



An overview of
the proposed amendments
by the Finance Bill 2023

SN	SUBJECT MATTER	AMENDMENTS ¹	GENERAL COMMENTARY
1.	The Copyright and Neighboring Rights Act, (Cap. 218)		
	Imposition of copyright levy	It is proposed to amend Section 48A by inserting the words Vinyl, Mini Disc, Compact Disc (CD), Digital Versatile Disk (DVD) and SD Memory between the words digital jukebox and MP 3 player appearing in subsection (1).	The amendment aims to strengthen management of copyright in creative works by charging 1.5 percent on Vinyl, Mini Disc, Compact Disc (CD), Digital Versatile Disk (DVD) and SD Memory.
2.	The Electronic and Postal Communications Act, Cap 306		
	Levy on airtime	It is proposed to amend the Principal Act by repealing section 164A which provided for a levy imposed on airtime. Following the amendment, it means that there will be no charges levied on airtime.	The amendment aims to remove the daily airtime levy and promote a cashless economy. This is a significant and welcome change to the telecommunications service sector and aligned with the theme of transformation of the nation to a digital economy.
3.	The Excise (Management and Tariff) Act (Cap 147)		
	Three years freeze on excise duty	Section 124 subsection (2) is proposed to be amended by deleting the words “annually adjusted” and substituting for them the words “adjusted after every three years”	The aim of the excise duty rates imposed on the goods specified in the Second, Third, Fourth and Fifth column of the Fourth Schedule to the Act may now be adjusted after every three years in accordance with the projected inflation rate and other key macroeconomic indicators, not annually. The changes aim to create certainty and predictability of tax policies and to provide conducive business environment in Tanzania.
	Imposition of excise duty	Section 124 subsection 5A and 5B are proposed to be amended by adding H.S Codes 8702.20.22, 8702.20.29, 8702.20.99, 8702.30.22, 8702.30.29, 8702.30.99, 8702.40.22, 8702.40.29, and 8702.40.99 immediately after H.S Code “8702.10.99.”	The amendments propose amongst other things introducing excise duty rate on imported hybrid passenger motor vehicles aged more than 5 years. The purpose of the amendment is to discourage dumping and safeguard the safety of passengers.

¹ The proposed amendments will become operational come July 1, 2023

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
4.	The Export Tax Act, (Cap. 196)		
	Export tax exemption on raw hides and skin	Proposal to amend section 3 by adding subsection (6) exempting from export tax raw hides and skin by an investor in an Export Processing Zones.	<p>The purpose of the amendment to section 3 is to allow exemption of investors in an Export Processing Zones from paying export tax on raw hides and skin.</p> <p>The amendment intends to stimulate the export of raw hides and skin in the country, by reducing investment costs which is incurred on destroying by-products due to lack of domestic market.</p>
5.	The Foreign Vehicles Transit Charges Act, (Cap. 84)		
	Imposition of transit charges	Section 3 is proposed to be amended so as to allow charging higher rates on foreign transit vehicles from a country which charges a rate higher than those prescribed under the regional integration.	The purpose of this amendment is to bring balance and to protect the country's interest.
6.	The Gaming Act, CAP 4,2003		
	Mandatory provision for locals to hold more than 25% of Shares	<p>Section 13 is proposed to be amended by adding subsection (4) imposing conditions on the Gaming Board of Tanzania to grant a gaming licence for operations of commercial gaming undertaking to the applicant, upon satisfaction that not less than twenty five percent of the applicant's undivided participating shares are owned by Tanzanian citizens in commercial gaming undertakings.</p> <p>Section 26(1) is amended by deleting the words "in a shop" appearing in paragraph (b) to enable the introduction of not more than two table games in forty machines sites in accordance with the regulations.</p> <p>The second schedule is proposed to be amended deleting the words "Twenty-five" appearing in item 5 and substituting for them the word "eighteen", thus reducing the rate of gaming tax on forty machine sites from 25% to 18 % of the gross gaming revenue (GGR).</p>	<p>The purpose of the amendment is to allow local participation in the gaming sector, hence facilitating the transfer of business knowledge to locals.</p> <p>the amendments proposed will increase the tax base.</p>

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
7.	The Income Tax Act, (Cap. 332) R.E 2019		
	Tax rates for transportation of Cargo	Section 4 is amended in order to provide tax rates of individuals engaged in transportation of cargo or passengers who are not required by law to file tax returns.	The purpose of the amendment is to provide presumptive tax regime that will enhance tax compliance
	Allotment of new membership	Section 56 is proposed to be amended with a view to exclude from the application of subsection 1 of this section transactions where change of the underlying ownership is (a) a result of allotment of new membership interest of the entity; or (b) solely a result of transfer of resident membership interest to another resident. Under these circumstances, the change of control will not trigger the application of section 56(1) of the ITA	The amendment aims to attract investment.
	Exemption on income obtained by NHIF from investment returns	The Finance Bill 2023 is proposed to amend by adding sub paragraph (cc) under paragraph 1 of the Second Schedule to the Income Tax Act to grant income tax exemption on income obtained by the National Health Insurance Fund (NHIF) from investment returns including dividend from shares, treasury bonds and bills.	The purpose of the amendment is to facilitate the provision of medical services to retired members and their partners who do not contribute to the fund after retirement.
	Individual withholding rental income tax	Section 82 (2) is proposed to be amended by adding paragraph (a) removing the requirement for individual tenants to withhold rental income tax for non-commercial property.	The aim of this amendment is to remove burden to individual tenants of paying withholding tax on behalf of their landlords.
	Income tax to Artisanal and Small Miners	The Finance Bill 2023 propose to amend by adding sub paragraph (vi) to introduce income tax on payments by Artisanals and Small Miners (ASM) at a rate of 2% of their income under paragraph 4 (c) of the First Schedule to the Income Tax Act.	The purpose is to enhance equity principle of taxation by including artisans and small scale miners in the tax net and ensuring that they pay taxes on the income that they earn and resolve challenges existing in the collection of taxes in the mining sector
	Withholding for PML, Artisanal miners and Carbon emission reduction transaction	Section 86 is proposed to be amended to include payments made to holder of primary mining licences or artisanal miners as well as payments made in respect of verified carbon emission reduction transactions in the list of final withholding payments and also to eliminate the threshold of five hundred thousand shillings as amount of rental liable to withholding.	The aim of this amendment is to enhance tax laws compliance

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
	Exemption for Internal restructuring of mining companies	The Finance Bill 2023 is proposed to amend by adding sub paragraph (bb) under paragraph 1 of the Second Schedule to the Income Tax Act by adding exemption on Capital Gains Tax on internal restructuring of the mining companies in accordance with the Framework Agreement entered between the Government and the investor to form a partnership entity.	The purpose is to streamline the implementation of the Government commitments of the Framework Agreements.
	Reduction on Land disposed without cost evidence	The Finance Bill 2023 is proposed to amend section 90 (1) by adding sub-paragraph (b) by introducing a new tax rate reducing Capital Gains Tax on sale of property, from 10% on profits to 3% of the sales value or the appraised land value (whichever value is higher) without consideration of the investment costs incurred in the relevant areas.	<p>The purpose is to establish simplified procedures for paying taxes on sale of capital assets for taxpayers that cannot keep records of the expenses and ultimately facilitate the transfer of ownership.</p> <p>However, it is worth noting that the proposed change will not apply to investors who keep records of expenses and capital developments.</p>
	Income tax estimation for Transporters of Passengers	<p>The Finance Bill 2023 propose to amend by adding section 65T to introduce a simplified procedure for estimating income tax for transporters of passengers and cargo by using indicative tax rates.</p> <p>The proposed indicative tax rates will apply only to individual taxpayers whose gross sales do not exceed 100 million shillings.</p>	The purpose of the amendment is to address challenges faced by the current procedure of requiring all taxpayers who file tax returns and those who do not file tax returns to pay provisional income taxes using the indicative tax rates for each vehicle.
	Income earned from VER	The Finance Bill 2023 propose to amend by adding sub paragraph (vii) to introduce a rate of 10% on Income Accrued due to Verified Emission Reduction (VER) under paragraph 4 (c) of the First Schedule to the Income Tax Act.	The purpose is to broaden tax base and uphold equity principle of taxation.
8.	The Land Act, CAP 113		
	TRA may assist Local government authorities in the collection of land rent	The Finance Bill 2023 has amended section 33 by adding section 33A which requires all moneys collected as land rent to be deposited into the Consolidated Fund and to implement section 33(3), the Commissioner may enter into an arrangement with a local government authority for collection and recovery of land rent. Further, 20% of the land rent collected shall be remitted to the local government authority to facilitate rent collection and recovery.	The purpose for the amendment to section 33 is to ensure equity in payment of land rent and to assist the local government in collection of revenue.

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
9.	The Local Government Authorities (Rating) Act, CAP 289 R.E 2019		
	Amendments on the scope of ratable areas Increase of property tax	<ul style="list-style-type: none"> The Finance Bill 2023 propose to amend the Local Government Authorities (Rating) Act in section 6 by amending to include all the areas within a district council as ratable areas. Section 7 is proposed to be amended by widening the scope of the ratable areas in District Councils and include in the list of exempt properties mud huts, thatched houses, mud houses and such other similar houses used for residential purposes. Section 16(3)(a)&(b) is proposed to be amended by increasing the property rate from TZS12,000 to TZS18,000 for an ordinary building and from TZS60,000 to TZS90,000 for each storey building. Lastly, section 16(3) is amended by creating a provision for remittance to the local government authorities of 20% of the rate collected for purposes of facilitating administration and collection of the property rate. 	<p>The purpose for the amendment to sections 6 and 7 is to ensure equity in payment of property tax and taxation.</p> <p>The purpose of the amendment to section 16 is to ensure that tax payable is commensurate with the actual value of the property.</p>
10.	The Local Government Finance Act		
	Sources of revenue of urban authorities	Section 6 (1) is proposed to be amended by adding immediately after paragraph (s) a paragraph "(t) to include twenty percent of all the moneys collected as property rate under the Local Government Authorities (Rating) Act."	Following the amendment, all the moneys collected as property rate under the Local Government Authorities (Rating) Act will now be a source of revenue of urban authorities.
	Sources of revenue of district councils	Section 7 (1) is proposed to be amended by adding immediately after paragraph (x) a paragraph "(y) to include twenty percent of all the moneys collected as property rate under the Local Government Authorities (Rating) Act"	After this amendment all the moneys collected as property rate under the Local Government Authorities (Rating) Act will now be a source of revenue of district councils.
	Electronic money issuance license holder to pay service levy	Section 9A (1) is proposed to be amended by adding immediately after paragraph (d) a paragraph "(e) electronic money issuance licence"	The proposed amendment will increase the revenue base and after the amendment the Minister responsible for local government authorities is now required to also establish and maintain a centralized system for collecting service levy from holders of electronic money issuance licence.

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
	TRA to collect property rate	<ul style="list-style-type: none"> Section 31A is proposed to be amended by deleting the marginal note and substituting it with "Collection of property rate and advertisement fees" thereafter it is proposed to amend the provision by deleting subsection (1) and substituting it with <p>1. Notwithstanding the provisions of this Act-</p> <p>a. the Tanzania Revenue Authority shall have the obligation to evaluate, assess, collect, and account for property rate; and local government authorities shall have the obligation to collect and account for "advertisement fees for billboards, posters, and hoarding."</p>	<p>Before the amendment TRA was vested with the obligation to evaluate, asses, collect and account for property rate and advertisement fees for billboard, posters, and hoarding. After the amendment being made the obligation to evaluate, assess, collect, and account for property rate is vested upon TRA while the obligation to collect and account for advertisement fees for billboard, posters and hoarding is vested upon the local government authorities.</p>
	Billboard fees reduced	<ul style="list-style-type: none"> Section 31A (2) is amended by deleting the words "and advertisement fees for billboards, posters, and hoarding" 	<p>Before the amendment Tanzania Revenue Authority had the power to enforce and recover both property rate and advertisement fees for billboards, posters and hoarding. But subsequent to the amendment, the powers of Tanzania Revenue Authority are only limited to enforcement and recovery of property rate only and should be exercised per the Tax Administration Act and the Local Government Act shall only be exercised to the powers of enforcement or recovery of property rate only.</p>
11.	The Mining Act, Cap123 R.E 2019		
	Exemption of Refineries	<p>The Finance Bill 2023 has amended section 90A by adding the word "refineries" at the end of subsection (5)</p>	<p>The purpose for the amendment to section 90A (5) is to allow exemption of refineries from paying inspection fee of 1 percent. The amendment is intended to stimulate the growth of mineral refining sub-sector in the country, attracting investment, promoting employment and increasing Government revenue.</p>

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
12.	The National Payment System Act, Cap 437		
	Electronic mobile money transaction	<p>Section 46A is proposed to amended by deleting the word “transactions” appearing in the marginal note by substituting for it the word “withdrawal” and substituting by inserting the word “withdrawal” between the words “money” and “transaction” appearing in subsections (1) and (2) and deleting subsection (3).</p> <p>Following the amendment, section 46A is read as:</p> <p>Subsection 1: “There is established a levy to be charged on mobile money withdrawal at a rate ranging from 10 to 4,000 Tanzanian Shillings”.</p> <p>Subsection 2: “The Minister shall, after consultation with the Minister responsible for communication, make regulations prescribing the manner and modality under which the levy on mobile money withdrawal may be collected and accounted for”.</p>	<p>The amendment removes the possibility of being double taxation in respect of the same amount as well as to encourage electronic payment transactions. Therefore, according to the amendments, the levy shall be in respect of withdrawal transactions only.</p> <p>These are significant and welcome changes to the financial services sector and aligned with the theme of transformation of the nation to a digital economy being one of the key themes of this budget.</p>
13.	The Road and Fuel Tolls Act (Cap 220)		
	Division of road and fuel tolls	Section 4A is proposed to be amended by adding immediately after paragraph (b) a paragraph (c) which provides that Tanzania shillings 100 per liter of the moneys collected as roads and fuel tolls on petrol and Tanzania shillings 100 per liter of the moneys collected as roads and fuel tolls on diesel shall be deposited in the Consolidated Fund for implementation of strategic projects.	In addition to some of the moneys collected as roads and fuel tolls on petrol and diesel being deposited into the account of the Fund and into the National Water Investment Fund established under the Water Supply and Sanitation Act, some of the moneys will also be deposited in the Consolidated Fund for implementation of strategic projects.
	Amendment of the Second Schedule	The Second Schedule of the Act is proposed to be amended by deleting the words “Shillings 413” wherever they appear in the third column and substituting the with the words “Shillings 513”.	The effect of this amendment is the increase of the rate of toll for Petrol MSP, Petrol MSR, and Diesel (GO) to Shillings 513 per liter.

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
14.	The Tax Administration Act (Cap. 438)		
	Definition of a primary data server	Section 35 (9) is proposed to be amended by adding the words “physical, virtual or any other” immediately after the words “means a”	Prior to the amendment the subsection stated that a primary data server means a server which stores data created or collected by a taxable or liable person in the ordinary course of business, the kind of server is now clearly outlined in the amendments.
	Usage of electronic fiscal device for low-income taxpayers	Section 36 (1) is proposed to be amended by deleting the words “by using electronic fiscal device”	The amendment is aimed at easing the burden of low-income taxpayers who cannot afford to purchase electronic fiscal machines to utilize other electronic means such as mobile phones as fiscal devices to conduct their businesses and pay taxes as well.
	Prescribed period for entities engaged in the construction and extractive sector	Section 44A (1) is proposed to be amended by obligating entities engaged in the construction and extractive industry to disclose to the Commissioner General within thirty (30) days the names of all persons contracted and sub-contracted in the course of business, performance of a duty or in a project	This amendment creates an obligation for entities engaged in the construction and extractive sector to provide to the Commissioner General the names of its contractors and subcontractors within a prescribed period.
	Definition of a storage facility and owner	Section 45A is proposed to be amended by defining a ‘ <i>storage facility</i> ’ to mean a warehouse, go down or any other storage facility, which is used to keep own or other persons’ goods for business purposes with the exception of facilities that are not part of a shop, factory, industry or farm. An ‘ <i>owner</i> ’ is defined to mean a person who establishes or operates a storage facility and is in control and in possession of the facility or a person to whom the storage facility has been leased or sub-let to.	The amendment provides clarity as to what amounts to a <i>storage facility</i> and <i>owner</i> for purposes of ascertaining a person who is required to register a storage facility with the Commissioner General and comply with the monitoring requirements for storage facility.
	Commissioner General's communication to taxpayer on his admission or refusal of a notice of objection	Section 51 (13) is proposed to be amended to introduce a deadline of fourteen (14) days from the date of receipt for the Commissioner General to either admit or refuse a taxpayer's notice of objection. If the Commissioner General fails to communicate the decision to the taxpayer within 14 days, the notice of objection is deemed to have been admitted.	This amendment provides clarity on the prescribed period for the Commissioner General to confirm with the taxpayer as to whether the notice of objection is admitted and failure of the Commissioner General to provide such a confirmation renders the objection to be deemed to have been admitted.

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
	Application for tax refund extended to overpayments made	Section 71 (3) is produced to be amended by adding at the end the words "or the date a tax decision or other decision giving rise to a tax overpayment is made"	The amendment expands the application for tax refund to cover circumstances in which a tax decision or any other decision made by the Commissioner giving rise to the tax overpayment by the taxpayer. The refund application can be made within three years from the date of the particular decision.
15.	The Value Added Tax Act (Cap. 148)		
	Definition of a fiscal receipt	<p>Section 2 is amended to define a '<i>fiscal receipt</i>' to have the same meaning ascribed to it under the Tax Administration Act.</p> <p>This coincides with the amendment of section 86 the phrase "tax invoice generated by electronic fiscal device for the supply" appearing in subsection (1) and substituting for it the words "<i>fiscal receipt</i>".</p>	This amendment creates a consistency with the definition of a ' <i>fiscal receipt</i> ' under the Tax Administration to include low-income taxpayers not using an electronic fiscal device for the revenue authority to authenticate their receipts.
	Definition of electronic services	Section 51 (2) is amended to define electronic services to include "online intermediation services" and "online advertisement services"	
	Zero rating of cotton garments	Section 55B is amended to introduce a zero-rate of VAT on the supply of locally manufactured garments made from locally grown cotton for a one (1) year period from 1 July 2023 to 30 June 2024.	The amendment introduces a zero-rate on textile products manufactured using domestically cultivated cotton for a one (1) year period.
	Rectification of a clerical error on input tax supporting documents	Section 69 (3) is amended by deleting the figure "70" and substituting for it the figure "68".	The amendment rectifies a clerical error referencing to link the input tax supporting documentation requirements provided under section 69 (3) with the provision pertaining to input tax credit under section 68.

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
	Items to be exempted	<p>The Bill proposes to amend the Schedule and exempt VAT on the following items:</p> <ul style="list-style-type: none"> • Standing trees; • Moisture testing equipment; • Processed milk with additives and long-life milk • dairy packaging materials; • ear tags, ear tag applicators and lessor beam machines for the purpose of supporting identification • supply of sisal ropes • Weather forecasting equipment • registration and monitoring of livestock in the country • equipment for abattoirs or slaughterhouses for the purposes of promoting modern meat processing; • agro-nets and fishing equipment • refrigerated trucks and cold rooms for the purpose of promoting agriculture, livestock and fishing sectors; • raw materials used to manufacture fertilizers <p>exempt machines to manufacturers of fertilizers</p>	
	Removal of items exempted	<p>The Bill proposes amendments to the Schedule to remove exemption on the following items:</p> <ul style="list-style-type: none"> • Unpasteurized or pasteurized cow milk with HS Code 04.01 • Unpasteurized or pasteurized goat milk with HS Code 04.0 • smart phones • tablets • modems • air charter services <p>Importation of arms and ammunition, parts and accessories thereof. Equipment and machineries for the official use of the armed forces as certified by the Ministry of Defence</p>	

SN	SUBJECT MATTER	AMENDMENTS	GENERAL COMMENTARY
16.	The Vocational Education and Training Act (Cap. 82)		
	Imposition of a Vocational Education and Training Levy	Section 14 (2) is proposed to be amended, by reducing the amount payable by the employer to the Commissioner for Vocational Education and Training Levy (skills and development levy) from "4 per centum" to "3.5 per centum".	Following the amendment, the sum of money payable now by the employer to the Commissioner for Vocational Education and Training Levy (skills and development levy) will be 3.5 per centum and not 4 per centum of the total gross monthly emoluments payable to the employees by the employer.
	Distribution of Levy	<ul style="list-style-type: none"> Section 15 is proposed to be amended by repealing section 15 and replacing it with <p>15. The Commissioner shall immediately after collecting the levy under</p> <ol style="list-style-type: none"> one-third of the amount collected to the Ministry responsible for employment; one-third of the amount collected to the Higher Education Students' Loans Board; and <p>one-third of the amount collected to the Vocational Education and Training Authority.</p>	Initially the Commissioner distributed the levy collected by submitting two thirds (2/3) of the amount to the treasury and one third (1/3) to the fund, following the amendment the Commissioner is now required to distribute to both the Ministry responsible for employment, the Higher Education Students' Loans Board and the Vocational Education and Training Authority one third (1/3) of the amount to be collected as levy.
	Penalty upon failure to pay Levy	<ul style="list-style-type: none"> Section 16 (1) is proposed to be amended by inserting between the words "shall" and "file" the words save for an employer who is not required to pay levy 	Following the amendment every employer who is not exempted from paying levy is required to pay levy and file skills and development levy returns.
	Exemption from levy	<ul style="list-style-type: none"> Section 19 is proposed to be amended by adding immediately after subsection (2) a subsection (3) which allows the Minister responsible for finance to exempt any person from paying levy upon the Minister for finance making consultation with the Minister and by publishing an order in the Gazette. Subsection (3) contains a proviso which requires the Minister for finance to only make exemptions if it is for public interest 	Before exemptions of paying levy did not extended to any person, but following the amendment made any individual person can now be exempted from paying levy upon the conditions in section 19 (3) being met.



