A ONE TAX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PRACTICAL REFERENCE FOR SMALL BUSINESSES

Tax Guide 2026

Mainland Tanzania & Zanzibar

Selected rates. Filing dates. Practical checklists.

2026 edition | Update note: 18 August 2026

General information, not transaction-specific advice.

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01 / USING THIS GUIDE

One country. Different tax systems.

Start with where your business operates and which authority administers the particular tax. A Mainland rule should not automatically be used for a Zanzibar transaction.

Area	Mainland Tanzania	Zanzibar
Income tax and PAYE	TRA	TRA under the Union income-tax framework
VAT and local taxes	Mainland VAT administered by TRA	Separate VAT and local tax system administered by ZRA
Business registration	BRELA; applicable licensing authorities	BPRA; applicable licensing authorities
Payroll contributions	Check applicable social security and employer levies	Check ZSSF and relevant Zanzibar employer obligations

Sources: TRA tax guidance [2–8], ZRA VAT and administration guidance [9–10]; official business links [13].

How to read the numbers

All amounts are in Tanzanian shillings (TZS) unless otherwise stated. “m” means million. Rates shown are selected general rules: exemptions, special regimes, residence, source of income and transaction classification can change the result. Examples are simplified calculations, not tax assessments.

The 2026 tax year

This guide covers the standard tax year, 1 January to 31 December 2026.
The Finance Act 2026 changes apply from 1 July; do not apply later rules automatically to earlier transactions or filing periods. This guide is a snapshot, not a rolling update. [1]

Coverage and limitations

Zanzibar coverage uses ZRA’s current tax pages and notices plus its published 2025 consolidated legislation. It is not a line-by-line review of every Zanzibar 2026/27 sector amendment. Tourism, incentives, customs, excise and specialised transactions need separate review. Confirm the applicable law and administrative notices before filing.

02 / BUSINESS INCOME

Company or individual trader?

Companies: the standard corporate rate

The general corporate income tax rate is **30% of taxable income**, not sales. Special rates and regimes exist. Accounting profit normally requires tax adjustments. For example, TZS 20m of taxable income at the standard rate gives TZS 6m before credits and other adjustments. [4]

TRA requires provisional estimates and instalments during the year; the final return and balance are generally due six months after the accounting year ends. Filing obligations may remain even without tax payable. [3]

Eligible individual traders: presumptive income tax

The 2026 schedule extends the turnover ceiling to **TZS 200m**. Eligibility is for qualifying resident individual businesses, not companies simply because they are small. Check the full qualifying conditions and any election or activity-specific regime. [1–2]

Annual turnover	Incomplete records	Complete records
Up to TZS 4m	Nil	Nil
Above TZS 4m to 7m	TZS 100,000	3% of turnover above TZS 4m
Above TZS 7m to 11m	TZS 250,000	TZS 90,000 + 3% above TZS 7m
Above TZS 11m to 200m	4% of turnover	4% of turnover

Source: Finance Act 2026, section 27, printed pages 31–32 [1]. Record completeness refers to the statutory recordkeeping conditions, not merely possession of a sales total.

First-time business relief is not automatic

A qualifying individual obtaining a TIN to start a business for the first time may apply for the twelve-month relief. Commissioner approval and the statutory conditions are required. Do not assume every new SME receives a tax holiday. [1–2]

Illustration: eligible annual turnover of TZS 30m at 4% produces TZS 1.2m of presumptive income tax, assuming no approved relief or separate regime applies.

03 / MAINLAND TANZANIA

VAT: registration, invoices and returns.

Selected rule	Mainland position
Standard VAT rate	18% on standard-rated taxable supplies.
General registration threshold	TZS 200m taxable turnover over twelve months, or TZS 100m over six months.
Special registration rules	Some categories, including qualifying professional services, can require registration regardless of turnover.
Regular VAT return and payment	Generally by the 20th of the following month.

Source: TRA VAT guidance [5]. Check the measurement period, mandatory categories and place of supply rather than relying on a single annual sales figure.

Do not confuse zero-rated with exempt

A zero-rated taxable supply and an exempt supply are not interchangeable; supporting evidence and input-tax recovery can differ. The correct classification and a valid fiscal invoice matter. [5]

The conditional 16% regime

A special 16% rate is described for qualifying supplies to non-VAT-registered individuals paid through specified bank or approved electronic arrangements. Confirm the legal conditions and Commissioner implementation requirements before applying it; electronic payment alone is not a sufficient basis to change your rate. [5]

Withheld VAT is a separate calculation

Under the 2026 amendments, an appointed withholding agent withholds **3% for goods** or **6% for services** of the **VAT-exclusive taxable consideration**. These are not percentages of the VAT amount itself. Withheld VAT is generally due by the 10th of the following month. [1, section 91]

Example: a standard-rated service

On TZS 1,000,000 excluding VAT, output VAT at 18% is TZS 180,000. The 6% VAT withholding is TZS 60,000, leaving TZS 1,120,000 payable to the supplier before any separate income-tax withholding. Reconcile the withholding certificate and return treatment.

04 / ZANZIBAR

A separate VAT position.

Selected rule	Zanzibar position
General VAT rate	15% on taxable domestic supplies and imports.
Specified services	18% for the banking, insurance, telecommunications and certain digital services identified by ZRA.
General registration threshold	Taxable turnover of TZS 100m and above; check the statutory measurement and registration conditions.
Other registration tests	Professional-service rules and specific hotel criteria may apply independently of the general threshold.
Returns and payment	Generally by the 20th of the following month, unless a specific rule or notice provides otherwise.

Sources: ZRA VAT overview [9]; Tax Administration and Procedures Act, sections 5, 18 and 31 [10]. Do not substitute the Mainland threshold or 18% general rate.

Example: a standard-rated local supply

A taxable Zanzibar supply of TZS 1,000,000 at the general 15% rate produces TZS 150,000 VAT and a total invoice of TZS 1,150,000. This assumes no exemption, special rate or separate levy applies.

18 August update: filing from 1 September 2026

ZRA’s 17 August 2026 notice changes monthly ZIDRAS filing: withholding information is retrieved from VFMS rather than uploaded as PDF or Excel files. The relevant institution receipt and withholding certificate are important. IM4 customs information also appears automatically for the taxpayer to select when claiming the appropriate VAT offset. [11]

Sector-specific review

Hotels, restaurants and tour operators should review the relevant local levies, fiscal-receipt rules and any restrictions on input VAT. Investment approval should not be treated as proof of a blanket tax exemption. This guide does not quantify those specialised liabilities. [9,12]

05 / PEOPLE AND PAYROLL

PAYE and employer responsibilities.

TRA currently publishes the following monthly resident individual bands for both Mainland Tanzania and Zanzibar. Calculate **taxable pay** first; gross cash salary alone may not equal the taxable amount. [2,7]

Monthly taxable income (TZS)	Tax calculation (TZS)
Up to 270,000	Nil
Above 270,000 to 520,000	8% of the amount above 270,000
Above 520,000 to 760,000	20,000 + 20% of the amount above 520,000
Above 760,000 to 1,000,000	68,000 + 25% of the amount above 760,000
Above 1,000,000	128,000 + 30% of the amount above 1,000,000

Illustration: TZS 800,000 taxable monthly income gives PAYE of TZS 68,000 + 25% × TZS 40,000 = **TZS 78,000**. Non-residents and exceptional payments require separate treatment.

Mainland Skills Development Levy

Mainland SDL is generally **3.5% of gross emoluments** for employers with **ten or more employees**, subject to exemptions. It is an employer liability and is not a deduction from an employee's salary. Returns and payment are generally due by the 7th of the next month. Do not apply this Mainland rule automatically in Zanzibar. [8]

Keep the other obligations separate

Social security, health-related obligations and workers' compensation need their own registration, contribution and remittance checks. For Mainland employees, confirm the applicable fund; for Zanzibar, check ZSSF and the relevant local requirements. This guide does not reproduce a contribution-rate schedule. [13]

A practical payroll control

Approve starters, leavers, benefits and salary changes before calculation. Review the payroll before payment, then reconcile payslips, bank payments, tax deductions and employer contributions. Agree a secure channel for employee identity and banking records.

06 / PAYMENTS TO OTHERS

Withholding income tax.

Withholding income tax is distinct from VAT withholding. First classify the payment and the recipient's tax status. The following are selected general TRA rates; exemptions, source rules, treaty relief and special provisions can change the treatment. [6]

Payment type	Resident recipient	Non-resident recipient
Service fees	5%	15%
Rent	10%	10%
Interest	10%	10%

Source: TRA withholding tax schedule [6]. These examples are not a complete list, and do not establish that every payment described by a supplier as a "service" is subject to withholding.

A simple illustration

For a resident service payment with a withholding base of TZS 1,000,000, 5% equals TZS 50,000. VAT, contractual gross-up provisions and any VAT withholding must be analysed separately. Do not deduct every percentage from the invoice total without checking its legal base.

Remit and document

Income tax withheld must generally be paid within seven days after the end of the month of deduction. Keep the relevant certificates and reconcile them to supplier accounts and tax returns. Whether a recipient can credit the deduction or it is final tax depends on the payment category. [6]

Before making a payment

Confirm the supplier's identity, residence and TIN; keep the contract and invoice; document the withholding classification and calculation; obtain approval; retain the payment evidence and certificate. For unusual or cross-border transactions, seek advice before paying.

When to ask for a specific review

Related-party transactions, overseas services, royalties, asset disposals, imported services and contracts stating "net of tax" can involve additional rules. A rate table is not a substitute for reviewing the agreement and the facts.

07 / A WORKING CALENDAR

Put recurring dates in the diary.

The dates below are general recurring rules, not a personalised filing schedule. Confirm registration, accounting year, statutory exceptions, public-holiday adjustments and any formally granted extensions.

Obligation	General due date	Source
Income-tax withholding / PAYE remittance	Within 7 days after month-end	[6–7]
Mainland SDL	7th of following month	[8]
Mainland withheld VAT	10th of following month	[1]
Mainland ordinary VAT	20th of following month	[5]
Zanzibar ordinary VAT	20th of following month, subject to specific rules	[10]
Provisional corporate instalments: calendar-year example	31 March, 30 June, 30 September, 31 December	[3]
Corporate final return / balance	Six months after accounting year-end	[3]

For a 31 December year-end

The general final-return deadline for the year ending 31 December 2026 is 30 June 2027, subject to any applicable later change or specific arrangement. A different accounting year changes the dates; do not use this example indiscriminately. [3]

Build your own monthly close

A useful internal sequence is to close sales and purchases, reconcile the bank and tax control accounts, review payroll, check fiscal invoices and certificates, approve the return, arrange payment and retain the acknowledgements. Set internal deadlines earlier than the legal ones.

One owner for each obligation

Maintain a short register showing the tax, jurisdiction, period, preparer, reviewer, due date, amount, payment reference and submission status. Filing and paying are separate steps: keep evidence of both.

08 / GETTING ORGANISED

A better starting point for advice.

Your registration and operating picture

Prepare a short profile: registered business name, legal form, business activities, operating locations, accounting year, TIN, VAT status, number of employees and the accounting system used. Identify any activities in both Mainland Tanzania and Zanzibar.

Your financial records

Have the latest accounts, bank reconciliations, sales and purchase records, payroll summaries, fixed-asset information and supporting tax schedules ready. Highlight incomplete periods and unusual transactions instead of hiding them in the totals.

Your compliance position

List upcoming deadlines, outstanding returns or payments, past assessments, authority correspondence and any uncertainty over registrations or rates. This helps the adviser distinguish routine compliance from a time-sensitive issue.

Your immediate question

Are you setting up, cleaning up old records, hiring, entering a new market, preparing for audit or planning a significant transaction? A defined objective makes the engagement easier to scope.

> **Keep the first email simple**
>
> Send your name, business name, service required and any immediate deadline. Do not include portal passwords, identity documents, employee salary files or bank credentials. Agree an appropriate document-sharing arrangement before sending sensitive records.

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Sources & further reading

Source verification: **26 September 2026**. The August update note and this later source review are distinct. Numbered references follow. Statutory provisions prevail over summaries; later notices may change procedures. URLs identify sources; availability and redirects are controlled by their publishers.

[1] United Republic of Tanzania — Finance Act 2026
Section 27: presumptive schedule, printed pp. 31–32. Section 91: VAT withholding. Effective-date provisions also reviewed.
http://www.tra.go.tz/images/uploads/acts/THE_FINANCE_ACT,_2026.pdf

[2] TRA — Income Tax for Individuals
Resident bands for Mainland and Zanzibar; individual-business eligibility and first-time business relief.
http://www.tra.go.tz/page/income-tax-for-individuals

[3] TRA — Corporation Tax
Provisional estimates, instalments, final return and payment timing.
http://www.tra.go.tz/page/corporation-tax

[4] PwC Worldwide Tax Summaries — Tanzania: Corporate income
Professional secondary reference for the standard 30% corporate rate and existence of special regimes; reviewed 9 September 2026 on the source page.
http://taxsummaries.pwc.com/tanzania/corporate/taxes-on-corporate-income

[5] TRA — Value Added Tax
Mainland rates, registration thresholds and recurring VAT obligations. Check conditional-rate implementation before use.
http://www.tra.go.tz/page/value-added-tax-vat

[6] TRA — Withholding Tax
Selected income-tax withholding rates, remittance and certificate guidance.
http://www.tra.go.tz/page/withholding-tax

[7] TRA — Pay As You Earn
Employment-income withholding and employer guidance.
http://www.tra.go.tz/page/pay-as-you-earn

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Sources & further reading

[8] TRA — Skills Development Levy
Mainland rate, employer threshold, exclusions and remittance timing.
http://www.tra.go.tz/page/skills-development-levy-sdl

[9] ZRA — Value Added Tax
Published Zanzibar VAT rates and registration criteria.
http://www.zanrevenue.org/tax/value-added-tax-vat

[10] Zanzibar — Tax Administration and Procedures Act, consolidated 2025
Sections 5, 18 and 31: registration and general return/payment deadlines. Read with subsequent amendments and specific tax regulations.
http://www.zanrevenue.org/uploads/THE_TAX_ADMINISTRATION_AND_PROCEDURES_ACT_No.7._2009_consolidated_2025.pdf

[11] ZRA — Notice to Taxpayers, 17 August 2026
ZIDRAS/VFMS and IM4 filing changes effective 1 September 2026; English notice reviewed.
http://www.zanrevenue.org/uploads/NOTICE_TO_TAXPAYERS_.pdf

[12] ZRA — Taxes and Levies
Official navigation to hotel, restaurant, tour-operation and other tax categories. Sector rules require separate review.
http://www.zanrevenue.org/tax/value-added-tax-vat

[13] Official business and employer resources
Directory links: TRA, ZRA, BRELA, BPRA, NBAA, Bank of Tanzania, TISEZA, NSSF, ZSSF, PDPC and the Tanzania Trade Portal.
http://www.aonetaxassociates.com/resources.html

The official employer and registration sites linked in [13] include:
http://www.brela.go.tz/ · http://www.bpra.go.tz/
http://www.nssf.go.tz/ · http://www.zssf.or.tz/

Publication note

This is a selected general-information edition, not a complete legal commentary or an official government guide. The firm should review and approve the tax content before publication and refresh it when relevant legislation or administrative practice changes.