

A member of

mgiworldwide



MGI Worldwide member firm Cassian & Associates, based in Tanzania, is delighted to share insights on the 2019/2020 Tanzanian Budget.

Please contact Baraka Cassian at baraka@cassian.co.tz for further information

C&A

Cassian and Associates

Audit | Tax | Advisory

www.cassian.co.tz

Tanzania Budget 2019/2020

**Tax Highlights of the budget speech as
presented by the Minister of Finance, Hon. Dr.
Phillip Mpango (MP)**

Contents

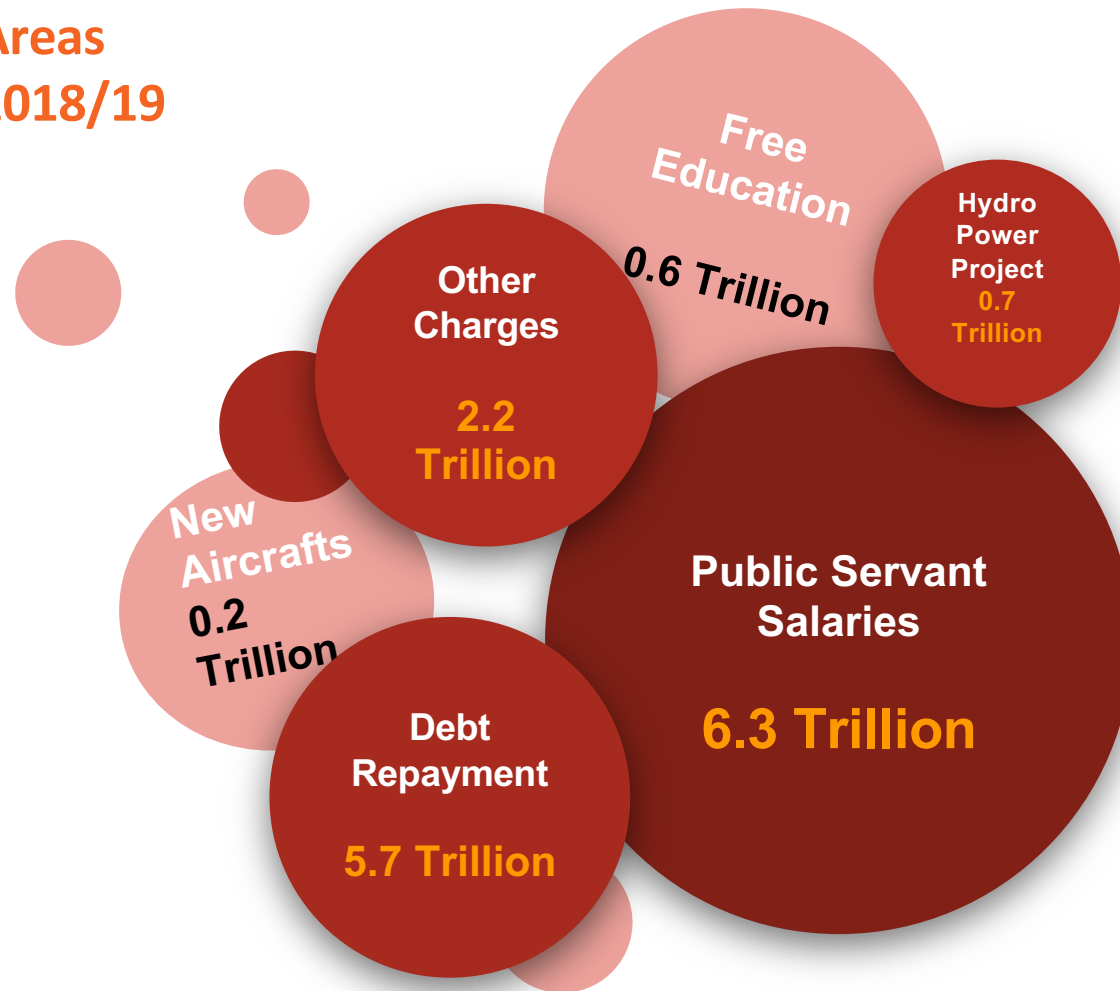
- Summary of 2018/19 Budget Performance
- Strategic Areas Financed in 2018/19
- 2019/20 Budget Targets
- VAT Changes
- Income Tax Changes
- Excise (Management and Tariff) Changes
- Tax Administration Changes
- Abolished Fees
 - Ministry of Natural Resources and Tourism
 - Ministry of Water
 - Tanzania Food and Drugs Authority (TFDA)
 - Tanzania Bureau of Standards
 - Government Chemist Laboratory Authority (GCLA)
 - Ministry of Livestock and Fisheries

Summary of 2018/19 Budget Performance

(up to April 2019)

Source	Budget(Tshs)	Actual (Tshs)	Variance (%)
Tax Revenue	14.7 Trillion	12.9 Trillion	-87.40%
Non-Tax Revenue	1.67 Trillion	2.04 Trillion	122%
Local Government Authorities	735 Million	529.25 Trillion	-72%
Grants and Concessional Loans	1.98 Trillion	1.7 Trillion	-86%
Domestic Loans	5.74 Trillion	3.3 Trillion	-57%
External Non Concessional Loans	N/A	692.3 Billion	N/A

Strategic Areas Financed in 2018/19 (Tshs)



2019/20 Budget Targets

**Increase
GDP
Growth
from 7.0%
to 7.1%**

**Contain
Inflation
between
3% and
4.5%**

**Domestic
Revenue:
14.3% to
15.8
percent of
GDP**

**Tax
Revenue:
12.1% to
13.1
percent of
GDP**

**Government
expenditure
21.6% to
22.7
percent of
GDP**

**Budget
Deficit:
2.0% to
2.3
percent of
GDP**

VAT Changes

What has changed?	Why?
VAT Exempt: Imported Refrigeration Boxes	To promote Horticultural Farming
Removed Restrictions: Exports of Raw Agricultural Products	To facilitate Exports of Raw Products
VAT Exempt: Grain Drying Equipments	To reduce costs of grain drying and storage equipment
VAT Exempt: Aircraft Lubricants, Tickets, Flyers, Calendars, Diaries, labels, uniforms	Enable Tanzania to sign Bilateral Air Service Agreements
Exemption Abolished: Sanitary Pads	Intended benefits were not availed to end users but instead enjoyed by traders

Income Tax Changes

What has changed?	Why?
Reduced Tax rate: 30% to 25% for new investors in the production of sanitary pads for 2 years	Attract investment in the production of sanitary pads
Exempt Withholding Tax: Fees charged to Government on Loans received from Non-residential banks	Allow Government to secure loans at lower costs
Increase minimum turnover required for taxpayer to start filing accounts to TRA (Tshs 20m to Tshs 100m)	To reduce compliance costs incurred by taxpayers

Income Tax Changes: Reduced Presumptive Rates

Turnover	Tax payable where documentation requirements are not met	Tax payable where documentation requirements are met
Where turnover does not exceed Tshs. 4,000,000/=	NIL	NIL
Where turnover exceeds Tshs. 4,000,000/= but does not exceed Tshs. 7,000,000/=	Tshs. 100,000/=	3% of turnover in excess of Tshs. 4,000,000/=
Where turnover exceeds Tshs. 7,000,000/= but does not exceed Tshs. 11,000,000/=	Tshs. 250,000/=	Tshs. 90,000/= plus 3% of turnover in excess of Tshs. 7,000,000/=
Where turnover exceeds Tshs. 11,000,000/= but does not exceed Tshs. 14,000,000/=	Tshs.450,000/=	Tshs. 230,000/= plus 3% of turnover in excess of Tshs. 11,000,000/=
Where turnover exceeds Tshs. 14,000,000/= but does not exceed Tshs. 100,000,000/=		Tshs. 450,000/= plus 3.5% of turnover in excess of Tshs. 14,000,000/=

Tax Administration Changes

Extension of 30 June 2019 deadline for six months up to December 2019 for taxpayers who had already applied for amnesty



Other Administrative Tax Measures

Establishing and Independent “Office of Tax Ombudsman”

Receiving correct and unbiased information and complaints from taxpayers or other people with good intention

Improve utilisation of electronic systems in collection of revenues

This is intended to improve transparency in

Integrating domestic revenue systems through Electronic Fiscal Device Management System (EFDMS)

Curb revenue leakages in processing tax refunds, fake receipts etc

Establish dedicated TRA desk where all complaints and disputes are dealt with in 24 hours

In consideration of complaints lodged relating to tax assessments and unrealistic valuation on imported goods

Relief period of 6 months for against initial assessment for all new TIN numbers

To enable business people to take necessary preparations during the initial period of starting a business

Road Traffic Act Changes

What has changed?	Old	New
Validity period for drivers licence	3 years	5 years
Driving licence fees	Tshs 40,000 /=	Tshs 70,000 /=
Motor vehicle registration fees	Tshs 10,000 /=	Tshs 50,000 /=
Tricycle registration fees	Tshs 10,000 /=	Tshs 20,000 /=

Ministry of Natural Resources and Tourism

Fee removed

Remove trophy handling fees and TALA fees on professional hunting

Ministry of Water

Fee removed

Fee imposed on borehole - however borehole must still be registered

Abolished Fees: Tanzania Food and Drugs Authority (TFDA)

Registration fees:	Abolished
Vaccines and Biologicals	USD 150
Medical Devices	USD 100
Diagnostics	USD 250
Food	USD 10
Antiseptics and Diagnostics	Tshs 100,000/=
Veterinary Pharmacy	Tshs 100,000/=

Other fees:	Abolished
Duplicate certificates	USD 100
Inspection fees (new food outlets)	Tshs 50,000/=
Inspection fees (fish industries)	Tshs 250,000/=
Inspection fees (new fish outlets)	Tshs 50,000/=
Annual Business Licence (Fish outlets)	Tshs 50,000 to 300,000/=

Abolished Fees: Tanzania Bureau of Standards (TBS)

Fees:	Abolished
Application Fees for TBS mark	Tshs 50,000/=
TBS mark guarantee fees	15% of overhead and transport costs
TBS mark licence fees	50% of cost of transport and testing of sample from the market
Form fees for imported goods	Tshs 50,000/=
Calibration of equipment	Varies by distance covered e.g 10,000 for Dar es Salaam
Application form on imported cosmetics and medical devices including condoms, syringes, gloves, cotton wool na bandage	0.2% of Transport costs

Abolished Fees: Government Chemist Laboratory Authority (GCLA)

Fees:	Abolished
Service charge for cancellation and issuing of new permit	USD 50
Service charge for replacement of permit	USD 50
Registration of Clearing Agents Company	USD 500 per registration period
Change of registration information	USD 100 per registration period
Emergency Inspection	USD 300 per inspection
Annual Maintenance fee (Form, Paint, Textile, Leather, Plastic, other large industries) , large distributors	USD 1,000 per industry/distributor
Annual Maintenance fee - medium industries	USD 250
Annual Maintenance fee - medium distributors	USD 500

Reduced Fees: Government Chemist Laboratory Authority (GCLA) - contd.

Fee	Old	New
Chemical Registration and Renewal	USD 20	Tshs 40,000/=
Large/small scale premises registration	USD 100	Tshs 200,000/=
Obsolete chemicals sorting fee per day	USD 300	Tshs 300,000/=
Identification and approval of disposal method per chemical	USD 500	Tshs 200,000/=
Supervising of loading, transportation, unloading and disposal of obsolete chemicals	USD 300	Tshs 300,000/=
Premises Inspection Fees	USD 200	Tshs 300,000/=
Transportation Routes assessment and emergency inspection fees plus escort fees	USD 100	Tshs 150,000/=

Abolished Fees: Ministry of Livestock and Fisheries

Fee	Abolished
License and registration fee for milk producers below 51 litres	Tshs 5,000/=
License fee for milk collectors below 201 litres	Tshs 50,000/=
License for registration of carriers and containers permit for transportation of milk	Tshs 500,000/=
License fee for small scale meat producers	Tshs 15,000/=
License fee for medium scale meat producers	Tshs 50,000/=
License fee for large scale meat producers	Tshs 75,000/=
Registration fee for meat exporter	Tshs 100,000/=

Abolished Fees: Ministry of Livestock and Fisheries (contd.)

Fee	Abolished
Registration fee for Primary Markets Operator	Tshs 20,000/=
Registration fee for Secondary and Border Markets operators	Tshs 30,000/=
Registration fee for Secondary and Border Markets	Tshs 50,000/=
Registration fee for Local and Primary market traders	Tshs 30,000/=
Registration fee for secondary and border markets traders	Tshs 60,000/=
Movement permit fee for transportation of day old chick per 100	Tshs 1,000/=
Movement permit fee for transportation of Adult/Guinea fowl	Tshs 200/=

A member of

mgi worldwide



MGI Worldwide member firm Cassian & Associates, based in Tanzania, is delighted to share insights on the 2019/2020 Tanzanian Budget.

Please contact Baraka Cassian at baraka@cassian.co.tz for further information

C&A

Cassian and Associates
Audit| Tax| Advisory
www.cassian.co.tz



Contact Us

+255 683 386 177

info@cassian.co.tz

www.cassian.co.tz

Disclaimer:

This update is prepared for guidance only and is not a substitute for professional advice. Whilst every care has been exercised in ensuring the accuracy of the information contained herein, we will not accept any responsibility for errors or omissions or for any action taken without appropriate professional advice.