



United Republic of Tanzania
Ministry of Finance

The Citizen Budget 2026/27



A simplified guide to understand the
Government budget for the Financial
year 2026/27

Dodoma
September 2026

The Citizen Budget 2026/27

Ministry of Finance
Government City-Mtumba
Hazina Avenue
P.O. Box 2802
Dodoma



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Introduction

What is a Government Budget?

A Government budget is a plan that outlines how the government will collect and spend money over a year based on the national priorities. Through budget, the government plans how to operate its activities including provision of services to the citizens such as education, health, water and construction of roads. The government budget acts as the key tool that turns national plans into reality.

What is a Citizen Budget?

A Citizen Budget is a simplified version of the national budget prepared in easy-to-understand language to help citizens understand Government plans and priorities.

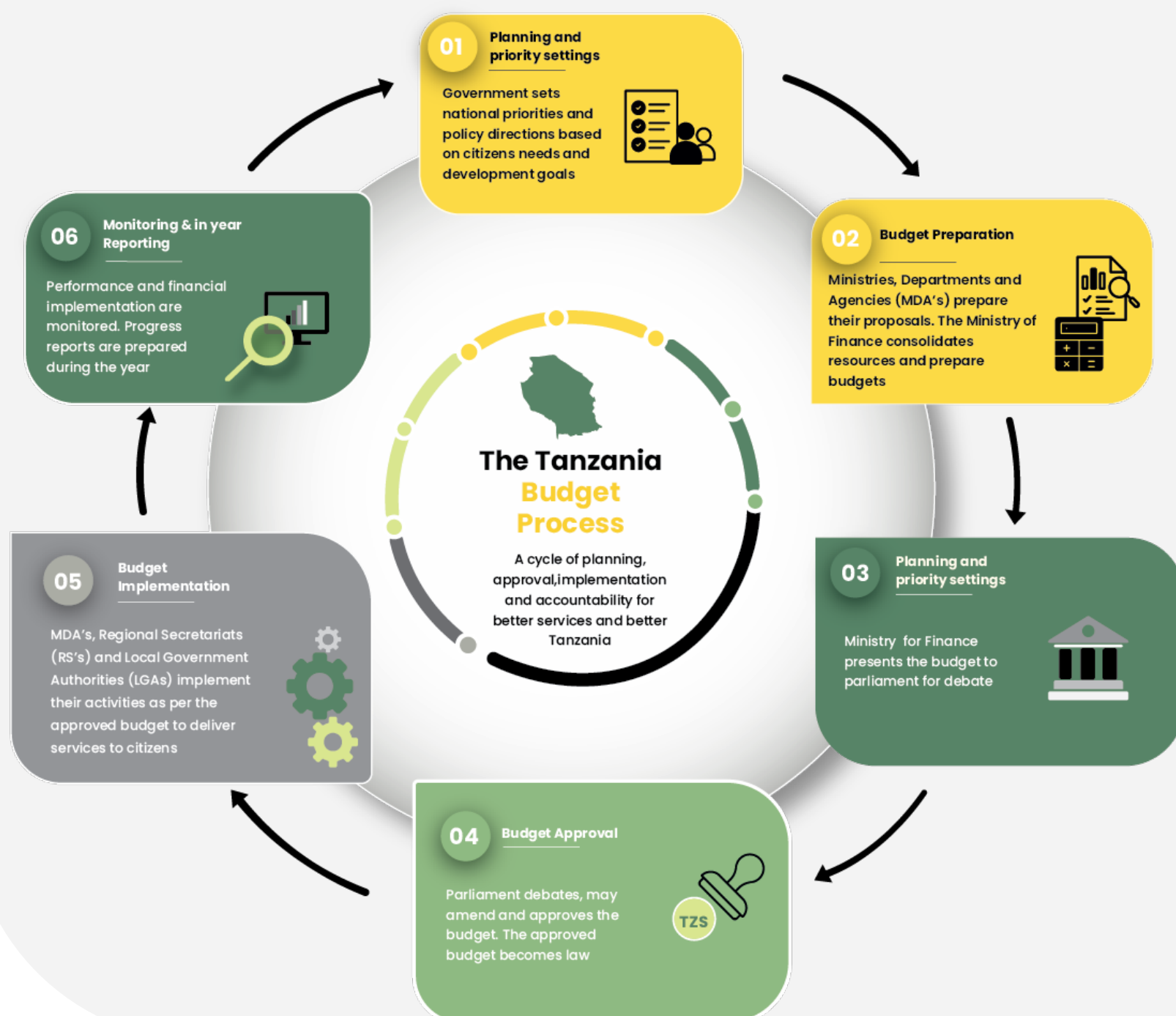


How the Budget is Prepared?

Government Budget Process

The budget process is a continuous cyclical process that extends throughout the year, starting with formulation and approval of budget guidelines and to the implementation of Government plans and budget.

Government budget process is as shown below:



Why the 2026/27 Budget Matters?

Key priorities for the 2026/2027 Budget



What is the Economy Expected to Achieve?

01

Real GDP Growth



Real GDP is projected to grow by

2025	2026	Medium Term Average
5.9%	6.3%	6.9%

Sustained growth for a stronger economy

02

Inflation Rate



Maintaining inflation rate within the single digit range averaging between

3.0%–5.0%

Over the medium term

Price stability for improved livelihoods

03

Domestic Revenue to GDP Ratio



Domestic Revenue to GDP ratio reaching **17.1%** in 2026/27

Average of **17.2%** Over the medium term

Stronger domestic resource mobilization

04

Tax Revenue to GDP ratio



Tax revenue to GDP

Broadening tax base, growing revenues sustainably

05

Fiscal Deficit



Fiscal Deficit not exceeding **3%** of GDP

Fair tax system that supports development

06

Foreign Exchanges Reserves



Foreign exchange reserves to be sufficient to meet the import requirements of goods and services for a period of not less than

4 Months

Stronger external position, greater economic resilience

Macroeconomic Assumptions

These assumptions provide conducive environment for achieving strong and sustainable economic growth



1. Robust implementation of the Medium Term Revenue Strategy (MTRS) 2025/26-2027/28



4. Price stability in the financial and commodity markets



2. Increased private sector participation in investment and business activities



5. Sustained food security



3. Resilience to the impacts of both natural and man made disasters including droughts, earthquakes, pandemics, floods as well as geopolitical tensions

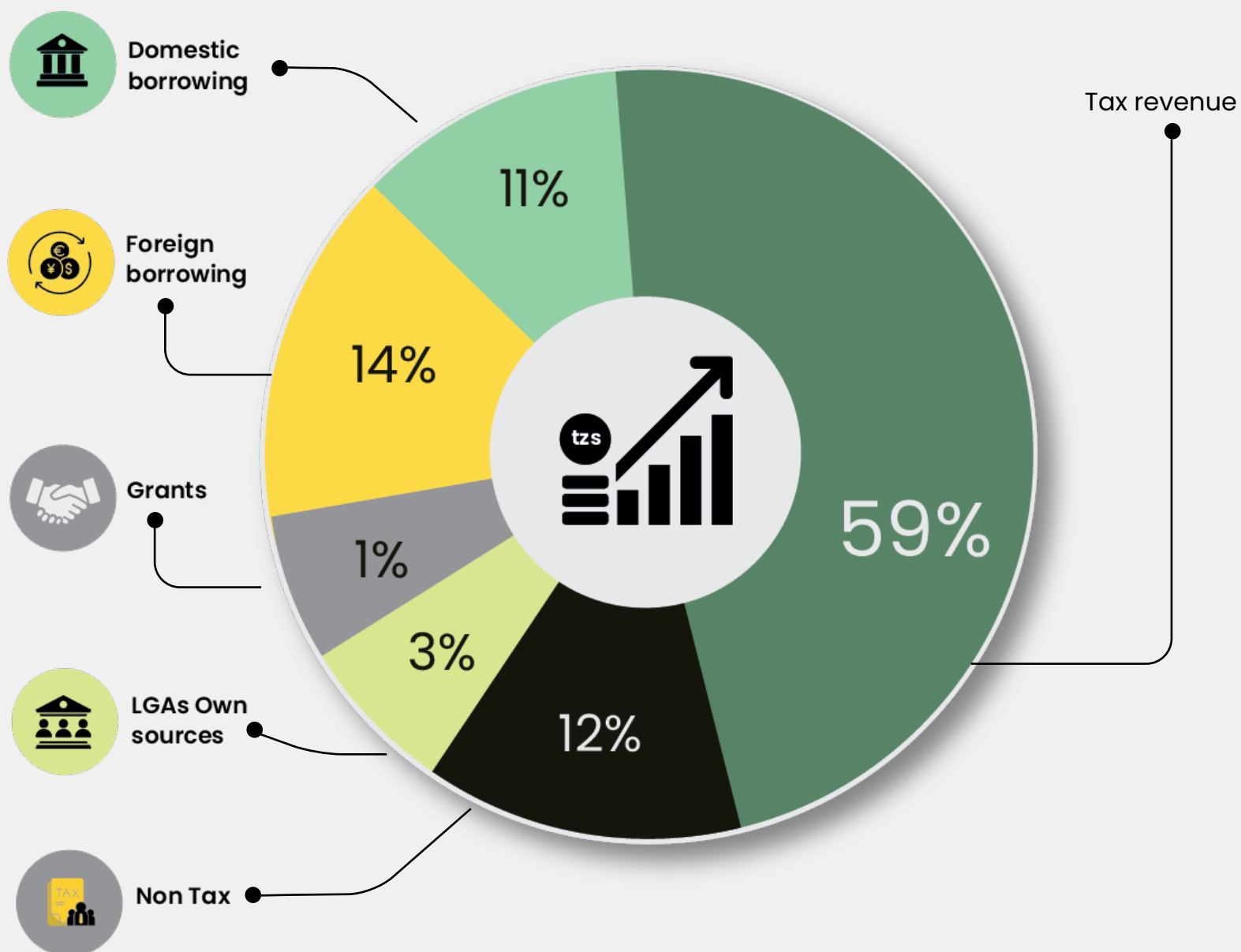


6. The existence of peace, security, unity and stability within and in the neighbouring countries

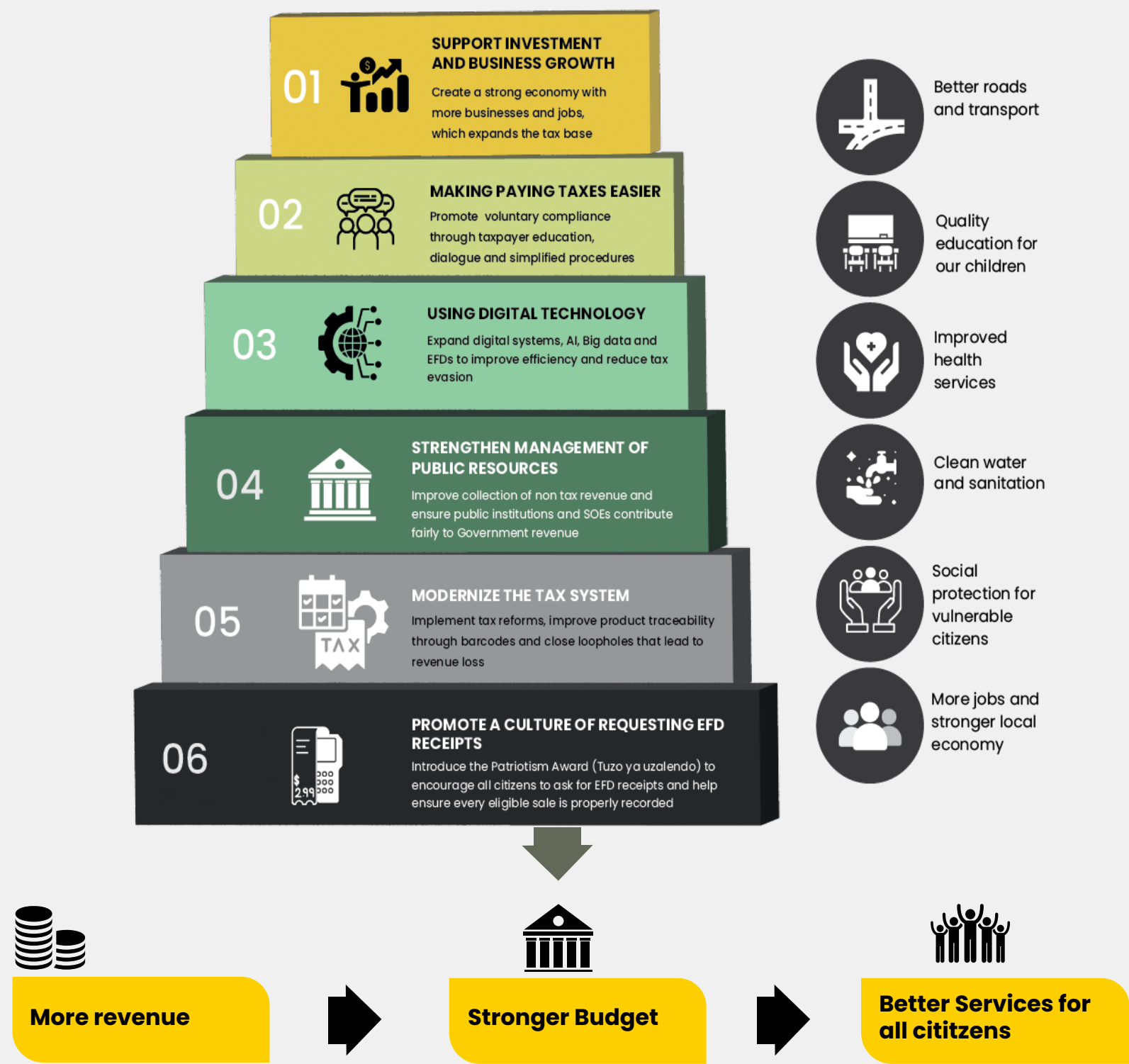
How will Government Raise Revenue?

Where Will the Money Come From?

In 2026/27, total revenue is projected to be 46.79 trillion shillings, of which, tax revenue is estimated at 36.99 trillion shillings, other revenue at 9.24 trillion shillings (including 1.97 trillion shillings from Local Government Authorities) and grants from Development Partners amounting to 563.1 billion shillings. Tax and non-tax revenues constitute 74.2 percent of the 2026/27 budget.



Strategies to Increase Revenue



Key Revenue Measures and Reforms

Revenue measures and reforms aim to strengthen revenue mobilization, promote investment, support local industries and building a stronger, more inclusive economy.

VAT exemptions introduced or extended for:



Electric vehicle charging equipment



LPG smart meters imported by LPG distributors



locally produced edible oil using locally grown oil seeds



Clothes and garments made from locally grown cotton



Dairy packaging materials



Aircraft engines/turbines/tyres

VAT Exemption removed on:



Imported fishing nets

Dog & cat food

Expected Revenue Impact
-TZS 26.6 billion

Business formalization incentives for newly registered taxpayers:



One year income tax holiday for newly registered taxpayers under the presumptive tax regime

Presumptive tax Reform:



Threshold increased from TZS 100 million to TZS 200 million annual turnover

Withholding Tax Measures

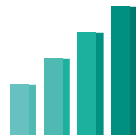


Withholding tax expanded to government procurement payments

Digital service tax increased from 2% to 3% for foreign digital service providers

Royalty withholding tax for sports institutions increased from 5% to 10%

Other Measures:



Retained earnings tax reduced from 30% to 15%

Tax base expanded to additional forest products.

Expected Revenue Impact
+TZS 174.5 billion

03. EXCISE DUTY MEASURES

Excise duty reform introduced on

-  Imported artificial flowers and related products
-  UV/LED nail curing machines
-  Imported beauty and cosmetic products (rate increased from 10% to 15%)
-  Motorcycles (5%) except electric/gas-powered/ambulance motorcycles
-  Imported plastic/rubber clogs (10%)
-  Small-engine vehicles (5%)
-  Gambling activities and betting transactions (5%)

Environmental and industrial Measures:

-  Higher excise duty on older imported vehicles
-  Gradual adjustment of specific excise duty rates to improve predictability and reduce inflationary shocks

Expected Revenue Impact
+TZS 355.1 billion

04. CUSTOM PROCESSING FEE

Customs Processing Fee increased:



From **0.6% → 1%**



Strengthen electronic revenue collection systems and customs administration

Expected Revenue Impact
+TZS 203.2 billion

05. INDUSTRIAL DEVELOPMENT LEVY (IDL)

Industrial development levy introduced on:

	Exercise books and notebooks	5%
	Trailers	5%
	Fishing nets	10%
	Doors, Windows and Frames	5%
	Steel Structures	10%
	Aluminium Structures	5%

Other reforms

-  EAC-origin goods exempted from IDL subject to Rules of origin requirements
-  Reciprocal measures introduced against discriminatory trade practices

Expected Revenue Impact
+TZS 37.0 billion

06. EXPORT TAX MEASURES

Excise duty reform introduced on

-  Waste paper
-  Quartz and feldspar minerals
-  Wheat bran
-  Cotton cake
-  Rice bran
-  Maize bran
-  Sunflower bran

Purpose:



Promote local value addition and ensure availability of raw materials for domestic industries

Expected Revenue Impact
+TZS 24.4 billion

07. STAMP DUTY REFORMS

-  Bills of sale used as collateral
-  Partnership deeds
-  Cheques
-  Lease surrender documents
-  Property exchange transactions
-  Transfer agriculture land

Purpose:



Broaden the tax base and maintain the real value of revenue

Expected Revenue Impact
+TZS 11.1 billion

08. CASHLESS ECONOMY AND TAX ADMINISTRATION REFORMS

Measures introduced to promote digital transactional:



Mandatory use of digital payment channels for selected transactions



Digital payment devices required for business licensing



Mandatory bank accounts for selected business sectors



Proof of digital payment required for transfer of assets

Tax administration improvements



Expanded use of AI, big data, blockchain and integrated digital systems



Increased use of TRA offices and mobile tax services centres



Development of simplified digital receipt systems for traders

09. TRADE AND INVESTMENT PROMOTION MEASURES

Measures to support investment and domestic industries:



Continued protection of edible oil, textile, garment, iron & steel, glass, paper, detergent, soap and leather industries



Duty remission on approved industrial inputs, machinery, packaging materials and raw materials

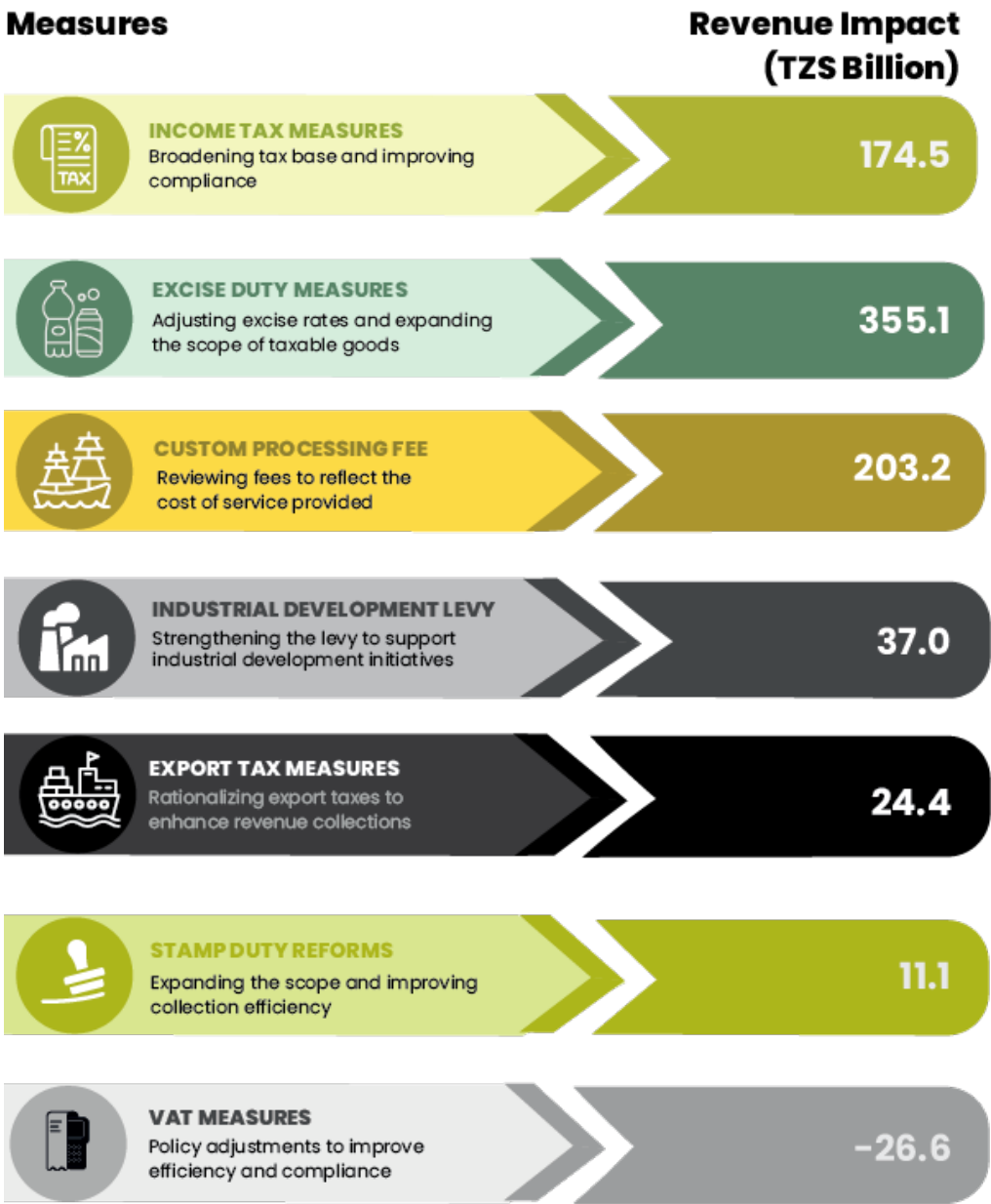


Tax incentives for clean energy technologies and electric vehicles

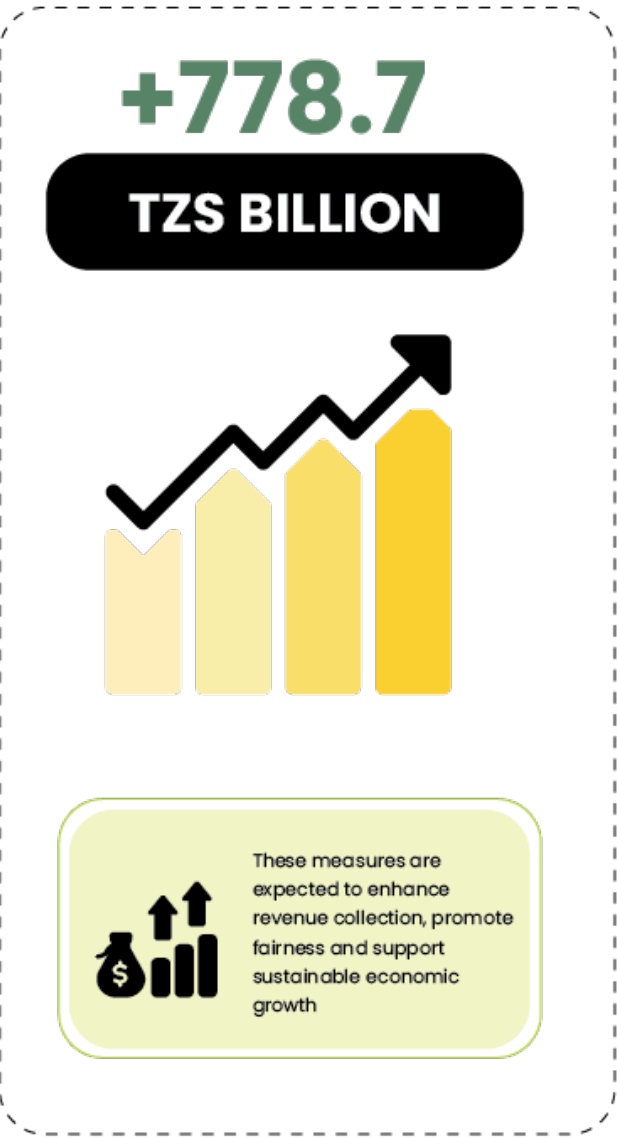


Tax incentives aligned with strategic mining and investment framework agreements.

Impact of Key Revenue Reforms and Measures for FY 2026/27



TOTAL MAJOR IMPACT



What do these Tax Reforms Mean?

The 2026/27 tax reforms are mainly designed to support businesses, attract investment, strengthen agriculture and industry, and protect citizens from high living costs, while expanding the tax base for long-term revenue growth

01

TAX RELIEF FOR NEW BUSINESSES

A 12 month income tax holiday for newly registered businesses and taxpayers under presumptive tax gives them time to grow

How you benefit?

- ✓ Encourage start-ups and innovation
- ✓ Reduces early business pressure
- ✓ Support youth and small traders to enter formal business

**02**

VAT EXEMPTIONS TO SUPPORT LOCAL PRODUCTION

VAT exemptions on key locally produced goods and industrial inputs such as machinery reduce production costs

How you benefit?

- ✓ Support local farmers, especially sunflower growers
- ✓ Lowers production costs
- ✓ Increase competitiveness and affordability of locally produced goods



03

VAT DEFERMENT ON CAPITAL GOODS MADE PERMANENT

Manufacturers can permanently defer VAT on imported machinery and industrial equipment.

How you benefit?

- ✓ Lower upfront costs for investors
- ✓ Encourages industrial growth
- ✓ Create more jobs in factories and production sectors

**04**

CONTINUED FUEL SUBSIDIES

Fuel subsidies, especially for diesel, are continued to stabilize transport and production costs

How you benefit?

- ✓ Reduces transport costs
- ✓ Help stabilize prices of essential goods
- ✓ Protect you from impact of inflation



05

AGRICULTURE TAX INCENTIVES AND SUPPORT

Tax support and subsidies on seeds (sunflower , cotton) and other inputs, plus distribution of improved seedling are maintained

How you benefit?

- ✓ Lower farming costs
- ✓ Increases productivity
- ✓ Improves farmer incomes and food availability



06

TAX SYSTEM MODERNIZATION AND DIGITAL REFORMS

Digital systems are used to strengthen tax administration widen the tax base and improve compliance

How you benefit?

- ✓ Faster and easier tax services
- ✓ More public resources to fund essential services



07

FOCUS ON BROADENING THE TAX BASE INSTEAD OF INCREASING RATES

The government is expanding the number of taxpayers and improving compliance rather than raising tax rates

How you benefit?

- ✓ Prevents heavy tax burden on existing taxpayers
- ✓ Increases fairness in the tax system
- ✓ Support more sustainable economic growth

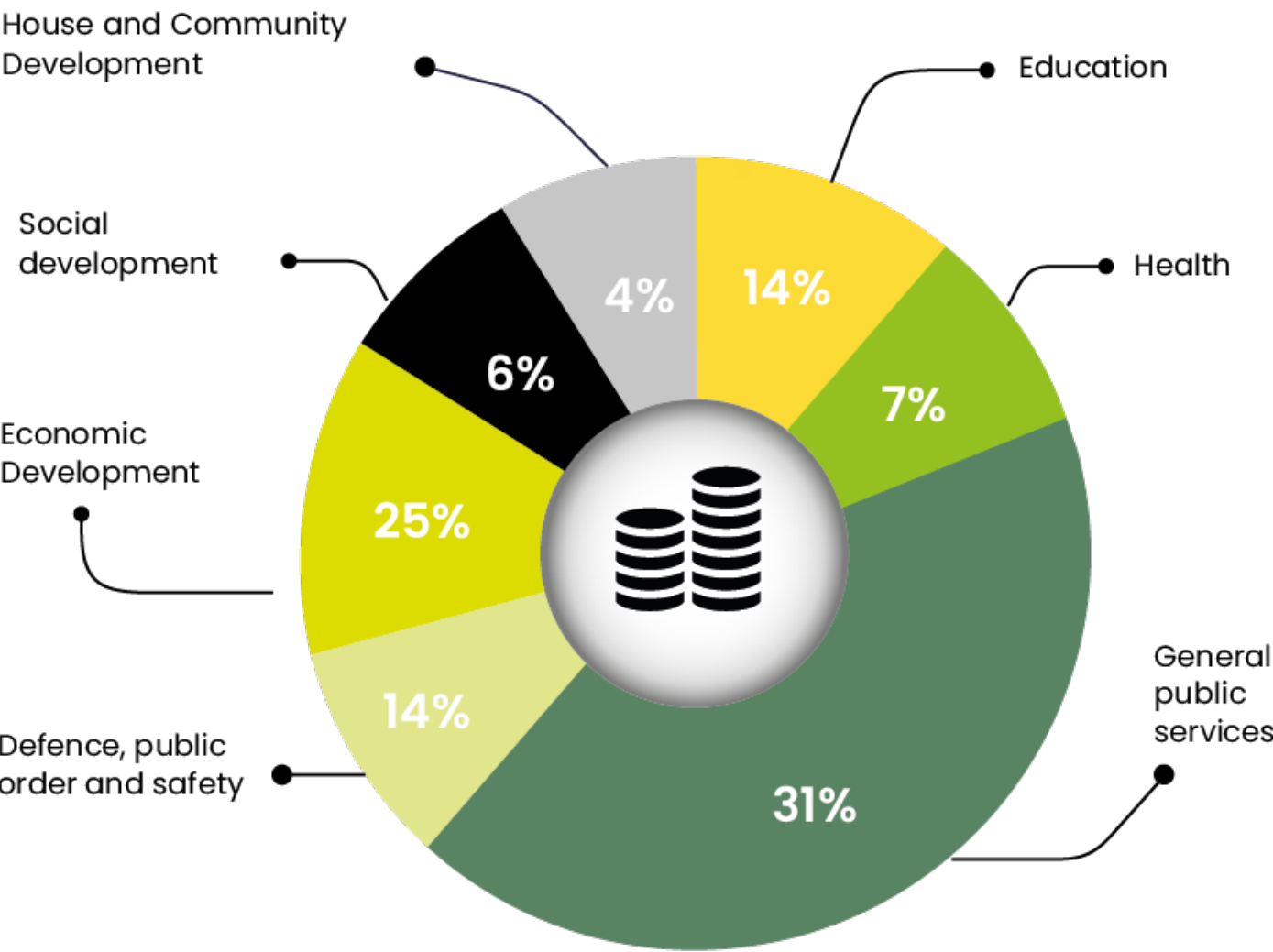


Where will the Money be Spent?

Expenditure Composition

In 2026/27, expenditure (excluding principal repayment) is projected at 54.50 trillion shillings. Out of the amount, 9.77 trillion shillings is allocated for employee compensation including employer contributions to social security funds, 6.86 trillion shillings for interest payments, 6.53 trillion shillings for cost of goods and services, 25.24 trillion shillings for transfers to public corporations and Local Government Authorities, 1.01 trillion shillings for social benefits and 3.17 trillion shillings for other costs. Net acquisition of non-financial assets is 1.92 trillion shillings.

Sector Allocations



Sector Spotlight



EDUCATION

- Improving infrastructure at all levels
- Strengthening VETA and practical training
- Promoting higher education, research and innovation
- Expanding ICT in education
- Improving teacher's skills and working conditions



ENERGY

- Improving generation, transmission and distribution
- Connecting more regions to the National Grid
- Implementing National Grid Strengthening Project
- Expanding rural and urban electrification
- Maintaining and rehabilitating infrastructure



MINING

- Strengthening geological surveys and exploration
- Empowering and formalising small-scale miners
- Building and improving mineral trading centres
- Promoting value addition through local processing and refining



AGRICULTURE

- Improving irrigation, inputs and seeds
- Promoting commercial farming
- Strengthening food security and nutrition
- Expanding access to markets, finance and ICT
- Improving livestock and fisheries production



CONSTRUCTION & TRANSPORT

- Building and rehabilitating roads and bridges
- Implementing SGR and rehabilitating railways
- Upgrading ports, airports and air transport
- Maintaining infrastructure for safety and durability
- Improving connectivity and facilitating trade



ENVIRONMENT

- Promoting tree planting and ecosystem restoration
- Protecting watersheds and biodiversity
- Implementing conservation projects
- Strengthening climate change resilience
- Improving sustainable land management



SECURITY

- Maintaining peace, stability and border security
- Ensuring a safe environment for development
- Promoting patriotism, discipline and skills through JKT



LAND

- Improving land use planning and surveying
- Strengthening land titling and ownership security
- Improving village land use plans
- Managing national and international boundaries
- Ensuring orderly and sustainable land use



COMMUNITY DEVELOPMENT

- Improving social welfare services
- Empowering women economically
- Combating gender-based violence
- Supporting youth, PWDs and the elderly
- Promoting inclusive community participation



FOREIGN AFFAIRS

- Strengthening economic diplomacy
- Attracting investment, trade, tourism and technology
- Enhancing Tanzania's international relations
- Strengthening cooperation with global partners
- Promoting Tanzania's image globally



HEALTH

- Upgrading health facilities and equipment
- Expanding Universal Health Insurance
- Promoting local production of medicines
- Strengthening preventive health services
- Improving maternal and child health services



WATER

- Expanding access to clean and safe water
- Implementing National Water Grid
- Investing in dams, storage and infrastructure
- Strengthening water resource management
- Improving sustainability and reducing water loss



SPORTS, ARTS & CULTURE

- Developing sports infrastructure (**CHAN 2027**, **AFCON 2027** and more)
- Strengthening media and digital broadcasting
- Promoting arts, culture and heritage
- Supporting artists and copyright protection
- Enhancing youth participation and talent



INDUSTRY & TRADE

- Promoting value addition and industrial growth
- Supporting small, medium and large industries
- Improving the business environment
- Strengthening domestic and international trade
- Expanding access to regional and global markets

How will Government Manage Expenditure ?

- 1





Spend public money efficiently

Funds will be used only for approved priorities and essential services that benefit citizens.
- 2





Improve transparency and accountability

Financial reports, budget and compliance will be strengthened to protect public resources.
- 3





Deliver projects on time

Planning and implementation will be strengthened so development projects are completed on time and at the best value for money.
- 4





Use digital technology

Digital public finance systems will be expanded to improve efficiency, reduce delays and strengthen service delivery.
- 5





Invest in priority sectors

More resources will be directed to high-impact sectors that improve people's lives and support economic growth.
- 6





Control spending

Meetings and administrative costs will be controlled to free more funds for development.
- 7





Protect public assets

Government buildings, equipment and other assets will be properly managed, maintained and safeguarded.
- 8





Strengthen State-Owned Enterprises and public institutions

Performance and financial sustainability of public institutions and State-Owned Enterprises will be improved.
- 9





Support local businesses

Local Content initiatives will be promoted to create jobs and expand business opportunities for Tanzanians.
- 10





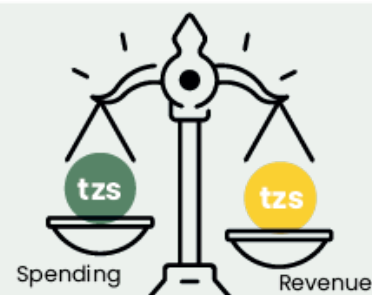
Ensure sustainable use of public funds

Borrowing and spending will be managed responsibly to protect today's resources for future generations.

Budget Deficit and Financing

? WHAT IS A BUDGET DEFICIT ?

A budget deficit occurs when Government plans to spend more money than it expects to collect during the year.



2026/27 BUDGET POSITION (TRILLION SHILLINGS)



WHY A DEFICIT MAY BE NECESSARY?

A deficit allows Government to invest in priority areas such as infrastructure, health, education and social protection today, which stimulate economic growth and improves people's well being in the long term.

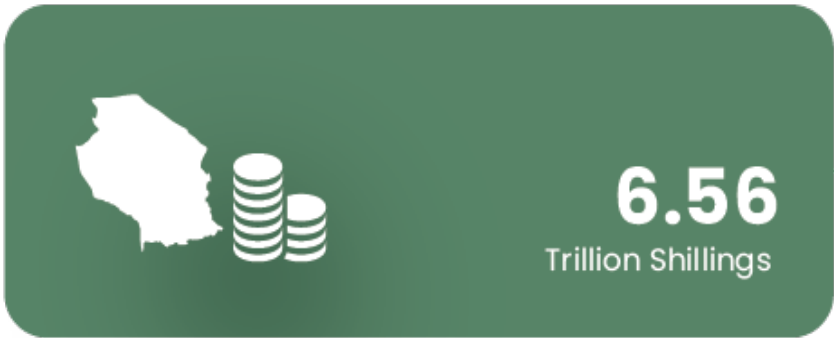
These investments generate future benefits and help increase Government revenue overtime



HOW WILL THE DEFICIT BE FINANCED?

The deficit will be financed through domestic and external borrowing

Sources of Financing (Trillion Shillings)



Domestic
Borrowing



External
Borrowing



TOTAL FINANCING

15.54

Trillion shillings



Borrowing is done in a responsible and sustainable manner to ensure debt remains sustainable and does not burden future generations

What Does this Budget Mean for You?

1. FARMER



This budget will help you by

- Improving irrigation and water supply
- Increasing access to quality seeds and farm inputs
- Expanding markets and value addition
- Improving agricultural extension and digital services

3. TEACHER



This budget will help you by

- Better classrooms and learning facilities
- More digital learning technologies
- Improved teaching materials
- Continuous teacher training

2. YOUNG PERSON



This budget will help you by

- More vocational training opportunities
- Better employment and entrepreneurship support
- Continued access to youth development loans
- Investment in sports and talent development

4. ENTREPRENEUR



This budget will help you by

- Better business and investment
- Business clusters and market infrastructure
- Improved access to finance and credit guarantees
- Better access to domestic and export markets

5. HEALTH WORKER



This budget will help you by

- Better equipped hospitals and health centres
- Improved availability of medicines
- Expanded Universal Health Insurance
- Stronger maternal and child healthcare services

6. OLDER PERSON



This budget will help you by

- Better access to healthcare
- Stronger social welfare services
- Improved community support programmes
- Continued implementation of the National Ageing Policy

Every Tanzanian has a role in building our nation's future.

This budget invests in you, your family and our country's prosperity.



Better Roads



Cleaner Water



Reliable electricity



More Jobs and Opportunities



Better Public Services

Budget Facts at a Glance

	Total Government Budget	TZS 62.33 trillion	Total resources planned for delivering public services and development projects
	Domestic Revenue	TZS 46.79 trillion	Revenue expected from taxes, non tax sources, and other domestic collections
	Tax Revenue	TZS 36.99 trillion	Main source of Government revenue used to finance public services and development projects.
	Other Revenue	TZS 9.24 trillion	Includes fees, charges, dividends, and local Government own source revenues
	Development Partner grants	TZS 0.56 trillion	Financial support from development partners.
	Budget financed from domestic sources	74.20%	Nearly three quarters of the budget will be financed by domestic revenue
	Budget deficit	TZS 15.54 trillion	The difference between planned expenditure and expected revenue
	Planned borrowing	TZS 15.54 trillion	Borrowing to finance development projects and refinance maturing debt
	Domestic borrowing	TZS 6.56 trillion	
	External Concessional loans	TZS 6.55 trillion	
	External Commercial loans	TZS 2.43 trillion	
	Loan repayments	TZS 7.84 trillion	Repayment of maturing Government loans

	Medium-Term GDP Growth Target	6.90%	Expected average growth over medium term growth
	Projected Real GDP Growth	6.30%	The economy is expected to continue growing strongly
	Budget Theme	Building a resilient economy through digital transformation, strategic investment and sustainable fiscal policies for inclusive economic growth	The guiding focus of the 2026/27 Budget
	Inflation target	3-5%	Government aims to keep prices stable
	Domestic revenue to GDP Ratio	17.10%	Indicates stronger domestic resource mobilization
	Fiscal Deficit Targets	Not more than 3% of GDP	Support Fiscal sustainability
	Foreign exchange reserves	At least 4 months of imports	Provide a buffer against external economic shocks

Frequently Asked Questions

Where does Government get money?



Government gets money mainly from taxes (such as income tax, VAT, excise duty, and customs duties), fees and charges, dividends from State-Owned Enterprises, and grants and loans from development partners.

Examples: Taxes you pay; Import duties on goods; Fees for services (e.g. passports); Dividends from Government investments; Loans and grants from partners.

Why do we borrow?



We borrow to finance large development projects that improve people's lives and support economic growth, such as building roads, hospitals, schools, and power plants, which cannot be fully funded by current revenue.

The goal is to create future benefits that will be bigger than the cost of borrowing and help our country develop.

What is development expenditure??



Development expenditure is money spent on creating assets and services that increase the country's productive capacity and improve the well-being of citizens in the long term.

Examples include: Building roads, bridges, schools, hospitals, irrigation systems, water supply projects, and power plants.

What is recurrent expenditure?



Recurrent expenditure is money spent on the day-to-day running of Government and the delivery of services.

Examples include: Salaries and wages, office expenses, utilities, medicines, teaching supplies, and maintenance of existing assets.

How can citizens monitor projects?



Citizens can play an important role in ensuring that public projects are implemented properly and deliver the expected benefit

You can: Attend community meetings; Ask for project information from local leaders; Visit project sites and observe progress; Report problems or delays to the responsible authorities (hotline, SMS, or complaint desks); Use official portals and social media for updates.

Your voice matters



By staying informed and participating, you help ensure that public resources are used well for the benefit of all.



Annex 1: Sector Allocation for 2026/27

(In Million Shillings)

Sector	Amount (In Million Shillings)
1 – Education	
1.1 – Basic Education	5,527,282.3
1.2 – Technical & vocational education and training	381,112.8
1.3 – Higher Education	1,657,816.4
1.4 – Science and Technology	90,524.6
1.5 – Education Administration	133,634.1
Total Sector	7,790,370.24
2 – Health	
2.1 – Curative services	1,617,068.1
2.2 – Preventive services	585,263.7
2.3– Dispensaries	51,395.3
2.4 – Health Centers	112,574.9
2.5 – District Hospitals	1,208,644.6
2.6 – Health Administration	128,033.7
Total Sector	3,702,980.31
3 – General Public Services	
3.1 – Executive and legislative organs	5,595,808.1
3.2 – Financial and Fiscal Affairs	4,177,711.3
3.3 – External Affairs	358,914.4
3.4 – Debt Services (Interest payment)	6,859,541.5
Total Sector	16,991,975.29
4 – Defence, Public order and Safety	
4.1 – Defence	4,279,473.7
4.2 – Public Safety	2,306,605.6
4.3 – Law Courts	798,127.1

Sector	Amount (In Million Shillings)
Total Sector	7,384,206.37
5 – Economic Development	
5.1 – Agriculture	2,135,707.2
5.2 – Minerals	187,178.0
5.3 – Energy	2,525,273.4
5.4 – Works, Transport and Communication	6,952,650.1
5.5 – Natural Resources, Environment and Tourism	1,315,024.0
5.6 – Industry	120,992.0
5.7 – Trade	114,108.9
5.8 – Labour and Youth skills Development (Job Creation)	74,011.1
Total Sector	13,424,944.59
6 – Social Development	
6.1 – Elderly, Children and Disabilities	42,586.6
6.2 – Pension funds (Including Social Security Benefits in Cash)	2,667,452.0
6.3 – National Health Insurance Fund (NHIF)	451,299.2
Total Sector	3,161,337.84
7 – Housing and Community Development	
7.1 – Water	1,111,462.5
7.2 – Lands, Housing and Human Settlement	222,322.5
7.3 – Community Development	183,794.3
7.4 – Information Sports and Culture	525,214.2
Total Sector	2,042,793.48
Grand Total Sector	54,498,608.13
Principal Repayments	7,835,585.1
Grand Total Budget	62,334,193.2

Budget Reference Documents

The Government Budget is prepared based on a number of important national policies, plans, laws, and budget documents. The key reference documents include:

- a) Tanzania Development Vision 2050 (Dira 2050) and the Five-Year National Development Plan (2026/27–2030/31);
- b) The CCM Election Manifesto (2025);
- c) Ministerial Budget Speeches for FY 2026/27;
- d) The 2025 Economy Survey Report;
- e) The Government Budget Speech for FY 2026/27;
- f) The Finance Act, 2026;
- g) The Appropriation Act, 2026; and
- h) The Government Estimates of Revenue and Expenditure for FY 2026/27 (Volumes I–IV).

Where to Find More Information

You can access these documents and Citizens' Budget booklets, by visiting:

- a) Ministry of Finance: www.mof.go.tz
- b) National Planning Commission: www.planning.go.tz
- c) Parliament of Tanzania: www.parliament.go.tz

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