

Table 7: Fiscal Terms for the Mineral Sector.

SN	Fiscal category	Description												
1.	Royalty	<p>Pursuant to section 87 of the Mining Act. Cap. 123, Mining companies pay royalties to the Mining Commission (MC).</p> <p>The royalties are set at the rate of:</p> <ul style="list-style-type: none"> • 5% for uranium, • 6% for diamond, gemstones and metallic minerals such as copper, gold, silver, and platinum group minerals; • 1% in the case of gems; • 3% in the case of other minerals, including building materials, salt, all minerals within the industrial minerals group. • 4% for gold refined within the country and sold to the Bank of Tanzania. • 1% in case of salt. • 1% in case of coal used as industrial raw material within the country • 1% of fertilizer within the country • Premium of 15% in the case of gemstone for export disposed of at the mineral auction or international gem fair. • 0.1% HIV and AIDS levy of the gross value of minerals to be collected by Mining Commission at time of Payment of Royalties. 												
2.	Inspection Fees	With the exception of refineries, salt, minerals disposed during government organized mineral auction or international gem fair and Bank of Tanzania, mining companies pay to the MC inspection fees equal to 1% of the gross value of mineral or minerals.												
3.	Free Carried Interest (FCI) shares	Depending on the type of minerals and the level of investment, the government shall have not less than 16% non-dilutable FCI in the capital of a mining company in any operations under a mining licence or a special mining licence. In addition to FCI the Government has the right to acquire, in total, up to 50% of the shares in the mining company commensurate with the total tax expenditures incurred by the Government in favour of the mining company.												
4.	Corporate Tax	As per the Income Tax Act, Cap. 332, mining companies, like any other companies, are charged corporate tax at: - <ul style="list-style-type: none"> • 30% of taxable income; • 25% for three consecutive years, for a newly listed company with the Dar es Salaam Stock Exchange with at least 30% of its equity ownership issued to the public; 												
5.	Value Added Tax (VAT)	<ul style="list-style-type: none"> • As per Section 55C of the Value Added Tax (VAT) Act, Cap. 148, supply of gold to the Bank of Tanzania shall be zero rated. • As per Section 55D of the Value Added Tax (VAT) Act, Cap. 148, supply of gold to a licenced refinery in Tanzania Mainland shall be zero rated. 												
6.	Depreciation allowance for capital expenditure	The depreciation allowance was set at 20% annually or five years in the third schedule of the Income Tax Act, Cap. 332.												
7.	Depreciation allowance for Mineral or Petroleum operations	<table border="1"> <thead> <tr> <th>Year of Income</th> <th>Depreciation allowance</th> </tr> </thead> <tbody> <tr> <td>First year</td> <td>20% of expenditure</td> </tr> <tr> <td>Second Year</td> <td>20% of expenditure</td> </tr> <tr> <td>Third Year</td> <td>20% of expenditure</td> </tr> <tr> <td>Fourth Year</td> <td>20% of expenditure</td> </tr> <tr> <td>Fifth Year</td> <td>20% of expenditure</td> </tr> </tbody> </table>	Year of Income	Depreciation allowance	First year	20% of expenditure	Second Year	20% of expenditure	Third Year	20% of expenditure	Fourth Year	20% of expenditure	Fifth Year	20% of expenditure
Year of Income	Depreciation allowance													
First year	20% of expenditure													
Second Year	20% of expenditure													
Third Year	20% of expenditure													
Fourth Year	20% of expenditure													
Fifth Year	20% of expenditure													
8.	Change in control	Section 56 of the Income Tax Act, Cap. 332, has been amended to exclude applicability of Section 56 on allotment of shares in a resident entity. There is no exclusion for non-resident entity. This amendment limits the exemption included in												

SN	Fiscal category	Description
		the Finance Act, 2025 to the extent that section 56 is not applicable where changes in underlying ownership emanates from issue of shares by a company to resident companies only.
9.	Loss carry-forwards	Corporation with perpetual unrelieved losses for three consecutive years, excluding corporation conducting agriculture business, tea processing, provision of health care and education services at a rate of 1% of yearly turnover.
10.	Withholding tax on dividends	The arrangement for payment of withholding tax is in accordance to the first schedule of the Income Tax Act, Cap. 332, which requires payment of: - <ul style="list-style-type: none"> • A withholding tax of 5% (for both resident and nonresident) on dividends for Mining companies listed in the Dar es Salaam Stock Exchange market; • Dividend payments made by Resident Corporation to another resident corporation where the corporation receiving the dividends holds 25% or more of the shares.
11.	Withholding tax on interest	Withholding tax on interest (for resident and nonresident) on foreign loans is at the rate of 10%, and accrued interest is deemed a payment; therefore, withholding tax thereon is payable.
12.	Withholding tax on payment for technical services and on management fees	When mining companies pay for technical services or management fees, they are obliged to charge: - <ul style="list-style-type: none"> • 5% withholding tax when paying to a resident; and • 15% withholding tax when paid to a non-resident;
13.	Withholding tax on natural resources for holders of Primary Mining licences or Artisanal Miners	<ul style="list-style-type: none"> • 2% withholding tax by resident; • Not applicable for a non-resident;
14.	Customs duty on imports of mining equipment and supplies	Pursuant to the Customs (Management and Tariffs) Act, Cap. 403 a mining company or its subcontractors are required to pay the import duty: - <ul style="list-style-type: none"> • 0% during exploration and in the first year of operation; • not exceeding 5% after the first year of operation.
15.	Capital Gains Tax	Capital gains realized on the disposal of business and investment assets in Tanzania are subject to tax at the rate of: - <ul style="list-style-type: none"> • 30% for corporations, • While the resident individual tax rates will be applied on the total income of resident individuals.
16.	Gains on realization of an asset	Land and buildings (petroleum or mineral rights) shall be charged 30% for both resident and nonresident.
17.	Exemption on realization of an investment asset	Amount derived from gain on realization or transfer of mineral right and mineral information to a partnership entity formed between the Government and an investor, or transfer of FCI shares, or transfer of shares to the Government through Treasury Registrar.
18.	Skills Development Levy (SDL)	<ul style="list-style-type: none"> i. 3.5% of the monthly emolument for Tanzania Mainland. Payable by employer with 10 or more employees. ii. 4% of the monthly emolument for Tanzania Zanzibar. Payable by employer with 4 or more employees. iii. The return shall be filed by an employer who is eligible for paying the levy.
19.	Restriction on exportation or domestic use of minerals	No person shall remove or caused to be removed mineral or minerals from a mine for the purpose of export or domestic use unless that person fulfils the condition specified under the Mining Act.
20.	Service levy	0.25% charged on turnover net of the VAT and excise duty and paid to the relevant local government.

b) Fiscal Regime of the Oil and Gas Sector

Similar to the mining industry, companies in the oil and gas sector make various payments to the government as per the Oil and Gas Revenues Management Act, MPSA of 2013, the Income Tax Act, the Value Added Tax Act, the Finance Act, 2025 and other laws of the country. The payments are made in the form of tax, fees, and other duties. The following table presents a summary of the fiscal regime for the oil and gas sector in Tanzania.

Table 8: Fiscal Terms for Oil and Gas Sector

SN	Fiscal Category	Description
1	Royalty	<p>Royalty on petroleum is paid to the government as provided for in section 113 and second schedule of the Petroleum Act, 2015.</p> <p>A licence holder on behalf of itself and the Contractor is obliged to pay royalty out of gross production prior to cost oil or cost gas recovery by delivering to the Government</p> <ul style="list-style-type: none"> i. 12.5% for onshore/shelf areas; and ii. 7.5% for offshore <p>Both the Petroleum Act, 2015 and MPSA of 2013 require payment of royalty out of gross production before the operation of the sharing formula.</p>
2	Cost Recovery Limit	The maximum amount of cost recovery for oil and gas is 50% of production (net of royalties) for any given time period. A more generous 70% limit is provided by the model gas terms. Hydrocarbon profits are distributed according to production quantities.
3	Petroleum Profit	Petroleum profit is the amount of oil or gas revenue that remains after deducting royalties and cost recovery. The National Oil Company (NOC) which is the Tanzania Petroleum Development Corporation (on behalf of the government), and the Contractor share petroleum profits in predetermined proportions. There are non-binding profit-sharing benchmarks in the MPSA 2013.
4	Additional Profit Tax	Additional Profit Tax (APT) is payable by a contractor subject to Article 17 of the MPSA 2013 and is calculated based on the Development Area of the contractor. Payment of APT is a contractual obligation rather than a tax that is enshrined in the tax laws. APT will vary with the real rate of return earned by the Contractor on the net cash flow from the Development Area. Contractors pay an APT of <ul style="list-style-type: none"> i. 25%; 1st tranche (first accumulated net cash position) and ii. 35%; 2nd tranche (second accumulated net cash position).
5	Income Tax	Pursuant to the Income Tax Act, Cap 332, a company or contractor pays income tax as corporate tax. If the contractor consists of more than one legal entity, each entity is required to calculate and pay its income tax separately and submit a separate return. <ul style="list-style-type: none"> i. Resident Companies are taxed at 30% on their worldwide income. ii. Non-resident companies are taxed at 30% on their Tanzanian sourced income. iii. New companies are taxed at 25% if they are listed on the Dar es Salaam Stock Exchange (DSE) and the general public holds at least 25% of its shares.
6	Branch Profit Tax	Branch profit tax applies to repatriated income. Repatriated income is calculated according to a specific formula based on movements in the branch balance sheet and the maintenance of a form of tax retained earnings account.

SN	Fiscal Category	Description
		Because of the formulaic nature of the calculations, repatriated income may arise even in cases where funds have not been actually repatriated to head office. The purpose of repatriated income tax is to equalize the tax position with that of a local company, which is subject to a 10% withholding tax on dividends.
7	Withholding tax	This is the amount of a service or goods provider's pay withheld by the taxable entity and sent directly to the government as partial payment of income tax. The rate is 5% from the payment of resident providers and 15% for none resident of technical or management services. The dividend is taxed 10%, but 5% for companies listed at DSE or in case 25% of shares owned by residents.
8	Annual Rental Fee	The contractor pays the following rental fees indexed to USD inflation rates (as per MPSA 2013): i. 50 US\$/sq. km for the initial exploration period; ii. 100 US\$/sq. km for the first extension period; and iii. 200 US\$/sq. km for the second extension period
9	Import Duty Exemption	All equipment and material imported for use in petroleum operations can be imported free of all duties and import taxes and can be re-exported free of any export duty or tax. Expatriates enjoy similar privileges in respect of their personal effects. Exemption granted to capital goods whereby the import duty exemption shall be restricted to the team of the 75% and the investors shall pay 25% of the import duty due.
10	Capital Gains Tax	Capital Gain Tax applies in case of corporate re-organization and/or there is an acquisition of assets. Transfer of shares subject to Capital Gain Tax is charged at the rate of 30% of turnover. Since July 2012, indirect share transfer may be taxed. The change of ownership by 50% is treated under the Income Tax as a realization of asset/liabilities.
11	Value Added Tax (VAT)	VAT is a pass-through tax that applies at every transaction point. The rate is 18% of all taxable goods and services. All suppliers of goods and services with turnover at least TZS 200 million must be registered for VAT purposes. The oil and gas exploration companies are exempted from the VAT to extent provided in their respective PSAs.
12	Bonuses	International Oil Companies pay two types of bonuses: signature and production bonuses. These are front-end loaded taxes payable upfront to the State. Bonuses were initially introduced by Article 11 (c) of the MPSA 2013. The same is provided in Petroleum Act, Cap 392 under Section 115 and Section 116. The signature bonus rate is not less than \$ 2.5million, and production bonus is not less than \$ 5million. Bonuses are not recoverable under the PSA, but they are deductible for tax purposes
13	Ring Fencing	The foundational provision previously cited have been consolidated and strengthened by the Petroleum Act and its accompanied model production sharing agreement and MPSA, which explicitly mandate all costs and expenses incurred within specific contract area are exclusively recoverable from the revenues generated by that same area. This statutory ring fencing ensures that each license is treated as a distinct fiscal entity preventing cross utilisation of losses and costs across different projects.
14	Transfer Pricing	This principle is depicted under section 33 of the Income Tax Act, Cap. 332, and is operationalized through the transfer pricing regulations of 2023 which mandates contemporaneous documentation and adherence to OECD aligned methods. Furthermore, Production Sharing Agreements (PSAs) under the Petroleum Act embed their own stringent transfer pricing rules that directly governed the calculation of cost recovery and the sharing profit petroleum.
15	Training and research fees	Contractors in the oil and gas sector pay training and research fees per annum to TPDC for purposes of enhancing the development of oil and gas subsector as per Section 114 of the Petroleum Act, 2015.
16	Disclosure of information	Failure to disclose names of contractors and subcontractors in extractive and construction industry results in penalty of higher of 25% of the amount payable under the project or a fine of up to TZS 60m.

SN	Fiscal Category	Description
17	Gains on realization of an asset	Land and buildings (petroleum or mineral rights) shall be charged 30% for both resident and nonresident.
18	Skills Development Levy (SDL)	<ul style="list-style-type: none"> i. 3.5% of the monthly emolument for Tanzania Mainland. Payable by employer with 10 or more employees. ii. 4% of the monthly emolument for Tanzania Zanzibar. Payable by employer with 4 or more employees. iii. The return shall be filed by an employer who is eligible for paying the levy.
19	Service levy	0.25% charged on turnover, net of the VAT and excise duty and paid to the relevant local government.

4.3. Mineral and Petroleum Rights, Trading Licences and Permits

Under Requirement 2.2 (a–d) of the 2023 EITI Standard, implementing countries must make information publicly available on how mining, oil, and gas licenses are applied for, awarded, transferred, suspended, and cancelled. The Mining Act, Cap. 123 and the Petroleum Act, Cap. 392, specify the processes for granting and transferring minerals, oil and gas licenses.

Mineral Rights

i) Applications for Mineral Rights, Trading Licences and Permits

The Mining Commission is mandated under the Mining Act, Cap. 123 to grant various types of mineral rights for undertaking exploration, mining, processing and trading of minerals. The Act outlines the requirements for the application and grant of mineral rights. Further, the Act outlines mineral trading licenses issuable to individuals and entities that are only involved in the trading of minerals and restriction to individual or companies to operate, possess or dispose of, any mineral without valid mineral right or trading license. During the year under review, a total of 11,510 licenses were granted, 76 cancelled, 491 rejected and 2722 expired as shown in **Table 9**.

Table 9: Licences Granted, Rejected and Expired During the Fiscal Year 2023/24.

S/No	Licence Type	Granted	Cancelled	Rejected	Expired
1	Special Mining Licence (SML)	1	0	0	0
2	Mining Licence (ML)	17	10	12	15
3	Prospecting Licences (PL)	420	66	479	75
4	Primary mining Licence (PML)	8,795	0	0	2,632
5	Dealer Licence (DL)	874	0	0	0
6	Broker Licence (BL)	1,370	0	0	0
7	Refining Licence (RFL)	1	0	0	0
8	Processing Licence (PCL)	32	0	0	0
TOTAL		11,510	76	491	2,722

Source: The Mining Commission Annual Report for the Year Ended 30 June, 2024

ii) Procedures and criteria used in the allocation or transfer of mineral rights

Requirement 2.2 of the 2023 EITI Standard requires an outline of the procedures and criteria used in the allocation or transfer of mineral rights. Parts II and IV of the Mining Act provide for approaches of applying, awarding, and transferring of mineral rights.

The approaches are as follows:

First-come-first-served approach

This is provided under section 15 of the Mining Act, the person whose application is first registered qualifies to be the first considered for granting of licence upon fulfilment of the conditions for the application.

Tendering approach

Section 16 of the Mining Act provides that, where the Minister considers that it is in the public interest, may, by notice in the gazette or in the local newspaper designate any vacant area which is not a reserved area as an area for which applications can be made by tender for prospecting licenses, mining licenses, and special mining licenses.

Allocation of Primary Mining Licences in Demarcated Areas

The allocation of Primary Mining Licences (PMLs) within demarcated areas follows a structured process established for small-scale operators. Once the Minister officially designates an area for exclusive small-scale mining subject to sections 16(2)(b) and 17 of the Mining Act, the Mining Commission delineates the site into numbered blocks preferably in rectangular or square form and prepares maps that are made available to the public and displayed at the relevant zonal mines offices.

Subsequently, an Allocation Committee is constituted to evaluate and approve applications for PMLs. In making allocation decisions, the Committee considers factors such as orderly resource development, the applicants' technical capacity, relevant experience, financial ability, and the importance of ensuring that local communities receive equitable opportunities and benefits. These procedures align with the requirements of the Mining (Mineral Rights) Regulations, GN No. 1 of 2018, as amended.

Transfer of Mineral Rights

Section 10 of the Mining Act, Cap. 123 permits holders of mineral rights to transfer their licences or interests subject to strict regulatory oversight. However, the transfer is only allowed if the holder of the mineral rights meets all legal and technical requirements.

To initiate the transfer, the licence holder must submit a formal application to the Mining Commission, accompanied by details of the transferee, terms of the transfer, evidence of financial, technical, and operational capability of the intended transferee,

a tax clearance certificate and fees prescribed under the Mining (Mineral Rights) Regulations, 2018 GN No. 1 of 2018 (as amended).

The Mining Commission evaluates whether the transferee is qualified and competent, the transfer aligns with national interests and legal obligations, the licence is in good standing for instance compliance with the work programme on developing the area, payment of royalties and fees, and there are no unresolved disputes or violations by the current licence holder.

If approved, the transfer is formally registered by the Mining Commission, and the transferee assumes all rights and obligations attached to the licence. No transfer is valid until this registration is completed.

iii) Suspension and Cancellation of Mineral Rights

Section 74 of the Mining Act, rules on the procedures and conditions under which Mining Commission may suspend or cancel the mineral rights. Further, section 76 of the Act provides the appealing right and course. **Table 10** Provide the number of Mineral rights suspended and cancelled for FY 2023/24.

Table 10: Suspension and Cancellation of Mineral Rights for the FY 2023/24

S/No.	Action	PLs	MLs
1	Issued with default notice	115	37
2	Cancelled	66	10
3	Surrendered	61	0
	Total	242	47

Source: The Mining Commission Annual Report for the Year Ended 30 June, 2024

a) Petroleum Rights

The Petroleum Act¹² provides types of petroleum licences, procedures and criteria for allocating them. The procedures and processes related to the issuance and transfer of petroleum rights, and details can be accessed through PURA's website¹³.

b) Transfer of Petroleum Rights

Section 44(3) of the Petroleum Act does not allow the transfer of exclusive petroleum rights granted to NOC, but under certain circumstances allows the transfer of a legal or equitable interest in a license under Sections 85 and 86 of the Act.

c) Surrender, Cancellation, and Suspension of Petroleum Rights

Sections 81 and 83 of the Petroleum Act provide for a right to a licence holder to surrender the petroleum rights, and a procedure for suspension and cancellation of a license.

¹² <https://www.pura.go.tz/documents/acts>

¹³ <https://www.pura.go.tz/>

Mineral and Petroleum Registry

a) Mineral Right Register

According to Requirement 2.3 of EITI Standard, 2023, all EITI implementing countries must maintain a publicly accessible mining license registry or cadastre system to ensure the public accessibility of comprehensive information on mineral rights related to extractive deposits and projects. In Tanzania, the Mining Commission is responsible for the management of the cadastre under Section 27(g) of the Mining Act and it operates through the Online Mining Cadastre Transactional Portal (OMCTP).

The cadastre system is essential for managing mineral rights. It provides public cadastral maps and records, administers mineral rights and processing licences and all related applications. The system allows licence holders and applicants in Divisions A, B, C, and D to apply, renew, cancel, and perform other transactions online. The Mining Commission processes, grants, and cancels mineral rights accordingly.

The updated system has enhanced procedural efficiency and transparency in mining licensing. Public access is provided at two levels, depending on the user's role and purpose. Registered users in Divisions A to D must undergo a formal registration process to submit, renew, or withdraw applications, a measure aimed at preventing system misuse¹⁴.

b) Petroleum Registry

Section 84 of the Petroleum Act, 2015 requires the Petroleum Upstream Regulatory Authority (PURA) to maintain a Petroleum Registry containing records of petroleum agreements, licences, permits, authorisations, and any modifications or ownership transfers. The Registry also includes relevant legal documents such as court decisions, arbitration proceedings, awards, and licence-related deeds or documents, thereby enhancing transparency and providing valuable information to stakeholders in Tanzania's petroleum sector.

The public may access information in the Petroleum Registry through the PURA website¹⁵. This online platform ensures transparency and accessibility in the petroleum sector governance.

¹⁴ <https://portal.madini.go.tz/page/PublicHome>

¹⁵ <https://puragis.maps.arcgis.com/apps/webappviewer/index.html?id=99edfc6278c44cb68dc4509171963553>

4.4. State Owned Enterprises

In Tanzania, state owned enterprises (SOEs) are commonly referred to as parastatals, public corporations or public entities. According to the Public Corporation Act Cap 257 a public corporation is any entity established under the law that the government or its agent, owns a majority of shares or is the sole shareholder.

This framework ensures that the Government either fully owns or controls such entities by holding more than 50% ownership. The government actively participates in the extractive sector through the SOEs such as STAMICO which handles mineral exploration, mining and value addition; NDC which manages strategic mineral assets and drives mining linked industrial development; and TPDC the national oil company overseeing petroleum exploration, development and production. Collectively, these SOEs secure government equity participation, foster strategic partnerships, and maximize national benefits from Tanzania's extractive resources, thereby safeguarding socio-economic interests.