



2024 Zimbabwe National Budget Highlights

30 November 2023



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 in Mount Hampden. 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. Navigating the complexities of Zimbabwe’s budget for 2024 is crucial for individuals and business alike. As KPMG it is imperative to provide 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 Highlights in Finance Bill

The following amendments have been proposed:

- Widening of ZWL PAYE tables to ZWL9,000,000 for the year.
- Increase of the tax-free ZWL bonus threshold from ZWL500,000 to ZWL7,500,000. (With effect from 01 November 2023).
- Increase of the corporate income tax rate from 24% to 25%.
- Increase in the deferment of VAT on capital goods to 3 years and introduction of penalties on any default.
- Introduction of a special 20% capital gains tax on the disposal/transfer of mining title/interest post 1 January 2024, where such and title/interest was acquired in the previous 10 years.
- Adjustments to the definition of transactions on which IMTT is chargeable.
- The WHT exemption threshold for delivery of grain to GMB is set at US\$5,000.
- Introduction of a Schedule to the Income Tax Act for the Statutory Motor Insurance Levy.
- Insertion of a section in both Finance Act and Exchange Control Act on Outbound foreign currency charge.
- Export tax on un-beneficiated lithium, uncut and cut dimensional stone to increase from 5% to 6%. The 50% of the 1% increase will be utilised to provide local communities with basic services, improve conditions and rehabilitation of the mining area.
- CGT and IMTT exemption on compensation received for the expropriation of a specified assets if recipient listed in Schedule 1 to the Global Compensation Deed (Commercial Farmers).



Key Highlights not in Finance Bill

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.

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.

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.

Suspension of duty

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

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 (Premium Roads)	Proposed Fee (Other Roads)
Light motor vehicles	2	5	4
Minibuses	3	8	6
Buses	4	10	8
Heavy vehicles	5	15	10
Haulage vehicles	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 or US\$500 based on engine capacity.

Fees for personalised licence registration also proposed to increase from US\$1,200 to US\$2,500 or US\$5,000 based on engine capacity

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.

2024 Annual PAYE Tax Tables			2024 Monthly PAYE Tax Tables		
Lower Limit in ZWL\$	Higher limit in ZWL\$	%	Lower Limit in ZWL\$	Higher limit in ZWL\$	%
-	9 000 000	0	-	750 000	0
9 000 001	27 000 000	20	750 001	2 250 000	20
27 000 001	90 000 000	25	2 250 001	7 500 000	25
90 000 001	180 000 000	30	7 500 001	15 000 000	30
180 000 001	270 000 000	35	15 000 001	22 500 000	35
270 000 001	above	40	22 500 001	Above	40



Corporate Income Tax

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.

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.

Penalties & Interest

- 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.

Refund of overpayments

- An insurer who overpays motor insurance levy can apply for a refund within 6 years from the date of payment.

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.



Value Added Tax

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.

VAT rate on exportation of un-beneficiated lithium or uncut and cut dimensional stone

VAT rate to increase from 5% to 6%

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.



Capital Gains Tax

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.



Other provisions

Outbound Foreign Currency Charge

In replacement of Statutory Instrument 107 of 2023 promulgated earlier in the year, the 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.



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