

## **PUBLIC NOTICE:**

### **INSURANCE COMMISSION TAX AND VALUE ADDED TAX**

The Commissioner General of the Zimbabwe Revenue Authority (ZIMRA) has noticed that some insurers are not withholding and remitting Insurance Commission Tax from Freelance Insurance Agents. It has also been noted that there are insurance brokers and agents receiving commissions from short-term insurers who are not registered for tax.

Freelance insurance agents are insurance agents or brokers who are not registered employees, by the insurer they transact with, for purposes of collecting PAYE.

#### **INCOME TAX**

##### **Obligations of the Insurer**

1. Insurers are required to withhold Insurance Commission Tax from the commissions paid to the agents or brokers. The Insurance Commission Tax is calculated at the rate of 20%.

##### **Example:**

Insurer VTY Ltd pays commission to a freelance agent, Mr B. D. Hama, of \$1000.00. The insurer is required to withhold 20% of \$1000.00 which is \$200.00.

2. The tax should be remitted to ZIMRA by the tenth of the following month.
3. The form REV5 Return for Withholding Taxes must be completed and submitted to ZIMRA by the same date indicated in (2) above.
4. A certificate should be issued to the agent or broker showing
  - a) Name of Insurer,
  - b) Address of Insurer,
  - c) BP Number of Insurer,
  - d) Commission paid and
  - e) Tax withheld.

**NB:** Any other details may also be indicated as the insurer may find appropriate.

## Obligations of the freelance agents or brokers

1. Pay to the Commissioner General Insurance Commission Tax in instances where the insurer has **not** withheld or recovered the tax from him in the manner outlined under obligations of the Insurer above.
2. Register for tax purposes and get a Business Partner number.
3. Submit Income Tax returns for each year of assessment by the due date as maybe advised by the Commissioner in the Public Notice;
4. Claim Insurance Commission Tax withheld by the insurer or paid in terms of (1) above as a credit against tax payable on assessment of income tax in (3) above.

## VALUE ADDED TAX

- a) Insurers registered in terms of the Insurance Act are exempt from VAT on the insurance business they supply. This applies to both short-term insurers and life insurers.
- b) Freelance insurance brokers and agents are required to register for VAT and to charge vat for the agency or brokerage services they render.
- c) A freelance agent or broker is required to register for VAT where the value of their commissions earned from short-term insurance are \$60,000.00 or more in any period of twelve months. Once registered the agent or broker must charge VAT on commission charged to short-term insurers.

For more information and to download these tax tables, please visit our website on [www.zimra.co.zw](http://www.zimra.co.zw). For any further queries do not hesitate to contact the nearest ZIMRA Office.

## *My Taxes My Duties: Building My Zimbabwe!*

|                       |   |
|-----------------------|---|
| WhatsApp line         | : +263 782 729 862  |
| Visit our website     | : <a href="http://www.zimra.co.zw">www.zimra.co.zw</a>  |
| Follow us on Twitter  | : @Zimra_11   |
| Like us on Facebook   | : <a href="https://www.facebook.com/ZIMRA.11">www.facebook.com/ZIMRA.11</a>   |
| Send us an e-mail     | : <a href="mailto:pr@zimra.co.zw">pr@zimra.co.zw</a> / <a href="mailto:webmaster@zimra.co.zw">webmaster@zimra.co.zw</a> |
| Call us (Head Office) | : 0242-758891/5; 790813; 790814; 781345; 751624; 752731   |
| e-TIP                 | : <a href="http://ecustoms.zimra.co.zw/etip/">http://ecustoms.zimra.co.zw/etip/</a>                                     |

**Public Notice No. 37 of 2019.**



"We are here to serve"

"We are here to serve"

