



# 2024 Mid-Term Budget and Economic Review

Tax Summary

25 July 2024



# Overview

The Honourable Minister of Finance, Economic Development and Investment Promotion, Professor Mthuli Ncube, presented his 2024 Mid-term Budget and Economic Review, under the theme “Consolidating Economic Transformation”, on 25 July 2024.

This summary primarily includes key revenue (tax) related proposals included in the budget statement and or draft finance bill. These are proposals which may be subject to change before being promulgated into law, expected later in August 2024.

In summary the proposals focussed on:

- Amendments to the Reserve Bank Act (Chapter [22:15]) to provide for the use of our local currency (Zimbabwe Gold (“ZWG”)) as legal tender which was introduced on 5 April 2024 through the Presidential Powers (Temporary Measures) Regulations.
- Promoting our local currency with increased proportions of taxes to be paid in ZWG.
- Reducing presumptive tax rates.
- Adding the following sectors to the reserved sector listing under Schedule 1 of the Indigenisation and Economic Empowerment Act (Chapter [22:14])
  - Haulage and logistics
  - Borehole drilling
  - Shipping and forwarding
  - Clearing and customs
  - Pharmaceutical retailing

We have also included key existing tax provisions notwithstanding that there are currently no proposed changes to these.

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 Proposed Changes in Finance Bill

The following amendments have been proposed (effective dates included after the change where known):

- Two periods of assessment for employment tax being 01 January 2024 to 04 April 2024 and 5 April 2024 to 31 December 2024.
- Tax-free bonus in local currency (ZWG) equivalent of US\$700
- If QPDs estimate results in 50% or more of income in foreign currency then pay 50% of the QPDs in local currency at the prevailing official closing rate of the previous day on which payment was remitted (01 August 2024).
- If prior to the promulgation of Finance Act 2024, any person who paid any local currency on any part of income earned in foreign currency, despite anything to the contrary in the Charging Act or Taxes Act, the taxpayer will be deemed to have made a valid payment of tax due.
- AFTT charged at US\$0.05 for each withdrawal above the local currency equivalent of US\$100 (03 May 2024)
- IMTT charged at 2% for each transaction up to the local currency equivalent of US\$500,000 at the prevailing interbank exchange rate (03 May 2024).
- For IMTT a flat fee of the local currency equivalent of US\$10,150 will apply for transactions above the local currency equivalent of US\$500,000 at the prevailing interbank exchange rate.
- New lower rates for presumptive tax with continued option to pay in local currency at the applicable foreign currency exchange rate on date of payment
- Self employed professionals under presumptive tax to register as person in trade. This includes architects, engineers, legal practitioners, health practitioners, real estate agents (01 January 2025).
- Deferment of VAT on importation is subject to meeting conditions that the goods must be for own use and the person must be compliant with all taxes.
- No future deferments of VAT will be granted where a taxpayer:
  - Defaults on deferred VAT payments
  - Defaults on payment of any taxes
- Increase in the deferment of VAT on capital goods to 3 years (mining) and 2 years (manufacturing and industrial purposes) subject to approval from the Minister responsible for Finance.
- In line with SI 110 of 2024, the CGT WHT will be 2% of the sales price for listed marketable securities and 5% of the sales price for unlisted marketable securities.
- Wholesalers/Manufacturers to sell goods to retailers, other wholesalers and other manufacturers with valid tax clearances and those registered for VAT.
- For businesses not VAT registered or not registered for income tax, a withholding tax of 5% of invoice value shall apply.



# Key Proposed Changes in Finance Bill

The following amendments have been proposed:

- Special surtax on sugar beverages section included in Customs Act.
- Payment of duty and other levies for fuel in transit at the port of entry, which will be reimbursed at the port of exit, does not apply to fuel in transit from NOIC, at the Msasa depot, of NOIC (or its successor or any other fuel procurement entity prescribed by the Minister).
- All certified professionals to be in possession of a valid tax clearance certificate with effect from 01 January 2025.
- RBZ Act amended to include Zimbabwe Gold being the Zimbabwe Currency.
- First schedule to Indigenisation and Economic Empowerment Act to include additional sectors such as
  - Haulage and logistics
  - Borehole drilling
  - Shipping and forwarding
  - Clearing and customs
  - Pharmaceutical retailing

# Key Proposed changes in Budget Statement not in Finance Bill

The following amendments have been proposed:

- Introduction of excise duty on electronic cigarettes at the rate of US\$0.5 per ml of contents of every electronic cigarette product (The budget statement includes US\$0.5 per ml however we will require clarification of whether this is intended to be US\$0.05 per ml).
- All user fees for Government services shall exclusively be payable in local currency.
- Exemption of live cattle, pigs, goats, sheep and bovine semen, poultry meat and kapenta from VAT.
- Waiver of Special Surtax Beverages Sugar Content payable for the period 1 January 2024, to 8 February, 2024.
- Where a company's revenue exceeds 50% in local currency, tax shall be payable proportionately in the currency of trade thereof.
- Proposed payment of customs duty in local currency on selected products.
- Introduction of mandatory Fiscalisation of domestic fuel sales, with effect from 1st November, 2024.







# 2024 Key Tax Provisions



# Employment Tax

- Maximum insurable (subject to NSSA) earnings increased from about US\$ 375 to US\$ 700 payable in ZWG at the prevailing official interbank rate and with effect from 31 May 2024 (SI 99 of 2024).
- NSSA funeral grant increased to US\$200 payable in the local currency at the prevailing official interbank rate.
- The bonus tax free threshold increased to a proposed amount of US\$700 or ZWG equivalent.
- Employment tax for 2024 has 2 periods of assessment being 01 January 2024 to 04 April 2024 and 05 April 2024 to 31 December 2024 (we expect this relates to local currency earnings only as there have been no changes to the US\$ tax tables).

(Monthly) ZWG tax tables		
Lower limit in ZWG	Higher limit in ZWG	%
0	1 356	0%
1 356,01	4 068	20%
4 068,01	13 560	25%
13 560,01	27 120	30%
27 120,01	40 680	35%
40 680,01	And above	40%

(Monthly) US\$ tax tables – No change		
Lower limit in US\$	Higher limit in US\$	%
0	100	0%
100,01	300	20%
300,01	1 000	25%
1 000,01	2 000	30%
2 000,01	3000	35%
3 000,01	And above	40%



# Corporate Income Tax

## Automated Financial Transactions Tax (AFTT)

With effect from 03 May 2024 the AFTT charge for cash withdrawals from an ATM of the local currency equivalent of US\$100 or more is the equivalent of US\$0,05.

## Intermediated Money Transfer Tax

Effective 3 May 2024 IMTT thresholds were revised as follows,

- IMTT for Zimbabwe Gold (ZWG) currency is to be calculated at 2% for each transaction on which tax is payable.
- IMTT charged at 2% for each transaction up to the local currency equivalent of US\$500,000 at the prevailing interbank exchange rate.
- Flat fee of local currency equivalent of US\$10,150 for transactions above local currency equivalent of US\$500,000 at the prevailing interbank exchange rate.
- A rate of 2% shall apply on every Zimbabwe gold-backed digital token or a portion of the token where tax is payable.
- 2% IMTT to be calculated for every outbound foreign payment where tax is payable.

- If QPDS (Quarterly Income Tax payments) estimate results in 50% or more of income in foreign currency then pay 50% of the QPDS in local currency at the official closing rate on the previous day on which payment was remitted. (with effect from 01 August 2024).
- If more than 50% of a taxpayers income is earned in local currency then they should continue to pay their QPD's / income taxes, in proportion of their local currency (ZWG) to foreign currency (US\$) income. Note this is not currently included in the draft Finance Bill.
- If prior to promulgation of Finance Act 2024, any person paid any local currency on any part of income earned in foreign currency, despite anything to the contrary in the Charging Act or Taxes Act be deemed to have made a valid payment of tax due.





# Value Added Tax

## VAT Deferment on importation of capital goods

- The deferment of VAT on the importation of capital goods will be subject to the goods being for the taxpayer's own use and the taxpayer being tax compliant.
- Should the registered operator default on payment of VAT no future deferments will be granted. Should there be a default on payment of any other taxes no future deferment will be granted.
- Extension from 180 days is subject to approval from the Minister responsible for Finance, the extension of which can either be up to 3 years for mining goods and 2 years for manufacturing and industrial goods.

## VAT measures Manufacturers and Wholesalers

- Only licenced and tax compliant traders will be able to procure goods from manufacturers and wholesalers. VAT registration numbers and valid tax clearance certificates are expected to be presented on purchase.

## VAT measures Manufacturers and Wholesalers (continued)

- The exceptions to this are:
  - Manufacturers may sell goods for household consumption, being bread, milk, quarry, bricks, roofing sheets, ready, concrete mix, airtime and data.
  - They may also sell to ministries and government, person or entity suppliers of textbooks, stationery, beds and desks to private schools registered under the Ministry responsible for Education; suppliers of medical goods, beds, linen, and equipment to private hospitals and clinics registered under the Ministry responsible for Health; without the need of a valid tax clearance.
  - For persons not eligible to be VAT registered or not registered for income tax, a withholding tax of 5% of the invoice value shall apply.



# Customs & Excise

## Special Surtax on Beverages (SI 16 of 2024)

The special surtax on beverages, based on their sugar content, which was introduced in December 2023 with an effective date of 01 January 2024, is effectively being deferred and legislated with effect from 09 February 2024 based on the budget statement however, there appears to be an inconsistency in the draft Finance Bill which continues to have a 01 January 2024 effective date.

Beverages without a labelled sugar content will be assumed to contain 100 grams of sugar per litre. The Commissioner or proper officer may sample beverages to verify their sugar content for surtax purposes.

Local manufacturers have a transitional period of up to twelve months to comply with labelling requirements. The Commissioner can sample and verify sugar content, and manufacturers must submit accurate monthly returns indicating quantities and pay the corresponding special surtax.

## Goods in transit - fuel

The proposed payment of duty and other levies for fuel in transit at the port of entry, which will be reimbursed at the port of exit, will not apply to fuel in transit from the National Oil Infrastructure Company of Zimbabwe ("NOIC") at the Msasa depot, of NOIC (or its successor or any other fuel procurement entity prescribed by the Minister).



# Capital Gains Tax

- Pursuant to SI 110 of 2024 the Capital Gains Withholding Tax (CGWT) will be charged at:
  - 2% of the sales price on listed marketable securities for six months, with effect from 28 June 2024.
  - 5% of the sales price on unlisted marketable securities for six months, with effect from 28 June 2024.
- Capital Gains Tax will not apply to the listed marketable securities during the specified assessment period. The amount so withheld shall be considered to be the final tax;



# Presumptive tax

## Presumptive Tax

Self employed professionals under presumptive tax to register as person in trade. This includes architects, engineers, legal practitioners, health practitioners, real estate agents with effect from 01 January 2025.

All certified professionals to be in possession of valid tax clearances with effect from 01 January 2025.

	Previous	Proposed Effective 1/1/25
Registered Architects	US\$ 1,500/month	Self assessed under S37C
Registered Engineers or Technicians	US\$ 2,000/month	Self assessed under S37C
Legal Practitioners	US\$ 1,500/month	Self assessed under S37C
Health Practitioners	US\$ 1,500/month	Self assessed under S37C
Real Estate Agents	US\$ 1,500/month	Self assessed under S37C
* Per the draft finance bill the taxpayers "may credit any amount of Self-Employed Professionals' Presumptive Tax against any tax found to be payable upon self-assessment". The application of this credit is unclear as any presumptive taxes would have been paid in respect of pre 2025 year of assessment.		

Operators	Effective 1/1/24	
	Previous	Proposed
Informal traders	ZWL 3,250 + 10% monthly rental	10% monthly rental
Taxicab < 7 passengers	US\$ 100/month	US\$ 35/month
Omnibus > 8 < 14 passengers	US\$ 150/month	US\$ 50/month
Omnibus > 15 < 24 passengers	US\$ 175/month	US\$ 60/month
Omnibus > 5 < 36 passengers	US\$ 300/month	US\$ 80/month
Omnibus > 37 passengers	US\$ 450/month	US\$ 100/month
Goods vehicles carrying capacity >10T < 20T *	US\$ 1,000/month	US\$ 200/month
Goods vehicles carrying capacity >15T < 20T	US\$ 2,000/month	US\$ 500/month
Goods vehicles carrying capacity >20T	US\$ 3,000/month	US\$ 550/month
Driving School Class 4 only	US\$ 300/month	US\$ 50/month
Driving School Class 1 and 2 (in addition to other classes)	US\$ 1,000/month	US\$ 100/month
Hairdressing Salons	US\$ 300/chair/month	US\$ 30/chair/month
Restaurants or bottle-stores	US\$ 300/month	US\$ 35/site/month
Commercial waterborne vessels - < 5 passengers	US\$ 80/vessel/month	US\$ 30/vessel/month
Commercial waterborne vessels - 6 or < 16 passengers	US\$ 100/vessel/month	US\$ 35/vessel/month
Commercial waterborne vessels - 16 or < 26 passengers	US\$ 150/vessel/month	US\$ 50/vessel/month
Commercial waterborne vessels - 26 or < 50 passengers	US\$ 200/vessel/month	US\$ 70/vessel/month
Commercial waterborne vessels - >50 passengers	US\$ 300/vessel/month	US\$ 100/vessel/month
Commercial waterborne vessels - I.e. Fishing rigs	US\$ 250/month	US\$ 85/vessel/month
Beauty and massage parlours	None	US\$ 100/month
Gymnasias or fitness centres	None	US\$ 100/month
Butcheries	None	US\$ 50/month

\* Thresholds to be clarified





# Reserved Sectors

- The First schedule to the Indigenisation and Economic Empowerment Act (Chapter [14:33]) will include additional sectors being;
  - Haulage and Logistics
  - Borehole drilling
  - Shipping and forwarding
  - Clearing and customs
  - Pharmaceutical retailing

In terms of section 3A of the Indigenisation and Empowerment Act (Chapter [14:33]) an approval from the Minister may be required should you want to operate a business in a reserved sector.



# Other Provisions

## Introduction of the Zimbabwe Gold (ZiG) currency code (ZWG)

- On 1 July 2024, the Zimbabwe Reserve Bank Governor announced the approval of a new currency code, ZWG, for the Zimbabwe Gold (ZiG) currency by the International Standard Organization (ISO) 4217 Committee.
- This code aligns with global standards, with "ZW" representing Zimbabwe and "G" the currency. The numeric code 924 replaces the previous codes ZWL and 932.
- The currency will use "cents" as its minor unit, with changes effective from 25 June 2024.
- Both old and new codes will be used concurrently until 31 August 2024. The currency code is utilized in various financial systems.
- The name Zimbabwe Gold (ZiG) remains for domestic transactions.

## Exchange Control SI 81A of 2024

With effect from 09 May 2024, sellers of goods or services will be considered in violation if they offer their products at exchange rates exceeding the prevailing average interbank foreign currency selling rate. Non-compliance with this provision incurs civil penalties, including a fixed penalty of either two hundred thousand ZiG or an amount equal to the charged foreign currency value (whichever is greater), as well as a cumulative penalty not exceeding 5% of the outstanding fixed penalty amount per day. The civil penalty order is initially suspended for 48 hours, allowing the alleged defaulter to present reasons against its issuance. If no cause is shown within the given period, the order is deemed to have been issued from the beginning. However, if sufficient cause is shown, the designated officer withdraws the order and records the withdrawal accordingly.





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