



## PUBLIC NOTICE: FINANCE ACT NO 7 OF 2021 MAJOR HIGHLIGHTS.

Finance Act No 7 of 2021 was gazetted on 31 December 2021 and the proposals which were announced during the 2021 national budget were passed into law. This publication seeks to highlight some of the important amendments which came into effect effective **1 January 2022**. 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 2022 the tax free threshold was increased to \$300,000.00 for remuneration earned in ZWL and USD 1,200.00 for remuneration earned in foreign currency per annum.

#### Tax Table for Remuneration in Zimbabwean Dollars

Tax Band	Percentage
Up to 300,000	0%
300,001 to 720,000	20%
720,001 to 1,440,000	25%
1,440,001 to 2,880,000	30%
2,880,001 to 6,000,000	35%
6,000,001 and more	40%

#### Tax Table for Remuneration in United States Dollars

Tax Band	Percentage
Up to 1,200	0%
1,201 to 3,600	20%
3,601 to 12,000	25%
12,001 to 24,000	30%
24,001 to 36,000	35%
36,001 and more	40%

**Please note:** If the remuneration is earned in both currencies, the ZWL remuneration shall be converted to US\$ using the exchange rate prevailing on the day the payroll was run and the US\$ tax tables will apply. The tax tables are on the ZIMRA website [www.zimra.co.zw](http://www.zimra.co.zw)

#### 2. ADVANTAGE OR BENEFIT

- The provision of data and airtime by the employer to the employee for use at the home or outside work premises is a benefit which is taxable in the hands of the employee. The deemed benefit is pegged at 30% of the cost to the employer.

### 3. DEEMED MOTORING BENEFITS

The motoring benefits with effect from 1 January 2022:

Engine capacity	US\$ Deemed value 2022	ZWL Deemed value 2022
Up to 1500cc	625	81 000
Over 1500cc -2000cc	830	108 000
Over 2000cc -3000cc	1 250	162 000
Over 3000cc	1 660	216 000

### 4. PENSION DEDUCTIONS

- The maximum allowable deduction for pension contributions has been increased to \$390,000.00 or US\$3,000.00 per annum.

### 5. RETRENCHMENT PACKAGE

- With effect from 1 January 2021 to 31 December 2021:
  - ✓ where the package was received in **ZWL**, the exempt portion is the greater of **ZWL\$400,000.00** or one third of the package up to a maximum of **ZWL\$2,000,000.00**.
  - ✓ where the package was in foreign currency, the exempt portion is the greater of **US\$3, 200.00** or one third of the package up to a maximum of **US\$15,100.00**.
- With effect from 1 January 2022 these amounts were reviewed as follows:
  - ✓ where the package is in ZWL, the exempt portion is the greater of **ZWL\$1,300,000.00** or one third of the package up to a maximum of **ZWL\$4,875,000.00**.
  - ✓ where the package is in foreign currency, the exempt portion is the greater of **US\$10,000.00** or one third of the package, up to a maximum of **US\$37,500.00**.

### 6. CREDITS.

**With effect from 1 January 2022:**

CREDIT	ZWL	US\$
Elderly	117,000	900
Physically and Mentally	117,000	900
Blind	117,000	900

### 7. PAYMENT TO NON-EXECUTIVE DIRECTORS

- With effect from 1 January 2022 the definition of remuneration now excludes any amount given to non-executive directors.
- This means that if a non-executive director receives any benefits or allowances, the amounts will now be subjected to withholding taxes at the rate of 20% which becomes a final tax.

### 8. WITHHOLDING TAX ON TENDERS.

- With effect from 1 January 2022 payers are required to **withhold 30%** of amounts paid to payees without tax clearance certificates on any contract amounting to or an aggregate of US\$1,000.00 or ZWL\$130,000.00 over a year of assessment.

- The rate of the withholding tax has been reviewed upwards from **10% to 30%** with effect from 1 January 2022.

## 9. SUBMISSION OF TOBACCO LEVY TAX RETURNS

- Tobacco levy remittances and returns were submitted within forty-eight hours from the date of sale or relinquishing of the tobacco.
- The Tobacco Levy Tax Return shall now be submitted on the 10<sup>th</sup> of the following month in which the transaction was effected, however payment remains due within 48 hours.

## 10. IMTT

- The transfer of less than ZWL1000 or US\$5 is exempt from IMTT with effect from 1 January 2022.
- For amounts equivalent to or exceeds ZWL 66,000.000.00 a flat fee of ZWL1,325,000.00 shall be charged.
- For amounts equivalent to or exceeds US\$ 500,000.00 a flat fee of US\$ 10,150.00 shall be charged.

## 11. PRESUMPTIVE TAXES

With effect from 1 January 2022 the rates of Presumptive taxes were reviewed as stated in the tables below. The persons paying the presumptive tax have an option to pay in US\$ at the auction rate prevailing on the date of transaction.

Category	Description	ZWL 2022
Omnibuses	8 to 14 passengers	4,065
	15 to 24 passengers	4,875
	25 to 36 passengers	6,500
	From 37 passengers and above	8,125
Taxi-Cabs	All	4,065
Driving Schools	Class 4 vehicles	48,750
	Class 1 and 2 vehicles	65000
Goods Vehicles	More than 10 tonnes but less than 20 tonnes	48,850
	10 tonnes or less but with a combination of truck and trailers of more than 15 but less than 20 tonnes	65,000
	More than 20 tonnes	81,250
Hair Saloons		4,065 per chair
Restaurants and bottle stores		16,250
Cottage Industries		16,250
Ship, cruiser, boat, houseboat, speedboat, canoe	Not more than 5 passengers	16,250
	Of 6 passengers but less than 16 passengers	24,375
	Of 16 passengers but less than 26 passengers	32,500
	Of 26 passengers but less than 50 passengers	40,625
	50 or more passengers	48,750

Fishing rigs		16,250
Small scale miners		0% on the purchase price of precious metals or precious stones
Cross border traders		10% of VDP
Informal traders except Hair Saloons, Restaurants, bottle stores, Cottage Industries	Rental income	3,250

### Rates of Presumptive tax for Self-employed professionals

Self-employed professionals	ZWL per month
Architects	406,000
Engineers or Technicians	812,500
Legal Practitioners	812,500
Health practitioners	812,500
Real estate agents	3,001,875

## CAPITAL GAINS TAX

### 1. Rates of Capital Gains Tax.

- Capital Gains Tax shall be levied at the rate of 5% on the Gross Capital Amount for properties acquired before 22<sup>nd</sup> February 2019. No deduction shall be made before levying of the 5%.
- For assets acquired on or after 22 February 2019, the rate is still 20% on the Capital Gain after allowing the applicable deductions.

## VALUE ADDED TAX

### 1. Tax Invoice.

- With effect from 1 January 2022, all Registered Operators are now required to issue **Fiscal Tax Invoices** printed by a fiscal electronic register or fiscal memory device.
- The words **Fiscal Tax Invoice** must be on a prominent place on all Fiscal Tax Invoices that are to be issued by registered operators.
- Registered operators are therefore required to ensure their stationery, computerised sales systems and their point of sale systems are configured to comply with the new requirements.
- A registered operator shall issue a tax invoice in case of goods supplied to a —
  - ✓ Registered operator every time a transaction takes place except for transactions not exceeding the prescribed minimum threshold in respect of which a Fiscal Tax Invoice is not required;
  - ✓ To any other recipient on the request of the recipient.

### 2. Calculation of tax payable.

- With effect from 1<sup>st</sup> January 2022 tax invoices which were generated on or before 31 December 2021 may be claimed by 31 March 2022.

### 3. Vat Registration thresholds.

- VAT compulsory registration threshold increased to ZWL7,800,000.00 or US\$60,000.00.
- Category C threshold increased to \$31,200,000 or USD240,000.

## MINING ROYALTIES

The following methods shall be used for determining the price for valuation of minerals for the purpose of determination of mining royalties.

Mineral	Method	Rate of Mining Royalty
Platinum	Concentrate – 85% of price on London metal exchange on the date of the transaction	2.5%
	Matte – 90% of price on London metal exchange on the date of the transaction	2.5%
Gold by small scale miners	Invoice value by Fidelity Printers and Refineries	2%
Gold produced by other miners	Invoice value by Fidelity Printers and Refineries	3% (if the gold produced by them is sold at a time when its price is below US1 200 per ounce)
	Invoice value by Fidelity Printers and Refineries	5% (if the gold produced by them is sold at a time when its price is above US1 200 per ounce)
Diamonds and all other minerals	Invoice value by MMCZ	10%
Other precious stones	Invoice value by MMCZ	10%
Other precious metals	Invoice value by MMCZ	4
Base metals	Invoice value by MMCZ	2
Industrial metals	Invoice value by MMCZ	2
Coalbed methane	Invoice value by MMCZ	2
Coal	Invoice value by MMCZ	1
Black granite and other cut or uncut dimensional stone	Invoice value by MMCZ	2

## TAX ADMINISTRATION

### 1. Reward for Information,

- With effect from 1 December 2021, the whistle blower facility (reward for information) was suspended indefinitely. However, citizens can continue to voluntarily report on anyone not tax compliant but no payment will be made to the person who reports.

### 2. Tax Clearance Certificate.

- With effect from 1 January 2022 no tax clearance certificate shall be issued to registered operators who

are not interfaced with the ZIMRA servers. The other general conditions that payments and returns must be up to date should still be complied with.

**3. Manner of giving notices and serving documents under the Revenue Acts.**

- The following are some of the ways in which documents can be served to taxpayers.
  - ✓ by hand delivery to the person being notified or to a responsible person at the residential address or place of business of the person being notified.
  - ✓ by delivery to the address of the person being notified through a commercial courier service.
  - ✓ by delivery through electronic mail or other electronic means to the electronic address of the person being notified.

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**Public Notice No. 8/2022, issued on 19/01/2022.**

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