

## PUBLIC NOTICE: DIGITAL SERVICES TAX (VAT)

### 1. BACKGROUND

With effect from **1<sup>st</sup> January 2026**, **section 13A of the Value Added Tax Act [Chapter 23:12]** was amended and substituted.

Prior to the amendment, section 13A required VAT to be charged on the supply of the following services by non-resident suppliers:

- Radio and television services supplied from outside Zimbabwe to an address in Zimbabwe; and
- Electronic services supplied by an electronic commerce operator domiciled outside Zimbabwe to a person resident in Zimbabwe.

These services were treated as **imported services**, deemed to be supplied in Zimbabwe by the non-resident supplier. Non-resident suppliers were therefore required to register for VAT in terms of **section 23 of the VAT Act**, where they met the registration threshold, and were responsible for charging and accounting for VAT.

With effect from **1<sup>st</sup> January 2026**, the amended **section 13A** retains the same scope of electronic services but introduces a **Digital Services Withholding Tax mechanism**, requiring **intermediaries** to withhold tax when a consumer in Zimbabwe makes payment to a foreign supplier for digital services.

Digital Services Tax does **not** apply to the buying and selling of **physical goods**. Physical goods remain subject to **VAT on imported goods under section 6(1)(b)** of the VAT Act, and VAT and customs duty continue to be assessed at the port of entry.

### 2. WHAT ARE E-COMMERCE TRANSACTIONS AND HOW ARE THEY TAXED FOR VAT?

Commerce is the exchange of goods or services between two or more parties. **Electronic commerce (e-commerce)** refers to transactions where the selling, purchasing, delivery or mediation of goods or services is conducted through computerised systems and electronic networks such as the internet.

For VAT purposes, businesses and individuals in Zimbabwe who utilise services supplied by foreign suppliers are subject to VAT on **imported services**, which is collected as follows:

#### (i) Imported services not supplied electronically

Where a service is not supplied electronically, **section 13(1)** of the VAT Act applies. The recipient of the service must **self-account for VAT** and remit it to ZIMRA.

#### (ii) Imported services supplied electronically

Where a service is supplied electronically, **section 13A** of the VAT Act applies. The foreign supplier is deemed to have made a supply in Zimbabwe and is therefore liable to register and account for VAT.

To enhance collection, **financial institutions (intermediaries)** are required to withhold the tax when processing payments to foreign suppliers. Where payment is made outside Zimbabwe through foreign payment platforms, the non-resident supplier remains responsible for accounting for VAT in full.

### 3. EXAMPLES OF E-COMMERCE (ELECTRONIC) SERVICES

**Electronic services include, but are not limited to, services that are:**

- Supplied or delivered through electronic or telecommunications networks;
- Automated or platform-mediated in nature; and
- Capable of being supplied without the physical presence of the supplier in Zimbabwe.

**Examples include:**

- Online subscriptions and digital platform access;
- Streaming, cloud computing and hosting services;
- Online advertising and digital marketplace commissions;
- App-based, platform-mediated and technology-enabled services;
- Downloadable digital content (apps, e-books, films);

- Subscription-based electronic media (news, magazines, journals);
- Over-the-top (OTT) services (films, music, podcasts);
- Software programmes, drivers, firewalls and filters;
- Electronic data management, cloud storage and file-sharing;
- Music, games and other digital entertainment;
- Search engine and automated helpdesk services;
- Tickets supplied electronically for live events;
- Digital content for listening, viewing or playing on any digital media;
- Platform-based transport hailing services; and
- Services supplied by Artificial Intelligence platforms.

**Note:** Physical goods supplied in electronic format (e.g. e-books, digital newspapers, digital films) are classified as **electronic services**.

#### **4. CHARGING OF VAT BY FOREIGN SUPPLIERS**

Non-resident suppliers of digital services are required to register for VAT in terms of **section 13A (2) read with section 23** of the VAT Act where they meet the registration threshold. Prices charged must be **VAT-inclusive**.

All non-resident suppliers previously registered for VAT under section 13A remain registered.

When submitting VAT returns, non-resident suppliers **claim as a credit**

any Digital Services Withholding Tax withheld in Zimbabwe and pay only the balance due. ZIMRA will reconcile VAT returns with amounts withheld by intermediaries and advise non-resident suppliers accordingly.

#### **5. HOW THE INTERMEDIARY COLLECTS THE TAX**

Intermediaries are required to withhold Digital Services Tax as follows:

- **15.5%** of the payment amount where the foreign supplier is **not registered for VAT in Zimbabwe**; or
- **Tax fraction of 3/23** where the foreign supplier is **registered for VAT** in Zimbabwe.

The tax is withheld at the time of processing a **foreign payment**. Payments to **local suppliers** of electronic services do not attract Digital Services Tax.

#### **6. WHO ARE INTERMEDIARIES IN ZIMBABWE?**

Intermediaries are financial institutions as defined in the VAT Act and include:

- Banking institutions;
- Building societies;
- The Reserve Bank of Zimbabwe;
- POSB;
- Infrastructure Development Bank of Zimbabwe;
- Agricultural Finance successor institutions;
- Licensed postal service providers;
- Mobile banking service providers;
- Mobile money transfer platform operators;
- Registered money transfer services; and
- Microfinance institutions.

#### **7. OBLIGATIONS OF THE INTERMEDIARY**

Intermediaries are required to:

1. Withhold and remit Digital Services Tax to the Commissioner-General;
2. Issue a certificate of withholding to the consumer showing:
  - Date of transaction;
  - Name of non-resident supplier;
  - Name of payer;
  - Amount paid to the foreign supplier; and
  - Amount of tax withheld;
  - Reference number of payment;
3. Maintain records of payments to foreign suppliers; and
4. Cooperate with ZIMRA for verification purposes.

## 8. SERVICES SUBJECT TO DIGITAL SERVICES TAX

Digital Services Tax applies where:

- Services are supplied electronically;
- The supplier is non-resident; and
- The services are consumed or utilised in Zimbabwe.

The tax does **not** apply to:

- Imported physical goods;
- Services rendered physically and taxed under section 13; or
- Services consumed outside Zimbabwe.

## 9. ELECTRONIC SERVICES CONSUMED IN ZIMBABWE WHERE PAYMENT IS MADE OUTSIDE ZIMBABWE

Where electronic services are consumed or utilised in Zimbabwe but payment is made outside Zimbabwe, the **non-resident supplier** is required to charge and account for VAT directly to ZIMRA if registered for VAT in Zimbabwe.

## 10. ZERO-RATED AND EXEMPT SERVICES

Where electronic services supplied by non-resident suppliers would ordinarily be **zero-rated or exempt** if supplied in Zimbabwe, the same VAT treatment applies. These include:

- Educational services;
- Medical services; and
- Financial services as defined in section 2 of the VAT Act.

## 11. DUE DATES FOR DIGITAL SERVICES TAX

- **Intermediaries:**
  - Returns due by the **10<sup>th</sup>** of the following month;
  - Payment due by the **15<sup>th</sup>** of the following month.
- **Non-resident suppliers:**
  - VAT returns due by the **10<sup>th</sup>** of the following month;
  - Payment due by the **15<sup>th</sup>** of the same month.

## 12. REGISTRATION BY NON-RESIDENT SUPPLIERS

Non-resident suppliers must register for VAT Where turnover exceeds or is expected to exceed **USD 25,000** in any twelve-month period.

Registration is done through the **Tax Administration and Revenue Management System (TaRMS)** using the simplified e-commerce module.

## 13. FISCAL TAX INVOICES

Non-resident suppliers registered for VAT are required to issue **fiscalised tax invoices** and must be onboarded onto the **Fiscalisation Data Management System (FDMS)**.

## 14. CURRENCY OF PAYMENT

Digital Services Tax is payable in **United States Dollars (USD)**.

## 15. INPUT TAX CLAIMS BY LOCAL VAT OPERATORS

VAT-registered operators in Zimbabwe may claim input tax using valid tax invoices issued by non-resident suppliers, subject to **sections 15 and 16 of the V202AT Act**.

*My Taxes, My Duties: Building My Zimbabwe*

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