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Tanzania Imposes Landmark Restrictions on Foreign Participation in Key Business Sectors

In a significant policy shift aimed at protecting and promoting local entrepreneurs, the Government of Tanzania issued on 28th July 2025, **Government Notice No. 487A of 2025**, titled *The Business Licensing (Prohibition of Business Activities for Non-Citizens) Order, 2025*. This Order, made under Section 14A(2) of the Business Licensing Act (Cap. 101), introduces sweeping restrictions on the types of businesses that non-citizens are not permitted to engage in within Tanzania.

Key Provisions of the Order:

1. Prohibition of Specific Business Activities:

The Order lists 15 types of business activities that are now prohibited for non-citizens. These include:

- Retail and wholesale sale of goods (with exceptions for supermarkets, specialized outlets, and wholesale centers for local producers).
- Mobile money transfer services.
- Mobile phone and electronics repair.
- Salon services (except those linked to tourism or hotels).
- Small-scale mining.
- Tour guiding, local parcel delivery, on-farm crop buying, and real estate brokerage.
- Operation of radio/TV, museums, or curio shops.
- Clearing and forwarding services.
- Ownership and operation of micro and small industries.
- Gambling machine businesses (except within casinos).

2. Licensing Restrictions:

- Licensing authorities are now barred from issuing or renewing licenses to non-citizens for any of the prohibited activities.
- Any non-citizen found engaging in the listed activities risks a **fine of no less than TZS 10 million, imprisonment up to 6 months, revocation of their visa, and loss of residence permits**.
- Tanzanians who assist non-citizens in engaging in the prohibited activities also face penalties: a **fine of TZS 5 million or imprisonment up to 3 months**.

Should you require any assistance please contact our Partner, Nancy Tarimo, via:

email: n.tarimo@rexattorneys.co.tz

web: www.rexattorneys.co.tz

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a firm of committed legal professionals with a distinguished and expanding footprint in Tanzania's private legal practice industry.

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Dar es Salaam

REX House,
344 Ghuba Road | Toure Drive,
Oysterbay
Dar es Salaam
Tanzania.

Tel. No.: +255 22 221 1180-8

Email: info@rexattorneys.co.tz

Zanzibar

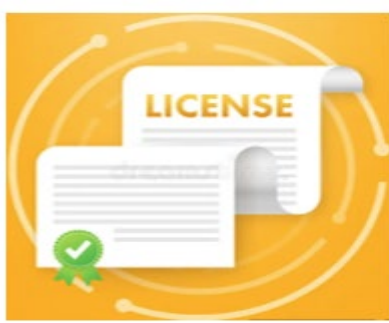
Mbweni,
Zanzibar, Tanzania.

Tel. No.: +255 22 221 1180-8

Email: info@rexattorneys.co.tz

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3. Transition Period:

- Non-citizens who currently hold valid licenses for any of the restricted activities may continue until the expiry of those licenses, but will not be eligible for renewal.

4. Implications for Foreign Investors:

The Order represents a decisive move by the Tanzanian government to **reserve certain sectors of the economy exclusively for its citizens**. While intended to empower local entrepreneurs and curb informal participation by non-citizens in small-scale activities, it will have **direct implications for foreign investment** in the country.

Key Considerations:

- **Risk of Disruption:** Existing foreign-owned enterprises engaged in prohibited sectors must begin transition planning immediately. Businesses should review the expiration dates of their licenses and explore restructuring or divestment options.
- **Investment Strategy:** Foreign investors should prioritize sectors that remain open, such as large-scale manufacturing, infrastructure, agriculture, hospitality, and technology development.
- **Compliance Burden:** Enhanced regulatory scrutiny is expected. Foreign-owned enterprises must ensure full compliance to avoid enforcement actions and reputational damage.
- **Legal and Operational Structuring:** Investors may need to seek guidance on permissible joint venture models or partnerships that comply with the new restrictions.

5. Conclusion

- The new Order marks a significant regulatory development with direct implications for foreign participation in Tanzania's business landscape. While the intention is to empower local enterprises in certain sectors, foreign investors must now take steps to assess the impact on their current or planned operations.

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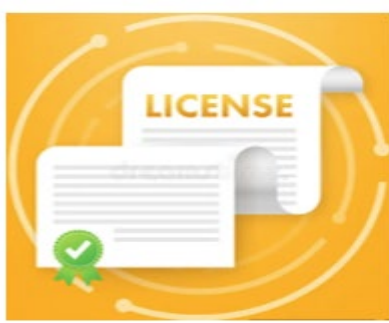
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- Investors are advised to seek professional legal and regulatory advice to fully understand how the changes affect their operations and investment plans. Our law firm is well-positioned to support foreign businesses during this transition. We offer:
 - Regulatory assessments** to determine whether your current business activities fall within the scope of the prohibited list.
 - Strategic advisory services** to explore lawful restructuring options, including permissible joint ventures, asset transfers, or transitioning to alternative business models.
 - Compliance support**, including engagement with licensing authorities and assistance with residence or work permit matters.
 - Legal representation in cases** involving enforcement or disputes arising from the implementation of the Order.

We are committed to helping clients navigate these changes smoothly and maintain a strong, compliant presence in Tanzania. For any such assistance, please do not hesitate to contact us.

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