

2020 Zimbabwe

Fiscal Proposals



ZIMRA
Zimbabwe Revenue Authority

*“Gearing for Higher Productivity, Growth and
Job creation”*

Fiscal Proposals for 2020

Following the presentation of the 2020 National Budget Statement by the Minister of Finance & Economic Development to the Parliament of Zimbabwe on Thursday, 14 November 2019 below are the major tax and customs proposals.

Budget Objectives

According to the Minister the budget prioritised the following:

1. Productivity
2. Growth
3. Job creation

1. Pay As You Earn (PAYE)

Year of assessment

2019 Year of Assessment has the following two periods for the purposes of employment income subject to PAYE

A. the seven-month period beginning on the 1st January, 2019, and ending on the 31st July, 2019;

B. the five-month period beginning on the 1st August, 2019, and ending on the 31st December, 2019.

This means employers shall be required to assess tax for the two separate periods and submit two separate returns for 2019.

Rates of Tax for 2020

With effect from 1 January 2020 the tax free threshold increased to \$24000 per annum for remuneration earned in ZWL and to USD\$840 for remuneration earned in foreign currency.

Tax Table for remuneration in Zimbabwe dollars

Tax band	Tax rate (%)
Up to \$24 000	0
\$24 001 to \$90 000	20
\$90 001 to \$180 000	25
\$180 001 to \$360 000	30
\$360 001 to \$600 000	35
\$600 001 and more	40

Tax Table for remuneration in foreign currency

Tax band	Tax Rate (%)
Up to US\$ 840	0
US\$ 841 to US\$3 600	20
US\$3 601 to US\$12 000	25
US\$12 001 to US\$24 000	30
US\$24 001 to US\$36 000	35
US\$36 001 and more	40

Tax free bonus increased from \$1,000 to \$5,000 with effect from 1 November 2019

Retrenchment package

With effect from 1 January 2020 the tax free threshold has been raised from ZWL 10,000.00 to ZWL 50,000.00 or one third of the package up to a maximum of ZWL 80,000.00

Motoring benefits

With effect from 1 January 2020 motoring benefits based on deemed cost to employer.

Engine capacity	Deemed value
Up to 1500	54,000.00
1501 to 2000	72,000.00
2001 to 3000	108,000.00
Over 3000	144,000.00

2. Income Tax

Corporate Tax

With effect from 1 January 2020 the rate of corporate tax reduced to 24%.

Satellite broadcasting

With effect from 1 January 2020 operators are required to appoint a representative taxpayer who is domicile in Zimbabwe.

The threshold subject to 5% is US 500 000

Interest on foreign loans

With effect from 1 January 2020 interest on foreign loans is limited to prevailing interbank rate.

Withholding Tax on tenders

Non-resident non-executive directors are now exempt from withholding tax on tenders.

Tax on Non-Executive Directors' Fees

With effect from 1 January 2020 the tax on Non-Executive Directors' Fees is no longer allowable as a credit against tax payable. It is now a final tax.

3. IMTT (Intermediated Money Transfer Tax)

With effect from 1 January 2020, the tax free threshold has been increased from ZWL 20.00 to ZWL 100.00

Maximum tax payable per transactions by corporates increased from ZWL 15,000.00 to ZWL 25,000.00

Development partners accredited in terms of the Privileges and Immunities Act, [Cap 3.03] is exempt from IMTT with effect from 1 January 2020.

4. Mining Royalties

Mining royalties are payable in foreign currency.

The rate of mining royalties for diamonds reduced from 15% from 10%. Black granite now subject to royalties at the rate of 2%.

5. Youth Employment Tax Incentive (YETI)

A tax credit ZWL500.00 per month per employee up to a maximum of ZWL60,000.00 per year of assessment is allowable to taxpayers that satisfy the following conditions:

- a) The company should be registered for Personal Income Tax and compliant for the preceding tax period; Tax credit will only be claimed after the additional employee has served a period of 12 consecutive months;
- b) The minimum wage payable to new employees should be at least ZWL\$2 000 per month;
- c) The tax credit will not apply to supervisory grades, trainees, interns and apprentices; and the employees should be 30 years and below.
- d) The tax credit will not apply to corporates with a turnover exceeding an equivalent of US\$1 million

6. Venture Capital Companies/ Fund

Venture Capital companies or Funds are now exempt from Income Tax if they meet certain specified conditions.

7. Tax Free Treasury Bills

Income earned by Financial Institutions from Treasury Bills that are endorsed "Tax free" is exempt from Income tax with effect from 24 November 2014.

8. Claiming of Capital Redemption Allowances by miners

Mining companies can claim capital redemption allowances for tangible or intangible property in the form of computer software used in Mining operations.

9. Transfer Pricing

Transfer Pricing Methods no longer specified

10. Value Added Tax (VAT)

VAT Rate

With effect from 1 January 2020 the VAT rate has been reduced to 14 ½ %.

Claiming of input tax

The definition of input tax has been amended to include VAT paid on imported services. This allows registered operators who have the invoice and proof of payment to claim the input tax.

VAT on goods and services supplied by Satellite TV, Radio and E-commerce Operators

With effect from 1 January 2020 the goods and services supplied by radio, television, electronic commerce operator by a person outside Zimbabwe shall be deemed to be a supply made in Zimbabwe. This means these operators are supposed charge VAT at the standard rate of 14.5% on the supplies.

Operators are required to appoint a representative taxpayer who will be responsible to account for the tax.

VAT registration threshold

VAT registration threshold increased from ZWL 60 000 to ZWL 1000 000 effective 1 January 2020

11. Revenue Authority Act Reward for information

With effect from 1 January 2020 whistle blowers reward excludes penalty and interest.

CUSTOMS & EXCISE

1. Importation of designated goods Statutory Instrument 252 A of 2018

The definition of duty in Statutory Instrument 252 A of 2018 is amended to exclude excise duty. This means excise duty on designated excisable goods shall be paid in RTGs

2. Exchanges rates

Section 115 of the Customs and Excise Act is amended to introduce weekly exchange rates and these rates will be used for calculation of duty on goods that attract specific rates denominated in United States dollars and for the conversion of amounts denominated in foreign currency to RTGs.

3. Registration of Clearing Agent

With effect from 1 January 2020, the minimum qualifications requirement to be registered as a clearing agent has been extended by a further 12 months.

4. Designation of Port of Entry

With effect from 1 December 2019, Mlambapele Border Post has been designated as a Port of Entry, for the entry and exit of goods excluding commercial traffic, with operational hours between 0730 hours to 1630 hours daily.

5. Gwanda Customs House

With effect from 1 December 2019, a Customs House will be designated in Gwanda.

6. Customs Dry Ports

The Dry Ports will be designate in the following areas Bulawayo, Masvingo, Makuti and Mutare.

The following Rebates have been extended

1. Clothing Manufacturers' Rebate

The rebate facility has been extend by a further 2 years in order to lower the cost of production with effect from 1 January 2020

2. Tourism Industry

Rebate of Duty on Capital Equipment has been extended by a further 3 years, with effect from 1 January 2020

3. Luggage Ware Manufacturers' Rebate

Rebate facility has been extend by a further 2 years with effect from 1 January 2020 and this has been extended to include handbags.

4. Customs Duty on Sanitary Wear

The duty exemption on sanitary wear has been extended by a further twelve months, with effect from 1 January 2020.

5. Export Tax on Raw Hides

With effect from 1 January 2020, the relief facility has been extended by a further 2 years, subject to review of the ring-fenced export quantities on an annual basis.

6. Pharmaceutical Manufacturers Rebate

With effect from 1 January 2020, a rebate of duty will be granted on additional raw materials under the (PMR) rebate.

The following suspensions have been extended

1. Suspension of Duty on Semi-Knocked Down (SKD) Kits

The facility has been extended by a further 3 years, with effect from 1 December 2019,

2. Suspension of Duty on Milk Powder

A duty suspension is extended by a further year to ring-fenced producers on milk powder, with effect from 1 January 2020

3. Suspension of Duty on Raw Cheese

Duty is suspended on ring-fenced quantities of raw cheese, amounting to 25 000 kgs per month, for a period of 12 months, with effect from 1 January 2020

4. Suspension of Excise Duty on Raw Wine

The excise duty free ring-fenced import quota has been extended and increased from 175 000 litres to 200 000 litres per annum by a further 2 years, with effect from 1 January 2020

5. Tourist Industry

Suspension of Duty for Safari Operators is extended by a further 2 years

Suspension of Customs Duty on Vehicles for Car Hire Companies is extended by 1 year

Suspension of Customs Duty on Specified Vehicles for Tour Operators and the suspension for the remaining buses has been extended by a further year

6. Cross-Border Luxury Coaches

With effect from 1 January 2020, suspension of duty on cross border luxury coaches has been extended by a further 2 years.

7. Public Service Buses

The allocation of the ring-fenced quota will be determined by the size of businesses based on previous tax returns, but limited to a maximum of 5 buses per operator, with effect from 1 January 2020

Other changes

8. Excise Duty on Tobacco

With effect from 1 December 2019 the specific rate for excise duty on tobacco has been increased from ZWL\$50 to ZWL\$100 per 1 000 cigarettes

9. Immigrants Rebate

With effect from 1 January 2020, the value of motor vehicles imported by returning students has been set at a maximum of USD\$5,000.00

10. Solar home lighting kits (Solar Home Systems)

With effect from 1 January 2020, customs duty on Solar Home Lighting Kits (Solar Home Systems) has been removed and the list expanded to include energy saving products, Light-Emitting Diode (LED) Lamps and Solar Street Lights.

11. Specific Rates of Customs & Excise Duty

With effect from 1 January 2020, the specific rates of customs and excise duty shall be converted at the prevailing Customs Exchange rate in the calculation of duty.

12. Rebate of Duty Facility on Motor Vehicles Imported by Serving Public Servants

With effect from 1 January 2020, rebate of duty will be denied for motor vehicles whose assessed values exceed the limit set by the Minister.

Paying taxes and customs duties on time and in full builds and dignifies Zimbabwe

WhatsApp line : +263 782 729 862
Visit our website : www.zimra.co.zw
Follow us on Twitter : @Zimra_11
Like us on Facebook : www.facebook.com/ZIMRA.ZW
Send us an e-mail : pr@zimra.co.zw /
webmaster@zimra.co.zw
Call us (Head Office) : 04 –758891/5; 790813; 790814; 781345;
751624; 752731
e-TIP : <http://ecustoms.zimra.co.zw/etip/>

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