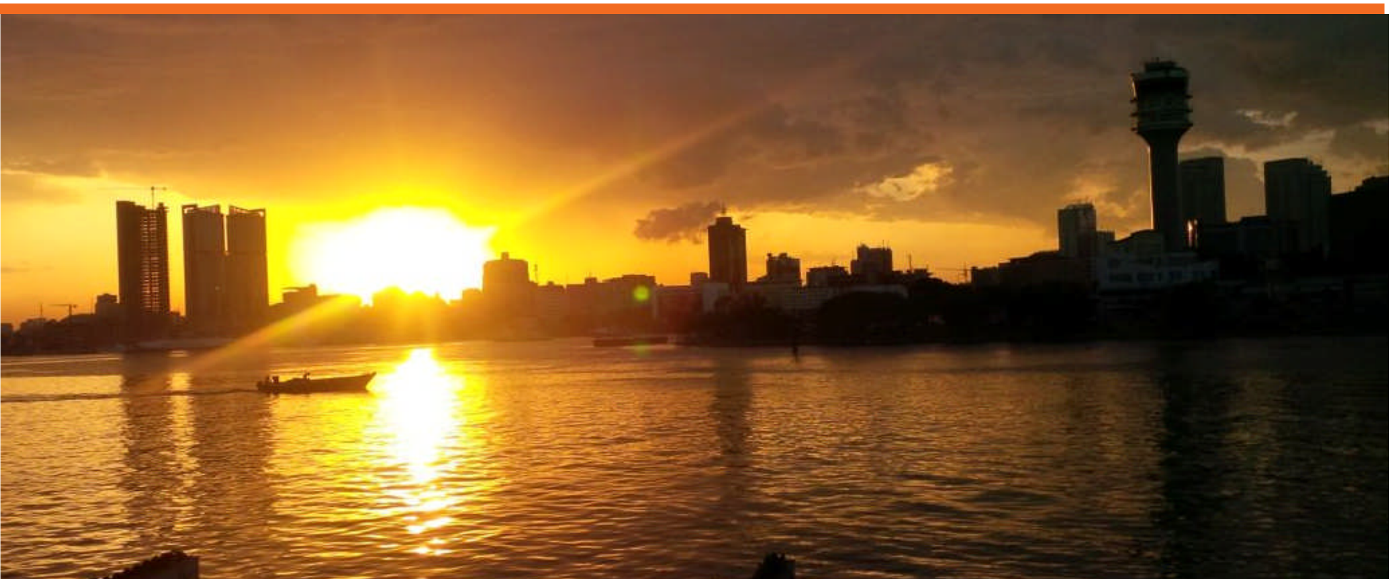


Balancing Austerity and Growth

Understanding Tanzania's 2016/2017 National Budget

PwC insight and analysis

Highlights based on speeches made by the Minister for Finance and Economic Affairs on 8 June 2016

We hope that you will find this newsletter helpful, and look forward to your comments

pwc

The Economy

Past performance 2015/2016

The economy of Tanzania attained real GDP growth of 7.0% in 2015 which is the same growth rate as of 2014.

The growth rate is attributed to the increase in power generation for various usage including industrial production, increased production of cement and increase in credit to private sector.

Domestic Revenue collection from July 2015 to April 2016 (including LGAs own sources) was TZS 11.48 trillion which is equivalent to 99% of the period estimates of TZS 11.55 trillion. In the same period, tax revenue was TZS 10.17 trillion equivalent to 100% of the target.

The average inflation rate in 2015 was 5.6% (2014: 6.1%). The decline in inflation in the country was attributed to a large extent by a decline in the price of petroleum in the world market and in the country and effective implementation of the budget and financial policies.

As of March 2016, the national debt amounted to USD 20.94 billion compared to USD 19.69 billion in June 2015 which is an increase of 6.34%. The increase is mainly due to Government borrowings to finance development projects.

The fastest growing economic sectors in 2015 include: construction (16.8%); information and communication (12.1%) ; finance and insurance (11.8%); and mining and quarrying (9.1%).

Concessional loans and grants collections during the period ending April 2016 were TZS 1.15 trillion equivalent to 65% of the period estimates of TZS 2.32 trillion. The change of foreign policies implemented to developing countries together with the new conditionalities imposed by some development partners contributed to the low performance.

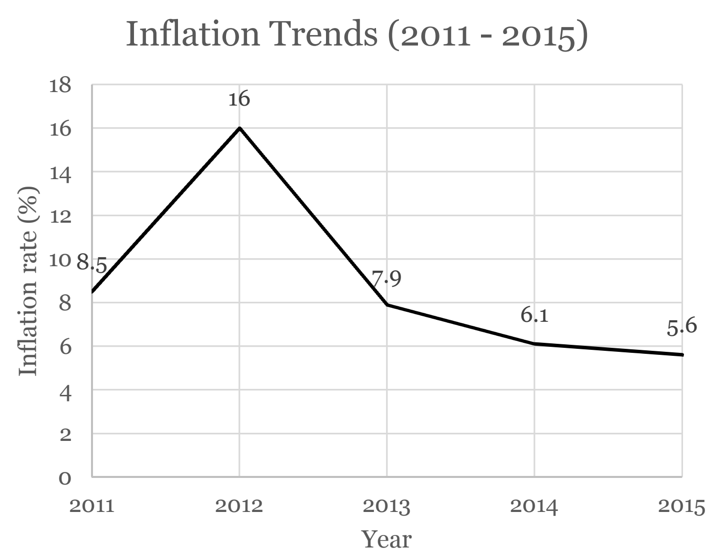
Challenges faced

In 2015, a number of challenges were cited in the implementation of the budget including:

- Tax evasion involving collusion between businessmen and unethical tax collectors;
- Low awareness of the new Value Added Tax Act (2014);
- Low compliance by businesses in the use of EFDs
- Low demand of EFD receipts by citizens upon purchase of goods and services;
- Complex environment for collecting tax from informal sector;
- Ghost workers;
- Illegitimate students accessing higher education loans;
- Mismatch between revenue and expenditure due to increased demand for improvement of infrastructure

7% real GDP growth in 2015

The average inflation rate was 5.6% in 2015 compared to 6.1% in 2014



The 2016/2017 Budget Objectives and Targets

The 2016/17 budget sets out the following macroeconomic projections and policy targets:

Budget Targets	Budget	
	Projected 2016/17	**Budgeted 2015/16**
GDP growth	7.2%	7.5%
Inflation	5.0% - 8.0%	single digit
Domestic revenue / GDP	16.9%	14.8%
Tax revenue / GDP	13.8%	13.1%
Government expenditure / GDP	27.0%	20.6%
Budget deficit / GDP	4.5%	4.2%
Foreign exchange cover (months of imports)	4 months	4 months

The budget for 2016/17 is TZS 29,540 billion

The 2016/17 Revenue Policies

In 2016/17, the government is determined to strengthen domestic revenue collection through implementation of revenue policies that will focus on:

- Ensuring effective use of electronic systems and devices in revenue collection to minimize revenue losses;
- Widening of the tax base through the formalization of the informal sector;
- Strengthening revenue collection monitoring in government institutions and agencies;
- Implementing measures to control and reduce tax exemptions; and
- Strengthening management capacity and undertake frequent inspections at key posts including airports, ports and border posts to ensure appropriate tax collection

Financing Plan 2016/17

For 2016/17, the government has allocated a budget of TZS 29,540 billion of which TZS 11,821 billion equivalent of 40% of total budget will be spent on the implementation of development projects. Out of the budget allocated for development projects, TZS 8,703 billion equivalent to 74% of the development budget is from internal financing. The remaining TZS 3,118 billion equivalent of 26% is from external financial sources.

The private sector is expected to play a pivotal role in the implementation of the plan. The sector is expected to invest heavily in establishing and developing industries.

In general, development funds have been directed to projects that aim at developing industries such as transportation, construction, energy, agriculture, water, education and health.

Revenue

Domestic
The Government intends to collect domestic revenue including LGAs own sources amounting to TZS 18,464 billion, equivalent to 62.3% of the whole budget. Out of this amount, tax revenue is estimated to be TZS 15,105 billion, equivalent to 13.8% of GDP. In addition, non-tax revenue and revenue from LGAs own sources is TZS 2,693 billion and TZS 665 billion respectively. The increase in estimates of tax and non-tax revenue by 32% is very significant.

Foreign loans and grants and General budget support
Development Partners are expected to continue providing grants and concessional loans amounting to TZS 3,118 billion, equivalent to 12% of the total budget. Out of this, TZS 2,746 billion is for development projects and TZS 372 billion is for sector basket funds. General budget support has been allocated TZS 483 billion.

Domestic borrowings
In order to finance the budget deficit, in the year 2016/17 the Government intends to borrow a total of TZS 7,475 billion from domestic and external sources. Out of this, TZS 5,374 billion is expected to be raised from domestic sources for financing rolling over of maturing Treasury bills and bonds, including new loans for financing development projects and payment of verified claims. Furthermore, the Government expects to raise TZS 2,101 billion from external non- concessional borrowing in order to speed up infrastructure construction and ensure that the second Five Years Development Plan is fully implemented.

Non-concessional borrowings
In 2016/17, development projects are to be partly financed through external non-concessional loans whose availability largely depends on the global financial market conditions. Major projects to be implemented include upgrading of the central railway to standard gauge and port improvement.

Summary of budget revenue

	2016/2017 Budget TZS' bn	2015/2016 Budget TZS' bn	Increase %
Domestic Revenue:			
Tax Revenue - TRA	15,105	12,363	22%
Non Tax Revenue	2,693	1,113	142%
	17,798	**13,476**	32%
Local Government Authorities (LGA) own source	665	522	27%
Domestic Revenue + LGA	**18,464**	**13,998**	32%
General budget support	483	660	-27%
Foreign loans and grants (incl. MCA Tz)	3,118	1,662	88%
Domestic borrowings	5,374	4,033	33%
Non-concessional borrowings	2,101	2,142	-2%
Total revenue	**29,540**	**22,495**	31%

The increase in total domestic revenue plus LGA own source to TZS 18,464 billion is a 32% increment from the prior budget estimate.

Expenditure

In 2016/17, the Government is budgeting to spend TZS 29,540 billion as follows:

	2016/2017 Budget TZS' bn	2015/2016 Budget TZS' bn	Increase %
Expenditure			
Recurrent	17,719	16,576	7%
Development	11,821	5,919	100%
Total	**29,540**	**22,495**	31%
Recurrent expenditure			
National Debt Service*	8,000		
Wages and Salaries	6,600		
Other Charges	3,119		
	17,719		
Development expenditure			
Domestic Financing	8,703		
Foreign Financing	3,118		
	11,821		

***National Debt Service includes: domestic interest TZS 1,089 billion, domestic amortisation (rollover) TZS 3,777billion, external interest and amortisation TZS 1,586 billion, Government contribution to pension funds TZS 1,141 billion, other expenditure under CFS TZS 406 billion.

Recurrent Government expenditure in 2016/17 will focus on:

- Government wages and salaries TZS 6,600 billion
- National Debt Service TZS 8,000 billion; and
- Other charges of TZS 3,119 billion.

Development Government expenditure in 2016/17 was allocated TZS 11, 821 billion equivalent to 40% of the total budget to implement development projects. Of this development expenditure financing is 74% domestic and 26% foreign.

In the Minister's speech on the State of the Economy 2015 and the Annual Development Plan 2016/17, he spelt out four main priority areas:
(i) Interventions for fostering Economic Growth and Industrialization;
(ii) Integration of Economic Development and Human Resources;
(iii) Enabling Business Environment; and
(iv) Implementation effectiveness/Management Action Plan.

In order to achieve these goals, the Government intends to pursue the following strategies:

- To create an enabling environment to attract private sector to invest in industries and other investment opportunities especially through Public Private Partnerships (PPP);
- To address bottlenecks related to investments and hurdles in doing business; and
- To strengthen, monitor and evaluate implementation of the Annual National Development Plan

The Annual National Development Plan directs a significant portion of its budget into projects aimed at developing industries such as Transportation, Industries, Construction, Energy, Agriculture, Water, Education, and Health. The private sector is expected to invest a large amount of money to establish and develop industries as part of the implementation of the Plan.

2016/17 Sectorial budget allocations

Agriculture

In 2016/17, the government has budgeted TZS 1.06 trillion equivalent of 4.9% of the total budget excluding public debts service on improving the agriculture, livestock and fisheries sectors. The funds will go towards the purchase of farm inputs, and availability of reliable market.

Education

TZS 4.77 trillion has been budgeted for the education sector equivalent of 22.1% of the total budget excluding public debt service. The budget aims at addressing free basic education, higher education students' loans, and rehabilitation of infrastructure amongst others.

Health

The government has allocated TZS 1.99 trillion equivalent of 9.2% of the total budget excluding public debt services on improving the health sector. The funds will go towards the purchase of medicines, medical equipment and settlement of the outstanding Medical Stores Department debt as well as improving health services' infrastructure at all levels

Water

Accessibility to clean and safe water for industrial and domestic use is of high priority to the government. In 2016/17, the government has budgeted TZS 1.02 trillion equivalent to 4.8% of the total budget excluding public debt service towards the construction and rehabilitation of water infrastructure for both rural and urban areas

Electricity

In 2016/17, the government has budgeted TZS 1.13 trillion equivalent of 5.3% of total budget excluding public debt services on ensuring reliable power supply for industrial and domestic uses. The government plans to use part of the budget towards ensuring the financial stability of the Tanzania Electricity Supply Company (TANESCO).

Infrastructure

To address the challenges from poor infrastructure, the government has budgeted TZS 5.47 trillion equivalent of 25.4% of the total budget excluding public debt service for infrastructure projects.

Tax Changes

Income Tax

Taxation of employees

Tax bands remain unchanged. The upper threshold of TZS 720,000 has not been increased since July 2008

However, the marginal tax rate for individuals has been reduced by two per cent from 11% to 9% on the lowest tax band (monthly income from TZS 170,000 to TZS 360,000). The change will result in a maximum tax saving of TZS 3,800 per month for an individual.

The new monthly tax table will be as follows:

Income TZS	Tax
Up to 170,000	Nil
170,001 to 360,000	9% on excess of TZS 170,000
360,001 to 540,000	TZS 17,100 + 20% on excess of TZS 360,000
540,001 to 720,000	TZS 53,100 + 25% on excess of TZS 540,000
Over 720,000	TZS 98,100 + 30% on excess of TZS 720,000

Removal of exemption on MPs gratuity

The end of term gratuity paid to Members of Parliament at the end of a 5 year term (next due in 2020) will now be taxable. No change was announced in relation to the taxation of various allowances paid to MPs, and accordingly we assume that the current practice (of payment tax-free) will continue.

Withholding tax to apply to investment income of approved retirement funds

Dividends, interest and rent paid to approved retirement funds will now be subjected to withholding tax.

Removal of tax exemption on disposal of DSE listed shares

Gains arising from the disposal of shares listed on the Dar es Salaam Stock Exchange will no longer be tax exempt. To date the exemption had applied to residents, or non-residents owning less than 25% (with associates) of the share capital.

New power for Commissioner to determine rental income

The Commissioner will be granted powers to determine rental income based on baseline market values.

- *The lowest PAYE marginal tax rate reduced to 9%*
- *Removal of exemption on gratuity paid to MPs*

Skills and Development Levy (SDL)

Reduction in SDL rate

SDL rate has been reduced to 4.5% from 5%. This follows the 1% decrease in July 2014, which was effectively neutralised in July 2015 by the introduction of the Workers Compensation Fund (WCF) at a rate of 1% (or 0.5% for public sector employers).

While a reduction in SDL is welcome, taxes on employment remain very high and significantly higher than the rest of the region. Such taxes work against the objective of encouraging employment and also adversely affect the country's competitiveness.

Value Added Tax (VAT)

Removal of VAT Exemption on the following items

Tourism: Tourism services including supplies of tourist guiding, game driving, water safaris, animal or bird watching, park fees and ground transport services. Currently under the VAT Act 2014 such tourism services were exempt from VAT. The Minister indicated that the existing exemption was only intended to be in place for one year from the starting date of the VAT Act 2014 (i.e. one year from 1 July 2015) so as to give operators a year to conclude their contractual obligations with tourists. The Minister also indicated that VAT is imposed on similar services in the neighbouring countries like Kenya, Rwanda and South Africa.

The sector is already battling with a lot of taxes and levies and this change will make Tanzania an even more expensive as a tourist destination.

- *SDL reduced from 5% to 4.5%*
- *Tourism services subject to VAT at 18%*

Tax Changes

Value Added Tax (VAT)

Removal of VAT Exemption on the following items

Bank charges: VAT will now apply to all fee based financial services. This measure will however not apply on interest paid on loans. The measure is intended to widen the tax base and increase Government revenue.

This move will be controversial, not least as excise duty already applies to a number of bank charges – so resulting in likely double taxation or multiplicity of taxation, with a knock on effect for the cost of financial services. This tax seems inconsistent with the intention to broaden access to financial services.

Several practical issues arise in relation to the application of VAT to bank charges. For example, how will the requirement to use EFD machines work for bank charges? Will businesses have to go to banks to physically collect an EFD receipt for every bank charge in order to be able to claim the VAT charged as input tax?

Introduction of VAT at 0% on the cross – union supplies of goods

Transactions between Tanzania Mainland and Zanzibar will be treated as "exports" to each side of the union and therefore charged VAT at 0% from where the goods are supplied. The normal VAT rate (18%) will apply in the part of the union where the goods are received. The measure intends to resolve the issues of refund claims to Zanzibar Treasury since the new VAT law does not provide for refund (unlike the repealed VAT Act).

Zanzibar has a separate VAT Act which we assume will also be amended on a consistent basis, that is to treat goods sent to Mainland Tanzania as zero-rated supplies.

No mention was made as to changes with regard to the treatment of cross union services. We raise this point as currently Zanzibar does not allow a claim for input VAT on services supplied by suppliers based in Mainland Tanzania.

- *Introduction of VAT on bank charges*
- *Zero-rating of cross-union supplies*

Tax Changes

Value Added Tax (VAT)

Introduction of new VAT exemptions

All unprocessed vegetables and unprocessed edible animal products: including live fish, fruits and nuts, cereals and seeds as well as raw soya beans.

Vitamins and food supplements: (micronutrient compound) which have been approved by the Minister for Health Community Development, Gender, Elderly and Children.

Water treatment chemicals: as approved by the Minister responsible for Health.

Aviation insurance: This is intended to reduce costs for the Aviation industry and ensure that local insurance providers are not at a disadvantage compared to offshore provider.

Bitumen: All types of Bitumen will be exempt from 1 July.

Excise Duty

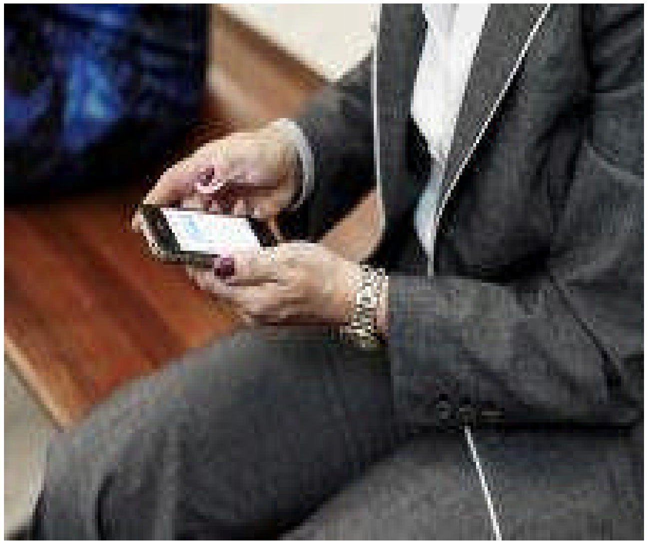
5% excise duty increase on non-petroleum excisable products

The fixed tariffs on non-petroleum excisable products (except bottled water) including alcohol, soft drinks and tobacco have been increased by 5%. The new duties are listed in the table at the end of this document.

Extending the application of 10% excise duty on mobile money charges

The 10% excise duty will apply to all charges or fees payable by a person to a telecommunication service provider in respect of money transfers. The aim of this proposal is to cover all commission received in the provision of mobile money services.

The reason given for this move is that currently excise duty is only charged at the time of the transfer of money but not at the time of withdrawal. However the Government is of the view that higher fees are levied at the time of withdrawal and therefore now want to capture such charges in the excise duty net.



- *Exemption of Aviation insurance*
- *Extension of excise duty charged on money transfer*

Tax Changes

Excise Duty

Increasing the rate of excise duty on imported furniture to 20% (from 15%)

This will apply to furniture under HS Code 94.01 and HS Code 94.03. This measure is intended to promote local production of furniture using locally available timber.

Abolition of use of plastic bags

The use of plastic bags of less than 50 microns will be banned so as to protect the environment. In this case therefore the excise duty that was applicable on these types of plastic bags will no longer be relevant.

A summary of changes on excise duty rates is attached at **Appendix 1**

Customs Duty

A Council of Finance Ministers from the East African Countries met in Arusha from 2 to 5 May 2016 and agreed to pass various changes to the East African Community Common External Tariff (CET) and the East African Community Customs Management Act 2004 (EACCMA 2004). These changes are focused on economic growth through industrial development in the East African Community Region. The changes, together with the number of changes specific to Tanzania are summarised in **Appendix 2.**

Other taxes

The Motor Vehicles (Tax on Registration and Transfer) Act

- Motor Vehicle Registration fee has been increased from TZS 150,000 to TZS 250,000 per motor vehicle and from TZS 45,000 to TZS 95,000 per motor cycle and tricycle; and

- Personalized Registration Number fee has been increased from TZS 5,000,000 to TZS 10,000,000 for every three years.

- *Increase of excise duty on furniture to 20%*
- *Motor vehicle Registration fees increased to TZS 250,000*

Tax Changes

Property Tax

Changes are proposed to the TRA Act, The Local Government Finance Act, The Urban Authorities (Rating) Act 289; The Tax Administration Act, 2015 and The Tax Appeals Act in order to move the mandate to collect property taxes from Local Government Authorities to TRA.

The aim is to enable TRA to estimate tax and make valuation of properties, set procedures for dispute resolution arising from collection of property tax by using prevailing tax laws and review property tax exemptions to ensure that more properties are brought into the tax structure.

The Treasury Registrar (Powers and Functions) Act

An introduction of the requirement for all Agencies and Regulatory Authorities under the Treasury Registrar to remit 15% of their gross income to the consolidated fund. The respective institutions will be gazetted in the Government Notice.

Removal of Arusha International Conference Centre "AICC" from the list of the public institutions that contribute 15% and instead, it will be required to provide dividends due from business operations. This is because AICC is a commercial institution.

Fees and levies imposed by Ministries, Regions and Independent Departments

The rates of fees and various charges levied by Ministries, Regions and Independent Departments will be amended "in order to rationalise with the current economic development".

Legislative amendments

The Minister stated that minor amendments to various tax laws and other laws will also be made so as to simplify revenue collection.

- *TRA will now collect Property Tax*
- *AICC removal from the list of public institutions contributing 15%*

New Excise Duty rates

Goods	Old Rate TZS	New Rate TZS
Soft drinks (non-alcoholic beverages, not including fruit or vegetable juices)	55 per ltr	58 per ltr
Locally produced fruit juice	10 per ltr	11 per ltr
Imported fruit juices	200 per ltr	210 per ltr
Beers made from 100% local un-malted cereals	409 per ltr	430 per ltr
Other beers made from malt	694 per ltr	729 per ltr
Other Non-alcoholic beer (including energy drinks and non-alcoholic beverages)	508 per ltr	534 per ltr
Wine produced with domestic grapes content exceeding 75 percent	192 per ltr	202 per ltr
Wine produced with more than 25 percent imported grapes	2,130 per ltr	2,237 per ltr
Spirits	3,157 per ltr	3,315 per ltr

Goods	Old Rate TZS	New Rate TZS
Cigarettes without filter tip and containing domestic tobacco more than 75 percent	11,289 per thousand cigarettes	11,854 per thousand cigarettes
Cigarettes with filter tip and containing domestic tobacco more than 75 percent	26,689 per thousand cigarettes	28,024 per thousand cigarettes
Other cigarettes	48,285 per thousand cigarettes	50,700 per thousand cigarettes
Cut rag or cut filler	24,388 per kilo	25,608 per kilo
Lubricating oils	665 per ltr	699 per ltr
Lubricating greases	Cent 75 per kilo	Cent 79 per kilo
Natural Gas	Cents 43 per cubic feet	Cent 45 per cubic feet

Customs Duty – CET Changes

Increase in customs duty rates

1. **Cement (Tanzania)** from 25% to 35% for one year: to apply to HS Code 2523.29.00. The aim is to encourage and protect local production of cement from stiff competition from imported cement.

2. **Iron or non-alloy steel** from 0% to 10%: to apply to HS Codes 7208.54.00, 7208.90.00, 7208.52.00 and 7208.53.00,. The aim is to protect local production of this product since there is substantial production to cater for demand.

3. **Bars and rods of iron and steel** from 10% to 25%: to apply on the following HS Codes: 7213.10.00, 7213.20.00, 7213.99.00, 7227.10.00, 7227.20.00, 7227.90.00, 7308.20.00, 7308.40.00 and 9406.00.90. This change is intended to protect domestic production of iron and steel against cheap and inferior imports.

4. **Made up fishing nets from 10% to 25%:** to apply to HS Code 5608.11.00. The reason is that fishing nets are manufactured locally and thus readily available in the region.

5. **Oil and petrol filters and intake air filters** from 10% to 25%: to apply to HS Codes 8421.23.00 and 8421.31.00 respectively. The intention is to protect local producers against cheap or subsidised imports.

6. **Aluminium milk cans** from 10% to 25%: to apply to HS Code 7612.90.90. The reason is that aluminium cans are finished products. In addition, the aim is to protect local manufacturers who have sufficient capacity to manufacture these products.

7. **Worn clothes and shoes** specific duty rate to change from US$ 0.2 per kg to US$ 0.4 per kg, with the aim of gradually phasing-out importation of used clothes and footwear and promoting textile and shoe making industries.

8. **Paper products** from 10% to 25% for one year , to apply to the following HS Codes 4804.11.00, 4804.19.10, 4804.19.90, 4804.21.00, 4804.29.00, 4804.31.00, 4804.39.00, 4804.41.00, 4805.59.00, 4805.11.00, 4805.12.00, 4805.19.00, 4805.24.00, 4805.25.00, 4805.30.00, 4805.91.00 and 4805.92.00.

9. **Sugar and sugar confectionery** progressive increase from 10% as follows: 2016/17 – 15%, 2017/18 – 20% and 2018/19 – 25%. This is aimed at encouraging local production of sugar and avoiding abuse of such remission.

10. To apply import duty on **Iron and steel products** (for one year) rate of 25% or charging specific duty rate of US$ 200 per metric ton, whichever is higher; to apply to the following HS Codes 7212.40.00, 7215.10.00, 7215.50.00, 7215.90.00, 7216.61.00, 7216.69.00, 7216.91.00 and 7216.99.00.

Decrease in customs duty rates

11. **Bolts and nuts manufacturers:** Duty remission to manufacturers of bolts and nuts classified under HS Codes 7228.30.00 and 7228.50.00 by charging a duty rate of 0% instead of 10%. This will enable manufacturers to obtain raw materials at a reasonable price as they are not manufactured in the region.

12. **Manufacturers of motor vehicle air filters**: Duty remission of 0% to apply for certain raw materials for manufacturing of the air filters, which will be gazetted in the East African Community Gazette.

13. **Splints used in the manufacture of matches:** Duty remission of 0% to apply to Hs Code 4421.90.00 due to inadequate matured forests which can produce splints for production of matches in the region.

14. **Manufacturers of aluminium cans**: duty remission to apply on raw materials classified under HS Codes 7606.12.00 and 7606.92.00 by charging a duty rate of 0%, in order to encourage the production of aluminium cans.

Customs Duty – CET Changes

Stay of duty

15. Staying the application of 0% import duty instead of 25% for one year on **iron and steel products** classified under HS Code 7308.10.00 and used in construction of bridges and bridge sections.

16. Staying the application of 10% import duty rate instead of 25% for one year on **automotive bolts and nuts** classified under HS Code 7318.15.00 because manufactures of these products use high tensile bars which are not manufactured in the region.

17. Staying the application of 10% import duty rate instead of 35% for one year on **wheat (wheat grain)** under HS Codes 1001.99.10 and 1001.99.90 due to lack of capacity in the region to produce wheat to satisfy the demand.

18. To continue the application of import duty rate of 25% or charging specific duty rate of US$ 200 per metric tons, whichever is higher, for one year, on **flat-rolled products of iron or non-alloy steel** under HS Codes 7210.41.00, 7210.49.00, 7210.61.00, 7210.69.00, 7210.70.00, 7210.90.00, 7212.30.00 7212.40.00. The aim is to protect domestic industries against importation of inferior products from outside the region.

19. To continue the application of import duty rate of 25% or charging specific duty rate of US$ 200 per metric tons, whichever is higher, for one year, on **flat-rolled products of bars, rods, sections, angles, shapes, and related products** under HS Codes 7214.10.00, 7214.20.00, 7214.30.00, 7214.91.00 and 7214.99.00. This is aimed at protecting domestic industries against importation of inferior products from outside the region.

20. To continue the application of import duty rate of 25% or charging specific duty rate of US$ 200 per metric tons, whichever is higher, for one year, **on steel reinforcement bars, angles, sections** under HS Codes 7216.10.00, 7216.21.00, 7216.22.00 and 7216.50.00. This is also aimed at protecting domestic industries against importation of inferior products from outside the region.

21. To continue the application of 10% import duty rate instead of 0% for one year to **manufacturers of crude edible oil** under HS Code 1511.10.00. This is aiming at promoting local production of oil seeds and growth of edible oil industries.

22. To continue the application of import duty rate of 25% or charging specific duty rate of US$ 200 per metric tons, whichever is higher, for one year, on **bars and rods of iron or steel** on the following HS Codes 7228.10.00, 7228.20.00, 7228.30.00, 7228.40.00, 7228.50.00, 7228.60.00, 7228.70.00 and 7228.80.00. The aim is to protect domestic production in the region against unfair competition from imported products.

Customs Duty – EACCMA 2004 Changes

1. **Import duty remission** has been granted:

   - to the **manufacturers of inputs used in manufacture of deep cycle batteries** in order to promote local industries since imported deep cycle batteries are exempt under the 5th Schedule; and

   - for **inputs or raw materials for use in the manufacture of solar equipment.**

2. The following changes have been made to the 5th Schedule of the EACCMA 2004:

   - Exemption granted on refrigeration equipment for human dead bodies under HS Code 8418.69.90 for use in hospitals, city councils or funeral homes;

   - Inclusion of incinerator's equipment and materials used in hospitals to burn waste (Chapter 84 and 69) under exemption;

   - Removal of exemption on uniforms for hospital staff because the uniforms are not specialised products and can be acquired locally;

   - Exemption granted for blood collection tubes in line with the products catered for under item 13 part B for hygienic bags.

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