



## **PUBLIC NOTICE: IMPLICATIONS OF CHANGE OF VAT RATE ON RETURN SUBMISSION IN TaRMS**

The Zimbabwe Revenue Authority (ZIMRA) would like to advise all Registered Operators that the change of VAT rate from 15% to 15.5% effective 01 January 2026 shall vary the way Value of Supply under Declaration of Output Tax and Consideration under Adjustments of Output/Input Tax is declared on the VAT return. The following are the rates for the various VAT categories:

Category C = 15.5%

Category B = 15.5%

Category A = 15% for December 2025 and 15.5% for January 2026.

Category D = 15.5%

The variation affects Taxpayers in VAT Category A only on submission of VAT return for the tax period December/January 2026 due 10 February 2026 where the VAT rate was 15% in December 2025 and 15.5% in January 2026. Other Taxpayers are affected where the time of supply of goods and services require that Output tax be accounted at 15% in 2026 tax periods where the VAT rate is now 15.5%.

### **1. Registered Operators in VAT Category A**

The VAT return for the tax period December/January 2026 is configured to compute tax at the rate of 15.5% in TaRMS. Therefore, Taxpayers in VAT Category A shall determine their Output tax according to the steps below.

- a) Determine the Total Output Tax for the month of December 2025 (VAT rate 15%)
- b) Work backwards to obtain the Value of Supply that result in the same Total Output Tax as in point (a) if the VAT rate was 15.5%.
- c) Add the Value of Supply for January 2026 (VAT rate 15.5%) to that determined in point (b) above.
- d) Declare the result from point (c) on the field for Value of Supply on December/January 2026 VAT return.
- e) Where consideration is required, it is equal to the Value of Supply plus VAT (15.5%)

NB: This concept shall be applied to all fields that are combining figures for December 2025 and January 2026 where the VAT rate is different.

*For example,*

Taxpayer M has Total Value of Supply for December 2025 of \$2,000.00. The Total Output Tax for the month is  $\$2,000.00 \times 15\% = \$300.00$

Taxpayer M also has Total Value of Supply for January 2026 of \$3,000.00. The Total Output Tax for the month is  $\$3,000 \times 15.5\% = \$465.00$

The Total Output Tax for Taxpayer M for the period December/January 2026 (300+465) is **\$765.00**

Qn. What is the Value of Supply for December 2025 that gives Output Tax of \$300.00 if the VAT rate is 15.5%?

Ans.  $VOS \times 15.5/100 = \$300.00$   
 $VOS = 300 \times 100/15.5$   
 $VOS = \$1,935.48$

**Therefore, Taxpayer M should declare Total Value of Supply of 4,935.48 being (1,935.48+3000) so that the system applies a rate of 15.5% to get Total Output Tax of \$765.00. Consideration is equal to \$5,700.48**

Taxpayers should attach a summary of December 2025 and January 2026 sales, showing the Value of Supply and the Output Tax before and after applying the computation above, to the VAT return for December/January 2026.

**2. In circumstances where Registered Operators are required to account for Output tax at 15% in 2026**  
The VAT Act Chapter 23:12 section 8 (Time of Supply) outlines circumstances where the time of supply of goods and services is deemed to take place. Registered Operators that are deemed to have supplied goods or services on or before 31 December 2025 (VAT rate 15%) and are required to account for the Output Tax in 2026 following the time of supply rules shall follow the steps provided below.

- a) Determine the Total Output Tax due in e.g., January 2026 or any other applicable month from supplies deemed to take place in year 2025 (VAT rate 15%)
- b) Work backwards to obtain the Value of Supply that result in the same Total Output Tax in point (a) if the VAT rate was 15.5%.
- c) Add the Value of Supply (VAT rate 15.5%) for tax period January 2026 to that determined in point (b) above.
- d) Declare the result from point (c) on the field for Value of Supply on the VAT return for tax period January 2026.
- e) Where consideration is required, it is equal to the Value of Supply plus VAT (15.5%)

*For example,*

Taxpayer G has Total Value of Supply for January 2026 of \$1,000.00. The Total Output Tax for the month is  $\$1,000.00 \times 15.5\% = \$155.00$

Taxpayer G also has Total Value of Supply on supplies deemed to take place in 2025 that are declared in January 2026 of \$4,000.00. The Total Output Tax for the month is  $\$4,000.00 \times 15\% = \$600.00$

The Total Output Tax for Taxpayer G for the tax period January 2026 (155+600) is **\$755.00**

Qn. What is the Value of Supply for January 2026 that gives Output Tax of \$600.00 if the VAT rate is 15.5%?

Ans.  $VOS \times 15.5/100 = \$600.00$   
 $VOS = 600 \times 100/15.5$   
 $VOS = \$3,870.97$

**Therefore, Taxpayer G should declare Total Value of Supply of 4,870.97 being (1000+3870.97) so that the system applies a rate of 15.5% to get Total Output Tax of \$755.00. Consideration is equal to \$5,625.97**

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