

5. REVENUE COLLECTION, MANAGEMENT AND DISTRIBUTION

This section presents the framework and processes for collection, distribution and management of revenues generated from Tanzania's extractive industry during the financial year 2023/2024. In line with the EITI Standard 2023, the disclosure covers; revenue collection mechanisms, institutions responsible for receipt and custody of revenues, revenue distribution, subnational revenue transfer and management of revenues through the national public finance system.

The extractive sector remained a key contributor to Government revenues in the financial year 2023/2024, with the mining sector contributing significantly through royalties, taxes, licence fees and other statutory payments. The mining sector accounted for 10.3% of GDP in 2025 compared to 10.1% in 2024, reflecting its continued importance to fiscal sustainability.

5.1. REVENUE COLLECTION

The Government collects tax and non-tax revenues from extractive companies operating in the extractive sector.

5.1.1 Receiving Entities

The Government entities that receive various revenues from extractive companies are explained hereunder: -

i) The Mining Commission

The Mining Commission is mandated to regulate the mining industry and oversee the collection of all revenues derived from mineral resources. Section 23 of the Mining Act establishes a Commission which is entrusted with the administration, supervision, monitoring, and coordination of mining operations across the country to ensure effective governance and accountability within the sector.

In executing its revenue collection mandate, the Mining Commission is responsible for issuing, regulating, and managing various categories of mining licences and permits in accordance with national legislation and regulatory frameworks. The Commission oversees the assessment, administration, and collection of a broad

range of statutory payments and fiscal obligations associated with mining activities. These include, but are not limited to mineral royalties, application, licence and permit fees, annual rent charges on mineral rights, service fees, regulatory levies, penalties, and other statutory charges.

These revenues are collected from all companies engaged in mining activities, encompassing large, medium, and small scales mining operators, as well as SOEs. Through this mandate, the Mining Commission plays a central role in ensuring that the mining sector contributes effectively to national development, economic growth, and the equitable management of the country's mineral wealth.

ii) Tanzania Revenue Authority

The Tanzania Revenue Authority (TRA) is the national body mandated to administer and enforce the tax laws of the Central Government. Its core responsibility is to ensure efficient, transparent, and equitable collection of tax revenues in accordance with the legal and regulatory frameworks governing taxation in Tanzania. The range of taxes administered by TRA among others includes VAT, Withholding Tax, Income Tax, Turnover Tax/Levy, Capital gain tax, Excise Duty, Import Duty, SDL and other statutory taxes and charges as prescribed under relevant tax legislation.

Through the effective administration of these taxes, TRA plays a crucial role in supporting national fiscal stability, financing public expenditure, and fostering socio-economic development¹⁶.

iii) Tanzania Petroleum Development Corporation

According to sections 6 and 9 of the Oil and Gas Revenues Management Act, Cap. 328, the TPDC, is mandated to collect oil and gas revenues through the Oil and Gas Revenue Management Fund. The revenues represent the Government's share of income from petroleum operations and include, but not limited to royalties, protected gas revenue, additional gas revenue, government profit share as provided under Production Sharing Agreements (PSAs), surface rentals or annual block fees, signature bonuses, training and capacity building fees and tariffs on gas transportation, including those charged on the Mtwara–Dar es Salaam and SONGAS gas pipeline systems.

¹⁶ <https://www.tra.go.tz/page/paying-taxes>

The consolidation of these non-tax revenues under the Oil and Gas Revenue Management Fund ensures enhanced transparency, accountability, and prudent management of petroleum revenues for the benefit of current and future generations. Funds from the Oil and Gas Revenue Management Fund are channeled through the national budget ensuring that they are subject to parliamentary approval, public debate and annual budget reporting. Further, the Fund is audited by CAG in which the audit reports are supposed to be issued to the public as per section 18(7) of the Oil and Gas Revenue Management Act.

iv) Social Security and Workers Compensation Funds

Contributions to statutory social security schemes constitute an additional form of mandatory payments made by extractive companies on behalf of their employees. These contributions are designed to safeguard employees' welfare and provide financial protection in the event of retirement, disability, injury, or other contingencies.

In Tanzania, the social security framework requires sector-specific enrolment in the following schemes:

- i) **Public Service Social Security Fund (PSSSF)**; Mandatory for all employees in the public sector¹⁷.
- ii) **National Social Security Fund (NSSF)**; Applicable to employees in the private sector¹⁸.

Furthermore, in accordance with the Workers' Compensation Act, Cap. 263, all employers including those operating within the extractive sector, are obliged to contribute to the **Workers' Compensation Fund**. This Fund provides insurance coverage and compensation for employees who may suffer occupational injuries, diseases, or fatalities arising in the course of employment.

Through these statutory contributions, extractive companies play a pivotal role in advancing employee welfare, enhancing workplace safety standards, and strengthening long-term social protection systems in compliance with national labour

¹⁷ <https://www.psssf.go.tz/uploads/publication/78Publication2025-07-257572.pdf>

¹⁸ [https://www.nssf.go.tz/uploads/publications/en-1593148615-NSSF%20ACT%20\[CAP.%2050%20R.E.%202018\]-1.pdf](https://www.nssf.go.tz/uploads/publications/en-1593148615-NSSF%20ACT%20[CAP.%2050%20R.E.%202018]-1.pdf)

and social security legislation. It is important to note, however, that social security contributions constitute indirect taxes, as they are remitted by extractive companies on behalf of their employees.

v) Local Government Authorities

In accordance with the Local Government (Finance) Act of 1982, Local Government Authorities (LGAs) are mandated to impose and collect local taxes, levies, and fees within their respective jurisdictions. Under this legal framework, mining, oil and gas companies are required to pay a Service Levy of up to 0.25% of their annual turnover net of the VAT and excise duty to the LGA in which the extractive operations or projects are located. This levy forms an important source of revenue for local governments and contributes to the financing of decentralized development initiatives.

In addition, LGAs are responsible for the review, approval, and oversight of Corporate Social Responsibility (CSR) plans submitted annually by extractive companies, pursuant to Section 136 of the Mining Act. CSR initiatives implemented by extractive companies are designed to enhance social and economic development within host communities and typically focus on projects related to infrastructure development, promotion of local economic and small business growth, education and skills development, health services and medical support, environmental management and conservation, provision of clean and safe water and social welfare and humanitarian assistance.

Through these obligations, extractive companies contribute to local socio-economic development, community empowerment, and improved service delivery, thereby reinforcing the role of LGAs in promoting sustainable development within resource-hosting regions.

vi) Tanzania Forest Services Agency

Extractive companies undertaking mining or exploration activities within protected forest reserves are obligated to pay Forest Management Fees (also referred to as Mining Fees) to TFS. These fees, charged on an annual basis per hectare (or part thereof), serve as a cost-recovery and environmental management mechanism aimed at supporting the sustainable protection, conservation, and rehabilitation of

forest ecosystems affected by extractive operations. The revenues collected contribute to forest governance, ecological monitoring, resource protection, and restoration programs within the respective forest reserves.

vii) National Environment Management Council

NEMC is a statutory body established under the Environmental Management Act, Cap. 191 which provides the legal and institutional framework for sustainable environmental management in Tanzania. The Act outlines measures for the prevention and control of pollution, waste management, the establishment of environmental quality standards, promotion of public participation, and enforcement of environmental compliance across all sectors.

In line with the Environmental Management (Fees and Charges) (Amendment) Regulations, 2018, NEMC is mandated to collect fees and charges from extractive industry operators for services rendered in relation to environmental management. These include fees for project registration, Environmental Impact Assessment (EIA), EIA review, environmental monitoring and environmental audits. The objective of these fees is to support regulatory oversight and ensure that extractive projects comply with environmental standards and mitigation requirements throughout the project lifecycle.

The fees collected by NEMC are allocated to support the Council's regulatory and monitoring activities, including conducting inspections, environmental monitoring programs, compliance enforcement, and capacity-building initiatives. Extractive companies are required to submit regular environmental reports to NEMC, detailing project compliance, mitigation measures implemented, and environmental monitoring results. This reporting framework ensures transparency, accountability, and continuous oversight of environmental performance in the extractive sector, thereby safeguarding Tanzania's natural resources and promoting sustainable development.

viii) Office of Treasury Registrar

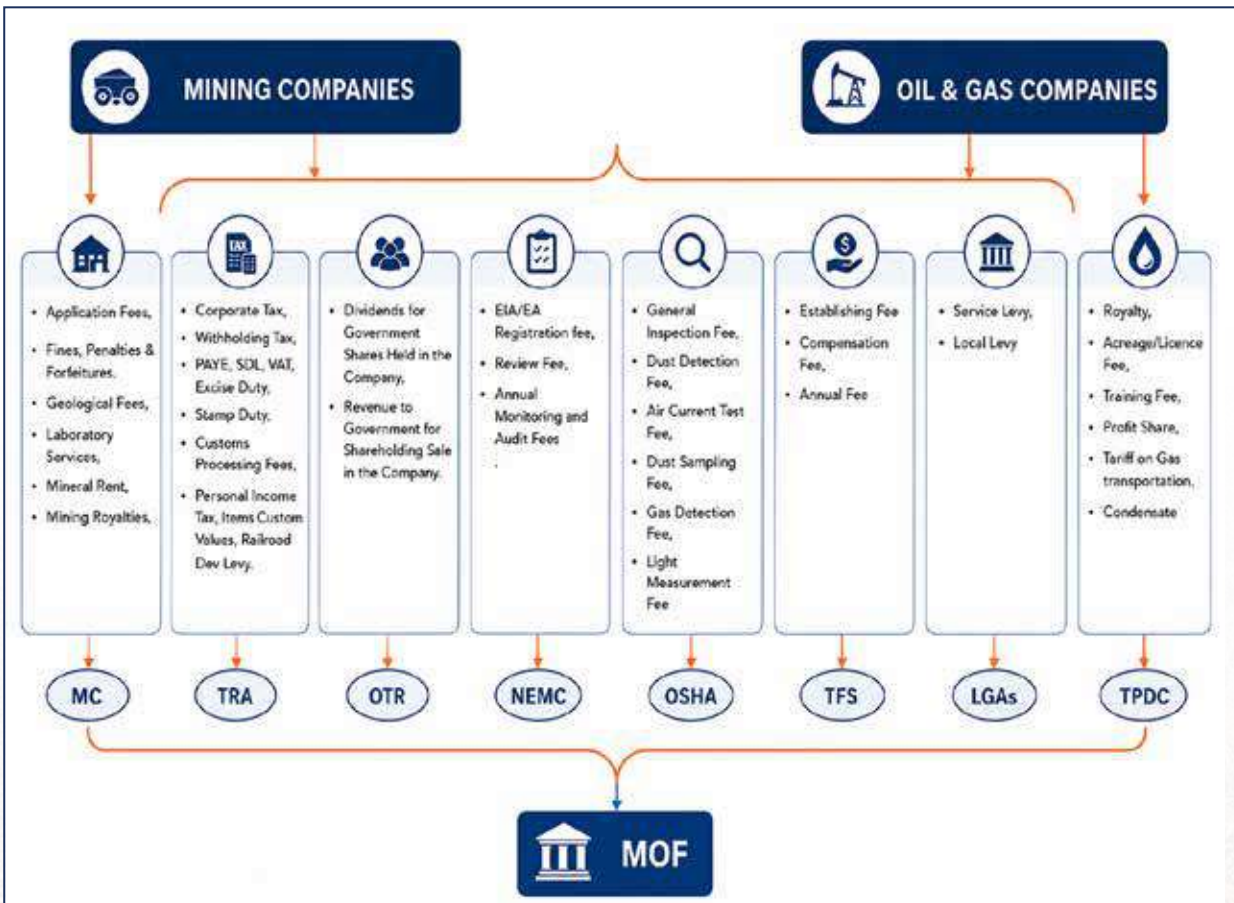
OTR is responsible for managing and collecting dividend from companies in which the Government maintains shareholding interests. In addition, OTR oversees the collection of proceeds arising from the sale of government owned shares in extractive sector companies.

Through these functions, the OTR ensures that the State’s financial interests in extractive companies are effectively managed, monitored, and channeled into the Consolidated Fund, supporting national fiscal stability and socio-economic development. This mandate is provided under the Treasury Registrar (Powers and Functions) Act, Cap 370.

a) Payment Flows

Extractive companies in Tanzania make payments to a range of Government entities which can be broadly categorized into two groups. The first category comprises recipients of taxes, fees, and charges, including TRA, LGAs, NEMC, OTR, TPDC, MC, OSHA, and TFS. The second category includes recipients of social security contributions, namely NSSF, PSSSF, and WCF.

The framework for the collection of extractive sector revenues, illustrating the flow of payments from extractive companies to these government institutions, is summarized diagrammatically as follows.



b) Comprehensive disclosure of revenue and taxes

In accordance with Requirement 4.1 of the EITI Standard 2023, TEITI ensures comprehensive disclosure of all material payments made by extractive companies and the corresponding revenues received by Government entities for the financial year 2023/2024.

This disclosure aims to enhance transparency, accountability and public oversight in the management of revenues generated from Tanzania's extractive industries, including mining, oil and gas operations.

c) In-kind Revenue

The objective of requirement 4.2 of the EITI Standard 2023 is to ensure transparency in the sale of oil, gas and/ or mineral resources or other revenues collected in-kind to allow the public to assess whether the sales values correspond to market values, and to ensure the traceability of the proceeds from the sale of those commodities to the national Treasury. In the period under review, neither the government nor SOEs have recorded in-kind revenue.

d) Infrastructure Provisions and Barter Arrangements

The objective of requirement 4.3 of the EITI Standard 2023 is to ensure public understanding of infrastructure provisions and barter-type arrangements, including resource backed loans, which provide a significant share of government benefits from an extractive project, that is commensurate with other cash based company payments and government revenues from oil, gas and mining, as a basis for comparability to conventional agreements. Information collected in the reporting year of 2023/2024 did not identify any barter-type arrangement or infrastructure agreements.

e) Transportation Revenues

The objective of requirement 4.4 of the EITI Standard 2023 is to ensure transparency in government and SOE revenues from the transit of oil, gas and minerals to promote greater accountability in extractive commodity transportation arrangements involving the SOEs. In Tanzania, only gas generates such revenues whereby TPDC received TZS **1,831,402,184.32** tariffs from the SONGAS gas pipeline.

f) Transactions Related to State Owned Enterprises

The objective of requirement 4.5 of the EITI Standard 2023 is to ensure the traceability of payments and transfers involving SOEs as well as to strengthen public understanding of whether revenues accruable to the state are effectively transferred to the state and of the level of state financial support for SOEs. The MSG has ensured that, the 2023/2024 TEITI report comprehensively addressed the role of SOEs, and reliable disclosures of material company payments to SOEs, SOEs transfer to government agencies and government transfers to SOEs. Detailed information on such requirements are shown in **Annex 1** of the report.

g) Subnational Payments

The objective of requirement 4.6 of the EITI Standard 2023 is to enable stakeholders to gain an understanding of the benefits that accrue from local governments through transparency in extractive companies' direct payments to subnational entities and to strengthen public oversight of subnational governments' management of their internally generated extractive revenues. In the financial year 2023/2024, payments totaling **TZS 20,797,438,243.18 (analysis is provided under table 22)** made to 25 Local Government Authorities have been included in this 16th TEITI Report.

h) Monitoring and Audit of Project Costs

The monitoring framework of the extractive sector is guided by key legislation and agreements, including the Income Tax Act, Cap. 332, Mining Act, Cap. 123, Petroleum Act, Cap. 392, Tax Administration Act, Cap. 438, as well as Production Sharing Agreements (PSAs) and Mineral Development Agreements (MDAs). These instruments define allowable costs, cost recovery rules, audit rights, and reporting obligations.

To mitigate risks of cost overstatement and revenue loss, the Government strengthens audit capacity within TRA, PURA, and the Mining Commission, while promoting inter-agency collaboration. In the petroleum sector, costs are controlled through prior approval of work programmes and budgets under PSAs. Additional safeguards include the use of electronic tax systems, application of transfer pricing regulations, and ring fencing provisions to prevent cross project cost allocation.

Monitoring mechanisms include regular cost audits and verification by TRA and sector regulators, review of company financial reports in the mining sector, and

enforcement of cost recovery limits in petroleum operations. Together, these measures enhance transparency, ensure compliance, and safeguard government revenues in line with the EITI Standard 2023.

This Report discloses operating expenditures (OPEX) and capital expenditures (CAPEX) as shown in **Table 32**. For extractive companies that participated in the reconciliation exercise, thereby providing additional insight into cost structures within Tanzania's extractive sector.

i) Level of Disaggregation

In complying with requirement 4.7 of the EITI Standard 2023, all data submitted has been disaggregated by company, revenue streams and government entities.

j) Data Timeliness

Requirement 4.8 of the EITI Standard, 2023 mandates that implementing countries ensure public disclosure of company payments and government revenues from the mining, oil and gas sectors is sufficiently timely to remain relevant for policy making and public debate. The 2023/2024 TEITI report complies with this requirement as it also includes the most recent sector development information.

5.2. Revenue Management and Distribution

The Government has established a comprehensive legal and institutional framework to ensure that revenues from the extractive sector mining, oil, and gas are effectively collected, managed, and utilized for national development. This framework is anchored in key legislation, including the Public Finance Act, Mining Act, Oil and Gas Revenue Management Act, and Local Government Finance Act. The Public Finance Act provides overarching provisions on revenue management, expenditure control, and accountability. Under Article 135 of the Constitution of the United Republic of Tanzania, all government revenues, including those from extractive activities, are required to be deposited into the Consolidated Fund unless otherwise directed by Parliament. In accordance with EITI Standard 2023, implementing countries are required to disclose the distribution of revenues from extractive industries. However, the current practice indicates that the Minister of Finance is authorized to allocate resources from the Fund across government votes, resulting in extractive revenues being integrated with other public funds and therefore not traceable to specific expenditures.

Revenues collected from extractive companies were transferred to the Consolidated Fund, as required by national legislation. The Bank of Tanzania (BoT) acts as the custodian of government accounts, ensuring proper recording and reconciliation of funds.

a) Revenue Allocation and Budgeting

In accordance with the Public Finance framework of Tanzania, extractive revenues are not earmarked for specific projects but are pooled into the national budget. Allocation of these funds is undertaken through the national budgeting process, which is approved by the Parliament. For the 2025/2026 the Government prioritizes key sectors such as infrastructure development, agriculture sectorial transformation, industrial development, mining sector development and tourism development¹⁹. This approach ensures that extractive revenues contribute to broad-based socio-economic development.

b) Subnational Transfers

Requirement 5.2 of EITI Standard 2023 demands that where transfers between national and subnational government entities are related to revenues generated by the extractive industries and mandated by a national constitution, statute or other revenue sharing mechanism, the MSG is required to ensure that material transfers are disclosed. During the year under review, it was confirmed that no material subnational transfers were made and recorded.

c) Subnational Revenue Distribution

A portion of extractive revenues is allocated to LGAs where extractive activities take place. This includes: Service levy and other Local government levies and fees. LGAs such as Geita DC, Geita TC, Chunya DC and Mtwara DC benefit from these transfers, which are used to support local development projects, including roads, schools, and health facilities.

¹⁹ <https://www.mof.go.tz/uploads/documents/en-1733814575-Mwongozo%20wa%20Maandalizi%20ya%20Mpanzo%20na%20Bajeti%20kwa%20Mwaka%202025.26.pdf>

d) Budget and Audit Processes

Tanzania's budget process is guided by the Budget Act, Cap. 439 which provides guidelines for the preparation and execution of the national budget. Part IV of the Budget Act outlines the actions that must be followed in the budgetary process and is divided into four primary stages: budget formulation, budget discussion and approval, budget execution, and budget auditing, oversight and control.

Moreover, the stage of auditing, oversight and control is ongoing within the year and it involves the following main activities:

- i) Continuous-time to time monitoring and evaluation, including internal audits; and
- ii) Conducting External audits by the Controller and Auditor General (CAG).

Management letters are discussed with Accounting Officers within the Public Sector entities. Later, CAG reports are presented to the President and tabled in the Parliament whereby they become public and after which they are submitted to the Parliamentary Oversight Committees i.e., Public Accounts Committee (PAC), Local Authority Accounts Committee (LAAC) and Public Investment Committee (PIC) for use and follow-up action.