



# Thinking Beyond Borders: Management of Extended Business Travelers - Zimbabwe

February 2023



# Contents

<b>1</b>	<b>Key message</b>	<b>4</b>
<b>2</b>	<b>Income Tax</b>	<b>6</b>
<b>3</b>	<b>Social Security</b>	<b>12</b>
<b>4</b>	<b>Compliance obligations</b>	<b>16</b>
<b>5</b>	<b>Immigration</b>	<b>18</b>

**01**

**Key message**

# 1 Key message

[Text placeholder]

**02**

# **Income tax**

# 2 Income Tax

## 2.1 Employment Tax

1. In the draft Finance Bill the tax tables from August 2022 to September 2022 have been annualized for the 2023 tax year.
2. The employment tax free monthly threshold remains ZWL 75 000.

*The following changes were promulgated in Finance Act No. 8 of 2022 gazetted on 24<sup>th</sup> of October 2022:*

Lower limit in ZWL\$	Upper limit in ZWL\$	%	Lower limit in US\$	Upper limit in US\$	%
0	900 000	0	0	1 200	0
900 001	1 716 000	20	1 201	3 600	20
1 716 001	3 120 000	25	3 601	12 000	25
3 120 001	5 760 000	30	12 001	24 000	30
5 760 001	12 000 000	35	24 001	36 000	35
12 000 001	-	40	36 001	-	40

Annual Pay AS You Earn (P.A.Y.E) income tax tables

Engine capacity	Deemed cost to employer ZWL\$(2022)	Engine capacity	Deemed cost to employer US\$ (2022)
0cc – 1 500cc	312 500	0cc – 1 500cc	625
1 501cc – 2 000cc	415 000	1 501cc – 2 000cc	830
2 001cc – 3 000cc	625 000	2 001cc – 3 000cc	1 250
3 001cc –	830 000	3 001cc –	1 660

Source: Finance Act No. 7 of 2021 US\$ Annual Motoring benefits deemed value tables

*\*The following changes were promulgated in Finance Act No. 8 of 2022 gazetted on 24<sup>th</sup> of October 2022:*

1. The allowable deductions in respect of  
Employer benefit fund contributions ZWL\$500,000.
2. The allowable deductions in respect of Employer pension fund contributions restricted ZWL\$1,500,000.
3. There are two periods of assessment for taxable income earned from employment in 2022 being the seven-month period beginning on the 1st of January 2022, and the five-month period beginning on the 1st of August 2022.
4. The exempt portion on any deposit with, or income earned on banker's acceptances and other discounted instruments traded by, a financial institution, accruing to a taxpayer who is of or over the age of 55 years increased to ZWL\$ 1 500 000. Credits (elderly, blind, mentally or physically challenged) are increased to ZWL\$450 000.
5. The tax-free bonus threshold is increased to ZWL\$500,000 with effect from 01 November 2022. The US\$700 bonus exempt portion remains unchanged for those earning any portion of their employment income in foreign currency.
6. With effect from 01 January 2022, the school fees benefit exemption is now limited to 50% of the cost to the employer for school staff limited to 3 children (irrespective of which school they attend) employed or another school. (w.e.f .1 January 2022)
7. The Commissioner General of Zimbabwe Revenue Authority will share data with the Chief Immigration Officer for purposes of collecting employment taxes from nonresidents (as defined in the provision) taking up employment in Zimbabwe
8. The exempt portion on pension commutation or annuity, which is paid to an employee on the cessation of his or her employment, where his or her employment has ceased due to retrenchment to increase to the greater of ZWL\$5,000,000 or  $\frac{1}{3}$  of the package up to max of ZWL\$18,750,000.
- 9.

## Corporate Income Tax

### 2.2 Remittance of taxes through Financial Intermediaries

The full amount (taxes, fees, charges penalties duties levies) paid by taxpayers through an approved financial intermediaries must be credited to the Consolidated fund within 48 hours of such payment.

Failure by the banks and financial institutions to remit within the 48 hours will result in penalties of 15% for US\$ payments and 200% for ZWL\$ payments.

### 2.3 Registrable taxpayer (trader)

Registrable taxpayer means a person (trader) earning income from trade in the last quarter of the calendar month immediately before registration by reference to;

- turnover of his or her business;

1. average number of employees employed by him or her in each of the four quarters; or • the average value of the assets used for the purpose of his or her business in each of the four quarter; or
2. a combination of all or any of the foregoing, excluding
  - Presumptive taxpayers unless these are specified under section 25B
  - Any employer registered under 13<sup>th</sup> schedule.

## **2.4 Registration of traders**

1. The Minister will prescribe persons requiring registration, residents and non residents and notify these persons who will be required to register within 30 days of such notice. • Any changes to the address or ceasing to be a registrable taxpayer to be provided to CG within 14 Days.
2. Non resident to appoint a resident representative to secure registration in writing
3. Penalties for non compliance.
4. Civil infringement failure to timeously comply.

## **2.5 Penalties for default**

Fixed penalty of US\$30 per day or Zimbabwe dollar equivalent on failing to comply, restricted to a period of 90 days (US\$2,700).

## **2.6 Self-Assessment**

Every specified taxpayer shall not later than 4 months after the end of the tax year or if CG has exercised discretion to accept some other date other than the end of the year of assessment submit final tax return.

## **2.7 Payment of provisional tax**

If the Commissioner General has exercised discretion to accept some other date other than the end of the year of assessments, the dates taxpayers prepare accounts and QPD payments will be adjusted accordingly.

## **2.8 Third schedule exemptions from income tax**

Receipts and Accruals in terms of any agreement entered into by Government of Zimbabwe with any other government on the recommendation of the Public Agreements

## **2.9 Qualifying real estate investment trust exemption**

REIT an entity registered as such under the Collective Investment scheme which has its principal objective of owning, managing and investing in real estate.

The following formal features (form, ownership and governance ALL must apply

1. Income must accrue from REIT projects that commenced after Finance No.2 Act, 2022
2. REIT must receive 80% of taxable income from real estate.
3. REIT must distribute 80% of taxable income to shareholders in the form of dividends in each financial year.
4. The REIT must have a minimum of 100 shareholders after first year of date of qualification held by 5 or less individuals during a taxable year
5. REIT must be listed on a stock exchange.
6. In addition, the investment targets for REIT must be formed in the following developments
7. Shopping malls – walking in malls mostly covered by restaurants and shops where motor vehicles are not allowed



## 2.10 Allowable deduction section 15 (2) introduction of subsection (2a)

No invoice for the supply of goods or services subject to value added tax in terms of the Value Added Tax Act shall be submitted to the Commissioner as proof of any expenditure qualifying for deduction under subsection (2) subject to the following being met:

1. it is a fiscal tax invoice provided by a registered operator, and
2. printed by a fiscalised electronic register or fiscal memory device used by a registered operator for the purpose of section 20 of the Value Added Tax Act [Chapter 23:12].” (w.e.f 01 January 2023)

*\*The following changes were promulgated in Finance Act No. 8 of 2022 gazetted on 24<sup>th</sup> of October 2022:*

1. Allowable deduction in respect of staff housing limited to ZWL\$ 12,500,000 or an amount equivalent to 50% of the cost of constructing the building, whichever is the lesser amount.
2. Allowable deduction in respect of a farm improvement shall be deemed to be so much vehicle or ZWL\$ 5,000,000, whichever is the lesser amount .
3. Allowable deduction in respect of a building used for the purposes of a school, hospital, nursing home or clinic and which ranks as farm improvements limited to the lesser of the cost of constructing the building and ZWL\$ 5,000,000.
4. Allowable capital expenditure in relation to mining operations on buildings, works or equipment to be limited to ZWL\$1,500,000 where the building was erected on or after the 1st of January 2009.
5. Allowable expenditure in relation to any permanent building used for the purposes of a school; or a hospital, nursing home or clinic in connection with a taxpayer’s mining operations to be limited to ZWL\$ 25,000,000.
6. Arrear pension fund contributions in respect of past service allowable deduction increased to a maximum of ZWL\$ 500,000 if the period commences on or after 1 January 2022.
7. No tax shall be payable in respect of a year of assessment if a taxpayer’s liability in respect of that year does not exceed ZWL\$ 250.

**03**

# **Social Security**

# 3 Social Security

It is the employer's obligation to ensure that contributions are deducted and paid to NSSA. The Pension and Other Benefits Scheme is financed from equal monthly contributions by both employers and employees. It is the employer's obligation to ensure that contributions are deducted and paid to NSSA. The NSSA contribution rate is as follows:

- 4.5% of the insurable earnings (employee)
- 4.5% from the employer

The total of 9% to be paid to the nearest NSSA office before the 1st of each month.

The scheme covers:

- All employees working in a profession, trade or occupation who are above the age of 16 and who have not attained the age of 65. Once an employee attains the age of 65, deduction of contributions in respect of the employee should cease even if he/she continues to work.
- Zimbabwean citizens who are either employed in Zimbabwe, or outside Zimbabwe as a continuation of insurable employment in Zimbabwe.
- Persons who are ordinarily resident in Zimbabwe and are either employed in Zimbabwe, or outside Zimbabwe as a continuation of insurable employment in Zimbabwe.
- Civil servants.

Membership to the scheme is compulsory regardless of whether the employee is covered by a private scheme.

Workers who are exempted from membership are:

1. Non-Zimbabwean citizens who are not ordinarily resident in Zimbabwe
2. Diplomatic staff who are non-Zimbabwean
3. Persons employed as domestic workers

## REGISTRATION REQUIREMENTS BY EMPLOYERS

- Registration to the schemes is compulsory.
- All employers must register within 30 days of becoming an employer, by completing employer registration form P2 and ensure that employees complete employee registration form P3.

Download Registration Forms:

- [P2 – EMPLOYER REGISTRATION \(PDF 402.8 KB\)](#)
- [P3 – EMPLOYEE REGISTRATION \(PDF 538.1 KB\)](#)
- Attach copy of certificate of incorporation.

- The details provided on the form P2 and P3 are required for the registration of the employer and employee respectively, with both schemes, that is, Accident Prevention and Workers' Compensation Insurance Fund and Pensions and Other Benefits scheme.
- After processing the form NSSA will notify the employer of his/her BP and SSR number. The Social Security Number (SSR No) or the BP number should be quoted in every communication with NSSA in relation to the scheme.
- The employee on the other hand is issued with a SSN and a Social Security Card which has the SSN printed on it. He / she should use the number throughout his/her lifetime when communicating with NSSA. The number does not change when employee moves from one employer to another.

## **RECORD KEEPING**

Every employer shall maintain a record in respect of every employee in his employ showing details listed below and shall at all reasonable times produce such records to NSSA inspectors on demand.

The records must include, for each employee:-

- National Social Security Number
- National ID Number
- Name of employee
- Employee's date of birth
- Date of commencement of employment
- Date of termination of employment
- Date and amount of total earnings, each month, week or other period
- The amount of the deduction from basic earnings in each contribution month
- Employer's contribution in respect of each month
- In addition the employer must also keep summary record of the number of workers in his employ per month and the total wage bill per month.

## **GUIDANCE TO CALCULATE NSSA CONTRIBUTIONS**

The employer may make use of the following link when computing NSSA contributions.

<https://www.nssa.org.zw/employer/calculators>

**04**

# **Compliance obligations**

# 4 Compliance obligations

## 4.1 Other taxes

### Question

[Text placeholder]

**05**

# **Immigration**

# 5 Immigration

## Holiday Visa

Holiday Visa is issued to foreigners entering Zimbabwe temporarily for tourism, sightseeing, to visit family and friends or other private purposes.

### *Required Documents*

- Passport photo
- Passport scan of biodata page
- Proof of residence in country of origin or domicile
- Address at destination
- Previous Zimbabwean Visa (attach copy if yes)

### *For visitors hosted by a citizen/resident include*

- Host Invitation Letter
- Proof of Residence
- Residential Status e.g., identity card copy or residence permits

## Business Visa

Business Visa is issued to foreigners traveling to Zimbabwe for business related purposes such as consultancy or to offer services. It may be granted for a period 30 (thirty) days and is non-renewable.

### *Required Documents*

- Passport photo
- Passport scan of biodata page
- Proof of residence in country of origin or domicile
- Address at destination
- Previous Zimbabwean Visa (attach copy if yes)
- Invitation letter and business profile
- Business Letter from selling company
- Business profile of traveller (applicable to prospective investors)

## Conferencing Visa

A Conference Visa is issued to foreigners travelling to Zimbabwe for purposes of attending a Conference, Seminar or Workshop. It may be granted for a period of 30 (thirty) days and is non-renewable.

### *Required Documents*



- Passport photo
- Passport scan of biodata page
- Proof of residence in country of origin or domicile
- Address at destination
- Previous Zimbabwean Visa (attach copy if yes)
- Invitation letter

### **Transit Visa**

*A transit visa is issued to visitors traveling to another country who will have a brief layover in Zimbabwe when the only reason for entering Zimbabwe is to transit. It is non-renewable.*

#### *Required Documents*

- Passport photo
- Passport scan of biodata page
- Proof of residence in country of origin or domicile
- Address at destination
- Previous Zimbabwean Visa (attach copy if yes)
- Reason of visit to country of destination
- Proof of visit to country of destination

### **Study/Student Visa**

*A student visa is issued to people entering the country with the intention of pursuing their studies at any local school or university.*

#### *Required Documents*

- Passport photo
- Passport scan of biodata page
- Letter of acceptance from school or college
- Previous Visa/Permit (attach copy if yes)

### **Work permit**

*A work permit is issued to people entering the country with the intention of pursuing employment.*

#### *Required Documents*

- Passport photo

- Passport scan of biodata page
- Proof of residence in country of origin or domicile
- Address at destination
- Previous Zimbabwean Visa (attach copy if yes)
- Business profile of prospective employer
- Business Letter from prospective employer
- Employment contract approved in line with the Zimbabwean labour law and Social Security;
- Medical examination report
- Police clearance certificate

## 5.2 Other Important Items

### Question

[Text placeholder]

[Back to top](#)

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