



THE MINERAL SECTOR: REX LEGAL UPDATES WHAT TO NOTE FROM THE FINANCE ACT, 2025

Increase in Withholding Tax on Insurance Premiums, Technical and Management Services

- The withholding tax rate increases from 5% to 10%.

Section 60 of the Finance Act amends Part 4(c) of the First Schedule to the Income Tax Act (Cap. 332) by increasing the Withholding Tax rate on Service Fees and Insurance Premiums. Specifically, the rate has been raised from 5% to 10% on Insurance Premiums paid to non-resident entities and on payments for technical and management services in the extractive sector.

Mandatory Domestic Gold Trading and Processing

- All license holders must sell locally, at least 20% of their gold for domestic processing or trading.
- Gold is to be sold to the Bank of Tanzania, local refiners, smelters, or jewellers.
- Intended to boost the Bank of Tanzania's gold reserves and to ensure the growth of local refiners.

Section 77 of the Finance Act, 2025, amends Section 59 of the Mining Act by expanding the scope of a previous limited requirement related to domestic gold processing and trading. All mineral rights holders and licensed dealers are now required to allocate at least 20% of the gold they extract or acquire for processing, smelting, refining, and trading within Tanzania. This gold must be sold to local refineries, smelters, jewellers, or the Bank of Tanzania, following the procedures outlined in the Mining (Minerals and Mineral Concentrates Trading) (Amendment) Regulations, 2024.

Previously, under the Finance Act of 2024, the requirement for local sale of 20% gold applied only to mineral rights holders and licensed dealers not operating under a government agreement that provided otherwise. Section 77 removes this exemption, thereby extending the obligation to all mineral rights holders and dealers, including those with existing agreements with the government.



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Who we are:

a firm of dedicated lawyers enjoying noticeable and prominent presence in the private legal practice industry in Tanzania.

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Disclaimer:

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Introduction of HIV Levy:

- Levy to be charged on the gross value of minerals
- Payable at the time of royalty payment and by the person liable for the payment of royalty

Section 78 of the Finance Act, 2025, introduces a new section 113A immediately after section 113 introducing a new levy called *HIV Response Levy* to be charged on minerals at a rate of 0.1 percent of the gross value of minerals, which shall be collected by the Mining Commission and the levy shall be payable at the time of payment of royalty by a person liable to pay royalty under the Mining Act.

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