



MINIGRID POLICY AND BUSINESS LANDSCAPE: AN IN-DEPTH ANALYSIS



TANZANIA REPORT

<https://africamda.org/>

623 Wood Avenue Plaza

Nairobi, Kenya

+254 (0) 703 653 049

Acknowledgments

This report was developed by the Africa Minigrid Developers Association (AMDA) as part of an ongoing effort to inventory the current policies, regulations, and import duties affecting Distributed Renewable Energy Systems and Minigrids in key energy access deficit countries across Eastern and Southern Africa.

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The report was authored by John Nyawa, with critical reviews provided by Amon Mwadime, Olamide Niyi-Afuye, John Ouko, and Grace Perkins. The design and editorial work were expertly handled by Myrna Nicintije.

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Introduction



Photo Credit: ENSOL

Background Study

- The growing need for sustainable and reliable energy solutions in Africa has spurred significant interest and investment in Distributed Renewable Energy (DRE) systems, particularly minigrids. Minigrids, which are localized power networks that operate independently from the national grid, present a viable solution to the energy access challenge in remote and underserved areas. They leverage renewable energy sources such as; solar, wind, and hydro, to provide consistent and environmentally friendly power.
- Understanding the landscape for establishing minigrids across various African markets is crucial for; stakeholders, including policymakers, investors, and developers, who are keen to expand energy access.
- This study took into consideration 13 countries across Eastern and Southern Africa. These include; Tanzania, Kenya, Uganda, Ethiopia, Rwanda, Burundi, South Sudan, Somalia, Democratic Republic of Congo, Malawi, Zambia, Mozambique and Madagascar.

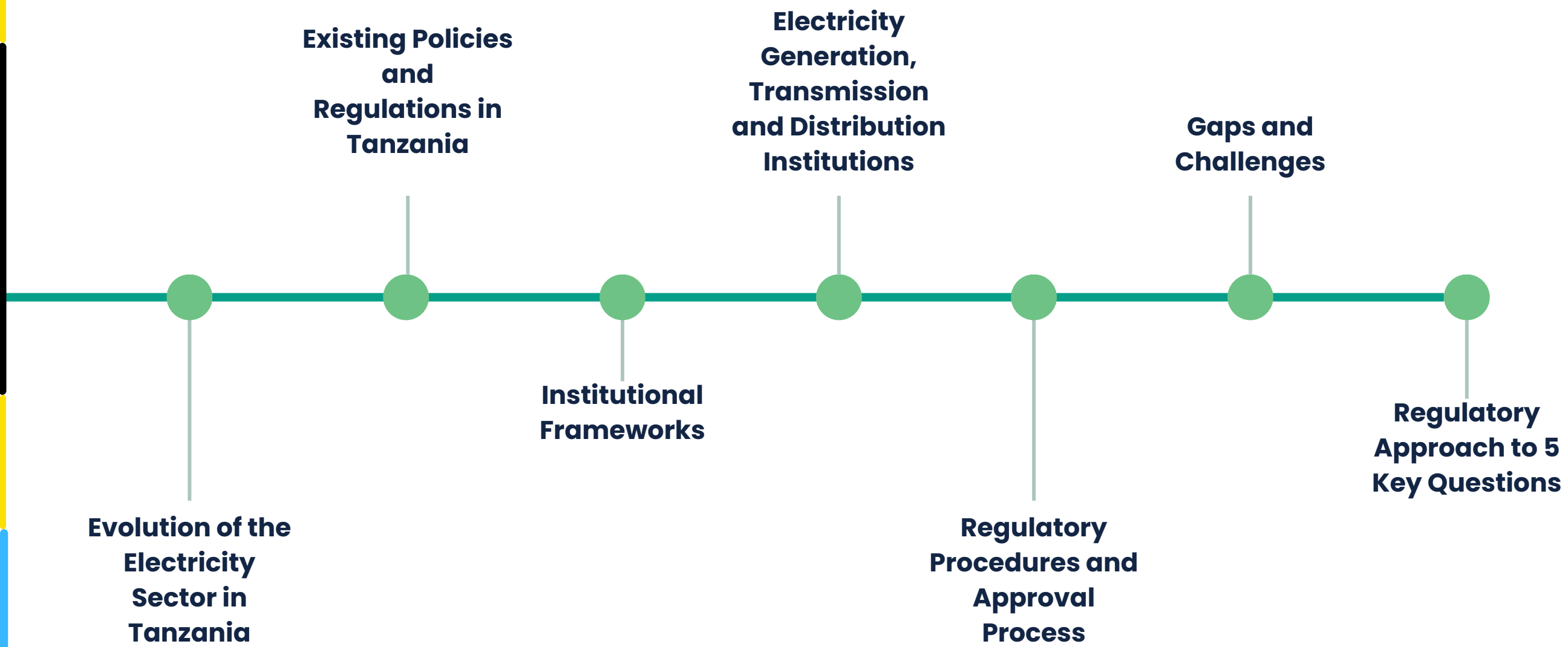
Objective Overview

- The primary objective of this study is to explain the regulatory and policy frameworks that impact minigrid development in Tanzania. By offering detailed information on the current minigrid policies and regulations, we aim to equip stakeholders with the necessary insights to navigate the complex regulatory landscapes
- Additionally, the study examines the relevant import duties and taxes that affect the financial viability of minigrid projects.
- Finally, it delves into the business processes and environments that influence the setup and operation of minigrids, providing a holistic view of the market conditions across various African countries.
- By addressing these objectives, this study aims to contribute to the strategic planning and decision-making processes of entities involved in the minigrid sector, ultimately facilitating the expansion of minigrid renewable energy access across Africa.

Study Methodology & Data Resources

- The methodology used in the study involved desk review through an extensive literature review of the policies, regulations and taxation acts applicable to DREs. Various stakeholders including minigrid developers, TIC, TRA, EWURA, REA and TANESCO were interviewed and requested to share their data.
- This was followed by a review and analysis of relevant documentation, information gathered and data request letters shared, received and availed from the stakeholders. There was a challenge with some stakeholders who did not have all the information readily available.

Regulations & Policies



Regulations & Policies

Evolution of the Electricity Sector in Tanzania

Early Development (1900s – 1960s)

Pre-Independence Era: The first electricity generation in Tanzania was introduced during the colonial period, primarily in urban areas to serve administrative offices, industries, and a small segment of the population. Diesel generators and small hydropower plants were the main sources of electricity.

1960s: Post-Independence and Initial Development

1961: Tanzania gained independence from British colonial rule.

1964: Formation of Tanzania Electric Supply Company Limited (TANESCO), a state-owned utility responsible for electricity generation, transmission, and distribution.

1970s: Expansion of Hydropower

1975: Completion of the Kidatu Hydropower Station, significantly boosting Tanzania's generation capacity.

1978: Commissioning of the Kihansi Hydropower Station, further enhancing the hydropower portfolio.

1980–1989: Efforts concentrated on expanding the national grid, primarily serving urban centres, but rural electrification efforts remained minimal due to high costs and logistical challenges.

Liberalization and Reform (1990s – 2000s)

1992: Adoption of the National Energy Policy, emphasizing the need for sector reform and private sector participation.

1997: Introduction of the Electricity Ordinance, providing a legal framework for Independent Power Producers (IPPs) and private investment in the electricity sector.

2001: Establishment of the Energy and Water Utilities Regulatory Authority (EWURA) to oversee and regulate the electricity, water, and natural gas sectors.

2003: Songas, an IPP, begins operation of the Ubungo power plant, providing a substantial addition to the national grid using natural gas from the Songo Songo gas field.

2005: Launch of the Rural Energy Agency (REA) to promote rural electrification projects and increase energy access in underserved areas.

2008: Introduction of the Electricity Act, providing a comprehensive framework for sector regulation, promoting competition, and encouraging investment.

Modern Developments (2010s – Present)

2011: Completion of the first phase of the Power System Master Plan, outlining strategic priorities for the electricity sector.
2013: Commissioning of the Kinyerezi I Gas-Fired Power Plant, marking a shift towards natural gas for electricity generation.

2015: Inception of the Scaling Solar Program, aiming to increase solar power generation capacity.
2016: Revision of the National Energy Policy to incorporate renewable energy targets and promote sustainable energy development.

2017: Introduction of the Energy Development and Access Expansion Project (EDAP) to enhance grid infrastructure and expand rural electrification.
2018: Initiation of the Julius Nyerere Hydropower Project, set to be one of the largest hydroelectric dams in Africa upon completion.
Launch of the National Electrification Program Prospectus, aiming to achieve universal electricity access by 2030.

2020: Implementation of the minigrid Framework, facilitating private sector participation in developing off-grid and minigrid solutions. Government Mandated the reduction of the minigrid electricity tariff to match those of TANESCO.
2022 : The government revised the tariffs for all minigrds based on their financial and operating conditions. The approved tariffs will be used until end of 2024 when they will be revised.

2023: Electricity installed capacity stands at 1938.35MW (39.3MW off-grid and 1899.05MW Grid). Has a diverse mix of natural gas 63%, hydro 32%, thermal 4%, Bioenergy 1%.

Regulations & Policies

Existing Policies and Regulations in Tanzania

Rural Energy Act, 2005

Establishes a legal framework to promote rural energy development, emphasizing modern energy's role in economic and social growth. It creates the Rural Energy Board and Agency to oversee projects, allocate grants, and provide technical assistance. The Rural Energy Fund, financed by government and donors, supports these initiatives. The Act outlines governance, financial management, and accountability measures, ensuring collaboration between the government, private sector, and communities to enhance energy access in rural areas.

The Electricity General Regulations, 2011

They establish a comprehensive legal framework for the electricity sector, covering supply, distribution, and safety standards. The regulations define key terms, outline licensing requirements for electricity generation, transmission, and distribution, and specify the duties of licensees, including maintaining performance standards and ensuring public safety. Technical standards for electricity supply, safety regulations, and consumer protection measures are detailed, emphasizing transparent billing, dispute resolution, and customer service. Authorities are granted inspection and monitoring powers to ensure compliance, with penalties for non-compliance, including fines and legal actions. The regulations also address miscellaneous provisions like dispute resolution and emergency procedures, ensuring a safe, reliable, and fair electricity sector

EWURA Act Amends, No. 6, 2019

This Act updates the original 2001 Act governing energy and water utilities in Tanzania, aiming to enhance regulatory oversight, efficiency, and service delivery. Key changes include revised definitions, an updated governance structure with new board member qualifications, expanded regulatory powers, and enhanced consumer protection measures. The amendment also introduces a formal dispute resolution process, new financial management provisions, stricter reporting and accountability requirements, and penalties for non-compliance. Overall, these amendments strengthen EWURA's regulatory role, improve transparency, and better protect consumer rights in Tanzania's energy and water sectors.

The Electricity Act Amendment No. 3 , 2020

Introduces key regulatory and structural changes in the electricity sector. It grants additional powers to the Minister responsible for electricity, updates licensing and regulation of electricity providers, and ensures transparency in tariff setting. The amendment also revises penalties for sector-related offenses, promotes renewable energy, and strengthens consumer protection. Additionally, it may involve changes in the roles of regulatory bodies or the creation of new institutions to manage the electricity sector.

The Electricity (Development of Small Power Projects) Rules, 2020

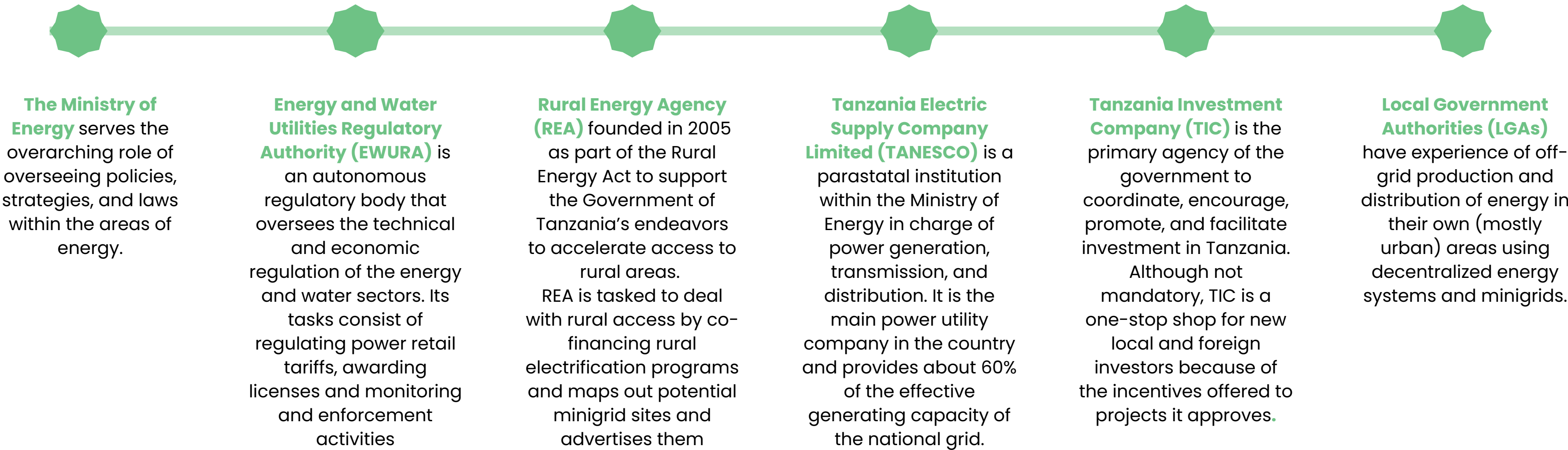
Governs the development and operation of Small Power Projects (SPPs) in Tanzania, specifically those up to 10 MW. The rules define key terms, require developers to obtain licenses from EWURA, and establish a process for tariff setting to ensure fairness and investment returns. SPPs must meet technical standards for grid connection and conduct Environmental and Social Impact Assessments (ESIA). Regular reporting to EWURA is mandated, with penalties for non-compliance. The rules also outline the roles of EWURA, TANESCO, and other stakeholders, provide a dispute resolution framework, and include transitional provisions for ongoing projects.

Tanzania National Energy Policy (NEP) 2015)

Aims to ensure reliable, affordable, and sustainable energy services to support the country's economic and social development. It promotes energy diversification, particularly through renewable sources, and seeks to improve access, especially in rural areas. The policy emphasizes energy efficiency, private sector involvement, and environmental protection, while outlining strategies like regulatory strengthening, capacity building, and public-private partnerships. Despite challenges such as infrastructure costs, the policy leverages Tanzania's renewable energy potential to create a sustainable energy sector aligned with national development goals.

Regulations & Policies

Institutional Frameworks



1. Ministry of Energy 2. EWURA 3. REA 4. TANESCO 5. TIC 6. LGAs

Regulations & Policies

Electricity Generation, Transmission and Distribution Institutions

TANESCO operates in electricity generation, transmission, distribution, supply and cross border electricity trading activities

Generation

Tanzania Electric Supply Company Limited (TANESCO)

A vertically integrated utility, wholly owned by the Government of the United Republic of Tanzania operating in electricity generation, transmission, distribution, supply and cross border electricity trading activities. .

Independent Power Producers (IPPs)

Apart from TANESCO there are eleven licensees participating in electricity generation activities for sale. In addition, there are sixteen, licensed entities which generate electricity for own use.



Developments

- 1962–1964:** Construction of the 21-MW Hale Hydropower Plant on the Pangani River began in 1962.
- 1969:** Completion of the 8MW Nyumba ya Mungu Hydropower Station on the Pangani River and the construction of the Ubungo diesel power station in Dar.
- 1975:** Commissioning of Phase 1 of the Great Ruaha Power Project at Kidatu, adding 100MW to the grid, with a major transmission line connecting Kidatu to Dar es Salaam.
- 1981:** Completion of Phase 2 of the Great Ruaha Power Project, which included the construction of the Mtera Dam and the installation of additional generating units at Kidatu.
- 1983:** Commissioning of new diesel power stations at Mbeya, Dodoma and Tabora as part of ongoing efforts to upgrade isolated centers.
- 1992:** Government initiated reforms to privatize public corporations, removing TANESCO’s monopoly in power generation and distribution.

Transmission

The electricity transmission network comprised of 6,139 km of transmission lines and 59 grid substations mainly owned and operated by Tanzania Electric Supply Company Limited (**TANESCO**). The main transmission lines include **670 km** of **400kV**; **3,225 km** of **220kV**; **1,701 km** of **132kV** and **543 km** of **66kV**.



Developments

- 1962–1964:** Alongside the construction of the Hale Hydropower Plant, a transmission line from Hale to Dar es Salaam was built and supplies were extended to sisal estates in the Pangani area.
- 1969:** Transmission lines connected the 8MW Nyumba ya Mungu Hydropower Station to the grid and a wood pole transmission line extended to Tanga, with a connection from Morogoro to the Hale line at Chalinze.
- 1975:** A 350 km high-voltage transmission line built from Kidatu to Dar es Salaam as part of the Great Ruaha Power Project, connecting the power station to the coastal grid.
- 1975:** A transmission line from Hale Power Station to Moshi was commissioned to connect northern towns like Arusha and Moshi to the coastal grid.
- 1983:** A major transmission line from Kidatu to Iringa and Mufindi was planned and started, with further extensions to Mbeya by 1984.

Distribution

The electricity distribution network for **licensed entities** comprised of **148,983 km** of which **148,544 km** is owned by **TANESCO** and **439 km** is for **Mwenga Power Services Limited**. In addition, the electricity distribution network for registered entities is **596 km**.

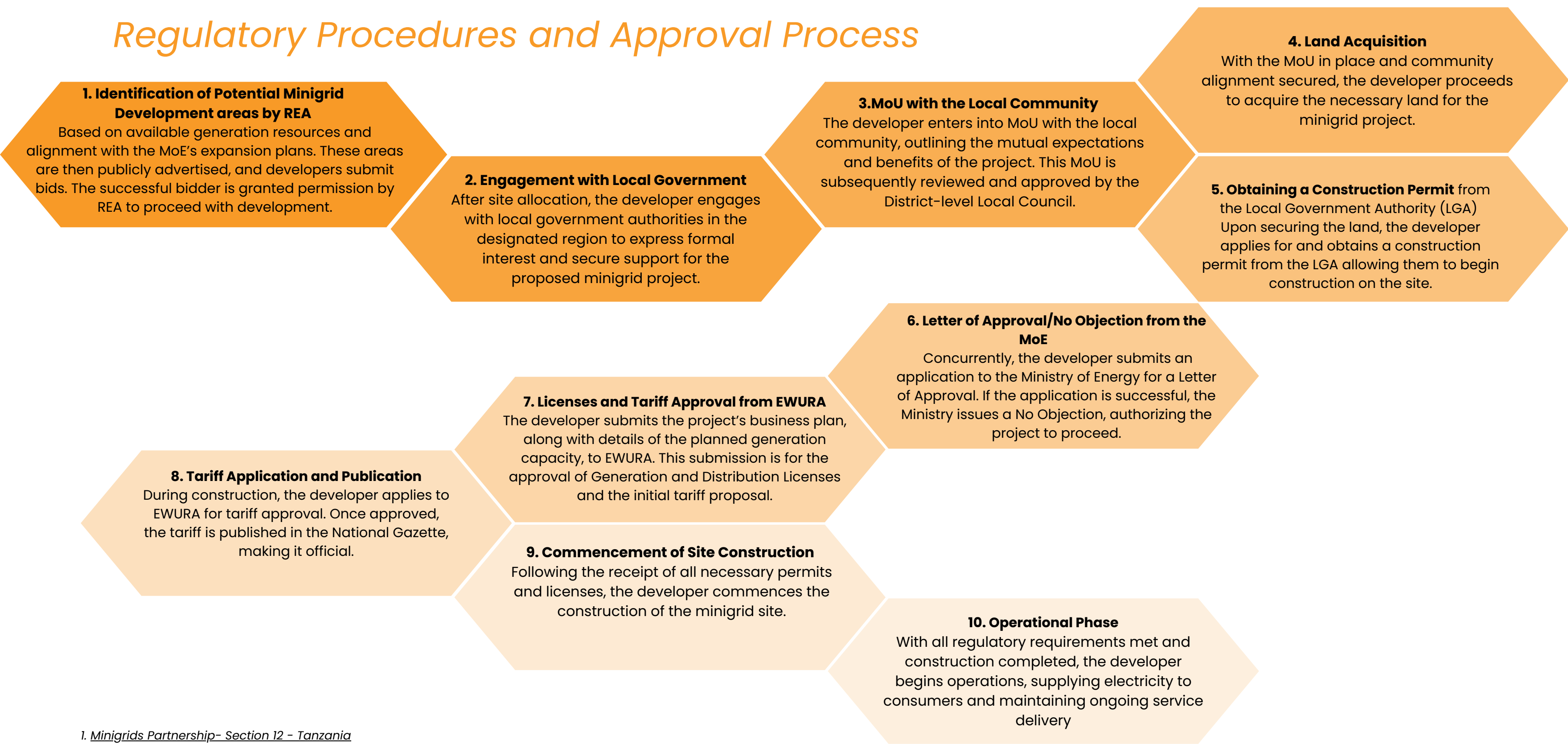


Developments

- 1967–1970s:** Various local extensions were made to the Dar es Salaam, Tanga, and Morogoro systems to feed new industrial complexes and factories.
- 1965–1981:** Electrification extended to rural areas and small townships, with new connections established in places like Singida, Shinyanga, Musoma, Tukuyu, Mafia Island, and Marangu. The electrification of villages like Chamwino, Kigwe, and others was completed by 1974.
- 1981–2000:** Expanding distribution network, especially to rural and isolated areas.
- 1990s:** Government-initiated reforms to improve efficiency and service delivery in the electricity sector, while continuing to expand access.
- 2000–present:** efforts intensified to achieve universal electricity access. Rural electrification programs and grid extensions were prioritized, along with the introduction of minigrids and solar systems for remote areas.

Regulations & Policies

Regulatory Procedures and Approval Process



1. *Minigrids Partnership- Section 12 - Tanzania*
2. AMDA Research

Regulations & Policies

Gaps and Challenges

Tariffs

- Lack of cost-reflective tariffs creates a barrier to the sustainability of minigrid or off-grid projects and use of domestic energy resources.
- Tariff schemes driven by political and social consideration resulting in unpredictable tariff regime.
- The authority offers uniform national tariff, a fixed regulated rate that the regulator charges all customers irrespective of whether they are served by the national grid or by minigrid systems
- The tariffs offered by TANESCO to SPPs are lower compared to the approved tariffs by EWURA.

Subsidies/Incentives

- There are no government financial subsidies to reduce operation costs; the only available subsidy is available during the construction phase.
- The approved standardized small power producers' subsidy scheme in Tanzania does not allow minigrid for rural electrification projects to be profitable.

Planning

- Absence of a clear strategic plan and set priorities for electrification. This affects the levels of investor confidence for safe investment and guarantee return on investments.
- Government Interference as against the adopted regulatory framework vis-à-vis approved tariffs.
- Site allocations promoting minigrids and other renewable energy projects are restricted to the islands where there is limited market for private minigrid developers.

Regulations

- The process of acquiring a licence is lengthy and time consuming.
- Unpredictable regulatory framework and lack of specific tariff policy for minigrids.

Institutional Framework

- Poor governance and institutional capacity impedes further energy sector development.
- Limited trained human capital and skills gap for development of minigrid sector.
- Lack of adequate training on operation and maintenance to support the sector

1. HAL Open Science - *Are minigrids in Tanzania financially sustainable?*
2. Energy for Economic Growth Research Programme - *Tanzania Energy Sector Overview*
3. International Trade Administration (USA) - *Tanzania - Renewable Energy*
4. *Promotion of renewable energy technologies in Tanzania*
5. AMDA Research

Regulations & Policies

Regulatory Approach to 5 Key Questions

Key Regulatory Question	Government Entities Responsible for Decision	Current Regulation
Market Entry: License, Registration, Permit, etc.	Energy and Water Utilities Regulation Authority (EWURA), Ministry of Energy (MoE), Local Government Authority (LGA), Rural Energy Agency (REA)	Business Licence, Tax Clearance Certificate, Certificate of Compliance
Tariffs: what is the tariff review and approval process; are there automatic adjustment clauses for fuel price increases, inflation, etc.?	Energy and Water Utilities Regulation Authority (EWURA), Standard Power Purchase (SPP) Framework	EWURA annually review and estimates standardized, small power purchase tariffs for small power projects of 10 MW under the avoidable cost tariff. Under the national retail tariff approach, the project developer designs an effective tariff for the specific minigrid project. The authority later approves the tariff. The approved tariffs decreases the current tariffs by a range of 1.5% to 2.4% as of 2016
What are the minimum quality of service standards?	EWURA	The developer needs to meet the set standards set by EWURA. The standards range from environmental, generational, distribution system, grid interconnection, security to performance reporting. EWURA may suspend the licence for a period up to twelve months due to failure to comply.
What are the main technical standards/requirements?	EWURA – Minigrid Information Portal	The Licensee shall fully comply with the regulations, rules, codes, standards, guidelines, directions, decisions or orders issued by EWURA in the discharge of its functions, The regulations and the process of obtaining financial support that can be accessed on the Minigrid Information Portal.
What happens when the main grid arrives in the service area of the minigrid?	EWURA, REA	REA writes 6 months prior to notify the developer. Upon arrival of the main grid, the developer has 3 options as per rule 36(1) of SPP 2018 which rules if a minigrid is built to standards that allow interconnection to main grid, the minigrid may apply to Authority to operate as: Option 1) A Small Power Producer (SPP) selling electricity to Distribution Network Operator(DNO), Option 2) A Small Power Distributor (SPD) purchases electricity from DNO (bulk supply tariff) and resell some or all to the SPD's retail customers or Option 3: A combination of an SPP and an SPD

1.EWURA
2.Minigrids Information Portal
3.International Finance Corporation – Tanzania Minigrid Standards

4.Electricity Act (Cap 131), THE ELECTRICITY (DISTRIBUTION SERVICES) RULES, 2011
5.AMDA Research

Tax & Import Duties



Tax & Import Duties

Tax Registration

The taxation of companies or partnerships in the renewable energy sectors mirrors 'for profit' companies model

Registration

- All taxation starts with the acquisition of a Taxpayer Identification Number (TIN) at the TRA district offices near the business location. TIN can also be registered online
- A request for registration is lodged thereon with the following being requested at the time of registration.
- Documents of identity include;
 - a. TIN for companies, TIN for foreigners without National Identification Authority (NIDA) ID and TIN for Individual with NIDA ID
 - b. TINs of the company directors
 - c. National IDs or Passports of the directors
 - d. Physical and postal address of the Individual/Company
 - e. Email address on which subsequent communication will be made with the authority.
 - f. An understanding of the tax obligations the individual/company is required to have.

1. Tanzania Investment Center (TIC)

2. Online TIN registration

3. AMDA Research

Tax & Import Duties

Relevant Tax Obligations

Income Tax

Residents are taxed on worldwide income, while non-residents are taxed only on income generated in Tanzania. The Corporate Income Tax (CIT) rate is 30%, with reduced rates for specific industries and newly listed companies. Gains from disposals of Tanzanian investments are also taxed at 30%. An Alternative Minimum Tax (AMT) applies to companies with ongoing tax losses. A Digital Service Tax (DST) of 2% is levied on non-residents providing electronic services. Local taxes include property tax, service levy, and produce cess, with varying rates.

Turnover tax

This regime applies to residents with an annual business turnover not exceeding TZS 100 million and simplifies tax calculations based on turnover rather than requiring full financial statements. Tax rates vary depending on the completeness of records and the turnover amount. Individual traders outside this regime are taxed based on their taxable income, with a progressive rate structure and specific filing requirements.

Payroll taxes

Skills & development levy (SDL) at 3.5% of payroll cash costs. This applies to every employer who has 10 or more staff. Employers who are not required to pay SDL are not required to file SDL returns. 20% social security contribution, which is normally split equally between employer and employee (i.e. 10% each). Workers Compensation Fund tariff charged at 0.5% of cash sums paid to employees. The tariff is payable on a monthly basis.

Withholding Tax (WHT)

Applies to various payments, including employment income, investment returns, rent, royalties, service fees, and government contracts. It is categorized as either final or non-final. Final taxes not eligible for credits against annual income tax. Non-final taxes allow for credits. The withholding tax rates differ for residents and non-residents, with rates ranging from 2% to 20%, depending on the type of payment. Payments must be made to the Commissioner within 7 days of the month-end.

Value Added Tax (VAT)

It is chargeable on all taxable goods and services supplied in, or imported into the United Republic of Tanzania. The standard rate of VAT is 18% in Mainland Tanzania and 15% in Zanzibar, except for banking, postal, telecommunication, insurance and digital services where an 18% rate is applicable. Additionally, the export of goods and certain services is eligible for zero rating. Generally, businesses with or expecting to generate an annual taxable turnover of more than TZS 200 million in Mainland Tanzania and TZS 100 million in Tanzania Zanzibar must register for VAT. A business that only makes exempt supplies is unable to register for VAT and, consequently, unable to recover the VAT incurred on inputs

1. TRA – Tax Incentives
2. PwC – Tax summaries
3. AMDA Research

Tax & Import Duties

Tax Incentives Available to Firms in the Renewable Energy Sector

Income Tax

The Income Tax Rate: for resident and non-resident companies is 30%. (No discrimination)

Capital Allowance: The sector is eligible for capital allowances on machinery: 50% initial capital allowance on expenditure of plant and machinery. Other rates for capital allowances range from 37.5% for items like computers and earthmoving equipment to 5% for buildings dams, and water reservoir

Special Economic Zone & Export Processing Zone Incentives: As per Income tax Act, 2004, investors in these zones enjoy a range of incentives that include a 100% exemption income tax for the first 10 years on; income derived from investment, payment of withholding tax on dividend investment, payment of withholding tax in respect to foreign loan and payment of withholding tax on rent payable deduction

Newly Listed Companies (at the Dar es Salaam Stock Exchange): Preferential Corporate Tax Rate of 25%, with at least 35% of equity share issued to the public.

Withholding Tax

The law provides exemption of withholding tax for Free Economic Zones (FEZ) and Export Processing Zone (EPZ) chargeable by foreign banks on interests payable to strategic investors as defined by Tanzania Investment Act. This is one of the measures devised to encourage investment in the country.

VAT

The regulation ensures that Tanzanian companies do not have to pay the standard import duties when buying solar equipment from abroad. It further clarifies that there is no payment of Value Added Tax on the sale of solar products, however the legislation concerns development and generation equipment only. Solar powered appliances (such as lights) are not eligible for tariff exemptions. Products used for the storage of power, such as batteries, do qualify for the tariff waiver. The exemptions (when applicable) are automatically applied and do not require any action from the companies for which they are made

1. [The East African Community Customs Management Act, 2004](#)
2. [Tanzania Revenue Authority](#)
3. [SmartSolar Tanzania](#)
4. [AMD Research](#)

Tax & Import Duties

Import Duties

Import duty on components/materials relating to renewable energy and setting up of minigrids: The importation of materials for the construction, setup and operation of minigrids attracts several taxes, as outlined.

Import duties

Solar panels and wind turbines are exempt from VAT and are not charged any import duty. Batteries, while also exempt from VAT, do incur a 25% import duty on standard batteries and 35% on less common batteries.

Value Added Tax (VAT)

Supply of solar panels, modules, solar charger controllers, solar inverters, vacuum tube solar collectors, and solar batteries is exempted from paying VAT.

Import declaration fees

For products originating from East African Community (EAC), there is only one Customs declaration that will be made in Tanzania and applied across EAC. For products originating from outside EAC, there is only one declaration which is lodged and processed in the destination Country for goods under Warehousing and for home consumption.

Railway Development Levy of 2%

RDL applies at the rate of 2% of the cost, insurance, and freight (CIF) value of goods entered for home consumption. The levy is not applicable to imported goods that have relief or exemption under the East African Community Customs Management Act 2004 (EACCMA 2004).

1.PwC Tanzania Tax summaries

2.Subsidies for solar in Tanzania

3.TRA – Import and Export

Tax & Import Duties

Custom Duty Exemptions

Duty remission for official aid-funded and other government-driven projects

The Commissioner General may, upon application by an applicant in the prescribed form, exempt value added tax on;

- Importation by or supply of goods or services to an entity having an agreement with the Government of the United Republic of Tanzania , such agreement provides for value added tax exemption on goods or services;
- Importation by a government entity or supply to a government entity of goods or services to be used solely for implementation of a project

The duty remission scheme

In accordance to East African Community Customs Management Act, 2004 section 251, the Council of Ministers may grant remission of duty for the manufacture of goods in a Partner State either:

- Goods imported for use in the manufacture of goods for export under Export Promotion Program Office (E.P.P.O)
- Such goods imported for use in the manufacture of approved goods for home consumption as the Council may, from time to time, by notice in the Gazette, determine under Essential Goods Production Support Program (E.G.P.S.P)

A manufacturer seeking to join the scheme shall make an application to the committee. A valid Tax Compliance Certificate shall accompany a new application where applicable, a Certificate of Incorporation, VAT Registration Certificate and identification Certificate for Tax Purposes, (TIN) and a detailed production plan processes for your company indicating standard formula for manufacturing, throughput period and estimated wastes or losses incurred.

1. TRA – *East African Community Customs Management (Duty Remission) Regulations, 2010*

2. TRA- *Exemption for projects funded by government and donors*

3. AMDA Research

Business Environment

**Business
registration**

**Importation of
equipment**

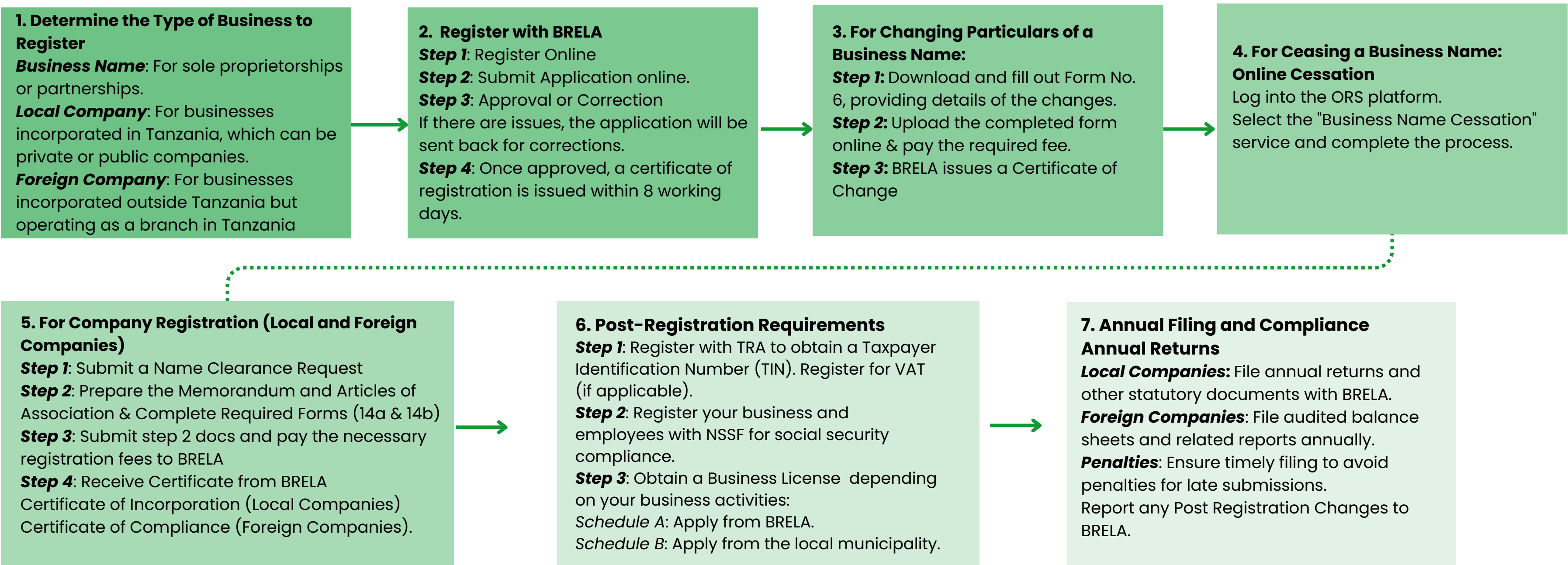


Photo Credit: Winch Energy

Business Environment

Business Registration

- After reviewing the policies, regulations, minigrid development licenses, permits application procedures, as well as taxation and duty requirements, it is essential to integrate these elements to understand the overall business environment.
- This guide outlines the necessary steps, ensuring that all regulatory, legal, and operational requirements are met, thereby facilitating a smooth entry and sustainable operation in the Tanzanian energy sector.
- The Business Registrations and Licensing Agency (BRELA) is responsible for business registration in Tanzania



1. [Tanzania National Business Portal](#)
2 .AMDA Research

Business Environment

Importation of Equipment

1. Preparation Before Importing

- Select and appoint a **Licensed Clearing and Forwarding Agent** (CFA) who will handle the clearance process on your behalf.
- **Documentation:** Prepare all necessary import documents. These include:
 - a. Final Invoice from the seller.
 - b. Agent's Authorization Letter from the importer to the CFA.
 - c. Import Permits from relevant authorities like TMDA, TBS, TASAC, etc.
 - d. Exemption Documents (if applicable).
 - e. Packing List detailing the contents of the shipment.
 - f. Transport Documents such as Bill of Lading, Airway Bill, or Road Consignment Note.
 - g. Cross Border Declaration of currency and bearer negotiable instruments.

4. Processing in TANCIS

Document Rejection and Amendment: If the declaration is rejected, the CFA must re-submit the documents addressing the reasons for rejection.

TANSAD Processing: After processing, the CFA receives an Acceptance Notice along with a Payment Notice based on the declared values. CFA will get Amendment Acceptance Notice once amendment and validation check are completed. If the officer rejects the amendment CFA will get Amendment Rejection Notice for TANSAD

Assessment and Payment: Upon approval, CFA receives a Notice of Payment generated based on declared values

Final Release: CFA will be issued a Release Order, allowing the goods to be collected from the port or entry point.

2. Online Documentation Process Lodging Documents

Lodging Documents: The CFA submits all import documents electronically through the Tanzania Customs Integrated System (TANCIS). This process should be completed at least 7 days before the arrival of the goods.

Pre-Arrival Declaration (PAD): The CFA can initiate the clearance process before the goods arrive at the entry point using the Pre-Arrival Declaration (PAD) facility in TANCIS. This step allows for early preparation, reducing clearance time upon the goods' arrival

5. Timeframe for Processing

Pre-Arrival Declaration: The entire PAD process, from registration to the issuance of the necessary clearance report (A-PAD), should be completed within 24 hours, provided all documentation is in order.

Final Clearance: After TANSAD lodgement and duty payment, the selectivity process and release (if green) or additional checks (if yellow or red) should be completed within 24 hours.

3. Verification of Goods

Selectivity Process: Once the documents are lodged, the TANCIS system will automatically assess the shipment's risk using parameters like the origin of the goods, importer, CFA, and type of goods.

Based on this assessment, goods are categorized as:

GREEN: Directly released without further checks.

YELLOW: Undergo documentary check or scanning.

RED: Require physical verification.

6. Collection of Goods

Depending on the selectivity outcome:

Green (Direct Release): Collect the goods directly from the port or entry point.

Yellow (Documentary Check): The documents are checked at the Customs Service Centre (CSC) before release.

Red (Physical Verification): Goods are examined physically at the port or point of entry before release.

Conclusion



Policy and Regulations

- Tanzania's policy and regulatory framework for minigrids is guided by the Energy and Water Utilities Regulatory Authority Act 2019, that supports sustainable energy access and integration of renewable energy.
- Tanzania's Small Power Producers Framework policy defines any project 10 MW or smaller in size as a small power producer (SPP). The framework allows electricity from minigrids to be sold directly to consumers, or to Tanesco if the central grid expands to where a minigrid is operating.
- Developers can have access to information pertaining rules, policies and regulations touching on the sector on the Minigrids Information Portal.

Tax and Import Duties

- All taxation starts with the acquisition of a Taxpayer Identification number (TIN) at the TRA district offices near the business location.
- Taxation requirements for companies operating in the region are; income tax, turnover tax, withholding tax, PAYE, and VAT, along with various tax incentives like capital allowances and benefits for firms in Special Economic Zones.
- Solar panels and wind turbines are exempt from VAT and import duty. Batteries, while also exempt from VAT, do incur a 25% import duty on standard batteries and 35% on less common batterie.
- Investors are exempted from paying withholding tax in Free Economic Zones (FEZ) and Export Processing Zone (EPZ) chargeable by foreign banks.

Business Environment

- Investors planning to invest in Tanzania need to follow the highlighted process; name clearance, company registration, submission of documents to BRELA , registering for TIN from TRA, registering for NSSF and obtain license offered by ERUWA
- Minigrid businesses need to comply with set policies and regulations shared by EWURA
- Developers need to maintain accurate books of accounts, import documentations and comply with tax filings as guided by TRA
- Developers can apply for exemptions when importing goods through the Tanzania Investment center. Investors need to follow the following process; Submit application documents, obtain site inspection letter, participate in project inspection and finally receive approved list of items.

Gaps and Challenges

- Lack of cost-reflective tariffs creates a barrier to the sustainability of minigrid or off-grid projects and use of domestic energy resources.
- Lack of regulatory framework and a specific tariff policy for minigrid systems.
- Absence of a clear strategic plan and set priorities for electrification by providing guidelines and a vision on national priority issues to be pursued in the short, medium, and long term affects the levels of investor confidence for safe investment and guarantee of returns.
- The approved standardized small power producers' subsidy scheme in Tanzania still do not allow minigrid for rural electrification projects to be profitable



Office Contact

Wood Avenue Plaza
623, Wood Avenue
Nairobi, Kenya

☎ : +254703653049

✉ : communications@africamda.org

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