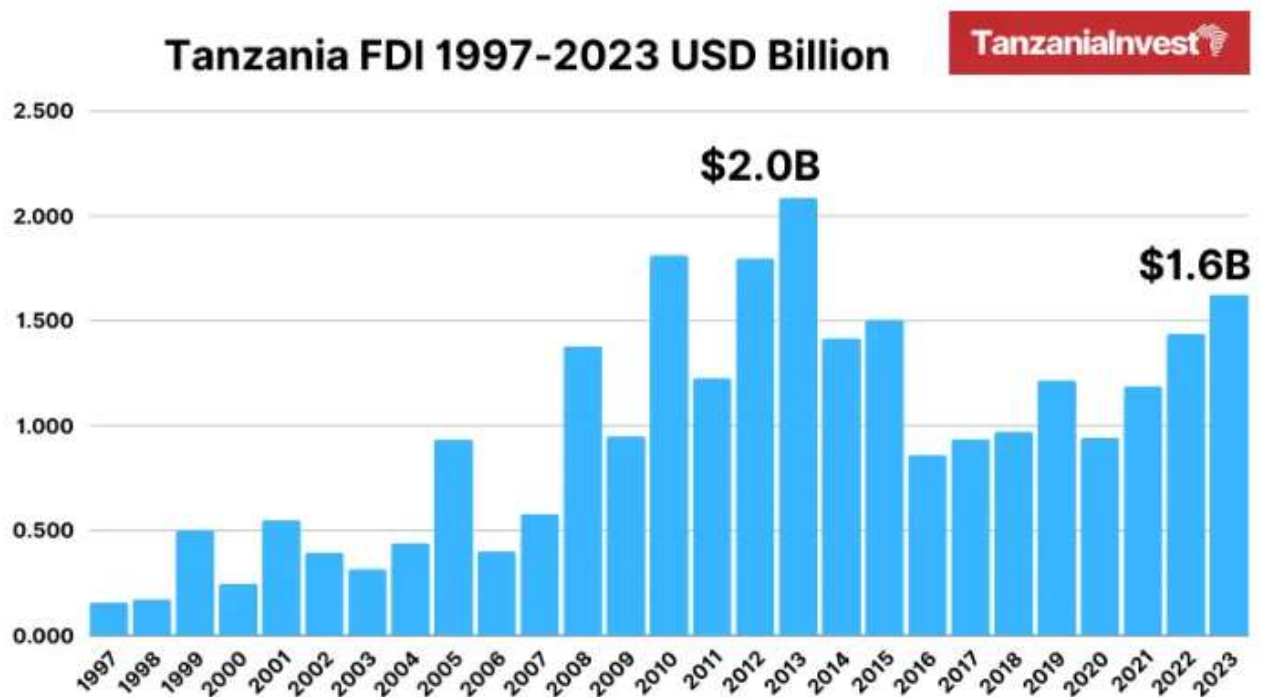


Foreign investment in Tanzania

What is FDI? Foreign Direct Investment is an investment made by a company or an individual from one country in a company located in another country, with a desire for sustainable control (significant stake acquisition, establishment of a subsidiary, acquisition of a company, etc.). In the Tanzanian context, it specifically refers to foreign investors who inject capital in Tanzania, with the aim of creating subsidiaries, buying a local company, or investing in a productive project. This investment aims to generate profits, while potentially creating jobs and transferring technologies.



Tanzania Foreign Direct Investments 1997-2023, USD Billion. Source: Bank of Tanzania (BOT).

Tanzania attracted 1.72 billion dollars in foreign direct investment (FDI) in 2024, according to the World Investment Report 2025 published by UNCTAD.

Since 1997, the **Tanzania Investment Center (TIC)** has been established. This government agency is responsible for promoting and facilitating investments in Tanzania. Its role is crucial in the economic growth of the country through different contexts:

- ⇒ **Investment attractiveness:** creating and maintaining a conducive environment for private investment; monitoring the evolution of the business climate and the growth of FDI.
- ⇒ **Facilitation of investors:** advising the government on investment-related issues; facilitating the processes for local and foreign investors; providing and disseminating up-to-date information on investment opportunities and available incentives.
- ⇒ **Promotion of entrepreneurship and the private sector:** encouraging and supporting the growth of entrepreneurship; supporting the development of small and medium-sized enterprises (SMEs).

Sectors to invest

According to the Tanzania Investment Act of 2022, "The Centre shall, in liaison with other relevant authorities, determine investment opportunities available in the country and the modalities of accessing them". However, there are many industries and sectors in Tanzania that are attractive. These include: **manufacturing, infrastructure development, tourism, and renewable energy.**

The manufacturing sector, in particular, presents numerous opportunities for foreign investors to establish production facilities and contribute to the country's industrialization efforts. Infrastructure development, such as roads, railways, and ports, is another area that offers great potential for foreign investment.

Tanzania's growing tourism industry, with its stunning wildlife reserves and beautiful landscapes, is also open to foreign investors who can contribute to its further development. Finally, renewable energy, especially solar and wind power, is a sector that holds immense promise for investment, given Tanzania's abundant natural resources.

How to set up/open a foreign business in Tanzania?

To establish businesses in Tanzania, the process is the same for all:

- ⇒ Register with BRELA => obtain a Tax Identification Number => register for Value Added Tax and the National Social Security Fund => obtain the sector-specific license for the business activity => open a bank account.

But, there is some elements to put forward. Firstly, for companies about mining, petroleum, and some other specifics activities, there is a specific Act for that, according their activities.

Secondly, if the business is wholly owned by a foreign investor or if a joint venture, the minimum investment capital is not less than Tanzanian shillings equivalent to five hundred thousand US dollars (US\$500,000).

Conditions to be in Tanzania?

For investing in Tanzania, the foreign investors need to have the residence permit and the work permit. These two documents are mandatory to be in compliance on Tanzanian territory.

- ⇒ Residence permits are issued by the Immigration Department and are governed by the Immigration Act of 1995. As per the Immigration Act, there are three classes of resident permits viz. Class A, B and C.

For foreign investors wishing to invest in the country, the necessary permit is the category A permit. It is available for individuals wishing to reside in Tanzania and engage in trade, business, professions, agriculture, livestock, mining prospecting, or manufacturing.

- ⇒ The Work Permit is issued to a non-citizen, who has secured employment, invest, or established a business in Tanzania, the permit is issued by the Government of Tanzania, under the Ministry of Labour and Employment.

Advantages for investors in Tanzania

For each foreign investor settling in Tanzania, they directly become active participants in the economic life of the country, and they also participate in job creation.

However, there are specific advantages that directly pertain to them, considering their activities and investments.

- ⇒ Tax advantages: exemptions, rapid depreciation, favourable customs tariffs
- ⇒ Equality of treatment between foreign and local investors
- ⇒ Protection against expropriation; free transfer of profits and recourse to arbitration
- ⇒ Access to preferential schemes for large projects
- ⇒ As a member of the East African Community (EAC), Tanzania offers investors a strategic gateway to a significant regional market with potentially low operating costs and access to a large workforce.

In a perspective of supporting foreign investments, the Tanzanian government introduced The new Investment Act in 2022. The aim is to attract more Foreign Direct Investment (FDI) by creating a more appealing investment climate and promoting economic growth in the country.

What if you took the plunge?

The investment opportunities in Tanzania are numerous, but without the right legal key, they remain inaccessible.

If you are considering investing in Tanzania, or if you are still contemplating this topic, then you need the legal key that will open all the doors for you.

The legal firm IDEAL LAW GROUP will be your trusted partner in your various processes, providing you with specific advice and insights tailored to your project from the beginning and throughout its growth.

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