



# 2024 Budget highlights

Zimbabwe

## Overview

### **On Thursday 30 November 2023, the National Budget was presented by the Honourable Minister Mthuli Ncube, Minister of Finance, Economic Development and Investment Promotion at the Parliament of Zimbabwe. The budget theme was “Consolidating Economic Transformation.”**

This summary includes the key highlights from the 2024 National Budget Statement with the corresponding draft Finance Bill. We provide below the strategic insights and tailored solutions to help businesses and individuals adapt to the proposed changes, ensuring compliance and maximizing opportunities in Zimbabwe’s evolving tax landscape.

The effective date of these proposed changes is 01 January 2024 unless stated otherwise. Please note, the 2024 National Budget Statement and draft Finance Bill proposals are yet to be promulgated into law and are therefore subject to changes. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No-one should act on such information without appropriate professional advice after a thorough examination of the particular situation.





# Key tax highlights

## Value Added Tax

Only licenced and tax compliant traders will be able to procure goods from manufactures and wholesalers. VAT registration numbers and valid tax clearance certificate are expected to be presented on purchase. The VAT registration threshold is proposed to be reduced to US\$25 000 or the equivalent in ZWL, with the failure to register resulting in penalties.

## Levy of Sugar Tax

Proposed levy of Sugar tax on beverages that contain sugar which will be charged at 2c per gram of sugar in the beverage. Funds to be used to purchase medical equipment to treat cancer.

## Wealth Tax

Proposal to introduce a wealth tax of 1% of value of residential property above US\$100,000, however with an exemption applicable to individuals above 70 years.

## Minimum Top up tax – Domestic Minimum Top-up Tax (DMTT)

Due to tax incentives offered to multinationals the effective tax rate of the local company may reduce to less than 15%. Accordingly, it is proposed to introduce a domestic top up tax that will be based on the effective tax rate charged on jurisdiction profits (not statutory income tax) to avoid ceding such taxing rights to the country in which the multinational is headquartered.

## Suspension of duty

Renewal of suspension of duty by a further 2 years on Motor Vehicles used by Safari and Tour Operators.

## Employment Tax

The employment tax free monthly threshold is ZWL750,000.

The bonus tax free threshold has been reviewed from ZWL500,000 to ZWL7,500,000.

## Corporate Tax Rate

The corporate income tax rate has been increased from 24% to 25%

## Strategic Reserve Levy

The statutory reserve levy on fuel shall be calculated at the rate of US\$0,05 per litre of petroleum product and at the rate of US\$0,03 per litre of diesel.

## Withholding Tax on Contracts

Payment of less than US\$5,000 or ZWL\$ equivalence to farmers for the delivery of grain to GMB is exempted from WHT on contracts.

## Intermediated Money Transfer Tax (IMTT)

Compensation for the appropriation of agricultural land to person listed in Schedule 1 (Commercial Farmers) to the Global Compensation Deed is exempted from IMTT

## Statutory Motor Insurance Levy

Statutory Motor Insurance Levy shall be calculated at the rate of US\$0,20 on each dollar of the total value of all premiums paid (pursuant to statutory motor insurance policies) to any insurer whose incurred claims ratio in a year of assessment falls below 75%;

- Every insurer, whether liable to pay the levy or not, shall submit a written return to the Commissioner General in each year of assessment stipulating their incurred claims ratio for the year of assessment.
- If an insurer is liable to pay the levy in a year of assessment, the payment shall be paid no later than three months of the following year after the year of assessment to which it relates to.
- Late payment of the statutory insurance levy by an insurer attracts interest at a rate of 15% per annum (for USD amounts) or 200% per annum (for ZWL payments).
- The Minister may, however, prescribe different rates of interest. Such rates should however not exceed the RBZ monetary policy rate





## Rural development fund

50% of 1% VAT rate increase shall be used for:

- Soil conservation.
- Prevention of soil erosion.
- Operation and maintenance of hospitals, clinics, dispensaries, school, educational institutions, dipping tanks.
- Development and maintenance of roads.

## VAT rate on exportation of unbeneficiated lithium or uncut and cut dimensional stone

VAT rate to increase from 5% to 6%.

## VAT Deferment

Introduction of a penalty equal to 100% of the VAT deferred and interest to defaulters under the VAT deferment arrangement The maximum period of VAT deferment proposed to increase to 3 years from 180 days.

## Capital gains Tax

- Compensation received, from the expropriation of specified assets, by any person listed in Schedule 1 (Commercial Farmers) to Global Compensation Deed will be exempted from CGT.
- 20% CGT of the proceeds on transfer of a mining title is now chargeable on any mining title where such mining title was transferred within a 10-year period before 1 January 2024 and is disposed of after 1 January 2024.

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## Surcharge on High Value Goods

Proposal to introduce a sliding scale on the surcharge levied on high value vehicles:

FOB Value	Surcharge
US\$120,000 – US\$300,000	30%
US\$300,000 – US\$700,000	40%
Above US\$700,000	50%

## Increase Service Fees – Road Toll Fees

Vehicle	Current Fee (US\$)	Proposed Fee Harare – Beitbridge and Plumtree-Mutare	Proposed Fee (other roads)
Motor Cycles	Exempt	Exempt	Exempt
Light Motor Vehicles	2	5	4
Minibuses	3	8	6
Buses	4	10	8
Heavy Vehicles	5	15	10
Haulage TRucks	10	25	20

## Passport Fees

Proposed to increase both ordinary and emergency fees by US\$80 to US\$200 and US\$300 respectively.

## Vehicle Registration Fees

Proposed to increase from US\$80 to US\$100 for vehicles less than 1500cc engine capacity and US\$500 for those above 1500 cc.

Fees for personalised licence registration also proposed to increase from US\$1,200 to US\$2,500 for vehicles below 1500 cc engine capacity or US\$5,000 for those above 1500 cc engine capacity.

## Outbound Foreign Currency Charge

- Outbound foreign currency charge shall be calculated at the rate of 1% on the amount of outbound foreign currency payment, up to a maximum of US\$50 000 or (the equivalent in any other foreign currency at the international cross rate of exchange prevailing on the time of mediation) per transfer.
- The chargeable foreign currency payment excludes payment made outside of Zimbabwe for the purchase of fuel and electricity.
- Every financial institution shall withhold and remit to the Debt Redemption Sinking Fund the outbound foreign currency charge on each transaction that the financial institution would have mediated.
- The outbound foreign currency charge shall be paid no later than the 10th day from the date of mediation.
- Any financial institution that fails to remit to the Debt Redemption Sinking Fund shall be liable to pay, in addition to the charge, an additional 15% on the unpaid charge.
- Any financial institution that fails to comply with the levying and collection and the remitting of the charge shall be liable to a fine equivalent to the amount the financial institution would have failed to remit.
- On failure to pay the fine, every director or member of the governing body of the financial institution shall be liable to imprisonment for a period of 6 months.

# Contact

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