of export duty is the cost of goods, transport and all other charges up to the time of delivery of the goods on board of the exporting aircraft or vessel, or at the place of exit from Tanzania.

Export duty is charged at both specific and *ad valorem* rates. The export duty rates have undergone several reforms, basically upward-lifting consistent with the intent to discourage exportation of raw and unprocessed goods. For cashew nuts, the export duty rate is 15 percent of Free on Board (FOB) value or USD 160 per metric tonne, whichever is higher. For hides and skins, from 2015 the applicable export duty rate is 80 percent of FOB value or USD 0.52 per kg, whichever is greater; and 10 percent export duty on wet blue leather. The trend of TRA major tax collection is as shown in Table 5.

Table 5: Trend of revenue collection by major tax items

TRA REVENUE COLLECTION					
	Million TZS				
Tax Item	2018/19	2019/20	2020/21	2021/22	2022/23
P.A.Y.E.	2,415,429.9	2,552,891.0	2,198,047.2	2,431,529.8	2,862,403.6
Corporation Tax	1,563,429.8	2,571,155.7	2,150,593.6	3,289,284.2	2,909,957.5
Individuals	216,838.4	227,166.6	248,630.1	239,128.2	251,032.2
Other Income Taxes	1,249,240.4	1,497,591.3	1,703,981.6	1,442,478.8	2,110,558.0
Domestic Excises duty	1,232,395.7	1,274,640.1	1,255,772.6	1,423,371.1	1,576,904.8

Domestic VAT	2,505,440.0	2,762,924.1	2,633,435.9	2,952,924.1	3,427,303.9
Other Domestic Taxes & Charges	200,498.2	212,005.9	320,212.0	1,430,690.9	1,190,851.5
Import duty	1,201,045.0	1,269,218.4	1,320,153.5	1,478,947.9	1,637,671.0
Excises duty on Import	1,151,738.3	1,237,782.5	1,466,607.6	1,465,146.6	1,370,005.3
VAT on Import	2,259,827.4	2,421,369.8	2,584,453.5	3,344,798.5	3,639,577.6
Other Import charges	1,650,056.3	1,842,581.6	1,965,328.8	2,441,536.9	2,706,724.0
TOTAL (GROSS)	15,645,939.3	17,869,327.1	17,847,216.5	21,939,837.1	23,682,989.5
Less Tax Refunds	134,609.0	246,505.0	222,854.9	995,658.2	1,072,827.2
TOTAL (NET)	15,511,330.4	17,622,822.1	17,624,361.6	20,944,178.9	22,610,162.3

Source: Tanzania Revenue Authority

NON-TAX REVENUE ADMINISTERED BY MDAS

Non-tax revenues from MDAs include levies, fees, royalties, charges, dividends and contributions from Public Institutions and Statutory Corporations collected by the Office of the Treasury Registrar. The mandate to collect non-tax revenue for MDAs emanates from the laws that impose the charges. **Table 5** shows some selected MDAs sources of revenue and their respective laws that mandate their imposition.

Table 5: Selected MDA's non-tax revenue sources

MDAs	SOURCE OF REVENUE	STATUTE	BASE	RATE
Ministry of Mineral	Mining Royalties	The Mining Act, Cap 123	<ul style="list-style-type: none"> Gross value of minerals produced 	<ul style="list-style-type: none"> 6% for gemstones, diamonds, metallic minerals 1% for gems 5% for uranium 3% other minerals (salt, building material, etc.)
	Inspection Fees	The Mining Act, Cap 123	<ul style="list-style-type: none"> Value of minerals 	<ul style="list-style-type: none"> 1% of gross value
The Treasury Registrar	Dividends	The Treasury Registrar (Powers and Functions) Act Cap 370	<ul style="list-style-type: none"> All statutory corporation 	<ul style="list-style-type: none"> Amount of Government share
	15% Contributions	The Treasury Registrar (Powers and Functions) Act Cap 370	<ul style="list-style-type: none"> All Public institutions 	<ul style="list-style-type: none"> 15% of gross proceeds
Immigration Department	Resident Permit	Tanzania Passports and other Travel Documents Cap 42 and its Regulations of 2004	<ul style="list-style-type: none"> Resident Permit 	<ul style="list-style-type: none"> Ranges from USD 150 to 3,050
	Passport fees		<ul style="list-style-type: none"> Travel passport/document 	<ul style="list-style-type: none"> TZS 130,000/= for passport TZS 20,000/= for emergency travel document
	Visa Fees		<ul style="list-style-type: none"> Visa applications 	<ul style="list-style-type: none"> Ranges from USD 50 to 550
Ministry of Lands, Housing and Human Settlements Development	Survey fees and publication	the Land Survey Act Cap 324	<ul style="list-style-type: none"> Application for land survey 	<ul style="list-style-type: none"> TZS 20,000/=
	Land Registration Fees	The Land Registration Act Cap 334;	<ul style="list-style-type: none"> Land registration applications 	<ul style="list-style-type: none"> 0.25% of consideration or valuation, whichever is higher

MDAs	SOURCE OF REVENUE	STATUTE	BASE	RATE
	Land rent	The Land Act No. 4 of 1999	<ul style="list-style-type: none"> Land owned formally (Tittle Deed) 	<ul style="list-style-type: none"> Depend on the location and use
Prime Minister's Office Labour, Youth Development, Employment and Disabilities	Work Permit	the Non-citizens (Employment Regulation) Act No. 1 of 2015	<ul style="list-style-type: none"> Number of Foreign workers employed 	<ul style="list-style-type: none"> USD 500 for grade B and D USD 1000 for Grade A and C No fee for Grade E (Refugees)
Ministry of Natural Resources and Tourism	Tourism License	The Tourism Act, Cap 65	<ul style="list-style-type: none"> Tourism activities 	<ul style="list-style-type: none"> Depending on Tourism activities

NON-TAX REVENUE ADMINISTERED BY LGAs

The Local Government Finance Act, Cap. 290 under Section 6 to 8 provides for various sources of revenue to urban, district and township authorities. The sources provided are in the following major categories:

- i. **Local taxes:** include property tax, produce cess, service levy, guest house levy, and other levies on business activities;
- ii. **Licenses and permits:** include licenses and permits on business activities, permits on construction activities, license on extraction of forest products, and licenses or permits on vehicles and transport;
- iii. **Fees and charges:** include market fees and charges, sanitation fees and charges, and specific fees which include parking and central bus stand fees; and
- iv. **Other own revenues:** include all fines and penalties, income from sales or rent, and any other own revenues are classified in this category.

Table 3.19 shows selected LGAs revenue sources in their categories, tax base and respective rates.

Table 6: Revenue Sources for LGAs, tax base and tax rate

Revenue source category	Revenue source	Tax base	Tax rate
Local Taxes	Produce cess	Agricultural produce	cap 3% of farm gate price for produces more than a ton.
	Service levy	Turnover	0.3% of turnover net VAT and excise duty
	Guest House levy	Rooms served	10% of a guest house charge payable by a guest
Licenses and permits	Licenses and permits on business activities; Permits on construction activities; Licenses on extraction of forest products; Licenses/permits on vehicles and transport.	Business license application	Different rates depending on business category and type as prescribed under the Business Licensing Act, No. 25 of 1972.
Fees and Charges	Market fees and charges; Sanitation fees and charges; Parking Fees; Central Bus Stand Fees; Other Specific service fees.	Service provided	Different rates depend on LGAs by-laws.
Other Own Revenues	Fines and penalties; Income from sale or rent; Other own revenues.	Dispute and Assets	As prescribed in the law.

Table 7: Non-tax Revenue Collection*Million TZS*

Tax Item	2018/19	2019/20	2020/21	2021/22	2022/23
MDA	1,779,241.5	1,975,913.6	1,575,835.5	1,724,737.2	1,637,057.6
TR	682,330.5	753,950.4	636,399.4	850,281.4	1,010,944.5
LGA	735,589.0	717,248.7	757,055.0	871,919.5	1,021,039.3
Total non-tax	3,197,161.0	3,447,112.7	2,969,289.9	3,446,938.1	3,669,041.3

Source: Ministry of Finance

Other Structure of Tax and Non – Tax revenue can be accessed via TRA website through the following link: <https://www.tra.go.tz/index.php/publications/540-taxes-and-duties-at-a-glance-2>