



CONFEDERATION OF TANZANIA INDUSTRIES STATEMENT ON THE BUDGET SPEECH 2025/2026

Monday, 16th June 2025 in Dar es Salaam

The Government Budget for the fiscal year **2025/2026** reflects a strong commitment by the **6th Phase Government** to further enhance the country's business environment while balancing the need to increase domestic revenue with the imperative to stimulate inclusive economic growth.

The Confederation of Tanzania Industries (CTI) commends the Government for presenting a well-balanced and growth-oriented budget, and wishes to assure the Government of its commitment and support in ensuring success towards Government's vision of attaining a vibrant economic growth as stated in the third Five-Year Development Plan 2021/22-2025/26.

Moreover, CTI extends its sincere appreciation to the **Minister for Finance, Hon. Dr. Mwigulu Nchemba (MP)**, and the Government at large for their efforts in preparing a **positive and inclusive national budget** that responds to both economic and industrial priorities.

The budget was officially presented by the Minister on **Thursday, 12th June 2025**, and CTI is pleased to share its analysis and response to the key highlights of the 2025/26 Budget Speech.

CTI is highly encouraged by the Government's clear dedication to inclusive economic transformation, as evidenced by the budget's theme: "**Domestic Resource Mobilisation and Resilient Strategic Investment for Job Creation and Improved Livelihoods.**" This commitment is notably reflected in the Government's initiative to develop the **Second Blueprint for Regulatory Reforms**, a key measure aimed at improving the business environment and facilitating both domestic and foreign investment.

Tanzania's budget for the fiscal year 2025/26 has been set at **Tshs. 56.49 trillion** reflecting an **12.3%** increase compared to the previous fiscal year 2024/25 budget of **Tshs. 50.29 trillion** with **31%** of the total budget being allocated to Development expenditure and **69%** being allocated to recurrent expenditure. From the budget of the Fiscal year 2025/26, the Government expects to collect **Tshs.**

40.46 trillion from domestic revenue which indicates a **16.9%** increase compared to estimated domestic revenues collected in the fiscal year 2024/25 of **Tshs. 34.6 Trillion**. This upward trend in domestic resource mobilisation from the previous year reflects the Government's commitment to financing development priorities internally aligning with the East African Community's budget theme.

A key highlight of this year's budget is the Government's introduction of various reforms to the tax structure, fees, levies, and amendments to laws and regulations aimed at enhancing the business environment. The proposed reforms aim to promote sustainable economic transformation by protecting local industries; enhancing domestic production capacity and improving the competitiveness of goods produced in the domestic, region and international markets. The reforms also designed to promote local value addition, reduce dependency on imports, and encourage industrial growth, with the broader objective of creating employment and stabilising prices amid inflationary pressures.

The list of CTI tax proposals approved/recommended is shown in **Appendix 1** of this statement.

Some of the positive measures include that were recommended include:

- Amendment of the Budget Act, CAP 439, and the Public Finance Act, CAP 348, to establish a requirement for Ministries, Government Institutions, Agencies, and Local Government Authorities to consult the Minister responsible for finance before introducing any new levies or fees, or when reviewing existing ones. The proposal intends to empower the Ministry to more effectively fulfil its mandate by addressing the previous practice of introducing new levies and fees without consulting the Ministry of Finance. This often results in overlapping charges and duplication of revenues sources already taxed by the central Government.
- Removal licensing fees of **Tshs. 300,000** to manufacturers and importers of excisable goods. The measure is intended to reduce cost of producing and importing excisable goods, aligning with the Government's objective to lower the cost of doing business in the country. The objective is lower the cost of doing business in the country

As we applaud the measures that the Government has come forth with, we wish to highlight areas in the budget for the **Fiscal year 2025/26** budget that risk having a negative impact.

In Fiscal year 2023/2024 the Government introduced a **three-year excise duty tax calendar**, implying that there will be no increase on excise duty in the next **three (3)** years. However, CTI wishes to thank the Government for freezing the increase of excise duty for **three (3)** years as it creates a sense of predictability.

However, the Budget speech has proposed Amendment the Excise (Management and Tariff) Act, CAP. 147 to increase excise duty rate by 20 shillings per-litre on beer under heading 22.03; 30 shillings per-litre on wine and other fermented beverages under headings 22.04; 22.05; 22.06; 50 shillings per-litre on spirits, liquers and other spirituous beverages under heading 22.08

This measure has come as surprise and will ultimately have a significant impact to the industries interms increase in costs of production and production plans of the companies.

Introduction of **5 percent** excise duty on locally manufactured sausages, classified under HS Code 1601.00.00. This sub-sector needs to get Government support so as to facilitate its growth, introduction of this excise duty will have a negative impact to the growth of this particular sub-sector.

Other Recommended Tax Proposals in National Budget Speech for Fiscal Year 2025/2026 that have negative impact to the industries are attached as **Appendix 2**

However, The Government budget for the fiscal year 2025/26 highlighted the key priority areas that align with the Third National Five-Year Development Plan 2021/22 - 2025/26, themed "**Realizing Competitiveness and Industrialization for Human Development**". These priorities include;

- Completing flagship and strategic projects;
- Strengthening production sectors;
- Enhancing human capital development particularly in social services;
- Increasing the use of ICT;
- and improving the business environment and investment.

CTI believes that the selected priorities for the 2025/26 fiscal year will contribute positively to the sustainable development of the country's industrial sector

Last but not least, CTI believes that if the 2025/26 budget is effectively implemented, the Government will strengthen domestic revenue collection, sustain economic growth, enhance infrastructure and public services, and ultimately achieve broader economic development.

We remain dedicated to working with the Government and all stakeholders to ensure that Tanzania's industrial sector continues to grow, innovate, and contribute to national development.

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Appendix 1

**Confederation of Tanzania Industries (CTI)
CTI Recommended Tax Proposals from National Budget Speech for Fiscal
Year 2025/2026**

1.0. Value Added Tax (VAT)

- 1.1 Zero rate Value Added Tax on textile products (fabric and garments) made from locally grown cotton for a period of one year.
- 1.2 Zero rate Value Added Tax on locally produced fertilizers for a period of three years.
- 1.3 Exempt Value Added Tax on edible oil produced locally using locally grown seeds for a period of one year.

2.0. The Excise (Management and Tariff) Act, CAP 147)

- 2.1 Reduce excise duty rate from 7,000 to 5,000 shillings per-litre on imported undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher and from 5,000 to 4,000 shillings per-litre on locally produced ethyl alcohol. HS Code 2207.10.00
- 2.2 Reduce excise duty on locally manufactured energy drinks with HS Code 2202.99.00 from 561 shillings to 134.2 shillings per litre.
- 2.3 Introduce excise duty at a rate of 10 percent on imported soap classified under HS Codes 3401.11.00; 3401.19.00; 3402.50.00 and 3402.90.00. The measure is intended to protect local manufacturers and employment creation.
- 2.4 Introduce excise duty at a rate of 400 shillings per kilogram on imported matches under heading 36.05.

3.0. The Local Government Finance Act CAP 290

- 3.1 Reduce service levy from the current rate of not exceeding 0.3% of the gross revenue to a fixed rate of 0.25% of gross revenue.
- 3.2 Remove loading and offloading fees charged by Local Government Authorities related to transportation of goods

4.0. Occupational Safety and Health Agency (OSHA)

- 4.1** Impose a requirement that interest on fines not exceed 100 percent of the original fine instead of the current practice of charging interest at the rate of 5 percent of the fine for each day.

5.0. The Import Control Act, CAP 276

- 5.1 Introduce industrial development levy at a rate 10 percent on imported kitchenware, tableware and other household articles of plastic with heading 39.24.

- 5.2** To introduce industrial development levy at a rate 10 percent on imported road tractors under HS Codes 8701.21.90; 8701.22.90; 8701.23.90; 8701.24.90; and 8701.29.90.
- 5.3** Introduce industrial development levy at a rate 10 percent on imported prefabricated buildings under HS Codes 9406.10.90; 9406.20.90 and 9406.90.90.
- 5.4** Introduce industrial development levy at a rate 10 percent on imported bars and rods under HS Codes 7214.10.00; 7214.20.00; 7214.30.00; 7214.91.00; 7214.99.00; 7213.10.00; 7213.20.00; and 7213.99.00.
- 5.5** Introduce industrial development levy at a rate 5 percent on imported nails, tacks, drawing pins, staples and similar articles, of iron or Steel under HS Code 7317.00.00.
- 5.6** Introduce industrial development levy at a rate 15 percent on imported flat rolled products under HS Codes 7209.16.00; 7209.17.00; 7209.18.00; 7209.25.00; 111 7209.26.00; 7209.27.00; 7210.30.00; 7210.61.00; 7210.90.00; 7212.20.00; 7212.50.00; 7225.91.00; 7209.28.00; 7210.41.00; 7210.69.00; 7211.23.00; 7212.30.00; 7212.60.00; 7225.92.00; 7226.92.00; and 7226.99.00. 7209.90.00; 7210.49.00; 7210.70.00; 7211.90.00; 7212.40.00; 7225.50.00; 7225.99.00;
- 5.7** Introduce industrial development levy at a rate of 10 percent or 4,500 shillings whichever is higher on imported ceramic tiles under HS Codes 6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00.

6.0. The Export Tax Act, CAP 196

- 6.1** Amend Export Levy Act, CAP 196 by introducing export levy of 30% or 150 shillings per Kilogram whichever is higher on veneer with HS Code 44.08. This measure is intended to protect local producers of wood products.

7.0. National Council Environmental Management

- 7.1** Revoke the Environmental Management Fees and Charges Amendment Regulations, 2024 GN. No. 588 of 2024 and reinstate, the Environmental Management Fees and Charges amendment Regulations, GN. No. 387 of 2021

8.0. The East African Community Customs Management, 2004

- 8.1** Grant stay of application of EAC CET rate of 25 percent or US\$ 200/MT whichever is higher and apply a duty rate of 25 percent or US\$ 350/MT whichever is higher for one year on flat-rolled products of iron or

non-alloy steel 7210.49.00; under 7210.61.00; 7210.70.00; and HS Codes 7210.69.00; 7210.90.00;

- 8.2 Grant stay of application of EAC CET rate of 35 percent and apply a duty rate of 25 percent or US\$ 350/MT whichever is higher for one year on Flat-rolled products of iron or non-alloy steel under HS Codes 7212.40.00 and 7212.50.00;
- 8.3 Grant stay of application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent on fibreboard of wood or other ligneous materials such as medium density fibreboard (MDF) under Heading 44.11 for one year in order to protect local manufacturers;
- 8.4 Grant stay of application of the EAC CET rate of 25 percent and apply a duty rate of 35 percent on plywood, veneered panels and similar laminated wood under Heading 44.12 for one year in order to protect local manufacturers
- 8.5 Grant stay of application of the EAC CET rate of 35 percent and apply a duty rate of 35 percent or US\$ 3 per square meter, whichever is higher for one year on ceramic tiles under HS Codes 6907.21.00; 6907.22.00; 6907.23.00; 6907.30.00; and 6907.40.00.
- 8.6 Grant stay of application of the EAC CET rate of 35 percent and apply a duty rate of 35 or US\$ 250/MT whichever is higher on bars and rods of iron or non-alloy steel under Heading 72.14 for one year.
- 8.7 Grant duty remission at a duty rate of 10 percent instead of 25 percent for one year on inputs such as metalized paper, phenolic impregnated film paper under HS Code 4811.90.00 used to manufacture 137 labels, thermal paper rolls for cash registers, POS & EFD Machines and plywood.
- 8.8 Grant duty remission at a duty rate of 0 percent instead of 10 percent and 10 percent instead of 35 percent for one year on inputs under HS Codes 2713.20.00; 5603.14.00; 2710.19.59; 3920.10.10 and 6802.99.00 used by local manufacturer of waterproofing membranes.
- 8.9 Grant stay of application of EAC CET rate of 0 percent and apply a duty rate of 10 percent for one year on cocoa powder, not containing added sugar or other sweetening matter under HS Code 1805.00.00.
- 8.10 Grant duty remission at a duty rate of 0 percent instead of 25 percent for one year on packaging materials under HS Codes 7310.21.00; 6305.10.00; 4819.20.90; and 5407.44.00 used for packing processed coffee.
- 8.11 Grant stay of application of EAC CET rate of 10 percent and apply a duty rate of 10 percent or USD 125/MT whichever is higher for one year on iron and steel products under HS Code 7209.16.00; 7209.17.00; 7209.18.00; 7209.25.00; 7209.26.00; 7209.27.00; 7209.28.00; 7209.90.00; 7211.23.00; 7211.90.00; 7226.92.00; and 7225.50.00.
- 8.12 Grant stay of application of EAC CET rate of 25 percent or USD 200/MT whichever is higher and apply a duty rate of 25 percent or USD 250/MT

whichever is higher for one year on Iron and steel reinforcement bars and hollow profiles under HS Codes 7213.10.00; 7213.20.00; 7213.99.00; 7306.30.00; 7306.50.00; 7306.61.00; 7306.69.00; and 7306.90.00.

- 8.13 Grant duty remission at a duty rate of 10 percent instead of 35 percent on imported wheat grain under HS Codes 1001.99.10 and 1001.99.90 for one year.
- 8.14 Grant duty remission at a rate of 0 percent instead of 10 percent on Refined Bleached Deodorized (RBD) Palm Stearin under HS Code 1511.90.40 used by domestic manufacturers of soaps for one year
- 8.15 Grant stay of application of the EAC CET rate of 25 percent and apply a duty rate of 25 percent or US\$ 1.35/kg whichever is higher for one year on safety matches under HS Code 3605.00.00.
- 8.16 Grant stay of application of the EAC CET rate of 25 percent and apply a duty rate of 60 percent for one year on mineral and aerated waters under HS Code 2201.10.00.
- 8.17 Grant stay of application of EAC CET rate of 0 percent and apply 10 percent for one year on gypsum powder under HS Code 2520.20.00 in order to protect gypsum powder producers in the country
- 8.18 Grant duty remission and stay of application on raw materials, accessories and machineries used to manufacture textiles and leather products.
- 8.19 Grant stay of application of the EAC CET rate of 25 percent and apply a duty rate of 0 percent for one year on iron and steel cans under HS Codes 7310.10.00 and 7310.29.90 in order to provide relief to the dairy sector in the country;
- 8.20 Grant duty remission at a duty rate of 0 percent instead of 10 percent for one year on organic surface-active agents under HS Codes 3402.31.00; 3402.39.00; and 3402.49.00 used by manufacturers of detergents and liquid soaps.
- 8.21 Grant duty remission at a duty rate of 0 percent instead of 35 percent or 10 percent for one year on raw material under HS Codes 3208.20.10; 3208.20.20; 3208.90.20 and 3210.00.10 used in leather processing in order to promote growth industries;
- 8.22 Grant duty remission at a duty rate of 0 percent instead of 25 percent for one year on packaging materials under HS Codes 4819.20.90; 5407.44.00; and 3923.29.00 used by local manufacturers of tea (blenders).
- 8.23 Grant duty remission at a duty rate of 10 percent instead of 25 percent for one year on CKD for three-wheel motorcycle excluding chassis and its components under HS Code 8704.21.90.
- 8.24 Grant duty remission at a duty rate of 0 percent instead of 25 percent or 10 percent for one year on inputs under HS Codes 3920.61.10, 7019.19.00, 7019.11.00, 6006.90.00, 7019.12.00, 3920.10.10,

4016.93.00, and 3907.91.00 used to manufacture glass reinforced plastic pipes.

- 8.25 Grant stay of application of EAC CET rate of 10 percent and apply a duty rate of 10 percent or US\$125/MT whichever is higher for one year on flat-rolled products under HS Codes 7212.20.00.
- 8.26 Grant stay of application of EAC CET rate of 25 percent and apply a duty rate of 35 percent for one year on baby diapers under HS Code 9619.00.90.
- 8.27 Grant duty remission at a duty rate of 0 percent instead of 10 percent or 25 percent for one year on inputs under HS Codes 4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; and 4805.25.00 used to manufacture corrugated boxes.
- 8.28 Grant duty remission at a duty rate of 10 percent instead of 35 percent for one year on soap noodles used as inputs under HS Code 3401.20.10 used to manufacture soap.
- 8.29 Grant duty remission at a duty rate of 0 percent instead of 10 percent or 25 percent for one year on inputs under HS Codes 7312.10.00; 7217.20.00; 7408.19.00; 7409.11.00; 7605.21.00; 2710.19.56; 3815.90.00; 5402.19.00; 5903.90.00; 7907.00.00; and 2712.10.00 used to manufacture electrical cables.
- 8.30 Grant stay of application of EAC CET rate of 35 percent and apply a duty rate of 35 percent or US\$ 350 per metric ton whichever is higher on nails, tacks, drawing pins, corrugated nails staples and similar articles of iron or steel, whether or not with heads of other materials under HS Code 7317.00.00 for one year.
- 8.31 Grant duty remission at a duty rate of 0 percent instead of 10 percent, 25 percent or 35 percent on inputs/raw materials used to manufacture capital goods/equipment for various sectors under headings 73.07; 83.11; 85.44; 68.06; 74.19; 72.08; 73.12; 73.15; 73.18; 84.82; 84.83; 72.22; 73.04; 84.81; 84.84; 73.25; 40.10; and 76.06 for one year.
- 8.32 Grant duty remission at a duty rate of 0 percent instead of 25 percent or 35 percent for one year on inputs under HS Codes 3923.50.90; 4819.20.90; 4819.30.00; 4819.50.00; 4821.90.00; and 7607.19.90 used by domestic manufacturers of yoghurt, powdered or UHT milk.
- 8.33 Grant stay of application of EAC CET rate of 10 percent and apply a duty rate of 10 percent or US\$ 300/MT whichever is higher for one year on flat-rolled products of iron or non-alloy steel under HS Code 7212.60.00.
- 8.34 Grant stay of application of EAC CET rate of 10 percent and apply a duty rate of 25 percent or US\$ 300/MT whichever is higher for one year on Iron and steel flat rods products 7225.91.00; under HS 7225.92.00; Codes and 7225.99.00.
- 8.35 Grant stay of application of the EAC CET rate 35 percent and apply a duty rate of 35 percent or US\$ 500/MT whichever is higher for one

year on corrugated iron sheets under HS Code 7210.30 and 7210.41.00.

- 8.36 Grant stay of application of the EAC CET rate of 35 percent and apply a duty rate of 50 percent for one year on table salt under HS Code 2501.00.90 so as to protect local manufacturer of salt;
- 8.37 Grant stay of application of EAC CET rate of 10 percent and apply a duty rate of 10 percent or US\$ 300/MT whichever is higher for one year on semi-finished flat rolled products under HS Code 7226.99.00.
- 8.38 Grant stay of application of EAC CET rate of 25 percent and apply a duty rate of 25 percent or US\$ 250/MT whichever is higher for one year on flat-rolled products of iron or non-alloy steel under HS Code 7210.30.00.

Confederation of Tanzania Industries (CTI) Recommended Tax Proposals in National Budget Speech for Fiscal Year 2025/2026 that have negative impact to the industries

- Introduction of excise duty at a rate of 10 percent on imported sausages and similar products
- Granting stay of application of EAC CET rate of 10 percent and apply a duty rate of 25 percent for one year on cotton yarn under headings 52.05; 52.06; and 52.07 except HS Code 5205.23.00.
- Granting stay of application of the EAC CET rate of 50 percent and apply a duty rate of 35 percent on imported Vitenge under HS Codes 5208.51.10; 5208.52.10; 5209.51.10; 5210.51.10; 5211.51.10; 5212.15.10; 5212.25.10; 5513.41.10; and 5514.41.10 for one year.