



## **PUBLIC NOTICE: FINANCE ACT 13 OF 2023 MAJOR HIGHLIGHTS.**

This publication seeks to highlight some of the important amendments which came into effect effective 1 January 2024. Finance Act 13 of 2023 was gazetted on 30 December 2023 and some of the proposals which were announced during the 2023 national budget were passed into law. Further amendments and information can be obtained from the Finance Act which is available on the ZIMRA website.

### **INCOME TAX**

#### **1. Rates of Income Tax**

- With effect from 1 January 2024 the tax free threshold was increased to ZWL\$9,000,000.00 for remuneration earned in ZWL. Bonus tax-free threshold increased to ZWL7,500,000 with effect from 1 November 2023 to 31 December 2023 and is USD400 or ZWL equivalent with effect from 1 January 2024.

#### **Tax Table for Remuneration in Zimbabwean Dollars**

<b>Tax Band</b>	<b>Percentage</b>
Up to 9,000,000	0%
9,000,001 to 27,000,000	20%
27,000,001 to 90,000,000	25%
90,000,001 to 180,000,000	30%
180,000,001 to 270,000,000	35%
270,000,001 and more	40%

**NB. The Tax Table for Remuneration in US Dollars did not change**

#### **2. Rate of income tax from trade and investments**

- With effect from year of assessment beginning 1 January 2024 the rate of tax on taxable income from trade or investment has been increased from 24% to 25% on the following
  - i. Trade and investment for an individual,
  - ii. Company or trust;
  - iii. licensed investor after the 5<sup>th</sup> year of his or her operations as such;
  - iv. company or trust derived from mining operations;
  - v. industrial park developer after 5 years of operations as such;
  - vi. operator of tourist facility in approved tourist development zone (after the 5<sup>th</sup> year of his or her operations as such)

### **3. Intermediate Money Transfer Tax (IMTT) – LOCAL CURRENCY**

The rate of tax is ZWL0.02. Any transaction exceeding equivalent in ZWL of USD500,000 has a maximum tax of USD10,150 (at the Interbank Rate) payable in ZWL.

### **4. IMTT – FOREIGN CURRENCY**

The rate of tax is USD0.01. Any transaction exceeding USD500,000 has a maximum tax of USD10,150.

### **5. IMTT - outbound foreign payments**

- The IMTT (Outbound Foreign Payment Tax) will be assessed at a rate of USD0.01 for every outbound foreign payment or partial payment made. This tax applies to each transaction that is subject to the tax.

### **6. IMTT - Zimbabwe Gold Backed Digital Tokens [ZIG]**

- The IMTT (Zimbabwe Gold-backed Digital Token Tax) will be calculated at a rate of USD0.005 for every transaction involving Zimbabwe gold-backed digital tokens (ZIG) or partial transactions thereof. This tax is payable for each transaction subject to the tax.

### **7. IMTT exemption**

- Transfer to growers of wheat, maize and small grains for purchase of these goods by Grain Marketing Board or approved commercial buyers as prescribed by the Minister in Regulations.
- This exemption does not apply to commercial buyers' transfers until the Regulations are in place.
- Transfers to farmers whose farms were expropriated under the Land Reform Program.

### **8. Wealth Tax**

- Wealth Tax is a new tax levied at a rate of 1% of the value of a dwelling other than a principal private dwelling of a taxpayer, if such value exceeds US\$250,000.
- The maximum tax liability for on any one taxable dwelling shall be USD50,000 per annum.
- The collection of the Wealth Tax shall be done by ZIMRA with assistance from Local Authorities.

### **9. Domestic Minimum Top-Up Tax**

- The DMTT (Digital Minimum Tax Threshold) will be imposed at a minimum corporate tax rate of 15%.
- The calculation of DMTT will be based on the effective tax rate applied to the profits generated in a specific jurisdiction, rather than the statutory corporate income tax rate of that jurisdiction.

### **10. Power to require information**

- The Commissioner is now authorized, through a written disclosure notice, to request information regarding any monies, funds, or other assets that may be held or owed by an individual or entity with professional custodians.

## **11. Withholding Tax**

- Suppliers of grain to Grain Marketing Board are now required to present Tax Clearance Certificates for any payments above or aggregating USD5000 or equivalent in Zimbabwe Dollars.
- Suppliers of grain to commercial purchasers are required to present Tax Clearance Certificates for any payments above or aggregating US1000 or equivalent in Zimbabwe Dollars until regulations are put in place to change this.

## **CAPITAL GAINS TAX**

### **12. Capital Gains Tax and Stamp Duty**

Farm owners whose farms were expropriated under the Land Reform Programme will not be subject to Capital Gains tax on any amounts received or accrued as a result of the expropriation.

### **13. Special Capital Gains Tax on entities acquiring mining title or any interest therein**

- Where mining rights are disposed of privately outside the country there shall be special capital gains tax on entities acquiring mining title or any interest therein.
- A register of mining rights with a record of applications, grants, variations, dealings, assignments, transfers, suspensions and cancellations of rights be maintained and accessible to the Zimbabwe Revenue Authority.
- Special CGT is now chargeable on the transfer of a mining title, being a tax on the value of any transaction concluded within or outside Zimbabwe whereby any mining title (a) has, within the period of 10 years before 1st January, 2024 been transferred to an entity which still held it on 1st January, 2024; (b) is, at any time on or after the 1<sup>st</sup> January 2024, transferred to an entity.

## **VALUE ADDED TAX**

### **14. VAT on imported services – Time of supply**

For the avoidance of doubt in the case of imported services, the occurrence of the supply will be determined in the following manner:

- At the time when an invoice is issued by either the supplier or the recipient for that particular supply, or
- At the time when any payment of consideration is received by the supplier for that supply, or
- At the time when the service is performed, whichever of these events takes place earlier

### **15. Registration of persons making taxable supplies**

- VAT registration threshold was reduced from USD40,000 to USD25,000 or equivalent in Zimbabwean currency with effect from 1 January 2024.

### **16. VAT Zero Ratings and Exemptions**

- With effect from 1 January 2024 the VAT Regulations were amended as follows:
- Insertion of additional items in First Schedule of the VAT Regulations (Exemptions).
- Repeal of all Zero rated items in Second Schedule of the VAT Regulations.
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**NB:**

- a) Exemptions listed in section 11 of the VAT Act remained in place which includes provision of accommodation in a dwelling, educational and training services for preschool to secondary school, provision of medical services, supply of financial services.
- b) Zero rated items in section 10 of the VAT Act remained in place which covers mainly exports and related services.

**17. Fiscalisation offences**

The following shall constitute an offence under the fiscalisation regime for which penalties, fines and prosecution shall apply:

- Failure to Issue Fiscal Invoices or Receipts- Fine USD1000
- Failure to Acquire or Use Electronic Fiscal Device
  - penalty USD 1000 and a civil penalty of USD25 per each POS up to a max. of 181 days.
  - Fine not exceeding level 7 or 12 months' imprisonment or both if taxpayer remains in default

181 days.

- Failure to Comply with Interface Requirements-Penalty USD 25 per POS (max 181 days) and fine not exceeding level 7 or 12 months' imprisonment or both should taxpayer remain in default)
- Tampering with Electronic Fiscal Devices
  - Penalty USD 1000 per POS or 3 times the amount of tax involved, whichever is the higher
  - Fine not exceeding level 7 or 12 months' imprisonment if taxpayer remains in default after

181 days

- Failure to Demand Fiscal Invoice/Receipt-Goods liable for seizure, may be released if fiscal invoice or receipt is produced within 24 hours of such seizure.
- Failure to Deliver, Configure or Install Electronic Fiscal Device by Approved Supplier- Penalty USD100 per each day (maximum. 181 days).
  - Fine not exceeding level 7 or 12 months' imprisonment or both if approved supplier remains in default 181 days.
- Failure to Attend to Faults within 7 days
  - Penalty USD25 for each day the device remains unattended-max. of 181days
  - Level 7 fine or 12 months' imprisonment or both if supplier remain in default.

**18. VAT on Betting and Gaming**

- The Finance Act provides for payment of VAT on betting and gaming winnings or income by operators and punters.

**MINES AND MINERALS**

**19. Transfer of mining rights**

- No transfer of mining rights shall be approved without payment of capital gains tax and stamp duty or any other tax due on the value of the transaction.
- Failure to abide by this condition shall render the disposal or lease of mining rights null and void.

**20. Collection of tax on gross proceeds of granite and lithium**

- A 1% levy was introduced on gross proceeds of lithium, black granite and other cut or uncut dimensional stones and quarry stones. This applies on local sales and exports.

- The funds will be ring fenced for community development.

### **21. Notification of the Intention to Transfer or Lease Mining Rights**

- All agreements for the transfer or disposal or lease of mining rights be lodged with the State and reviewed and approved before they are implemented

### **22. Collection of mining royalties in kind**

- The Minister may appoint any of the following as agents for the collection of royalties' payable in kind:
  - a) Minerals Marketing Authority of Zimbabwe.
  - b) Reserve Bank of Zimbabwe.
  - c) Fidelity Printers.
  - d) Any other person as the Minister may designate.

## **TAX ADMINISTRATION**

### **23. Measures to protect value chain integrity and transparency, and to counter unfair competition by informal traders**

- Measures were provided for under the Value Added Tax Act to control the way goods are sold from the manufacturer to the retailer.
- Public Notices by ZIMRA and Statement by Minister of Finance Economic Development and Investment have been published for guidance.

### **24. Search and seizure of storage devices**

- The Commissioner may search taxpayers' premises for information and in the process may seizure records and other things.
- Storage devices (computers) with capacity to store information are now included under the items that can be seized by the Commissioner.

### **25. Power to appoint agent**

- Where tax is not paid the Commissioner may appoint an agent for recovery of tax. The law has increased the number of persons who can be appointed an agent by including "designated businesses or professional service providers"

### **26. Custodial Services Provided by Financial Institutions and Security Companies**

- The Commissioner has been empowered to open custody safety boxes or receptacles at any time to ascertain contents in line with conditions set out in the law.

### **27. Custodial Services Provided by Financial Institutions and Security Companies**

- The Commissioner is now empowered to approach the High Court to obtain court orders to counter abuse of corporate vehicles to avoid liability of tax.

**28.** All monetary amounts and taxes stated in local currency in the Taxes Acts are now denominated in foreign currency, albeit, payable in local currency at the prevailing exchange rate.

- The list includes motoring benefits, pension deductions, credits, livestock values, capital allowances limits, rates for presumptive tax, vat thresholds for tax periods, limits of refunds etc.

**NB: This summary does not substitute the law. Taxpayers are advised to refer to the Finance Act No. 13 of 2023 and SI 248 of 2023.**

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

**Public Notice 09 of 2024, issued on 24/01/2024.**

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