ETERNAL ATTORNEYS

LEGAL UPDATE | 27th August 2026

TAX EXEMPTION FOR NEW BUSINESSES

- *Tax exemption granted for one year for newly established businesses.*
- *Application for tax exemption must be made.*
- *Conditions imposed on granting tax exemption.*
- *Commissioner General empowered to revoke tax exemption.*

In a bid to support business growth and encourage entrepreneurs to formalize businesses, the Government of Tanzania, through the Minister of Finance, has issued the Income Tax (Presumptive Tax Relief for New Traders) Regulations, 2026 (the Regulations) via Government Notice No. 158B. The Regulations came into effect on 1st July, 2026.

The Regulations provide a one (1) year tax exemption for newly established businesses operating under the presumptive tax regime. The Regulations aim to ease the tax burden on new businesses during the initial period of operations and to encourage new business owners to register for Taxpayer Identification Numbers (TIN).

A new business may be eligible to apply for tax exemption upon satisfying conditions to the Commissioner General of TRA (Commissioner) that a TIN has been obtained for purposes of commencing business for the first time; the projected business turnover falls under the presumptive tax regime (a simplified tax system applicable to individuals), and the respective business will operate exclusively under the presumptive tax regime.

Newly established businesses intending to claim the one-year tax exemption must apply electronically to the Commissioner. Upon receiving the application, the Commissioner will review it by verifying the applicant's credentials and, where necessary, conduct due diligence. Once satisfied with the application, the Commissioner will issue a Tax Relief Certificate indicating the one (1) year tax exemption. A new business issued with tax exemption must utilize it and is prohibited from transferring, selling, leasing, or assigning ownership of the business to another person under the right of tax exemption.

The Commissioner is empowered by the Regulation to revoke the tax exemption if it was obtained through fraud, misrepresentation, or concealment of a material fact. Further, the Commissioner may revoke the tax exemption if a business fails to operate under the presumptive tax regime; fails to maintain primary sales records; or engages in a chaining arrangement, which includes utilizing the tax exemption by registering or operating a business under another person's name.

The one-year tax exemption granted through the Regulations is intended for genuine new businesses operating under the presumptive tax regime, not for existing businesses. We urge new business owners to register for a TIN to benefit from the one-year tax exemption. Eternal Attorneys assists new business owners in applying for a one-year tax exemption. For further enquiries, please feel free to reach out to our team of legal experts via info@eternal.co.tz or +255 749 668 866 for such an engagement.

To read the Income Tax (Presumptive Tax Relief for New Traders) Regulations, 2026, - **Click Here.**

Disclaimer

This publication is intended to give you a general overview and does not constitute professional legal advice. Eternal Attorneys, its associates, employees, or agents shall not be responsible for any loss in the event this email is relied upon without seeking professional advice first.

About Eternal - Attorneys

Eternal – Attorneys at Law is a specialized law firm based in Dar es Salaam, Tanzania, dedicated to providing legal and consultancy services to clients, locally and overseas. We specialize in Tax, Corporate and Commercial, Compliance and Advisory, Banking and Finance, Litigation, Mining, Oil & Gas, Real Estate, Intellectual Property, Employment, Immigration, Family, Competition, Succession Law, and Estate Planning.