



MONTHLY TAX UPDATE

September 2021

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Contents

1. Tax Matrix Relocated.....	2
2. Accredited Trainer	3
3. NOCZIM debt redemption zero rated	5
4. Securities (Victoria Falls Exchange).....	5
5. Taxpayer unsuccessful once more	6
6. Income tax issues of foreign exchange differences.....	11
7. Tax credits to which taxpayers are entitled to.....	12
8. Tax Incentives for Special Economic Zones.....	13
9. Government taking a swipe on parallel rates	14
10. Clearing agents to attach proof of payment on bills of entry	17
11. Registration books and number plates for imported vehicles now in stock.....	17
12. Disclaimer Clauses.....	19

1. Tax Matrix Relocated



**WE HAVE
MOVED!**



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2. Accredited Trainer





We are honoured to present our September 2021 Monthly Tax Update (“MTU”) which is designed to keep businesses and individuals informed of the latest tax issues and also bring value to both. Through our MTUs, we analyse tax developments to ensure that our valued clients are kept in tune with changes in the tax arena. It is our sincere hope that these MTUs will keep our clients updated with information that includes changes in tax and other related laws, court decisions, announcements and interpretations that bring relevancy to the business environment. We summarise the contents of this issue as follows:

NOCZIM debt redemption zero rated: SI 227 of 2021 revised the NOCZIM debt redemption and strategic reserve levies.

Securities (Victoria Falls Exchange): The Minister has through SI 228 A of 2021 published some levies applicable on investment activities on the VFSE.

Taxpayer unsuccessful once more: This is a VAT case of Afritrade vs ZIMRA and it is a continuation of the prior case held some time ago.

Income tax issues of foreign exchange differences: This focuses on the tax treatment of foreign exchange gains and losses by their categories.

Tax credits to which taxpayers are entitled to: This focuses on the various tax credits available for tax payers and how they can rescue taxpayers.

Tax Incentives for Special Economic Zones: These are the tax reliefs available for licenses investors operating in special economic zones.

Government taking a swipe on parallel rates: The article looks at the recent government notice aimed at addressing the operation of the parallel market regarding exchange rate.

Clearing agents to attach proof of payment on bills of entry: This looks at ZIMRA public notice 95 of 2021 regarding operation of registered clearing agents.

Registration books and number plates for imported vehicles now in stock: The ZIMRA through public notice 97 of 2021 is advising members of the public who imported motor vehicles that registration books and vehicle number plates are now in stock.

Marvellous Tapera
Chief Executive officer



3. NOCZIM debt redemption zero rated

The law and Interpretation

SI 227 of 2021 has with effect from January 2021 effect a zero rate on the payment of the NOCZIM debt redemption levy, for diesel and petrol purchased or imported through the use of “free funds” or otherwise. Meanwhile, the SI has fixed the strategic reserve levy at the rate of ZWL \$ 11 per litre of diesel or ZWL \$ 8 per litre of petrol for fuel purchased or imported not using free funds and at the rate of USD \$ 0.127 per litre of diesel or USD \$ 0,087 per litre of petrol for purchases or imports using free funds. The levies are deducted by the Oil Company or person licensed to import fuel upon paying NOCZIM or its subsidiary or upon importation of fuel at port of entry.

Decision Impact

The zero rating of NOCZIM debt redemption levy is likely to result in reduced fuel prices. The payment of the levy in the Zimbabwe dollar will likely result in fluctuations of the fuel prices.

4. Securities (Victoria Falls Exchange)

The law and Interpretation

The Finance Minister has through SI232 of 2021 published levies, fees and charges in regards to the Securities (Victoria Falls Stock Exchange [VFSE]). They are applicable to the trading of depository receipts and collective investment schemes declared as securities are as follows:

Type of charges	Buying %	Selling %
Brokerage	0.1000%	0.1000%
Vat @ 14.5 % on Brokerage	0.0145%	0.0145%
Securities and Exchange Commission Levy	0.0500%	0.0500%
Securities Exchange Levy	0.1500%	0.1500%
Central Securities Depository Levy	0.0400%	0.0400%
Stamp Duty	0.2500%	-
Total Transaction Costs	0.6045%	0.3545%

Decision Impact

The enactment of the levies due to the VSFE puts this at parity with Zimbabwe Stock Exchange (ZSE).



5. Taxpayer unsuccessful once more

Case name	AFRITRADE INTERNATIONAL LIMITED v ZIMRA SC 3/2021- 427/18
Summary Facts	<ul style="list-style-type: none"> • This an appeal case against the judgment of the Fiscal Appeal Court dismissing an appeal against the determination of the Zimra requiring Afritrade to pay value added tax (VAT) on the importation of certain goods into Zimbabwe. • Afritrade is a foreign company incorporated in the British Virgin Islands and operating from Guernsey in the Channel Islands. • In 2007, the RBZ unveiled the Basic Commodities Supply Side Intervention (BACOSI), a facility meant to end the chronic shortages of basic commodities in ZIM wherein it purchased from Afritrade non-BACOSI and BACOSI goods. • After conducting investigations, the ZIMRA discovered the entity had not declared VAT on both BACOSI and non-BACOSI transactions. • Afritrade lodged an objection to the assessment, accompanied by condonation for late objection which were both dismissed by the ZIMRA. • Afritrade appealed against both decisions to the Fiscal Appeal Court to which it lost the case and thus the current case upon appealing to the Supreme Court.
Jurisdiction	<ul style="list-style-type: none"> • Supreme court of Zimbabwe
Issues	<ul style="list-style-type: none"> • Whether the six grounds of appeal where justifiable
Decision date	<ul style="list-style-type: none"> • JUNE 6 2019 & MARCH 23, 2021
Decision	<ul style="list-style-type: none"> • That the first ground of appeal is struck out by consent. • That the second, third, fourth and fifth grounds of appeal are dismissed.

The Facts

Afritrade is a foreign company incorporated in the British Virgin Islands and operating from Guernsey in the Channel Islands. In 2007, the RBZ unveiled the BACOSI aiming to end the chronic shortages of basic commodities in Zimbabwe. It then negotiated an agreement with Afritrade to supply these items. After conducting investigations, the ZIMRA discovered the entity did not pay VAT on both BACOSI and non-BACOSI transactions. This catapulted into in appeal by Afritrade to the Fiscal Appeal Court. At a pre-trial hearing, the delay by Afritrade in filing its notice of objection as well as the failure by the ZIMRA to file its documents timeously were both condoned by consent. The Fiscal Court relied on the unsigned agreement between Afritrade and the RBZ and the relevant documents generated in South Africa, to find that Afritrade was the importer, beneficially owner and possessor of the BACOSI and non-BACOSI goods before they entered Zimbabwe. In the event, the court held that the appeal before it was not

sustainable in its entirety leading to Afritrade appealing to the Supreme Court. In the appeal there are six grounds of appeal that impugn the judgment of the previous court in the following respects: Rejecting the evidence given on behalf of Afritrade as being unreliable, Holding that Afritrade, and not the RBZ, was the importer of the goods in question, Holding that the Zimra was entitled to go behind the contents of the bills of lading which it had processed and approved to find that Afritrade was the importer of the goods into Zimbabwe, Finding that Afritrade operated a business in Zimbabwe, Holding that Afritrade was to be treated as a registered operator and finding that Afritrade was liable to pay VAT on the imported goods and Considering the issue of whether or not any company had been lawfully appointed as an agent to pay any tax due by Afritrade, and in finding that such an appointment had in fact been lawfully made.

Issue	Court reasoning and decision
Rejecting Afritrade evidence	<ul style="list-style-type: none"> • That Afritrade was prepared to abandon the first ground of appeal. • That consequently, this ground of appeal was struck out by consent.
Whether Afritrade or RBZ was the importer	<ul style="list-style-type: none"> • That the bills of entry identify Afritrade as the exporter and the RBZ as the importer. • That the draft agreement relied upon by the ZIMRA identifies Afritrade as a company duly incorporated in Zimbabwe with principal place of business situated in Harare. • That it further designated Afritrade as the seller of specified goods, while the RBZ is designated as the buyer of those goods. • That the agreement was not signed by either of the parties. • That the Fiscal Appeal Court highlighted the principal terms of the agreement and reasoned that the onus to establish that the terms and conditions in their agreement were different from those captured in the unsigned agreement was on Afritrade, of which Afritrade did not lead any evidence on this aspect. • That furthermore, “the unsigned agreement placed the duty to import the goods into Zimbabwe on Afritrade. • That in any event, the BACOSSI goods were imported into Zimbabwe and delivered to the RBZ in Harare as specified in the unsigned agreement. • That the quo court correctly found that the contract between the parties was on the terms and conditions stipulated in the draft unsigned agreement, unless Afritrade was able to prove that its contract with the RBZ was on some other terms and conditions. • That those terms must be taken as being correct in their designation of Afritrade as the seller and importer of the goods in question. • That the next issue concerns a <i>legal opinion</i> submitted to the RBZ and its subsequent stance relating to the payment of VAT claimed by the ZIMRA. • That from the <i>legal opinion</i>, three things emerged. • That the first, based on the importation documents, presumably the relevant bills of entry, is that the RBZ was the importer of the BACOSSI goods and was therefore liable for any VAT leviable on those goods. • That the second is that the RBZ should pay that tax in local currency before any legislative change was introduced. • That thirdly, even if the RBZ were to be levied for payment of the VAT due, ZIMRA would not be able to pursue its claim against the RBZ through the courts. • That it was noted that a bank employee erred in assuming the liability on behalf of the Bank without the express authority of the Governor.

- That in light of the factual findings made by the quo court, it becomes necessary to evaluate the legal correctness of those entries in the specific circumstances of this case.
- That s 12(1) of the Civil Evidence defines a “public document” as a document made by a public officer for public use.
- That in terms of s 12(2) of the Act, a copy of a public document is admissible in evidence as proof of the facts stated therein.
- That by virtue of s 12(3), a copy of a document, other than a public document, the original of which is in the custody of a State official, is also admissible in evidence.
- That there can be no doubt that the bills of entry produced in evidence are admissible documents as per s 12(3) of the Civil Evidence Act.
- That the fact that the entries therein were not made by a public officer or official of the State does not detract from their status as admissible evidence, because their originals were, or should have been, in the custody of a State official.
- That the quo court was very much alive to the presumption of regularity attaching to the bills of entry.
- That it accepted that those bills were “public documents whose contents are correct and that, therefore, the evidentiary onus to disprove the correctness of the contents of the bills of entry shifted to the ZIMRA.
- That the quo court then proceeded to examine the definitions of the terms “importer”, “exporter” and “entry” in s 2 of the Customs and Excise Act [*Chapter 23:02*].
- That it found that the business activities of Afritrade fell outside the definition of ‘exporter’ but squarely fit the definition of ‘importer’ and that it was the owner or of the goods who also had a beneficiary interest in them before they entered Zimbabwe who brought them or caused them to be brought into Zimbabwe.
- That the quo court accordingly held that “Afritrade was the importer of the goods and it cannot conceivably be said to be the exporter of said goods out of Zimbabwe.
- That it was obviously the consignor of the goods into Zimbabwe, but certainly not their exporter out of Zimbabwe.
- That given the manner of and circumstances of the importation and entry of the goods into Zimbabwe, the RBZ cannot be described as the importer of those goods.
- That it may well have been the ultimate consignee of the goods in Harare, but not their owner or possessor at any time before entry of the goods was made *i.e.* when they crossed the borders of Zimbabwe at the port of entry in Beitbridge.
- That there is nothing on record or in the evidence adduced to show that the RBZ had any form of control over the goods at the time of their importation.
- That on the other hand, Afritrade was quite evidently the party that brought the goods or caused them to be brought into Zimbabwe.
- That it was also the only party that can accurately be described as the owner or person possessed of or beneficially interested in the goods at any time before their entry was made or at the time of their importation.
- That there is no evidence of any direct linkage between the RBZ and the freighting agents involved, *i.e.* Big Star Cargo Services and Mitchell Cotts.
- That they were clearly not the agents of the RBZ or acting on its behalf at the time when they declared themselves on the bills of entry as the importer’s agents.
- That there is no evidence on record to show that the RBZ itself was privy to the

	<p>particulars contained in the bills of entry or that it could vouch for their correctness.</p> <ul style="list-style-type: none"> • That there can be no doubt that it was Afritrade that generated or caused to be generated the accompanying bills of lading, invoices and other documents relating to the imported goods and their value. • That moreover, when subscribing to the particulars contained in the bills of entry, the freighting agents, as declarants, were evidently acting on the instructions and as the agents of the true “importer” of the goods in question, to wit, Afritrade. • That the Fiscal Appeal Court was perfectly correct in holding that Afritrade that was the importer of both the BACOSI and the non-BACOSI goods.
<p>Whether the finding that Afritrade operated a business in Zimbabwe was correct</p>	<ul style="list-style-type: none"> • That s 6(1) (a) of the VAT Act charges VAT on the value of the supply by any registered operator of goods or services supplied by him in the course or furtherance of any trade carried on by him, whilst s 6(1) (b) of the Act levy VAT on the value of the importation of any goods into Zimbabwe by any person. • That tax payable under s 6(1) (a) is to be paid by the registered operator, and the tax payable under s 6(1) (b) is to be paid by the importer of the goods in question. • That under s 6(1) (b), it is not necessary that the importer should also be carrying on any trade in Zimbabwe for VAT to be levied. • That the registration of persons making supplies in the course of any trade is in terms of s 23 of the Act which states that every person who, on or after 1 January 2004, carries on any trade and is not registered becomes liable to be registered. • That s23 (2) and (3) prescribe the procedural requirements for VAT registration • That it was common cause that, at all material times, it was Afritrade, acting through Douglas & Tate as its agent that supplied goods to the RBZ. • That Afritrade was unquestionably the supplier of those goods, in the course and furtherance of a trade carried on by it, within the contemplation of s 6(1) (a) of the Act. • That the fact that such supply might have been effected before, at the time when or after the goods in question arrived at the Beitbridge border post is quite immaterial, as is the fact that Afritrade conducted its trade only partly in Zimbabwe. • That it was equally irrelevant that Afritrade was an entity incorporated in Guernsey or that its principal place of business might have been situated outside Zimbabwe. • That it follows from the foregoing that Afritrade was liable to be registered in terms of s 6(1)(a) of the Act, as an entity subject to VAT, and that it was quite properly and lawfully registered for VAT purposes in terms of s 23(4)(b) of the Act. • That therefore the quo court cannot be faulted for holding that Afritrade was a registered operator and liable to pay VAT on the goods it supplied as per s 6(2) (b). • That alternatively and in any event, since Afritrade was the true importer of the said goods, it would also be liable to pay VAT on their importation, in terms of s 6(1) (b).
<p>Whether the holding that Afritrade was to be treated as a registered operator and finding that</p>	<ul style="list-style-type: none"> • That Afritrade submitted that the appointment of the CEO of West Group was invalid, particularly as the ZIMRA initially conceded this point by cancelling it and dealing instead with Afritrade’s legal practitioners, but then later overrode its own concession. • That Afritrade pointed to s 61(4) of the ITA to submit that this provision completely excludes the propriety of the appointment and that it was clearly misconceived. • That ZIMRA submitted that s 61(4) is not the only relevant provision and so is s 61(8) as it allows the ZIMRA to penalise the agent of any defaulting company. • That s 53 of the ITA sets out the persons who are representative taxpayers for income

<p>Afritrade was liable to pay VAT on the imported goods was appropriate</p>	<p>tax purposes and that in terms of s 53(1) (a), a “representative taxpayer in relation to the income of a company, means the public officer of the company”.</p> <ul style="list-style-type: none"> • That s 54(1) subjects every representative taxpayer to the same duties, responsibilities and liabilities as if such income were received by or accruing to him or her beneficially as well as liability to assessment in his or her own name in respect of such income. • That however, s 54(5) makes it clear that any tax payable in respect of an assessment made upon a public officer is recoverable from the company itself • That turning to the VAT Act, the provisions relied upon by the quo court are in s 47, 48 and 49 of Part VIII of the Act, pertaining to representative registered operators. • That in terms of s 47(a), the person responsible for performing the duties imposed by the Act upon any company is the public officer contemplated in s 53 of the ITA. • That the provisions of a statute must be construed holistically, within the context of the statute in which they appear as well as any statute. • That in this respect, the quo court properly took into account “the architectural design” of both the ITA and the VAT which allow the Commissioner to compulsorily appoint public officers and agents for the collection of VAT and other taxes. • That on this basis, the finding that the appointment of the CEO of West Group as a public officer and representative registered operator of Afritrade was lawful. • That with great respect, the quo court appears to have misconstrued and misapplied the provisions that it relied upon to arrive at that conclusion. • That amongst other things, there is the possibility of being subjected to monetary penalties, legal process and tax assessments as well as the liability to pay, albeit in a representative capacity, on taxation debts incurred by the company. • That the lawmaker would not have intended the visitation of such punitive measures upon the officers of an entirely separate corporate entity. • That both at common law and by virtue of s 3 of the Administrative Justice Act, the Commissioner of Taxes, as an administrative authority, is enjoined to act fairly, reasonably and lawfully in the performance of his or her statutory functions and duties. • That in the instant case, the compulsory appointment of the CEO of West Group as the public officer and representative registered operator of Afritrade was patently unfair, unreasonable and unlawful. • That in this respect, the quo Court clearly erred in upholding this appointment
<p>Decision</p>	<ul style="list-style-type: none"> • The appeal partially succeeds in respect of the sixth ground of appeal. • Each party shall bear its own costs. • The judgment of the Fiscal Appeal Court is set aside and substituted as follows: <ol style="list-style-type: none"> a. Subject to paragraph (ii) below, the appeal be and is hereby dismissed. b. The ZIMRA’s appointment of the CEO of the West Group of Companies Limited as the public officer and representative registered operator of Afritrade be and is hereby set aside. c. There shall be no order as to costs.”

Decision Impact

It is necessary for taxpayers to know the legislation well, as the onus is on them to prove the ZIMRA wrong in any if its assessments. Furthermore it is necessary that all importers of goods or services account for the respective VAT



6. Income tax issues of foreign exchange differences

Background

Foreign exchange gains or losses may arise as a consequence of variation in exchange rates on transactions, translation of balances and conversion of currencies. Their tax treatment is very crucial because their can significantly alter the tax liability.

The law and interpretation

Foreign exchange differences can be caused translation, conversion and transaction. Translation foreign exchange differences involve the conversion of results of a parent company's foreign subsidiaries to reporting currency. Conversion involves a situation where balances in other currencies are converted or redenominated into other currencies e.g., conversion of USD balances into the ZWL currency by SI 33 of 2019. Transaction differences involve cases where all operation conducted by a business or an individual dominated in a currency other than a company's functional currency. The following table summarises the income tax treatment of these differences.

Category	Tax Treatment	
	Gains	Losses
Translation	<ul style="list-style-type: none"> The gain is non-taxable and should be deducted from net profit before tax when computing tax liability. 	<ul style="list-style-type: none"> The loss is non-deductible and should be added back to net profit before tax when computing tax liability.
Conversion	<ul style="list-style-type: none"> Gains on balance conversion (through SI 33) are non-taxable and should be deducted from net profit before tax. 	<ul style="list-style-type: none"> Loss on balance conversion (through SI 33) is non-deductible and should be added back to net profit before tax.
Transaction	<ul style="list-style-type: none"> Realized foreign currency transaction gain of a revenue nature is reported as gross income and therefore requires no 	<ul style="list-style-type: none"> Realized foreign currency transaction loss of a revenue nature is deductible and therefore requires no adjustment

<p>adjustment to net profit before tax.</p> <ul style="list-style-type: none"> • Unrealized foreign currency transaction gain is disregarded for income tax purposes and should be deducted from net profit before tax in arriving at taxable income. • Realized foreign currency transaction gain of a capital nature is capitalized and should be deducted from net profit before tax in arriving at taxable income. 	<p>to net profit before tax.</p> <ul style="list-style-type: none"> • Unrealized foreign currency transaction loss is disregarded for income tax purposes and should be added back to net profit before tax in arriving at taxable income. • Realized foreign currency transaction loss is capitalized if it arises out of capital items and should be added back to net profit before tax in arriving at taxable income.
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Decision Impact

Taxpayers should be aware of the tax treatment of the exchange gains and losses to avoid over under paying taxes. This area is now a focus of ZIMRA because of the trading in multi-currency emphasis the need for taxpayers to be more careful in order to avoid unnecessary ZIMRA audits.

7. Tax credits to which taxpayers are entitled to

Background

Tax credits are concessions that reduces the tax liability of a qualifying person. They include the elderly, blind persons, medical expenses and the mentally or physically disabled person’s credits.

The law and interpretation

An elderly taxpayer’s credit is granted to a person who is 55 years of age or above. If the period on which the person is being assessed is less than 12 months e.g., when a person dies during the year of assessment, the credit should to be apportioned.

A blind person’s credit is granted to a blind taxpayer. A blind person is ‘a person whose eyesight is so defective during more than half of the period of assessment and is unable to perform any work for which eyesight is essential.’ Where the taxpayer is blind and is married, any portion of the credit which he/she is unable to claim can be transferred to his/her spouse, otherwise it should be reduced to nil. A spouse excludes a separated person under a judicial order or written agreement of separation or who is living apart from his/her wife or husband and unmaintained spouse or a wife in a polygamous marriage (other than the first wife).

A physical and disability credit is granted for mental challenged and physical disabled persons, their spouses or children. The disability should be permanent and substantial. The claim should be supported by a doctor’s letter indicating that the disability is at least 50%. Non-residents are disqualified from claiming this credit.

In regards to medical tax credits, medical expense covers payments for the purchase, hire, repair, modification or maintenance of an invalid appliance or fitting which in the opinion of the Commissioner

are for use by a taxpayer or his spouse or any child by reason of his or her mental or physical defect or disability. It also includes amounts paid for the services of a medical or a dental practitioner, drugs and medicines prescribed by a medical or dental practitioner and any accommodation, maintenance, nursing and treatment, including blood transfusions and X-ray and laboratory examinations, tests supplied by a hospital, maternity-home, nursing-home, sanatorium, surgery, clinic or similar institution and medical contributions made to a medical aid society. Medical expenses credit cannot be granted in respect of cost of an invalid appliance or medical expenses which are refunded or recovered from any source whatsoever. Only shortfalls and medical bills that have been borne by the taxpayer and not recovered qualify as credits. Non-residents are disqualified from claiming medical expenses, except medical contributions made to a medical aid society.

A medical aid society is any society or scheme which is approved by the Commissioner. This makes contributions made to unapproved funds such as in-house medical schemes or foreign medical aid societies non-deductible.

Decision Impact

Taxpayers who are individuals should take advantage of tax credits in order to reduce their tax bill.

8. Tax Incentives for Special Economic Zones

Background

Special Economic Zones (SEZs) are geographical areas within an economy where business activity is governed by different laws than the rest of the economy. An area with more free-market-oriented economic rules than the rest of the country. There are incentives available specifically for tax payers in special economic zones.

The law and interpretation

The Finance Act amended the definition of a SEZ as a part of Zimbabwe declared to be so in terms of the Zimbabwe Investment and Development Agency Act. In application for operation in the SEZ, an investment licence is issued in terms of the Zimbabwe Investment and Development Agency (“ZIA”) Act, 2019, to a licensed investor with a qualifying degree of export-orientation. Hence one does not enjoy tax incentives of a special economic zone by being located or operating within the zone but by exporting 100% of its output.

After having qualified for the degree of export orientation, the taxable income of a licensed investor is taxed at the rate of 0% in the first five years of operation and 15% thereafter. The investor also qualifies for Special Initial Allowance of 50% in the first year of assessment and 25% in each of the next two years of assessment in respect of capital expenditure incurred by him within the special economic zone subject to satisfying the conditions for claiming special initial allowances.

A dividend does not include amount payable by a person licensed in terms of the Special Economic Zones Act thereby exempting dividend distributed by licensed investor from withholding tax. The

exemption also extends to fees for services rendered by a non-resident to a licensed investor in an respect of its operations in a special economic zone.

Other incentives available for operators in the SEZ include an exemption from withholding tax royalties paid to a non-resident by a licensed investor out of his operations in the zone. Also, foreign employees holding temporary employment permits issued by the Department of Immigration to work in the licensed Special Economic Zones pay Income Tax at 15% of their taxable income. Meanwhile the exportation of unbeneficiated lithium by a miner in a special economic zone is exempted from the 5% export tax with effect from 1 January 2020 but up to 1 January 2025 provided that the lithium being exported is in the form of Spodumene and chemical grade petalite concentrate. There is also the duty-free importation on Capital Equipment imported by licensed investors, and the exemption from capital gains tax on disposal or sale of specified assets. Furthermore, inputs like raw materials imported for use by companies set up in the SEZs are imported duty free. The duty exemption will, however not apply where such raw materials are produced in Zimbabwe.

Decision Impact

Licensed operators should take advantage of the said incentives to reduce their tax bill and promote economic growth.

9. Government taking a swipe on parallel rates

Background

The government has expressed concern over the rising parallel market rate and other illegal foreign currency dealings which it stated is causing instability in the economy thereby imposing downside risks to the macro-economic stability and the erosion of domestic and international competitiveness.

The law and interpretation

The Finance Minister issued a public advisory on the additional measures government is taking in curbing illegal foreign currency dealings and the parallel market price benchmarking. In addition the RBZ Governor and the Minister of Finance engaged the business on the 11th of October 2021 on the same matter. The omnibus measures from these two include:

Public Advisory

1. The ZIMRA to carry out impromptu audits of corporate activities with a view of quantifying potential tax liabilities arising out of illegal foreign currency trading.
2. The ZIMRA to carry out compliance Audits with respect to compliance with the Location Tax introduced during the 2021 fiscal year.
3. The FIU will continue to closely monitor and analyse financial transactions to identify, expose and take action against perpetrators of money laundering and other financial crime.
4. The capacity of the FIU and other law enforcement agencies to investigate and prosecute violations of the Bank Use Promotion Act as well as various AMLCFT laws will be enhanced.
5. Regulatory bodies including the Public Accountants and Auditors Board, to work on a framework to impose appropriate financial and professional sanctions on members of the accounting, auditing

and other professions who may be complicit in superintending over illicit affairs by corporate entities which they are charged with running.

6. Business that continue pricing on the parallel market rates to have their licenses suspended.
7. Members of the public advised to report to the FIU and the National Economic Conduct Inspectorate, all business entities directly or indirectly benchmarking prices at parallel market exchange rates

Meeting with business

The following were the resolutions:

Government: Commitment to continue supporting the foreign exchange auction as a dependable and transparent source of foreign currency in the country.

Reserve Bank of Zimbabwe to:

- Continue tightening money supply under its conservative monetary targeting framework to ensure that money supply would not be a source of exchange rate destabilisation;
- Accelerate implementation of special attractive money market instruments including exchange rate linked instruments as an alternative investment avenue for local currency to the holding of USD;
- Review bank policy rates to curb speculative borrowing;
- Refine and streamline the foreign exchange auction system to ensure that it continues to play its price discovery role in the foreign exchange market; and
- deal with the funding backlog of foreign exchange allotments and take appropriate measures to ensure that the backlog does not recur.

Bankers Association of Zimbabwe (BAZ) BAZ committed to

- ensuring that all bids submitted to the foreign exchange auction are authentic;
- ensuring continued due diligence on all their customers and applications for foreign exchange;
- refraining from facilitating parallel market transactions through matching;
- improving efficiency in facilitation of Letters of Credit;
- enhancing reporting of suspicious transactions;
- promptly implementing regulatory directives on freezing of bank accounts for participants in illicit foreign currency transactions;
- promoting confidence in the banking sector by clearing the foreign currency backlog promptly; and
- Improving oversight on bank overdrafts to ensure that broad money is kept under check.

Retailers Associations: Request government to level the operating playing field by attending to:

- the menace of foreign currency traders milling outside and around shops and trading areas
- identifying and bringing to book funders of foreign currency traders; and
- Dealing with informal traders operating without licences and sometimes outside legal or policy parameters.

They noted the need to adhere to expected commitments to implementing provisions of Statutory Instrument 127 of 2021 with emphasis on three focus areas as follows:

- Abuse of auction rules and funds from auction allotments;
- Exchange rate manipulation or currency attacks; and
- Non-compliance with the Bank Use Promotion Act.

The Bank also advised the retailers to take note of the following:

- Discounts could be extended to customers in the normal course of business as long as they are reasonable and in line with best practice; and
- Entities using the official exchange in their pricing system may apply a tolerance premium of up to

10% in line with the operations of bureaux de change.

Manufacturing Sector: To ensure responsible pricing and to comply with the three focal areas under the SI 127 of 2020 highlighted above. In return Government and the Bank to continue supporting the manufacturing sector by levelling the playing field to ensure that exporters obtain a fair value of their export earnings.

Decision Impact

The measures by government may temporarily halt the rise of parallel market rate but the pegging of pricing will nevertheless continue and this could in the short term causes a rise in foreign currency prices of goods and services. This could fuel growth of tuck-shops as people resort to low foreign currency prices which could further fuel parallel market rate with implication tax collection. The removal of illegal traders milling outside and around shops and trading areas may be difficult for the government to implement in face of 2023 elections as this could further alienate urban vote. As long as the auction floor remains inefficient it's difficult to harness the rate without expecting the vanishing of local manufactured goods from the shelf and possible closure of most manufacturing businesses. Taxpayers are however strongly advised to heed the call to charge responsibly so as to avoid possible penalties.



10. Clearing agents to attach proof of payment on bills of entry

Background

The ZIMRA through public notice 95 of 2021 informed all registered clearing agents involved in clearance of commercial goods for consumption on bills of entry Form 21 or Form 49 filled on behalf of their clients. From 1 October 2021 they are now required to attach verifiable proof of payment from the bank confirming that funds to cover duties have been deposited into the ZIMRA bank account. The transaction reference number shall be endorsed on Box 44 of the bill of entry. Failure to attach proof payment and endorsing the transaction number or reference will result in a query notifications (F45) being raised requesting the same, and would be a violation of Section 44 of the Customs and Excise Act.

Decision Impact

The addition of this requirement is a way for the ZIMRA to secure the successful payment of their taxes. All clearing agents should adhere to this requirement.

11. Registration books and number plates for imported vehicles now in stock

Background

The ZIMRA through public notice 97 of 2021 is advising members of the public that registration books and vehicle number plates for newly imported vehicles are now in stock. These can be obtained from the following ZIMRA offices:

Name of office	Location
Beitbridge Border post	Beitbridge Border Post
Bulawayo Port	Fort Street / 8th Avenue Bulawayo
Harare Port	Ground Floor Kurima House Cnr Nelson Mandela Avenue/4th Street Hre
Gweru	Megawatt Complex Gweru
Masvingo	ZIMRE Centre Cnr Hughes Street / Simon Mazorodze Road Masvingo
Mutare	ZIMRE Centre, 109 Herbert Chitepo Street Mutare
Victoria Falls	Town Office

Tax payers who wish to acquire motor vehicle registration books and number plates should approach the above ZIMRA offices and submit the requisite documents and payments. The public is also advised that the Zimbabwe National Road Administration (ZINARA), will have a temporary service counter at the ZIMRA Office based at Kurima House, George Silundika Avenue, between 3rd and 4th Street for vehicle licensing thereby bringing additional convenience to clients.

For further enquiries please contact the following:

Office /Station	Name	Phone number	Email Address
Beitbridge Border Post	Mr W. Gadzikwa	0772 287 137	wgadzikwa@zimra.co.zw
Bulawayo port	Mr N. Nkomo	0712 220 847	nkomo@zimra.co.zw
Harare port	Mrs W. Chiyangwa	0712 420 389	wchiyangwa@zimra.co.zw
Gweru	Mrs V. Musanhu	0772 126 837	vmusanhu@zimra.co.zw
Masvingo	Mrs T. Muchuchuti	0172 624 297	tmuchuchuti@zimra.co.zw
Mutare	Mr C. Chamboko	0712 220 843	cchamboko@zimra.co.zw
Victoria Falls	Mrs P. Khoza	0773 461 829	pkhoza@zimra.co.zw

Decision Impact

Importers should heed the call in order to avoid their vehicles being impounded. It is anticipated police would mount road blocks in search for non-compliers.

12. Disclaimer Clauses

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