MONTHLY TAX UPDATE

AUGUST 2022

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We are honoured to present our August 2022 Monthly Tax Update ("MTU") which is designed to keep businesses and individuals informed of the latest tax issues and also bring value to both.

Each month we will consider the latest changes to the tax rules – legislative, case law, and Authorities announcements and interpretations that bring relevancy to the business environment.

Monthly Tax Updates ensure that our valued members are kept in tune with changes in the tax arena. They provide you an opportunity to stay on top of developments that directly and indirectly affect you and your clients/business. The focus is on key guidance from legislation, tax agencies and the courts that represent new interpretations, as well as guidance on new laws.

The updates are accompanied by an insightful commentary pointing out the key takeaway points from the material. Aside to what our regular Newsletters provide, MTUs are meant to help you:

- Identify new tax planning opportunities.
- Keep you updated with all changes in the tax world.
- Keep you aware of current revenue and fiscal announcements and interpretations.
- Recognize pitfalls many professionals miss.
- Minimize compliance errors and offer practical and effective tax solutions.

The contents of this month's MTU edition are as follows:

- National Social Security Authority: Pensions and other Benefits Scheme
- Suspension of rebate of duty on Public Service Buses
- Extension of rebate of duty on engine spares imported by NRZ
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- Punitive management fee rules for local affiliates on the horizon
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- The often-overlooked income tax rules on trading stock
- Amendments brought forth to the Tax arena by the Finance Bill
- Appointment of substantive ZIMRA Commissioner General
- Public Notice 50 of 2022: Renewal of Clearing Agents Licenses for 2023

Marvellous Tapera
Chief Executive officer

1. Matrix Group News!

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Theme :*"Empowering the tax community for compliance & growth"*

Topics to be discussed

1. Tax implications of New Marriage laws : Divorces, Trusts and Estates
2. Tax Compliance and Planning Tool Kit, Policies & Procedures.
3. The Breadth, Depth and Extent of IMTT-What next?
4. Mid-term Fiscal Policy: A Stimulating Tax Scrutiny and a Call for Taxpayers' Inputs for 2023 Budget.
5. The Commissioner General's Remarks
6. Matrix Tax School Taxpayer Clinic: Payroll, Withholding Tax and Income Tax risk areas
7. Demystifying the Gold Coins:
   - General Framework & Secondary Market for Gold Coins
   - Exchange Control Issues on the sale & repatriation of proceeds of Gold coins
   - International Financial Reporting issues of gold coins
   - The Tax implications of Gold coins (Income Tax, IMTT, CGT, VAT etc)

Investment Per Delegate

	Full Package	Conference Only	Deadline
Early Bird	US$1,060	US$740	30/09/2022
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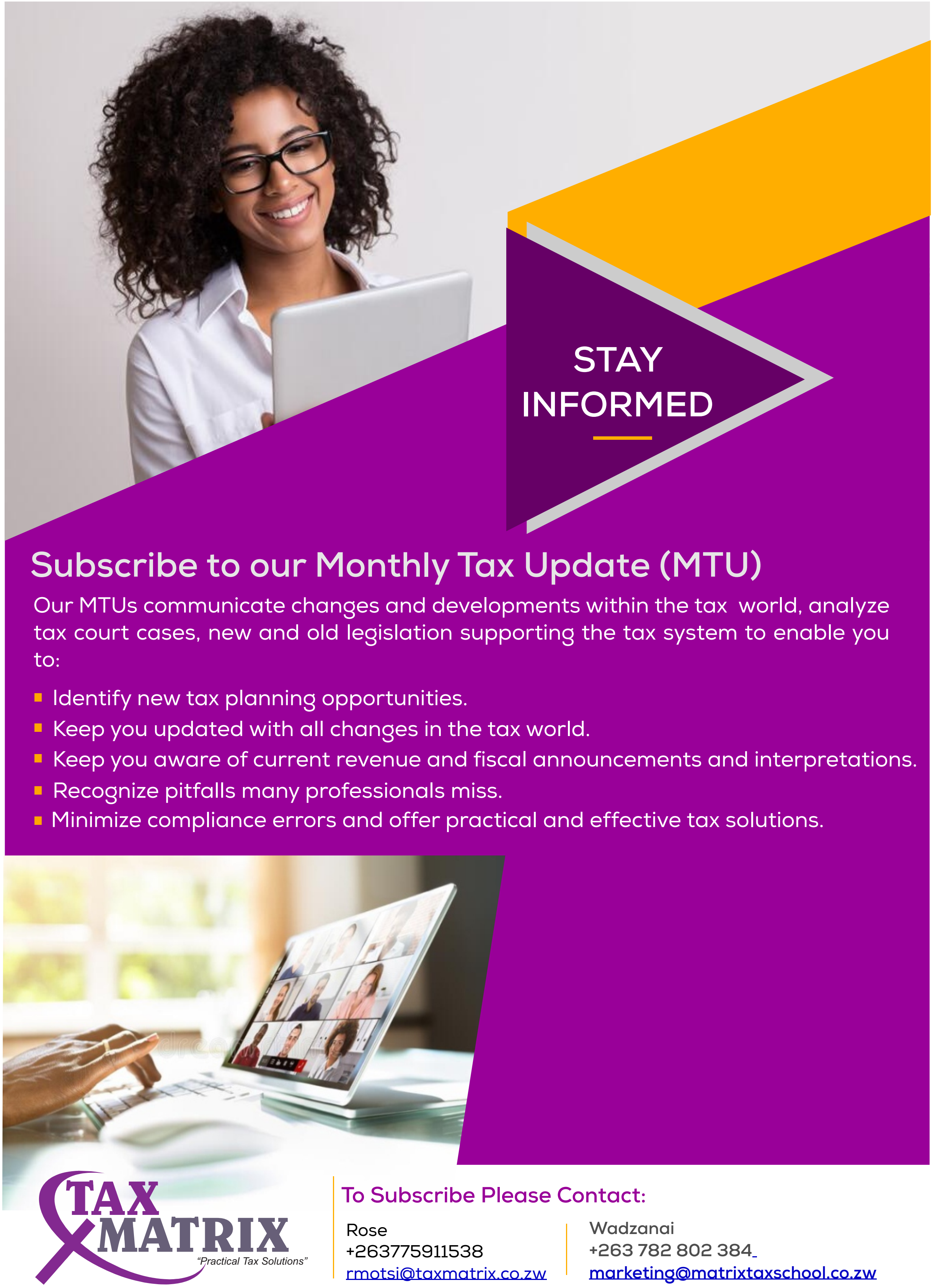
1.2 Monthly Tax Update



2. New Legislative Provisions

2.1 Amendments brought forth to the tax arena by the Finance Bill

The law and Interpretation

The Minister of Finance has updated the Finance Bill to incorporate new measures and those which were in the budget statement but not in the initial finance bill. The Finance bill was passed for the third reading on 1st September 2022. We summarise some of the proposals as follows

- Payment income tax in foreign currency: Where trading has taken place part in foreign currency, the Commissioner is empowered to split the income tax liability between ZWL$ and US$ using the proportion of incomes in ZWL$ and US$. The incomes shall be expressed in common currency for purposes of computing the percentages using the average auction rate during the year of assessment when computing the final income tax liability and the average auction rate for the relevant quarter when computing QPDs. The deduction and allowances shall also be split in the ratios of incomes. The applies with effect from 1 January 2022.
- Income Tax Return (ITF12C): Taxpayers are to file separate returns where part of income earned from trade and investment is in foreign currency. Thus, two separate returns in ZWL$ and in foreign currency are to be filed if trading takes place in multicurrency. In the event that trade has taken place in foreign currency other than the United States, this shall be converted into US$ at the at the international cross rate of exchange on the date of the return. The applies with effect from 1 January 2022.
- Definition of assessment. The definition of assessment has been amended for income tax purposes to include self-assessment return. Meanwhile the term taxable income in the definition of assessment has been replaced by the phrase "any amount upon which any tax leviable"
- 30% withholding tax on local contracts: The 30% withholding tax on local contracts is to be applied on payments to a supplier without a tax clearance on the aggregate of ZWL$500,000 and US$1,000 per annum, ZWL$ and USD respectively. Whereas under the current law the threshold is ZWL$130,000 and US$1,000 per each payment made to the supplier.
- Withholding tax on importations: The presumptive tax revised from 10% to 30 % of the value for duty purposes (VDP) of the commercial goods being imported by the traders concerned.
- Intermediated Money Transfer Tax: The definition of financial institution is amended to incorporate money transfer agent services, the transfer value exempt from IMTT is revised from USD10 to USD5 for USD transactions, an exemption from IMTT inbound foreign currency remittances, a review of the tax-exempt transactions from ZW$1,000 to ZW$2,500, the maximum tax payable per transaction is reviewed from the current ZWL$1,320,000 to ZWL$3,300,000 on transactions with values exceeding ZWL$165 million. In the case of foreign currency denominated transfers, the maximum tax payable per transaction is revised upwards from US$10,000 to US$20,000 on transactions with values exceeding US$500,000.
- IMTT deductibility: IMTT is a disallowance for income tax purposes. The present law however had quoted the wrong section (s 22G of the ITA instead of s 36G) and this is being sanitised by the Finance Bill. The new phrase thus provides for disallowance of "any amount of Intermediated Money Transfer Tax charged in terms of section 36G of this Act;"
- Automated financial transactions tax (AFTT): The bill validates SI 96 of 2022 which provides for rate of AFTT of 5 cents on withdrawal of at least ZWL$1,000, US$0.05 on withdrawal of at most US$1,000 and 2 percent on value of withdrawal which is more than US$1,000. Effective date 13th of May 2022
- Resident shareholders: Resident shareholders' tax on excessive management fees payable to any resident affiliated company to be deemed dividend subject to 15% withholding tax.
- Qualification as an SEZ operator: Ministers reaffirms that operators qualifying for special economic zone tax incentives are those with an investment license and exporting 100% of their goods or services.
- ZWL$ PAYE tables: Are revised for the period 1 August to 31 December 2022 to provide for tax-free threshold per month of ZWL$50,000 and top rate of 40% on amounts exceeding ZWL$1,000, 000.

- Year of assessment for employment tax: The Bill has inserted two fiscal years of assessment in 2022, namely 1 January – 31 July and 1 August – 31 December. Therefore, two sets of ITF 16 s are to be filed.
- Bonus Tax Free Threshold in ZWL: Reviewed upward to ZWL$500,000, effective 1 November 2022.
- Information exchange between the ZIMRA and the Immigration office: The Commissioner-General is empowered for purposes of PAYE to request from the Chief Immigration Officer any information relating to the immigration status of any named employer's non-resident employee, the number of work permits issued over any specified period to persons employed by named employers or any class of employers or any other information relevant to the migration status of the named employer's non-resident employee. The term non-resident employee refers to person non-resident who is not a citizen or permanent resident of Zimbabwe, who comes or has come to take up employment in Zimbabwe
- Reinstatement of Schools benefit: The Finance bill has reinstated the school fees benefit for teachers and non-teaching staff at a school which was erroneously repealed by Finance Act 7 of 2021.
- Deferment of Value Added Tax: This to apply on imported capital equipment with least a minimum value of US$500,000, with effect from 1 September 2022. This is being revised from US$100,000.
- Value Added Tax Registration Threshold: This is reduced from USD60,000 to USD40 000 in a period of 12 months with effect from 1 September 2022.
- Export Tax on Un-Beneficiated Platinum: The government suspends export tax on exports of matte
- Claiming of Input Tax: To repeal the law that gives the Commissioner discretion to allow claiming of input tax on tax invoices that have prescribed (older than 12 months) with effect from 1 August 2022.
- VAT claim on tax invoices issued before 1 January 2022: The law is being clarified to ensure that input tax on tax invoices that were issued prior to 1 January 2022 is claimed on or before the 31st of March 2022 by removing the option of claiming them not later than 12 months from their date of issuance. Meanwhile, the limitations as aforesaid shall not apply for purposes of VAT adjustments owing to increase in use of capital goods or change of use of goods or services.
- Payment of VAT in Foreign Currency: The amendment of the definition of legal tender for Value Added Tax purposes to include electronic currency in line with the provisions of the Reserve Bank Act.
- Criminalizing nonpayment of VAT: A two-year imprisonment is being proposed for a registered operator who fails to pay VAT due or upon notification of the requirement to pay the VAT. The clause however may not become law as this has been rejected during parliamentarian debate
- Returning Residents: To pay VAT on motor vehicles imported with effect from 1 January 2022.
- Input Tax offset: Registered operators may opt to pay duty in foreign currency to facilitate offsetting of output and input tax in the same currency.
- Exemption of Clay Bricks from VAT: VAT exemption on supply of clay bricks and regularizing the zero rating of the same for the period before 1 August 2022.
- Capital Gain Withholding tax rates: CGWT rates on marketable securities to be reviewed from 1% to 1.5% of the price at which the security was sold if such security was held for 270 days on the date of its sale. In the event that the security was held for less than 270 days on the day of its sale the withholding tax rate of 40% applies. The same rules apply on unlisted marketable securities. It appears the period will come down to 180 days following debate in the house of assembly.
- Capital gains tax on listed marketable securities: Capital gains tax rate of 40% of the capital gain to apply on listed marketable securities sold within 270 days of date of their acquisition. Additionally, these securities would not qualify for exemption from capital gains tax, thereby ensuring that only listed securities sold after 270 days (likely to be reduced to 180 days) qualify for CGT exemption.
- Capital Gain Tax Act: CGT laws to be revised to deem non-transfer of ownership of the specified asset until CGT clearance certificate is issued by ZIMRA. Furthermore, no court of law shall take judicial notice of any such purported acquisition of a specified asset on which such tax is payable until the CGT certificate has been issued by the ZIMRA.
- Adoption in CGTA of certain meanings per ITA: The Capital Gains Tax Act has borrowed the same meaning as per Income Tax Act of "When persons deemed to be associates and When person deemed to control company". This is correction of omission in the CGTA and ensure consistency of application of transfer pricing rules between ITA and CGTA in transaction involving related parties.

- Exchange Control: The usage of foreign currency in transaction has been permitted for the period from 1 January 2021 to December 2025. Any person who borrows foreign currency or receives credit from a financial institution must repay the loan back in the foreign currency. Furthermore, persons found selling goods or services at a rate above 10% of the current RBZ interbank rate are to be penalised.
- Review of Tax Incentives: These are to be withdrawn where the taxpayers are not returning the favour to the government, in the form of being productive, selling at official rates, responsible pricing etc.
- Cessation of Business for Purposes of Debt Management: As a way of recovering outstanding debts temporary closure of operations for business that owe ZIMRA will be affected.
- Sharing of Information between Government Departments: The Minister proposed mandatory sharing of data on non-residents with work permits between ZIMRA and Department of Immigration.
- Adjustments of Monetary Amounts in Tax Statutes: A review will make the minister proposed review of monetary values in various tax statutes that were last reviewed in December 2021 which are no longer reflecting the current macroeconomic environment. This Minister's decision is to make sure that the government collect enough revenue.
- Mining Royalties: They are to be paid in both local and foreign currency in the ratio of 50:50 with effect from 1 February 2022 and supporting legislation to be enacted.
- Mines and Minerals: Royalty rates: An upward review of the mining royalty rate for platinum to 5% from the current 2.5%. Royalty on lithium also fixed at 5%.
- Amendment of tax values in line with inflation: The Finance Bill contains amendment to the tax statutes of values in ZWL$ to take cognizance of inflations. The details are contained in the Appendix

2.2 National Social Security Authority: Pensions and Other Benefits Scheme

The law and Interpretation

The Minister of Public Service, Labour and Social Welfare has through SI137 of 2022 revised the compensation where worker dies through an accident from ZWL$15,000 to ZWL$26,880 and also increased pension fee by 18%. The pension allowances are tabulated before:

Beneficiary	Amount (ZWL$)
Worker	10,240.00
Widow/Widower	6,826.67
Children	1,280.00
Full dependent Allowance	2,275.56
Partial Dependent's Allowance	1,706.67

Decision Impact

This may seem to be an increase from the previous amount but however still remains overridden by the ever-fluctuating rates,

2.3 Suspension of duty on Public Service buses

The law and Interpretation

SI 138 of 2022 is suspending duty on public service buses imported by approved importer at a customs duty rate of 0%. The suspension will applicable to a maximum of 20 buses per year and the busses should be solely used for public service transportation. This is with effect from 1 July 2022.

Decision Impact

This will boost the public service delivery since the employees will be transported on time to their respective work stations.

2.4 Extension of Rebate of duty on Engine Spares imported by NRZ

The law and Interpretation

The Minister of Finance and Economic Development has through SI139 of 2022 is extending the rebate of duty on engine spares and components imported for use by the National Railways Zimbabwe for a period of 2 years commencing from date of publication which is the 5th of August 2022.

Decision Impact

The National Railways of Zimbabwe benefits and this gives them the chance to resuscitate their machines without any duty charged on their imports.

2.5 Rebate of duty on Engine Spares and Components imported by Air Zimbabwe

The law and Interpretation

SI 146 of 2022 is extending the period of rebate of duty on engine spares and components imported for use by Air Zimbabwe with effect from 1 January 2022 to 31st December 2023.

Decision Impact

This has a possibility of helping revive the national aviation company Air Zimbabwe

3. Court Case

3.1 Judicial review against SARS's assessment return

Case name	Forge Packaging (Pty) Ltd v The Commissioner for SARS
Summary Facts	• Forge Packaging ("Forge") is a group of companies registered in South Africa. • The Company lodged its assessments with SARS. • SARS returned the assessments to the company for verification and corrections. • Forge failed to submit the return on time and SARS made assessments on that return. • Commissioner for SARS charged penalty for understatement. • When the return was assessed, Forge was not pleased with the decision. • It did not lodge an objection within the prescribed timeframe. • Final decision was made and Forge Packaging noted an appeal to the decision • It requested an alternative dispute resolution appeal but was unsuccessful, hence the current court case.
Jurisdiction	• Western Cape High Court, Cape Town, South Africa
Issues	• Whether Forge should set off assessed loss against income • Whether Forge is entitled to deductions of a capital nature • Whether SARS is incorrect in imposing an understatement penalty
Decision date	• 13 June 2022
Decision	• That the application for judicial review be struck off the roll • That each party bears its own costs of suit.

The Facts

Forge Packaging (Pty) Ltd is a group of companies duly registered in the Republic of South Africa. They specialize in packaging of supplies. The company lodged an income return with the South Africa Revenue Service (SARS), the SARS returned the return and requested the company to do a verification of the return before the SARS does a final assessment. However, the company failed to respond within the prescribed time. SARS made an assessment based on that initial return leading to the company's charge of understatement penalty because they had disallowed expenses of a capital nature. The taxpayer was then informed of its right to object and request for better reasons for the assessment. Forge's objection was lodged and the commissioner was not in agreement with the objection leading to their appeal. In the appeal the company was challenging the proceedings in the court and for judicial review. Hence the current court case.

Competing arguments

Issue	Taxpayer
Whether or not SARS is incorrect	• That SARS was biased in their decision in compiling their assessments • That the Commissioner was supposed to follow procedures in their Tax Law.

Whether or not SARS is incorrect in imposing an understatement penalty.	• That the evidence suggested that in compiling additional assessments SARS acted entirely upon the basis of the information provided by them, and not on the basis of an independent inspection and interrogation of the company's accounts • That before the Commissioner makes a final decision, he was supposed to do an additional assessment if the return could lead to the company's prejudice. • That the claiming of the loss in its return was attributed by its tax accountants to 'a mere oversight by the clerk while completing the tax return'. • That SARS procedures were subject to scrutiny and hence the court case. • That the application for judicial review should be allowed and the penalty be cancelled.

Issue	South Africa Revenue Service (SARS)
Whether Forge is entitled to deductions	• That Forge Packaging acted outside the prescribed timeline provided in the law. • That the company was given enough to submit their objection and request additional information to lodge their objection but they did not. • That Forge packaging was utterly at fault in appealing late and requesting for a judicial review on the basis of their late submission. • That the appeal by the company held no water since it was not registered for VAT and was deemed to have not been carrying on trade as per the VAT Act. • That the application was fatal and was supposed to be struck off the roll
Whether Forge Packaging should set off assessed loss against income	• That Forge Packaging was not allowed to carry over assessed losses for the purposes of determining taxable income. • That when Forge was required to provide information on capital loss, Forge blamed their accountants for the mistake made while compiling the return to SARS • That the company did not carry out trade of a capital nature • That the understatement penalty was imposed as a result of this and the behaviour is considered to be reasonable care not taken in completing the return. • That the Judicial review should be struck off the roll.

Issue	Court reasoning and decision
Whether or not SARS is incorrect in imposing an understatement penalty.	• That Forge Packaging failed to follow proper court procedures when it approached the court directly with an application for Judicial Review without notifying the commissioner first of their intention to institute such proceedings. • That Court rules are not for fashion and it is on that failure to follow simple rules of law that leads to countless number of cases being struck off the roll. • That it is on that basis that Forge Packaging application for the judicial review and setting aside of the additional assessments is refused
Whether Forge Packaging is entitled to deductions	• That the object of Forge's appeal was to avoid the effects of the additional assessments. • That Forge was supposed to establish SARS's non-compliance nothing more • That non-compliance is the basis for an appeal in the Tax Court • That the Application for Judicial Review is struck off. • That each Forge Packaging shall pay costs of suit for SARS.

Decision Impact

Taxpayers must act within the confines of the prescribed time requested to make a certain submission and application be it to the Commissioner or the Court. This will minimize premature appeals and unnecessary cases. This is also the case in the Zimbabwean context, submissions to ZIMRA have a timeline which much be followed. Failure to do so will lead to a taxpayer being penalized. An administrative authority which has the responsibility or power to take any administrative must act reasonable and in a fair manner within the confines of the particular law governing them.

4. Technical interpretation

4.1 Punitive management fee rules for local affiliates on the horizon

The Finance Bill which will soon be gazetted contains new tax law on management fees. This will see the excessive administration, management expenditure or fees (commonly known as "management fees") payable by a local company to its local affiliate being deemed a dividend just as it applies to non-resident affiliate. This deemed is subject to 15% shareholders' tax. The table summarises the current and new income tax rules on management fees as follows:

Payee	Recipient
• Deduction of the fees is limited to 1% of the payee' total deductible expense • Amount is also subject to Transfer Pricing rules and subject to benefit test meaning fees not paid for actual services rendered is disallowed in full. • Also amount which passes the benefit test must pass the arm's length test and amount in excess of arm's length fees is disallowed • Payee must deduct shareholder's tax on the excess fees at 15% whether paid locally or Foreign • Double taxation relief in terms of tax treaty does not apply on excess fees meaning non-resident persons will not enjoy reduced shareholder's tax rate by reason of existence of a tax treaty	• Full management fee is considered as gross income when paid to a local affiliate subject income tax 24.72% • A recipient who is a non-resident affiliate is subject non-resident tax on fees on the management but the amount in excess of 1% limit or which fails the non-arm's length test is treated as dividend subject to 15% shareholder's tax • The arrangement should be documented in a Transfer Pricing Document and the amount payable should be set at arm's length, meaning recipient must not be paid lower than market rates *(this part may be in conflict with the 1% deductible limit)*

The effect of the new law is that the aggregate tax on excess fees if the recipient is a local affiliate will be 39.72% (15% shareholder's tax deducted by Payee and 24.72% income tax in the hands of recipient). Assuming the same amount is paid as a normal dividend the tax will be equal to nil. Resident shareholder's tax is not applicable on dividend paid to another local company and the same dividend is exempt from income tax in the hands of recipient.

Decision Impact

In essence this portrays a conflict in terms of the law since an amount will be subjected to double taxation. It contradicts investment and cost saving by often-overlooked holding companies or head office seeking to have centralised management responsible for strategic planning and key decision making for the operating companies where otherwise if these operating companies where to have same executives this may be duplicative and expensive It is advisable to declare the excess as a dividend and distribute it between local affiliates, this will be exempt from resident shareholders' tax and income tax unless this is in conflict with business purpose for setting up management fee arrangement.

4.2 VAT Implications for Insurance Indemnification

When an Insured VAT registered operator receives compensation for loss or damage of stock or property from insurer, the taxpayer is assumed to have made a supply to the insurer under s7 (7) of the VAT Act. The payment in line with the loss incurred will be deemed a consideration received for supply of services done on the day it's paid to the insurer or another operator in the course of furtherance of his trade. In other words, the compensation must be related to a loss incurred by the operator in in the course of making taxable supplies. The Insured is supposed to account for VAT on the compensation that it receives from the Insurer. Since the compensation is deemed to include VAT, the insured should compute output tax by applying the tax fraction (14/114) to the amount received. Some supplies however are exempt from VAT on Insurance Indemnification namely those in respect of the total reinstatement of goods, stolen or damaged beyond economic repair on which input VAT deduction was not permitted, for example, a passenger motor vehicle or items of entertainment. Precisely supplies which have not been deemed as supply in accordance with the definition of supplies in the VAT Act as well as exempt from VAT will not qualify to be claimed as Deemed supply for the purposes of insurance indemnification. This will also be applicable in the instance where a registered operator had not claimed VAT prior to the supply which is subject to insurance indemnification. The whole supply will be disqualified from falling under the umbrella of "deemed supplies" What this means therefore is that, the whole process is deemed void and therefore there was no supply.

Decision Impact

The Insured must make sure that they charge VAT on their invoice they make to the Insurer because if the transaction is caught by the ZIMRA without any VAT being charged, penalties will arise.

4.3 The revision of motoring benefits

The Minister of Finance has announced new tax values through the Finance Bill pertaining to motoring benefits for the right of use by employees of company cars. An analysis of the new values portrays an advantage to employees computed using the Zimbabwean Dollar(ZWL) values, when these are converted into United States Dollars using the bank rate. This is shown in the table below using the current bank rate of 536.9

Engine capacity	Current		Proposed	
	ZWL$	US$	ZWL$	Converted into US$ using current bank rate
Up to 1500	81,000	625	312,500	582
1501-2000	108,000	830	415,000	773
2001-3000	162,000	1,250	625,000	1,164
3001 and above	216,000	1,660	830,000	1,546

It appears the rates are for the full year from 1 January 2022, and are to be converted into monthly rates for purposes of computing monthly payroll.

Decision Impact

The above shows that there is an advantage in computing motoring benefits using ZWL values. However, these can only be used by employers remunerating their employees 100% in ZWL$. Meanwhile the change also triggers the revision of VAT on fringe benefits for employers who are VAT registered.

4.4 The overlooked income tax rules on trading stock

Stock impairments, write offs, pilferage and thefts etc. are items that are often overlooked when preparing income returns and yet they may pose a serious tax risk due to a mismatch tax and accounting rules. For tax purposes, inventory or trading stock held at year end constitutes gross income and when this is held at the beginning of the year it constitutes a deductible expense. This agrees with accounting rules, Valuation of trading stock is based on three methods namely replacement cost, market value and cost price and yet for accounting purposes inventory is often valued at lower of cost or the net realizable value. The net realisable value may not necessarily be the same as the market value, cost or replacement. The implication is that any impairment, valuation, write off as a consequence of accounting methods must be carefully scrutinized for alignment with tax rules. Further, expenditure or losses must be incurred or sustained to be deductible for tax purposes underscoring the requirement of documentary proof of the expenditure being incurred or sustained. In the same manner, pilferages and write off that are not supported by documentary proof are not deductible for tax purposes. For theft, the claim must be supported by a police report and if the theft arises from senior/supervisory level it is not allowed as a deduction.

Decision Impact

Tax payers are advised to keep records of their write offs, pilferage to assist them in the compilation of their tax returns. This assists when there has been a challenge against a return by the ZIMRA to prove the deductibility of the write-off, pilferage and thefts.

5. Announcement and Interpretations

5.1 Appointment of Substantive Commissioner General for ZIMRA

The ZIMRA released a press statement to announce the Appointment of Ms Regina Chinamasa as the substantive Commissioner General of the Zimbabwe Revenue Authority effective 1 September 2022. Before her appointment, Ms Regina Chinamasa was substantively Commissioner Revenue Assurance and has been Acting Commissioner General since 1 February 2022.

Decision Impact

We congratulate Ms. Regina Chinamasa on her appointment as Commissioner General for the Zimbabwe Revenue Authority. We have no doubt that her skills and experience, will prove to be a major asset for the success of the Zimbabwe Revenue Authority and our Country.

4.5 Public Notice 50 of 2022: Renewal of Clearing Agents Licenses for 2023

The ZIMRA wishes to remind all registered Customs Clearing Agents that applications for the renewal of clearing agents' licenses for the year 2023 will be opened from 01 September 2022 to 31 October 2022. Applications should be submitted online on the e-form No.64 on the ASYCUDA World Clearing Agent Management platform by not later than the 31st of October 2022.

Decision Impact

All agents are urged to adhere to the application timelines as applications for extensions of the licensing period will only be attended to, strictly where these carry merit.

6. Appendix

The Minister is through Finance Bill proposing to revise upwards the ZWL$ values in the various statutes in line with inflation as follows:

Item	2022		
Income Tax values	USD	Current (ZWL$)	Proposed (ZWL$)
Contributions by Employers to benefit funds for each member (employee)	1,000	130,000	500,000
Allowance to former employee retiring on grounds of ill health etc. (exgratia payment)	500	65,000	250,000
Allowance to former partner retiring etc. on grounds of ill health (exgratia payment)	200	26,000	100,000
Allowance to dependent (s) of former employee or partner	200	26,000	100,000
Donations to State, local authority, or religious organisation hospitals	100,000	Converted at official rate on donation date	500,000,000
Donation to a research institution	100,000	13,000,000	500,000,000
Donation of educational equipment, construction, or maintenance, books and other educational materials.	100,000	13,000,000	500,000,000
Donation to the Public Private Partnership Fund	50,000	6,500,000	25,000,000
Donation to the Destitute Homeless Persons Rehabilitation Fund	50,000	6,500,000	25,000,000
Trade Conventions or Trade Missions (each)	2,500	325,000	1,250,000
Trade Conventions or Trade Missions (each) per partner	3,600	468,000	1,800,000
Expenditure incurred on infrastructural development or maintenance of property owned by local authority	50,000	6,500,000	25,000,000
Maximum lease expenses for PMV	10,000	1,300,000	5,000,000
Withholding tax on contracts (ITF263) threshold	1,000	130,000	
Exemption of annuity on retirement lump sum payment cap	1,800	234,000	900,000
Exemption from income tax of Lump sum payments from funds with changed rules	1,800	234,000	900,000
Minimum exemption of pension commutation from the Consolidated Revenue Fund where employment ceases due to retrenchment	1,800	234,000	900,000
Pension contribution employers per member	3,000	390,000	1,500,000

Limitation of PMV for capital allowances	10,000	1,300,000	5,000,000
Qualifying cost per unit of employee housing (staff house)	25,000	3,250,000	12,500,000
Income tax liability not payable (if equal or less)		20	250
Section 80FF		2400	15,000
Exemption of annuity on retirement lump sum payment	1,800	234,000	900,000
Exemption on cessation of employment	1,800	234,000	900,000
Exemption from income tax of lump sum payment from funds changed rules	1,800	13,000,000	500,000,000
Exemption from income tax lump sums payment from funds with unchanged rules	1,800	234,000	900,000
Minimum exemption of pension commutation from the consolidated revenue fund where employment ceases due to retrenchment	10,000	1,300,000	900,000
Fixed standard value in relation to a class of stud livestock	150	19,500	75,000
Purchase price value in relation to stud livestock	150	19,500	75,000
Fixed standard value of each class of stud livestock	150	19,500	75,000
Exemption of rental income in respect of tax payer aged 55years or more	150	19,500	75,000
Exemption of pension paid to a pension fund /consolidated revenue fund in respect of a taxpayer aged 55 or more years	1000 To 45,000	130,000 To 5,850,000	5,000,000 To 18,750,000
Exemption of a deposit with a financial institution to persons of 55years and above	3,000	390,000	1,500,000
Exemption on banker's acceptances and other discounted instruments traded by financial institutions and accruing to a taxpayer who is of or over the age of 55 yearchanged rules	3,000	390,000	1,500,000
Staff housing qualifying for capital allowances	25,000	3,250,000	12,500,000
Cost of farm dwelling for capital allowances	15,000	1,950,000	7,500,000
Cost of PMV used by farmer	10,000	1,300,000	5,000,000
Any building used by farmer as hospital, nursing home or clinic	10,000	1,300,000	5,000,000
Any building by a farmer as a school	10,000	1,300,000	5,000,000
Any building mainly used a dwelling by one or more individuals who control the mining company	10,000	1,300,000	5,000,000
Cost of PMV for Miner	10,000	1,300,000	5,000,000

Any building used as hospital, nursing home or clinic at mine	50,000	6,500,000	25,000,000
Any building used as a school at mine	50,000	6,500,000	25,000,000
Renewal or replacement of buildings, works or equipment (mining)	10,000	1,300,000	5,000,000
Renewal or replacement of buildings used as dwelling	1,500	195,000	750,000
Pension contribution by employers per member of a new fund	3,000	390,000	1,500,000
Pension contribution by member(employee)	3,000	390,000	1,500,000
Pension contribution by employee per member of a new fund	3,000	390,000	1,500,000
Contribution by Member (employee) of retirement annuity funds	3,000	390,000	1,500,000
Contribution by Member (employee) of two or more pension funds	10,000	390,000	1,500,000
Contribution by Member of two or more pension funds	680	88,000	340,000
Contributions by Member(employee) of retirement annuity funds when there is more than one fund	2,400	312,000	1,200,000
Income tax payable by an employee		5,00	250,00
Employee liability for income tax		40,00	20,000
Refund of a resident shareholder's tax	600	60,000	300,000
Limitation on allowable deductions on expenditure on a residential unit for employees in petroleum operations	10,000	1,300,00	5,000,000
Limitation on allowable deduction on expenditure on PMV	10,000	1,300,000	5,000,000
Limitation on allowable deduction on expenditure on any residential unit used by staff employed at the school, hospital, nursing home or clinic in petroleum operations	25,000	3,250,000	12,500,000
Limitations on any expenditure in respect of any school, hospital, nursing home or clinic in petroleum operations	25,000	3,250,000	12,500,000
Limitation on allowable deduction on any expenditure incurred in a loan in mining	25,000	3,250,000	12,500,000
Limitation on allowable deduction on any expenditure incurred in PMV for Miner	10,000	1,300,000	5,000,000
Limitation on allowable deduction on any expenditure incurred on any building used by Miner as a school, hospital, nursing home or clinic	10,000	1,300,000	5,000,000
Informal Traders are individuals with a minimum income of	6,000	780,000	3,000,000

Tax credits	USD	Current (ZWL$)	Proposed (ZWL$)
Credit for taxpayers aged above 55 years	900	117,000	450,000
Blind Person's credit	900	117,000	450,000
Mentally or physically disabled person credit	900	117,000	450,000
Youth Employment Tax Initiative	50 to 2,250	6500 to 292,500	25,000 to 1,120,000
Capital Gains Tax	USD	Current (ZWL$)	Proposed (ZWL$)
Assessed capital loss to be reduced by an amount of	1,000	13,000	50,000
Limitation of deduction on computation of capital gains tax	500	6,500	25,000
Value Added Tax	USD	Current (ZWL$)	Proposed (ZWL$)
Liability for registration of persons making supplies	60,000	4,800,000	Minister has proposed USD$40,000 threshold or equivalent
Total Value of taxable supplies of the registered operator under category C	240,000	19,200,000	110,000,000
Total value of the taxable supplies of the registered operator from Farming activities	120,000	9,600,000	50,000,000
Maximum VAT to be refund	60	7,800	30,000
Minimum lay-bye value	25	2,000	12,500
Adjustment for goods manufactured by operator	50,000	4,000,000	25,000,000
Adjustment on goods imported	60	7,800	30,000
Value of supply not requiring tax invoice	10	800,00	5,000
Taxable supply, of second-hand goods	10	800,00	5,000
Value of goods or supply		50,00	2,500
Minimum Amount considered for VAT deferment			USD500,000

NB: It appears the Bill quoted the wrong figures under VAT and other section for 2022 current ZWL values but we assume this will be ironed out in the coming Finance Act.

7. Contact Us

For a detailed discussion of how these issues might affect your business and our other group offerings, please contact:

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8. Disclaimer Clauses